



Ref. A5163282

3 March 2023

Ms Violette Mouchaileh  
Executive General Manager Reform Delivery  
Australian Energy Market Operator

By email: [reformdevelopmentandinsights@aemo.com.au](mailto:reformdevelopmentandinsights@aemo.com.au)

Dear Ms Mouchaileh,

### **STRUCTURE OF PARTICIPANT FEES FOR AEMO'S NEM 2025 REFORM PROGRAM**

Powerlink Queensland welcomes the opportunity to provide input to the Australian Energy Market Operator's (AEMO) Structure of Participant Fees for the National Electricity Market (NEM) 2025 Reform Program (program).

Our purpose is to connect Queenslanders to a world-class energy future, providing the prudent and efficient delivery of electricity to more than five million Queenslanders and 238,000 businesses. In that context, we appreciate the importance to consumers of cost effective implementation of initiatives to support the energy transition.

In September 2022 AEMO determined the program to be a declared NEM project under the National Electricity Rules (Rules). AEMO is now required to determine fee structures to recover costs from Registered Participants (participants). When it makes a fee structure determination, the Rules require AEMO to have regard to the National Electricity Objective, and fee structures must be simple, reflect participants' involvement, not unreasonably discriminate against participants, and recover revenue on a specified basis.

AEMO's participant fees for the five years to 30 June 2026 include nine fee structures, with costs recovered from various participants, including Powerlink. AEMO anticipates the program will run until 2027 for an estimated cost of between \$430 and \$600 million. Further costs may be added, subject to decisions by Energy Ministers on capacity and congestion management mechanisms. The program will clearly be a substantial investment by AEMO on behalf of the entire industry and it is important that the fee structure for this investment is fit-for-purpose.

33 Harold Street, Virginia  
PO Box 1193, Virginia, Queensland 4014, Australia  
Telephone: (07) 3860 2111 Facsimile: (07) 3860 2100  
[www.powerlink.com.au](http://www.powerlink.com.au)

Powerlink Queensland is the registered business name of the  
Queensland Electricity Transmission Corporation Limited  
ABN 82 078 849 233

We note that AEMO's assessment of options favours a separate, rather than use of an established, fee structure for the allocation of program costs. The initiatives to deliver the program are diverse and vary significantly in scale. We consider the application of existing fee structures to the program may lead to cross-subsidisation between participants. This could occur if cost increases in one part of the program are funded by other participants who are not involved in that part of the program. In our view, current fee structures will not adequately reflect the future involvement of participants in these initiatives, and could unreasonably discriminate between participants, inconsistent with the fee structure principles.

We recommend AEMO develop fee structures for the program that reflects the involvement of participants in the various initiatives. For instance, the participants involved in the Distributed Energy Resources initiatives, on whom fees should be levied to support that work, is likely to be very different from the participants involved in wholesale market dispatch initiatives. These different initiatives should have tailored fee structures that reflect the involvement of their different participants. The initiatives for the program identified by AEMO, combined with updated participant impact assessments, could inform the development of fee structures that meet the principles. We appreciate that our suggested approach would be likely to lead to an allocation of program fees to Distribution Network Service Providers (DNSPs). As was the case when Transmission Network Service Providers were in similar circumstances, DNSPs may need suitable transitional fee arrangements until changes to the Rules could provide for cost recovery.

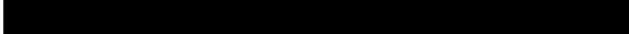
We also welcome AEMO's call for expressions of interest for membership of the Participant Fee Consultative Committee (PFCC). We expect the PFCC will provide an important forum for industry stakeholders, including networks, to identify ways to minimise program costs which will ultimately be borne by consumers. We also acknowledge the governance framework AEMO and the Reform Delivery Committee have put in place to deliver the program, and stress the need for AEMO and all participants to ensure program expenditure is prudent and efficient.

If you have any questions in relation to this submission, please contact Jennifer Harris.

Yours sincerely,



Jacqueline Bridge  
**Executive General Manager Energy Futures**

Enquiries: 

Telephone: 