

24 June 2021

Andrew Dillon  
Chief Executive Officer  
Energy Networks Australia  
Unit 5, Level 12, 385 Bourke St  
Melbourne VIC 3000

Via email: [adillon@energynetworks.com.au](mailto:adillon@energynetworks.com.au)

FROM THE OFFICE OF THE  
CHIEF EXECUTIVE OFFICER

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Level 22  
530 Collins Street  
Melbourne VIC 3000

**Postal Address:**  
GPO Box 2008  
Melbourne VIC 3001

T 1300 858724  
F 03 9609 8010

Dear Andrew,

### **ENA Rule change request: Recovering the cost of AEMO's Participant fees**

AEMO supports the Energy Networks Australia (ENA) National Electricity Rule change request to allow the Transmission Network Service Providers (TNSPs) to recover the costs of AEMO's Participant fees attributed to them.

The proposed Rule change is very closely aligned to the Rule change that was made on 29 October 2020 relating to the recovery of AEMO's National Transmission Planner costs. The purpose of this ENA Rule change is to achieve the same outcome in relation to the other components of Participant fees in National Electricity Rules clause 2.11.1(c) that are allocated to TNSPs.

AEMO is committed to collaborating with your TNSP members to achieve the best possible outcome for the whole energy industry. AEMO agrees that the Rule change promotes the National Electricity Objective and the revenue and pricing principles by ensuring that transmission prices reflect the efficient costs of providing transmission services, which include the costs of AEMO's Participant fees.

We look forward to working with you on this important rule change. Please contact Kevin Ly, Group Manager Regulation, on [kevin.ly@aemo.com.au](mailto:kevin.ly@aemo.com.au) for enquiries on this matter.

Yours sincerely



Daniel Westerman  
**Chief Executive Officer**

24 June 2021

Anna Collyer  
Chair  
Australian Energy Market Commission  
Level 15,  
60 Castlereagh Street  
SYDNEY NSW 2000

*Submitted via email: [anna.collyer@aemc.gov.au](mailto:anna.collyer@aemc.gov.au)*

Dear Anna,

**Rule change request: Recovering the cost of AEMO's Participant fees**

Energy Networks Australia (ENA) is submitting the attached National Electricity Rule change request to allow the Transmission Network Service Providers (TNSPs) to recover the costs of AEMO's Participant fees attributed to them. For customers, the Rule change gives effect to AEMO's preferred charging structure for Participant fees, but does not affect the total cost that is ultimately incorporated in electricity charges.

The driver for the Rule change request is AEMO's recent review of the structure of Participant fees, which it completed in March 2021.<sup>1</sup> Following a detailed review and industry consultation, AEMO concluded that its Participant fee structure should be amended by charging specified TNSPs a percentage of 'core NEM fees' for the first time. This significant restructuring of Participant fees reflects AEMO's increasing involvement in network-related activities, such as power system security.

In determining the Participant fee structure, AEMO recognised that the Rules do not currently allow TNSPs to recover the cost of 'core NEM fees' through their transmission charges. To assist in addressing this issue, AEMO's Participant fee determination includes a transitional period to provide sufficient time for a Rule change request to be progressed. AEMO also commented that it would fully support and assist with such a Rule change.<sup>2</sup>

ENA has consulted AEMO in the development of this Rule change request, noting the observations that it made in its Participant fee structure determination. AEMO has kindly provided a letter of support, which ENA is providing to the AEMC alongside this Rule change request.

The proposed Rule change is very closely aligned to the Rule changes relating to the recovery by Coordinating Network Service Providers (CNSPs) of AEMO's National Transmission Planner costs. In that case, the Rules were amended<sup>3</sup> so that CNSPs are able to recover the costs of AEMO's Participant fees relating to its National Transmission Planner function. The purpose of this Rule change is to achieve the same outcome in relation to the other components of Participant fees in clause 2.11.1(c), being 'core NEM fees', that are allocated to TNSPs. As Participant fees, 'core NEM fees' share the same

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<sup>1</sup> AEMO, Electricity Fee Structures, Final report and determination, March 2021.

