

# Financial Consultation Committee FY24 Meeting #4

26 June 2024



We acknowledge the Traditional Owners of country throughout Australia and recognise their continuing connection to land, waters and culture.

**We pay respect to their Elders  
Past and present.**

# Agenda

1. Welcome
2. Minutes & Actions
3. Submissions & feedback received on Draft FY25 Budget & Fees
4. FCC member feedback on FY25 process and proposed FY26 timeline
5. AEMO's WA functions – uplifting engagement
6. Proposed revision to FCC Terms of Reference (ToR)
7. Wrap Up

# Minutes

[Draft minutes](#) from the 9 April 2024 meeting have been circulated to members and updated on FCC webpage.

Key items noted in the minutes:

- FY24 AEMO was progressing well in delivery of its FY24 strategic priorities and showed favourability to its operating budget;
- An update on the draft FY25 Budget including the investment plan was provided, which showed the NEM core deficit being cleared at the end of FY25; and
- An overview of the Engineering Roadmap to 100% renewables was provided.

# Actions

There were no new or open actions from April 2024 Meeting

# Submissions & feedback received on Draft FY25 Budget & Fees



# Snapshot of FY25 Budget consultation process



- Consultation ran from 5 April to 26 April;
- Publicised in weekly newsletter to our stakeholders;
- Presented at AEMO Consumer Forum on 17 April – good engagement and discussion;
- Hosted a webinar 18 April with 25 external market participants;
- Draft FY25 Budget was downloaded by more than a hundred stakeholders during the consultation period.

# One formal submission was received

## Australian Energy Council

- Acknowledged efforts to achieve NEM Core deficit recovery;
- Queried if NEM Core fees would return to pre-deficit recovery levels after deficit was cleared;
- Sought details of headcount in relation to labour costs;
- Queried need for overall revenue requirement increase (all segments combined);
- Queried interest rates on debt;
- Asked for the FY25 budget tables to be provided in Excel.

## Other queries (mostly from the Consumer Forum) included ...

- Acknowledged efforts to achieve NEM Core deficit recovery;
- Queries on the cost of the ISP, in particular the actions identified in Commonwealth review leading to expanded ISP;
- Seeking assurance of ongoing financial prudence and financial sustainability;
- Summary of responses will be published online.

AEMO responded to the AEC on 22 May 2024.



# FCC Member feedback on FY25 process & proposed FY26 timeline





# AEMO process improvements in FY25 Budget & Fee process

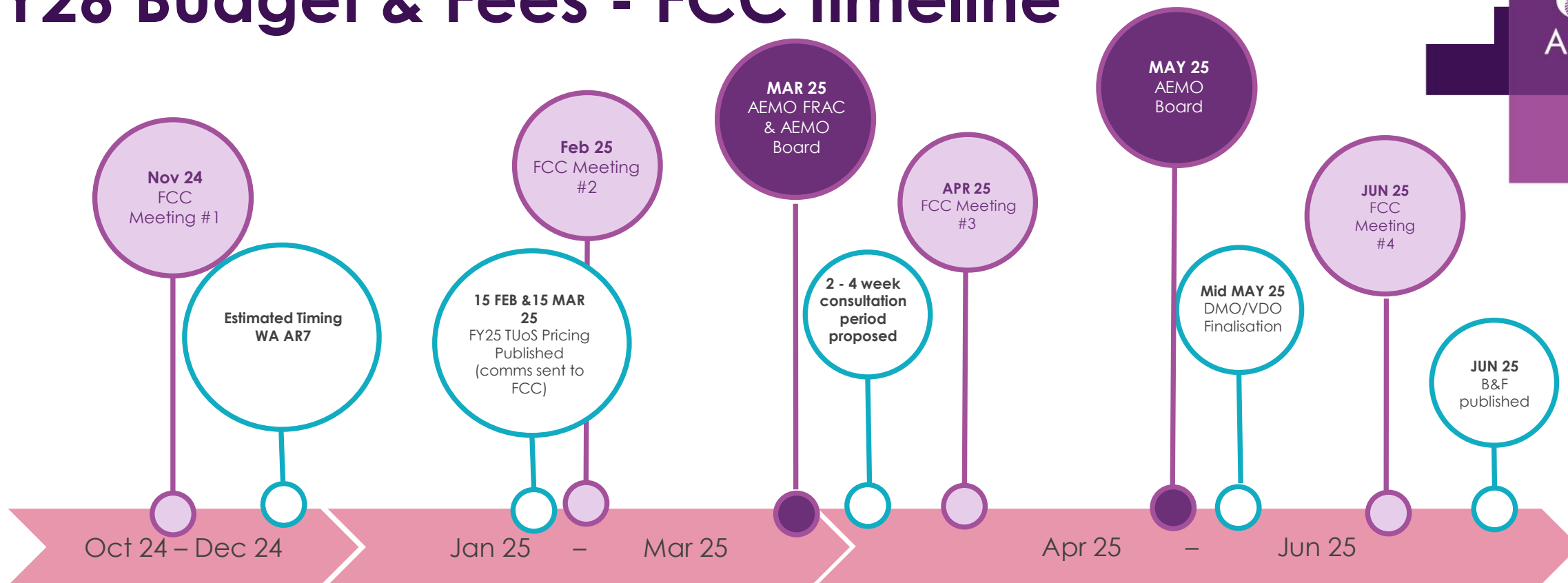
- Deep Dives on specific programs (NEM Reform, Engineering Roadmap and Cyber investment) that drives key components of AEMO's FY25 Budget and forward outlook
- Brought forward budget process so that consultation can occur as early as possible
- Strategic objectives linked to financial outcomes
- Provided a longer-term view to 2029 (noting estimation uncertainty).



