Allowable Revenue and Forecast Expenditure (AR6) - July 2022-June 2025

Industry engagement session – 27 October 2021

Acknowledgement of Country - Perth

I would like to acknowledge that this meeting is being held on Aboriginal land, the land of the **Whadjuk** people of the Noongar Nation. I pay my respects to their Elders past, present and future.

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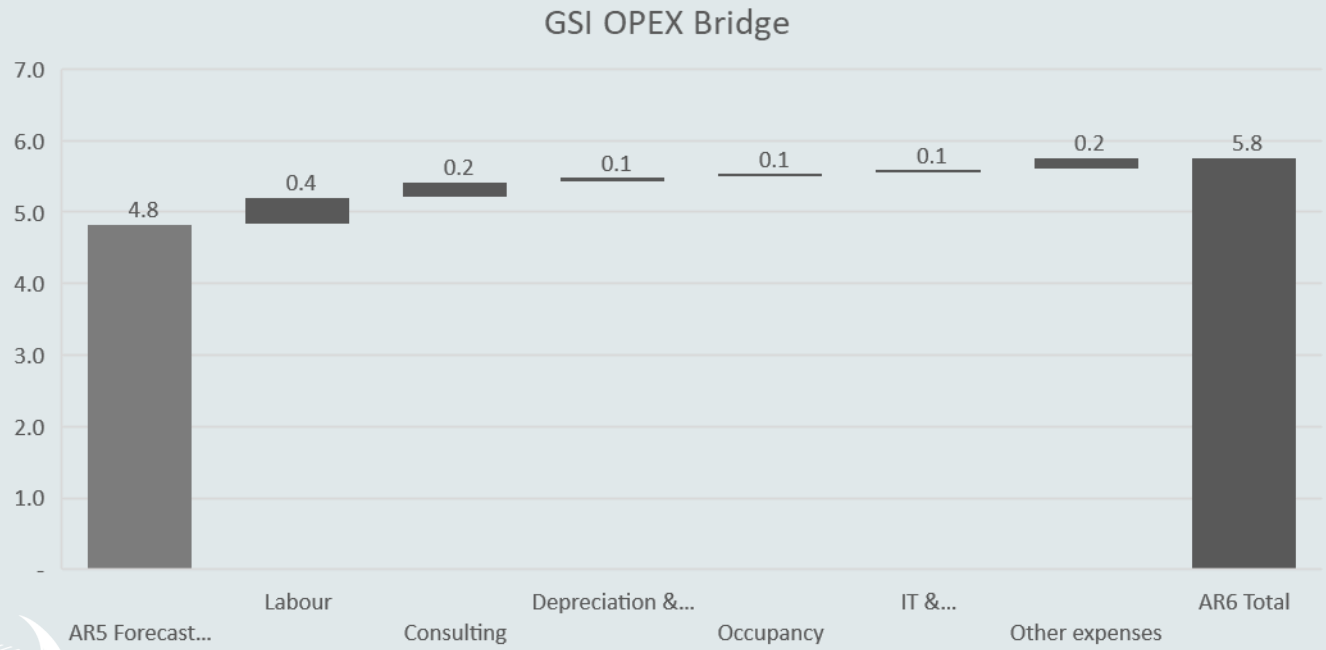
AUSTRALIAN ENERGY MARKET OPERATOR

Preliminary AR6 Expenditure Forecast
OPEX overview

GSI Opex ($Million)	FY20	FY21	FY22	FY23	FY24	FY25	AR5 Approved	AR5 Forecastt	AR6 Total	Variance (AR5 Act-AR6)
Labour	0.8	1.1	1.1	1.1	1.1	1.1	3.0	3.0	3.4	0.4
Consulting	0.1	0.1	0.2	0.3	0.2	0.2	0.8	0.4	0.6	0.2
Depreciation & Amortisation	0.3	0.1	0.1	0.1	0.2	0.2	1.0	0.5	0.6	0.1
IT & Telecommunications	0.0	0.1	0.1	0.1	0.1	0.1	0.4	0.2	0.2	0.1
Occupancy	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.2	0.3	0.1
Other expenses	0.1	0.2	0.2	0.2	0.2	0.2	0.7	0.5	0.6	0.2
Total	1.5	1.6	1.7	1.9	1.9	2.0	6.1	4.8	5.8	0.9



Increase in operating expenditure from AR5 to AR6 is driven by:

- Labour: 1)Under spend during early AR5 period 2) Cyber security team WA allocation 3) Underlying (EBA/Super etc.).
- Consulting: 1) 5 yearly WA GSOO review 2) 5 yearly GBB zones review
- Depreciation & Amortisation: Completion of AR5 projects (lifecycle market systems).
- Occupancy: Mainly due to new lease accounting standards.
- IT License Fees: Transition to Cloud Services.
- Other Exp.: 1) WA GSOO subscription 2) professional membership fees.

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Preliminary AR6 Expenditure Forecast
CAPEX overview

Capex FY23-FY25 ($Million)	AR5 Approved	AR5 Forecast	AR6 Forecast
Digital Roadmap	0.3	0.2	-
Life cycle support for H/W hosting	0.1	-	-
Malaga DC Infrastructure Refresh	-	0.1	-
Accomodation	0.1	-	-
Cyber Program	-	-	0.1
Gas Bulletin Board (GBB) (L)	-	-	0.2
Total	0.5	0.3	0.3

Major drivers of capital expenditure for AR6:

- Technology capability uplift, cyber security and lifecycle replacement for IT systems and physical hardware