



EnergyAustralia

LIGHT THE WAY

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Mr Daniel Westerman
CEO and Managing Director
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Submitted electronically: reformdevelopmentandinsights@aemo.com.au

Dear Mr Westerman

Structure of Participant Fees for AEMO's NEM 2025 Reform Program

EnergyAustralia is one of Australia's largest energy companies with around 2.4 million electricity and gas accounts in NSW, Victoria, Queensland, South Australia, and the Australian Capital Territory, of which around 22k customers are supported under our hardship program (EnergyAssist). EnergyAustralia owns, contracts, and operates a diversified energy generation portfolio that includes coal, gas, battery storage, demand response, solar, and wind assets. Combined, these assets comprise 4,500MW of generation capacity.

EnergyAustralia appreciates the opportunity to participate in the consultation on the structure of participant fees for AEMO's NEM 2025 reform program. The NEM 2025 reforms are aiming to facilitate and/or create necessary improvements to the energy transition. This will require significant investment from the industry; therefore, ensuring costs of the NEM 2025 initiatives are appropriately assigned to the corresponding beneficiaries is crucial to ensure the equitable allocation of costs, that is reflective of involvement, and does not unreasonably discriminate.

EnergyAustralia believes that *Option 2 – A separate NEM 2025 Reform Program fee* is the most appropriate option to recover costs. Option 2 will allow for an assessment of the relevant registered participants to attribute costs to and recover costs from. The NEM is evolving, shifting the established position of energy retailers and generators requirement to bear the costs – and associated risks – of AEMO and market developments. Energy retailers and generators have historically incurred the bulk of AEMO's fees through allocation based on wholesale load and customer profile, therefore any consideration for more acute allocation of fees is preferable.

Assigning the benefits of the NEM 2025 reform packages will be complex, as will apportioning the appropriate contribution based on this benefit, and this will be further complicated when considering how the existing registered participant fee categories will need to be amended to allow this. These complexities are not insurmountable and the objective of achieving a more equitable allocation of charges should justify the need to overcome the complexity.

Where the benefit of the NEM 2025 reforms are to existing registered participants, the fee categories can remain the same, all that is required is to allocate the costs more acutely. Where the beneficiary is not clearly classed as a registered participant, or not at all, then further consideration should be provided to a process that requires new entrants to become registered participants, or a way to assign costs without this precondition. As many of the NEM 2025 reforms are targeted at distributed energy resources and the benefits will be received by many new entrants to the energy market, AEMO must consider how it can balance appropriate allocation of costs with the potential deterrent for market development.

EnergyAustralia believes that new entrants will not be deterred from entering the energy market due to the potential allocation of fees that enable or improve their business model. Additionally, we believe that recovery of fees should commence when projects go live.

If you would like to discuss this submission, please contact Travis Worsteling on 03 9060 1361 or Travis.Worsteling@energyaustralia.com.au.

Regards

Travis Worsteling

Regulatory Affairs Lead