

# Forum meeting record

<b>Forum:</b>	<b>Participant Fee Consultative Committee (PFCC)</b>
<b>Date:</b>	7 September 2023
<b>Time:</b>	11:00 AM – 11:35 PM AEST
<b>Location:</b>	MS Teams

Name	Employer	Representing
Charlotte Eddy	AusNet Services	Energy Networks Australia (ENA)
Dominic Adams	Energy Networks Australia (ENA)	Energy Networks Australia (ENA)
Mark Grenning	Grenning Consulting	Energy Users Association of Australia
Nadine Lennie	Transgrid	Energy Networks Australia (ENA)
Ben Pryor	Shell Energy	Australian Energy Council (AEC)
Kevin Ly	AEMO (Chair)	AEMO
Lance Brooks	AEMO	AEMO
Reena Kwong	AEMO	AEMO
Sarah Dagg	AEMO	AEMO

## PFCC Session Summary

- Overview of the Draft Report & Determination published on 30 June 2023
- Overview of submissions received to Draft Report & Determination
- Summary of IRP Charging – NEM General Fees
- Update on Final Report publication and next general fees consultation

## 1 Welcome & Objectives

- The Chair welcomed members and guests to the meeting and gave an Acknowledgement of Country.
- Participants were informed that the meeting will be recorded for the purpose of minute taking only.
- An outline of the meeting agenda and objectives for this PFCC meeting was provided.

## 2 Overview of Draft Determination

- AEMO provided an overview of the [Draft Report and Determination](#) for the recovery of AEMO's NEM2025 Reform Program costs that was published on 30 June 2023. A [summary](#) is also available on AEMO's website.

[aemo.com.au](http://aemo.com.au)

- AEMO proposed its preferred option (Option 2) and provided details on methodology applied to determine overall weighted involvement from Wholesale Participants (27.5%) and Market Customers (72.5%) which is based on implementation costs and existing fee structure allocations to Registered Participants (see Draft Report & Determination Section 4).
- Reflecting feedback from PFCC and submissions received, AEMO does not propose to recover NEM2025 Reform Program costs from Network Service Providers (NSPs) at this time due to their minimal involvement in the reform initiatives that go live prior to 1 July 2026.
- AEMO shared a summary of the mapping of reform initiatives to existing fee structures as well as mapping of foundational and strategic initiatives to its existing fee structures to demonstrate the basis upon which its preferred option was developed (see slides 7 and 8).

### 3 Summary of stakeholder submissions and discussion on key issues

- AEMO received three submissions to the Draft Report and Determination. Each submission supported AEMO’s preferred approach to recover costs from Wholesale Participants and Market Customers (i.e. Option 2).
- Submissions acknowledged that AEMO would review the level of involvement of network businesses in the NEM2025 Reform Program as part of the next general NEM fee consultation process to commence in early 2025 ahead of 1 July 2026 start.
- Submissions acknowledged that should it be determined that distribution network service providers (DNSPs) are to be charged for the NEM2025 Reform Program, a suitable cost recovery mechanism would be discussed between AEMO and DNSPs ahead of time.
- AusNet Services’ submission raised a concern that the ‘involvement’ principle is inconsistent with other aspects of the regulatory framework and that AEMO clarify the fee structure principles in the National Electricity Rules (NER) to be consistent with the broader National Electricity Market (NEM) framework. EUAA expressed support for this feedback.
- AEMO noted that the EUAA does not support the proposed approach presented (Option 2).

Raised by	Question/Issue Raised	Response
<p>Mark Grenning – EUAA</p>	<p>What would the allocation to end consumers be under each of the three options presented in the Draft Report and Determination?</p>	<p>Under Option 1 this would be dependent on the allocation of individual initiative costs to each of AEMO’s existing fee structures, noting Option 1 did not provide for any changes to the percentage allocation amounts across those existing fee structures. For instance, an allocation based on the DER Program would allocate 80% of costs to Market Customers.</p> <p>Details of AEMO’s preferred option (Option 2), are set out in Table 8 in the Draft Report and Determination which shares the corresponding weighted involvement of participants impacted across different reform pathways. Appendix A4 includes the detail for which the weighted involvement allocations were obtained, including cost estimates for each pathway.</p> <p>Option 3 would result in 100% of the costs being allocated to Market Customers.</p>

Raised by	Question/Issue Raised	Response
Mark Grenning – EUAA	Costs of DER initiatives should not be recovered via Market Customers, and instead only from those participants who benefit directly and are able to recover those costs through a competitive market, as opposed to being passed directly through to consumers.	AEMO noted this feedback, highlighting that the definition of the 'involvement' principle includes more than just those who benefit from the reforms. It also includes those who use, cause and interact with AEMO or receives the outputs of the reforms.

## 4 Final fee structure under consideration

- AEMO thanked stakeholders for their feedback and presented the proposed final fee structure -allocating costs to Wholesale Participants (27.5%) and Market Customers (72.5%) in a manner consistent with existing fee structures, noting it aligns most reasonably with the fee structure principles.

## 5 Other business

### 5.1 IRP Charging – NEM General Fees

- The Draft Report and Determination highlighted that a new participant category, Integrated Resource Providers (IRP), will be introduced from 3 June 2024 following the [AEMC's IESS Final Rule](#). The Final Rule provided guidance on transitional arrangements that allow AEMO to update its current participant fee structures.
- AEMO provided PFCC members with an overview of the types of units that can classify as an IRP (see slide 16).
- From 3 June 2024, once the IRP participant category is effective, AEMO will charge IRP's general NEM fees in the same manner they are currently either as a Market Customer (if consuming) or Wholesale Participant (if generating). This is consistent with AEMO's proposal for recovering NEM2025 Reform Program costs.
- For those participants who register or re-register voluntarily or otherwise we therefore propose no changes to the way they are or would have been charged had the IRP not come into existence i.e. effectively treating them as Wholesale Participants or Market Customers.
- The next general NEM participant fee structure consultation is due to commence early 2025, i.e. six months after the IRP participant category becomes effective.

## 6 Next steps and close

- AEMO thanked PFCC members for their engagement and feedback and noted AEMO anticipates publishing the Final Report on 6 October.
- AEMO's next general fee consultation is expected to commence in Q1 2025. AEMO will reconvene this consultative committee as preparations commence on the general fee consultation.
- Nadine Lennie thanked AEMO for the presentation and preparation of materials that were easy to follow.
- The meeting closed at 11:35pm.