<sup>2</sup> Ibid, page 17.

<sup>3</sup> The cost recovery arrangements were achieved through two Rule changes, namely the Integrated System Planning Rule, July 2020 and the Reallocation of National Transmission Planner Costs Rule, 29 October 2020.

characteristics as NTP fees, being subject to AEMO's annual budgeting process and outside the TNSPs' control.

As explained in the attached submission, the proposed Rule change promotes the National Electricity Objective and the revenue and pricing principles in the National Electricity Law by ensuring that transmission prices reflect the efficient costs of providing transmission services, which include the costs of AEMO's Participant fees. By adhering to these important principles of economic regulation, the proposed Rule change promotes efficient investment in and use of the electricity network in accordance with the long term interests of customers.

ENA asks that the AEMC considers this Rule change request to be non-controversial, noting that the Rule is unlikely to have a significant effect on the national electricity market and therefore satisfies the definition of 'non-controversial Rule' in the National Electricity Law. The attached Rule change request provides further information to support the treatment of the proposed Rule change as non-controversial.

While the portion of Participant fees to which this Rule change request relates will not be charged to TNSPs until 1 July 2023, the AER will publish revenue decisions for AusNet Services and Powerlink by 31 January 2022 and 30 April 2022 respectively. Evidently, it will assist stakeholders if the cost recovery arrangements for Participant fees were clarified prior to the publication of these final decisions. ENA recognises that concluding the Rule change process in time for these decisions may be challenging. Having said that, as the Rule change request is closely aligned with the cost recovery arrangements for the National Transmission Planner function, ENA believes that this Rule change can be considered non-controversial and hence that these timeframes can be achieved.

ENA looks forward to working with you and your team in relation to this Rule change request. Any questions on this Rule change request should be directed to Verity Watson, [vwatson@energynetworks.com.au](mailto:vwatson@energynetworks.com.au).

Yours sincerely,



**Andrew Dillon**  
Chief Executive Officer

## Attachment

### 1. Introduction and statement of issues to be addressed

#### Background

In March 2021, AEMO concluded its review of the structure of Participant fees in accordance with clause 2.11.1 of the Rules. In its final report and determination, AEMO explained that although TNSPs have not paid Participant fees historically, it is a requirement to consider every fee structure determination afresh. Following the completion of its cost allocation survey, AEMO concluded that a portion of its 'core NEM fees'<sup>4</sup> should be recovered from TNSPs from 1 July 2023.<sup>5</sup> The following table is reproduced from the AEMO's Participant fee structure determination.

**Table 1: Illustrative example of AEMO's allocation of core NEM fees using energy consumption in FY 19/20<sup>6</sup>**

NEM Region	TNSP affected	Percentage allocation
Queensland	Powerlink	5.8%
New South Wales	TransGrid	7.5%
South Australia	ElectraNet	1.3%
Victoria	AusNet Services	1.7%
Tasmania	TasNetworks	1.1%

While the relevant TNSPs are able to recover the costs of AEMO's Participant fees relating to the National Transmission Planner (**NTP**) function, this is not the case in relation to AEMO's proposed allocation of core NEM fees. ENA notes that there is no rational basis for allowing TNSPs to recover the costs relating to one component of 'Participant fees', but not other components. This anomalous situation arises from the historical development of AEMO's Participant fee structure and the relevant Rules provisions, whereby:

- » NTP function fees were introduced through the ISP Rule change on 1 July 2020, which included amendments to the Rules to enable Co-ordinating NSPs to recover these costs.<sup>7</sup> In deciding to allow TNSPs to recover these costs, the Energy Security Board accepted the TNSPs' submission that they could be exposed to costs beyond their control if AEMO's NTP costs were recovered using the

<sup>4</sup> Clause 2.11.1(c) of the Rules refers to 'Participant fees' and describes its components. Core NEM fees is a term adopted by AEMO, but is not defined in the Rules. To maintain consistency with the Rules definitions, this Rule change request refers to 'Participant fees' rather than 'core NEM fees'.