# FCC Member Feedback on FY25 process and opportunities for improvement in FY26

- Did the members find the deep dives useful?
- What could we do more off?
- What could we do less off?
- Any other feedback?

# FY26 Budget & Fees - FCC timeline



Meeting	#1 - Nov 2024	#2 - Feb 2025	#3 - Apr 2025	#4 - Jun 2025
<b>Focus areas</b>	<ul style="list-style-type: none"> <li>FY24 Results Update</li> <li>FY25 Budget Recap</li> <li>FY25 Q1 Forecast</li> <li>Deep Dive Topic [TBC]</li> </ul>	<ul style="list-style-type: none"> <li>NEM Core Forward outlook</li> <li>FY25 Half Year Forecast update</li> <li>Preliminary Draft FY26 Strategic Initiatives</li> <li>Preliminary draft Investment Plan 5 Years</li> <li>Indicative draft FY26 Budget</li> </ul>	<ul style="list-style-type: none"> <li>Draft FY26 Budget &amp; forward estimates</li> <li>Draft Tariff and Fees</li> <li>Initial public consultation feedback</li> <li>Deep Dive Topic [TBC]</li> </ul>	<ul style="list-style-type: none"> <li>Public consultation lessons learnt</li> <li>FCC Engagement Program reflections</li> <li>Planning for FY27 process</li> </ul>



# AEMO's WA functions – uplifting engagement

Presenter: Kate Ryan  
EGM Western Australia and  
Strategy



# AEMO's Western Australian operations



System and market operator, and planner for the Wholesale Electricity Market (WEM) in the South West Interconnected System (SWIS)



Operator of the Gas Bulletin Board (WA) and WA gas market planner under the Gas Services Information (GSI) framework



## WA's energy transition

A decade ago, 90% of electricity through the SWIS was supplied by burning coal and gas.

Today, wind and solar generation account for around a third of our annual electricity supply, peaking at about 84%, at times.



# Overview of current engagement on AEMO's WA budgets and fees

Under the WEM and GSI Rules		
<p><b>Every three years</b></p> <p>Currently in the 'Allowable Revenue 6' period: 1 July 2022 to 30 June 2025</p>	<p><b>As required</b></p> <p>In-period submissions</p>	<p><b>Annual publications</b></p>
<p><b>AEMO</b> Allowable Revenue and Forecast Capital Expenditure funding proposal</p>	<p><b>AEMO</b> in-period submissions where it forecasts &gt; allowable revenue or capital expenditure by defined thresholds</p>	<p><b>AEMO</b> publishes its annual Budget and Fees by 30 June and annual financial reports by 31 October</p>
<p><b>ERA</b> undertakes consultation and makes a determination</p>		

- AEMO also engages with stakeholders via the WA Electricity Consultative Forum and new WA Strategic Energy Forum (SEF)
- Committees are also established under the WEM and GSI Rules to engage on market developments

# Uplifting engagement on WA budgets and priorities

1. Expand engagement with the FCC and consultation on WA draft budget and fees
2. Establish WA Reform Delivery Working Group to engage on implementation of reforms and other major initiatives (proposed)



# Terms of Reference Update

Presenter: Matt Myers  
Group Manager Stakeholder Engagement





# Key Updates to the Terms of Reference (ToR):

Key changes to the ToR relate to the inclusion of additional members, to enhance WA's consultation on Budget and Fees, as follows:

- 1 additional representative of the Australian Energy Council (e.g. Synergy CFO), increasing AEC representation to 3 in the FCC; and
- 1 additional Consumer Representative from a panel as advised by Energy Policy WA (EPWA).

## Other Feedback from Members

# Any other business