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Australian Energy Market Operator
Project name: Electricity Fee Structures
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Electricity Fee Structures: Draft Report and Determination

Stanwell Corporation Limited (Stanwell) welcomes the opportunity to respond to the Australian Energy Market Operator's (AEMO) Electricity Fee Structures, Draft Report and Determination (Draft Determination), November 2020.

This submission contains the views of Stanwell and should not be construed as being indicative or representative of Queensland Government policy.

The National Electricity Market (NEM) has been on a trajectory of transformation for several years now and we acknowledge that AEMO has been at the forefront dealing with a larger number of new challenges than ever before. In the current environment of low wholesale prices and increased competition, many participants are finding it challenging to remain economic and competitive. Under these circumstances' participants need understanding and assurance that any market and regulatory fees they are required to pay are transparent and justified.

Participants need AEMO to be transparent and provide more detailed information so the transparency can be passed through to consumers and other stakeholders. As such, Stanwell supports the Public Interest Advocacy Centre (PIAC) proposal to replace the *simplicity* principle with *transparency*¹. As stated by the PIAC, "*allocating fees to energy market participants is inherently complicated given the size of the market and the number of different participants*"². By oversimplifying the fee structure and information made available to participants, AEMO could inadvertently erode trust and credibility about programs that the fees are funding.

A summary of Stanwell's position on material changes proposed in the Draft Determination is provided below. For those items not specifically addressed, Stanwell generally supports the recovery of costs where AEMO can provide detailed, itemised accounts and analysis of which participant categories, or market bodies, benefit from the expenditure.

¹ PIAC, Review of Electricity Market Participant Fee Structure, 23 September 2020, p 1.

² Ibid.

Term and Fee Determination

Stanwell supports a five-year fee term, with a two-year transition period. The transition period is a practicable option that allows proposed changes to be implemented by participants and then reflected in the fee structure and provides certainty for market participants over an appropriate time period.

Generator Charging

Stanwell welcomes the realignment of fees to more accurately reflect the level of involvement of participants; the adoption of causer-pay principles. We note AEMO's statement that, "a significant increase in the number of Semi-scheduled and Non-scheduled generators, and AEMO is expected to experience greater challenges with modelling, controlling and operating the power system"³. Stanwell considers it appropriate that AEMO fees are allocated, to the extent practicable, in a way that reflects the costs AEMO incurs attributable to each respective market participant group.

Market Customer Tariff, Network Service Providers and Metering Coordinators

Stanwell supports the reduction in fees allocated to Market Customers, the inclusion of network service providers (NSP) and to maintain the status quo for metering coordinators, if this accurately reflects the level of activities performed by AEMO on behalf of those participant groups.

Cost Recovery of Five-Minute Settlement (5MS) and Global Settlement (GS) Program

The 5MS and GS programs continue to be two of the most significant reform projects undertaken in the NEM. Deloitte's estimates of participants' costs for 5MS implementation were in the range of \$380 million and \$820 million⁴. Stanwell considers \$820 million could be an underestimation of the projects cost given our industry knowledge and experience. The 5MS project, which could be regarded as being inconsistent with themes of firmness and aheadness, will likely cost consumers over \$900 million (including AEMO's \$120 million⁵). Stanwell supports AEMO recovering costs across a 10-year period and supports the separate 5MS fee structure, acknowledging this goes some way to improving the level of transparency into the program costs attributable to market participants.

³ AEMO, Electricity Fee Structures, Draft Report and Determination, November 2020, p 18.

⁴ Deloitte, Delayed implementation of the five-minute settlement and global settlement rules, p 9 and pp 33-34.

⁵ AEMO, Declared NEM Project – 5MS Program, Consultation Program, July 2019, p 2.

Cost Recovery of the Distributed Energy Resources (DER) integration program and the Energy Consumer Data Rights (CDR) Program

Stanwell supports AEMO's draft proposal, "that the DER program is recovered as a separate function in the fee structure allocated to the relevant participant categories reflective of their involvement in or benefit from the program"⁶.

Stanwell supports AEMO's draft proposal to delay the draft determination on the recovery of the Energy CDR program until the rules and approach are finalised. Once finalised, Stanwell would welcome the opportunity to comment on the Energy CDR determination, considering how the recovery is consistent with the fee structure principles and how the program will involve or benefit various participant categories.

Stanwell welcomes the opportunity to further discuss the matters outlined in this submission. Please contact Jennifer Nielsen on (07) 3228 4155.

Yours sincerely,



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⁶ AEMO, Electricity Fee Structures, Draft Report and Determination, November 2020, p 35.