<sup>5</sup> AEMO's Participant fee determination covers a 5 year period, commencing on 1 July 2021. The determination provides for a 2 year transitional period for TNSPs, as explained later in this Rule change request.

<sup>6</sup> AEMO, Electricity Fee Structures, Final report and determination, March 2021, table 7, page 18.

<sup>7</sup> A new clause 6A.23.3(e)(6) was included in the pricing provisions to allow the CNSP to recover the NTP function fees.

current revenue determination framework. The Energy Security Board responded to this submission by including an amendment to Chapter 6A of the Rules to permit TNSPs to recover fees advised by AEMO.<sup>8</sup>

- » Subsequently, AEMO identified the need for transitional and administrative mechanisms to ensure that the recovery of NTP function fees operated as the Energy Security Board had intended. Following a Rule change request lodged by AEMO and supported by ENA, the Reallocation of National Transmission Planner Costs Rule was approved in October 2020.<sup>9</sup>
- » Participant fees in relation to AEMO's core NEM functions were not previously allocated to TNSPs, and therefore the current Rules do not provide an equivalent mechanism for TNSPs to recover these costs. AEMO's decision to commence recovery of core NEM fees from TNSPs was not accompanied by a Rule change that enabled TNSPs to recover these costs. As a consequence, the changes in AEMO's Participant fee structure raises the same cost recovery issues for TNSPs as the introduction of NTP function fees in July 2020.

TNSPs cannot control or accurately forecast the costs of Participant fees, as these fees are determined by AEMO's annual budgeting process<sup>10</sup>. ENA notes that this latter point was accepted by the Energy Security Board in relation to NTP fees<sup>11</sup>, and applies equally to other components of Participant fees that are charged to TNSPs. The Participant fees to be paid by each TNSP are subject to change, both during the current fee determination period and as a result of AEMO's periodic reviews of its fee structure in accordance with the Rules.

ENA notes that the revenue and pricing principles in the National Electricity Law (**NEL**) requires that a regulated network service provider should have a reasonable opportunity to recover at least the efficient costs the operator incurs in complying with a regulatory obligation. As it is a regulatory obligation to pay Participant fees,<sup>12</sup> it follows that the Rules should allow the relevant TNSPs to recover these costs (as is the case for the NTP component of Participant fees).

## AEMO's support for a Rule change

In its final report and determination on its Participant fee structure, AEMO recognised that the current Rules should be amended to enable the relevant TNSPs to recover the costs of core NEM fees:<sup>13</sup>

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<sup>8</sup> Energy Security Board, *Converting The Integrated System Plan Into Action, Recommendation for National Electricity Amendment (Integrated System Planning) Rule 2020 Decision Paper*, March 2020, section 3.9, page 28.

<sup>9</sup> AEMC, *National Electricity Amendment (Reallocation of National Transmission Planner Costs) Rule 2020*, 29 October 2020.

<sup>10</sup> National Electricity Rules, clause 2.11.3.

<sup>11</sup> Energy Security Board, *Converting The Integrated System Plan Into Action, Recommendation for National Electricity Amendment (Integrated System Planning) Rule 2020 Decision Paper*, March 2020, section 3.9, page 28.

<sup>12</sup> AEMO, *Electricity Rule Change Proposal. Re-Allocation of National Transmission Planner Costs to TNSPs*, August 2020, page 9.

<sup>13</sup> AEMO, *Electricity Fee Structures, Final report and determination*, March 2021, page 17.

