

24 July 2023

Daniel Westerman
Chief Executive Officer
Australian Energy Market Operator
Submitted via email: reformdevelopmentandinsights@aemo.com.au

Dear Mr Westerman

RE Participant Fee Structure for the NEM2025 Reform Program Declared NEM Project

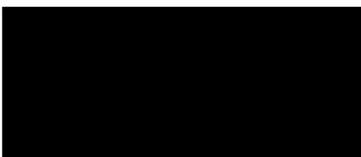
TasNetworks welcomes the opportunity to respond to the Australian Energy Market Operator's (AEMO's) Draft Report and Determination (**Determination**) on the structure of participant fees for the NEM 2025 Reform Program. TasNetworks is Tasmania's Transmission Network Service Provider (TNSP), Distribution Network Service Provider (DNSP) and Jurisdictional Planner.

TasNetworks is strongly supportive of AEMO's decision to not allocate fees to TNSPs and DNSPs in the short term. Given TNSPs and DNSPs are not expected to have significant involvement in the immediate NEM 2025 Reform initiatives, allocating fees to this participant category prior to the next fee determination is inconsistent with the involvement principle. In addition, allocating fees to DNSPs will disproportionately impact these businesses as they currently do not have the same opportunity as other participant categories to recover these costs. Unrecoverable costs create risks that can increase the cost or reduce the quality of delivered services.

TasNetworks is supportive of AEMO's approach to reconsider the allocation of their fees at the next fee determination in mid-2026 reflecting the staged implementation approach of the NEM2025 Reform Program. This should be supported by a robust consultation period to ensure sufficient time for participants to plan for a change in fee allocations. In particular, any proposed future allocations to TNSPs and DNSPs can only occur following the establishment of a suitable cost recovery mechanism.

If you would like to discuss any aspect of this submission, please contact Matthew Clarke, Senior Economic Policy Analyst at matthew.clarke@tasnetworks.com.au.

Yours sincerely



Chantal Hopwood
Head of Regulation