*“After considering submissions and the fee structure principles and having regard to the NEO, AEMO has considered the ability of TNSPs to recover participant fees including whether it is reasonably practicable for the NER to be amended to allow TNSPs to recover core NEM fees. In principle the NER allow for the efficient costs of a monopoly network to be passed through to consumers and AEMO therefore expects these fees to add to the cost base of an efficient network and be recoverable. Based on AEMO experience and discussions with the AEMC, a rule change proposal takes approximately nine months to complete and recent experience with the NTP reallocation fee rule change has clarified many issues that AEMO believes would help inform and streamline a rule change proposal to allow TNSPs to recover Participant fees. TNSPs are best placed to lead this work given their expertise in relation to their own pricing methodologies and regulatory determination processes. AEMO would fully support and assist the TNSPs in proposing such a rule change.”*

In addition to offering its support for a Rule change to allow the relevant TNSPs to recover the costs of core NEM fees, AEMO also incorporated a transitional period in its fee structure determination to provide sufficient time for a Rule change to be introduced:<sup>14</sup>

*“As part of AEMO’s consideration of the ability of TNSPs to recover Participant fees, to ensure that charging methodologies do not cause significant difficulties in terms of their ability to be recovered by TNSPs, the proposed transition period (i.e. retaining the current core NEM fee allocation to Generators and Market Customers for first 2 years of the fee structure period) is intended to provide sufficient time for TNSPs to seek the necessary transitional arrangements to be put in place for all TNSPs to recover the fees.”*

## Statement of issues to be addressed

**A Rule change is required to enable the relevant TNSPs to efficiently recover the costs of core NEM fees in accordance with AEMO’s Participant fee structure review. The Rule change will remove the current anomaly whereby TNSPs are able to efficiently recover the costs of one component of Participant fees, being NTP fees, but not other components of Participant fees (such as ‘core NEM fees’). By enabling TNSPs to recover the annual amount charged by AEMO, the proposed cost recovery arrangements recognise that Participant fees are outside TNSPs’ control.**

## 2. Description of the proposed Rule change

The proposed Rule change is closely aligned with the arrangements that were introduced to allow TNSPs to recover the cost of AEMO’s NTP fees. The proposed drafting intentionally leaves the current cost recovery arrangements relating to NTP fees unchanged, and therefore the proposed provisions address the recovery of ‘Participant fees excluding NTP fees.’

The draft Rule change differs slightly from the provisions relating to the recovery of NTP fees. This difference arises because NTP fees are charged to Co-ordinating Network Service Providers (CNSPs), whereas AEMO’s core NEM fees are charged to specified TNSPs rather than CNSPs. This charging arrangement creates a complication in Victoria as AusNet Services will need to recover the costs through

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<sup>14</sup> AEMO, Electricity Fee Structures, Final report and determination, March 2021, page 17.

AEMO, in its role as CNSP in Victoria. AEMO will also need to transfer the revenue recovered in respect of these fees to AusNet Services. The draft provisions address this issue and also accommodate possible future changes to AEMO's fee structure that may result in other TNSPs having to recover these costs through their CNSPs.

The key features of the proposed Rule change are:

» **Alignment of AEMO budgeting process and the TNSPs' publication of transmission charges**

We have proposed amendments<sup>15</sup> to ensure that TNSPs and CNSPs receive annual cost information from AEMO by 15 February so that 'Participant fees excluding NTP fees' can be included in that year's network prices. ENA notes that transmission prices must be published annually by 15 March. The proposed change introduces equivalent provisions for 'Participant fees excluding NTP fees' as those that currently apply for NTP fees to enable timely recovery of the Participant fees. The intent is that AEMO sets an annual budget to determine the Participant fees billed to TNSPs during the regulatory year. Any variation between the notified fee and the actual costs forms part of the under/overs billed by AEMO to the TNSPs in the following year.

» **Adjustment to the pricing methodology to allow for cost recovery**

We have proposed amendments<sup>16</sup> to the pricing methodology so that AEMO's annual costs of 'Participant fees excluding NTP fees' can be included in each TNSP's transmission prices for that financial year. The effect of this change is to enable each TNSP to recover its allocated costs as notified by AEMO. The approach mirrors precisely the revisions that were introduced to allow the recovery of NTP fees.

We have also proposed amendments to the definitions of under- and over-recovery amounts in Chapter 10 of the Rules to exclude Participant fees from this calculation. In the absence of this amendment, a TNSP would be able to include the costs of Participant fees in its network charges (through the amended pricing methodology), but the amount collected in respect of Participant fees would be treated as an over-recovery amount<sup>17</sup> and subsequently returned to customers. The proposed amendments address this issue, which also arises in relation to NTP fees.

» **Clarify the payment arrangements in Victoria between AusNet Services and AEMO**

We have proposed amendments<sup>18</sup> to make it clear that transfer payments from a CNSP to a TNSP include payments relating to the recovery of Participant fees. This provision addresses AusNet Services' particular circumstances where AEMO collects Participant fees excluding NTP fees on AusNet Services' behalf. In order to enable AusNet Services to recover the costs of these fees, AEMO must transfer the amount collected to AusNet Services.

While the drafting addresses AusNet Services' particular circumstances, it would also address potential future changes to AEMO's Participant fee structure that may result in other TNSPs paying Participant fees and seeking cost recovery through their relevant CNSP.

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<sup>15</sup> Clause 2.11.3.

<sup>16</sup> Clause 6A.23.3(e).

<sup>17</sup> Or a reduced under-recovery amount, as the case may be.

<sup>18</sup> Clause 6A.27.4.

» **Recognise the broader role of CNSPs in transferring payments to other TNSPs**

We have proposed amendments<sup>19</sup> to recognise the CNSP's new role in recovering Participant fees on behalf of TNSPs and transferring these funds to the relevant TNSP. This is a minor change that will ensure the role of CNSPs is described fully.

The attachment to this submission sets out the proposed Rule drafting in further detail.

### 3. How does the Rule change contribute to the National Electricity Objective?

The National Electricity Objective is to promote efficient investment in, and efficient operation and use of, electricity services for the long term interests of consumers of electricity with respect to—

- (a) price, quality, safety, reliability and security of supply of electricity; and
- (b) the reliability, safety and security of the national electricity system.

The proposed Rule change will contribute to this objective by providing an efficient process for the TNSPs to recover the costs of 'Participant Fees excluding NTP fees' through network charges. The costs of the Participant fees are determined by AEMO through its budgeting process and, as such, are assumed to be efficiently incurred. By enabling each TNSP to recover the costs of Participant fees, the prices for transmission services will better reflect the efficient costs of providing those services. By setting prices that reflect the efficient costs of providing network services, efficient investment in and operation and use of electricity services will be promoted in accordance with the NEO.

ENA also notes that the Rule change would give effect to AEMO's final decision on its Participant fee structure, which has been subject to extensive industry consultation. The rationale for AEMO's Participant fee structure has therefore been thoroughly tested in accordance with the principles set out in clause 2.11.1(b) of the Rules, having regard to the NEO. By giving effect to AEMO's proposed charging structure, it is logical to conclude that this Rule change will promote the NEO.

### 4. Costs, benefits and expected impacts of the proposed Rule change

A Rule change request must provide an explanation of the expected benefits and costs of the proposed change and the potential impacts of the change on those likely to be affected.<sup>20</sup> In accordance with these requirements, ENA notes that the benefits of the Rule change are:

- » It will enable TNSPs to recover the efficient costs of providing transmission services, which includes the costs of Participant fees, and will thereby promote the NEO.
- » It clarifies the administrative arrangements between the relevant parties and ensures that the costs of 'Participant fees excluding NTP fees' can be included in each year's network prices without any forecasting errors or cashflow issues. The cost recovery approach also recognises that AEMO's

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<sup>19</sup> Clause 6A.29.1.

<sup>20</sup> National Electricity (South Australia) Regulations under the National Electricity (South Australia) Act 1996, section 8.



Participant fees are outside TNSPs' control, consistent with the Energy Security Board's observations regarding NTP fees.<sup>21</sup>

- » It removes an anomaly in the current treatment of Participant fees, whereby one component of these fees can be recovered by TNSPs (being NTP fees), but not other components. It also has the benefit of clarifying the treatment of revenue recovered in relation to Participant fees by amending the definition of under- and over-recovery amounts, which otherwise may have the unintended consequence of not allowing cost recovery.

ENA has also considered how the TNSPs recovery of Participant fees will affect those parties from whom the costs are recovered. In terms of process, the effect of the Rule change is that transmission revenues and prices will include the costs of AEMO's allocated Participant fees to TNSPs, which were previously recovered from other market participants. TNSPs' transmission charges are either recovered directly from customers or indirectly through network charges set by DNSPs and charged to retailers. AEMO's new charging structure means that the allocation of Participant fees to other market participants will be lower by exactly the amount levied on TNSPs. The net effect of these changes on electricity retailers and customers is expected to be zero, which is a point noted by AEMO in relation to its earlier proposal to allow TNSPs to recover NTP fees:<sup>22</sup>

"AEMO and TNSPs recognise that transmission customers will ultimately pay for the costs associated with AEMO's NTP functions."

In other words, AEMO is highlighting that the fee structure does not affect customers' final charges, as all costs are ultimately met by customers. By the same token, by giving effect to AEMO's Participant fee structure, our expectation is that the proposed Rule change will have no net impact on electricity customers as the total costs to be recovered are unchanged as a result of AEMO's new charging structure.

In relation to the costs of the Rule change, there will be administrative expenses in AEMO notifying the relevant parties of the relevant costs, and for the relevant TNSPs and CNSPs to include this cost in their transmission prices. However, these costs are likely to be negligible and will be outweighed considerably by the benefits noted above.

## 5. Treatment as a non-controversial Rule change

ENA asks that the AEMC considers this Rule change request to be non-controversial, noting that the Rule is unlikely to have a significant effect on the national electricity market and therefore satisfies the definition of 'non-controversial Rule' in the NEL. In making this observation, we note that the NEL defines the national electricity market as:

- the wholesale exchange operated and administered by AEMO; and
- the national electricity system.

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<sup>21</sup> Energy Security Board, *Converting The Integrated System Plan Into Action, Recommendation for National Electricity Amendment (Integrated System Planning) Rule 2020 Decision Paper*, March 2020, section 3.9, page 28.

<sup>22</sup> AEMO, *Electricity Rule Change Proposal Re-Allocation Of National Transmission Planner Costs To TNSPs*, August 2020, August 2020.

In addition, the national electricity system means—

- the generating systems and other facilities owned, controlled or operated in the participating jurisdictions connected to the interconnected national electricity system; and
- the interconnected national electricity system; and
- regulated stand-alone power systems.

ENA is not aware of any reason why the TNSPs recovery of AEMO’s Participant fees could have any effect on the national electricity market, as defined by the NEL. As already noted, customers are not affected by the Rule change proposal because the total costs to be recovered are unchanged and ultimately feed through to electricity prices. As the Rule change proposal only relates to the TNSPs recovery of AEMO’s Participant fees through transmission charges, there is no scope for this change to affect the operation of the market or market participants.

ENA also notes that AEMO’s analogous Rule change to enable TNSPs to recover Participant fees relating to NTP costs was treated as non-controversial. While the circumstances are not identical (as the NTP fees were introduced through the ISP Rule change), the two Rule change proposals are closely aligned. In particular, AEMO’s review of its Participant fee structure concluded that the TNSPs should be charged ‘core NEM’ fees and should recover these costs from customers.<sup>23</sup>

“After considering submissions and the fee structure principles and having regard to the NEO, AEMO has considered the ability of TNSPs to recover participant fees including whether it is reasonably practicable for the NER to be amended to allow TNSPs to recover core NEM fees. In principle the NER allow for the efficient costs of a monopoly network to be passed through to consumers and AEMO therefore expects these fees to add to the cost base of an efficient network and be recoverable.”

The alignment of the proposed Rule change with the NTP fee Rule change and the National Electricity Objective is evidenced by AEMO’s support for this Rule change request, which included the following comments:<sup>24</sup>

“The proposed Rule change is very closely aligned to the Rule change that was made on 29 October 2020 relating to the recovery of AEMO’s National Transmission Planner costs. The purpose of this ENA Rule change is to achieve the same outcome in relation to the other components of Participant fees in National Electricity Rules clause 2.11.1(c) that are allocated to TNSPs.

AEMO is committed to collaborating with your TNSP members to achieve the best possible outcome for the whole energy industry. AEMO agrees that the Rule change promotes the National Electricity Objective and the revenue and pricing principles by ensuring that transmission prices reflect the efficient costs of providing transmission services, which include the costs of AEMO’s Participant fees.”

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<sup>23</sup> AEMO, Electricity Fee Structures, Final report and determination, March 2021, page 17.

<sup>24</sup> Letter from Daniel Westerman, Chief Executive Officer, AEMO, “ENA Rule change request: Recovering the cost of AEMO’s Participant fees”, dated 24 June 2021.

In a similar manner to the NTP fees, this proposal provides a transparent and simple method for recovering AEMO's Participant fees.

ENA notes that the treatment of this Rule change request as non-controversial will facilitate an early resolution of the cost recovery arrangements for Participant fees. As the AER will reach final decisions on the revenue determinations for AusNet Services and Powerlink by 31 January and 30 April 2022 respectively, an early indication that the AEMC regards this Rule change proposal as non-controversial will provide clarity to the AER, TNSPs and customers.

## Attachment - Proposed Rule change

### 2.11.3 Budgeted revenue requirements

Amending clause 2.11.3, as follows:

- (ba) For the purposes of clause 2.11.1(c)(5A), AEMO must:
- (1) allocate between *Co-ordinating Network Service Providers* AEMO's budgeted *NTP function fees* to recover the projected revenue requirement described in subparagraph (b)(4A); and
  - (2) by 15 February each year, advise each *Co-ordinating Network Service Provider* of its allocation of *NTP function fees* under subparagraph (1) for the next *financial year* to allow each *Co-ordinating Network Service Provider* to reflect its allocation in the prices for each *category of prescribed transmission services* it publishes for that *financial year* in accordance with clause 6A.24.2(c).
- (bb) In relation to *Participant fees* (excluding *NTP function fees*) to recover the projected revenue requirements allocated to *Transmission Network Service Providers*, AEMO must:
- (1) calculate the amount to be recovered from each *Transmission Network Service Provider* described in subparagraph (b), excluding subparagraph (b)(4A); and
  - (2) by 15 February each year, advise each *Transmission Network Service Provider* of the amounts calculated under subparagraph (1) for the next *financial year* to allow each *Transmission Network Service Provider* to reflect its allocation in the prices for each *category of prescribed transmission services* it publishes for that *financial year* in accordance with clause 6A.24.2(c).
  - (3) at the same time as notifying the *Transmission Network Service Provider* under subparagraph (1), advise the *Co-ordinating Network Service Provider* for that *region* of the amounts calculated under subparagraph (1).

### 6A.23.3 Principles for the allocation of the annual service revenue

Amending clause 6A.23.3(e), as follows:

The *pre-adjusted non-locational component* is to be adjusted by:

- (1) subtracting the absolute value of the amount (if any) referred to in paragraph (d);
- (2) (adding or subtracting any amount for *settlements residue* (not being any auction amount referred to in subparagraph (b)(1), but including any amount of *settlements residue* due to *intra-regional loss factors*) estimated to be

receivable by or payable to the *Transmission Network Service Provider* in accordance with clause 3.6.5(a)(3);

- (3) adding or subtracting any adjustment arising as a result of the application of clauses 6A.23.4(c) and (d);
- (4) adding or subtracting any amount arising as a result of the application of prudent discounts (if any) under clauses 6A.26.1(d) to (g);
- (5) adding or subtracting any *over-recovery amount* or *under-recovery amount*, with that amount including an adjustment calculated in accordance with paragraph (f); ~~and~~
- (6) adding the amount of *NTP function fees* advised to the *Co-ordinating Network Service Provider* in accordance with clause 2.11.3(ba), and
- (7) adding the amount of *Participant fees* (excluding the *NTP function fees*) advised in accordance with clause 2.11.3(bb).<sup>25</sup>

(the adjusted non-locational component).

#### 6A.27 Billing Process

Amending clause 6A.27.4, as follows;

Payments between *Transmission Network Service Providers* in the same region

- (a) *Transmission Network Service Provider* must pay other *Transmission Network Service Providers* within the same *region* an amount of revenue equal to that which it is estimated it will collect during the following *regulatory year* or *financial year* (as the case may be), as charges for *prescribed transmission services* for the use of *transmission systems* owned by those other *Transmission Network Service Providers*.
- (b) The amount of any financial transfer under paragraph (a) must be determined by the relevant *Co-ordinating Network Service Provider* and paid in equal monthly instalments.
- (c) **[Deleted]**
- (d) The amount of any financial transfer under paragraph (a) should include the recovery of *Participant fees* to the extent that they are recovered by the *Co-*

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<sup>25</sup> ENA notes that the Draft National Electricity Amendment (Efficient management of system strength on the power system) Rule 2021 also proposes a new subclause (7). Depending on the timing of the Rule changes, the proposed numbering presented here may need to change.

ordinating Network Service Provider on behalf of a Transmission Network Service Provider.

## 6A.29 Multiple Transmission Network Service Providers

Amending clause 6A.29.1(a) as follows:

If *prescribed transmission services* within a *region* are provided by more than one *Transmission Network Service Provider*, the appointing *Transmission Network Service Providers* (the appointing provider) within that region must appoint a *Co-ordinating Network Service Provider* for that region. The *Co-ordinating Network Service Provider* is responsible for:

- 1) the allocation of all relevant *AARR* within that *region*, including any allocation of the *AARR* as agreed between *Transmission Network Service Providers* in accordance with clause 6A.29.3;
- 2) the calculation of *modified load export charges* and any adjustments to the charges in accordance with the *Rules* payable by *Co-ordinating Network Service Providers* in *interconnected regions*; ~~and~~
- 3) the allocation of *modified load export charges* and any adjustments to the charges in accordance with the *Rules* payable or receivable to or from *Co-ordinating Network Service Providers* in *interconnected regions* to each *Transmission Network Service Provider* within its *region*; ~~and~~
- 4) recovering the cost of *Participant fees* and paying the amounts recovered to the relevant *Transmission Network Service Providers* to the extent that they are recovered by the *Co-ordinating Network Service Provider* on behalf of a *Transmission Network Service Provider*.

## Chapter 10

### ***over-recovery amount***

Any amount by which the revenue earned from the provision of *prescribed transmission services* in previous *regulatory years* (excluding any revenue attributable to adjustments made under clause 6A.23.3(e)(6) or 6A.23.3(e)(7)) exceeds the sum of the *AARR* in those *regulatory years*.

### ***under-recovery amount***

Any amount by which the sum of the *AARR* in previous *regulatory years* exceeds the revenue earned from the provision of *prescribed transmission services* in those *regulatory years* (excluding any revenue attributable to adjustments made under clause 6A.23.3(e)(6) or 6A.23.3(e)(7)).