



WESTERN AUSTRALIAN RETAIL GAS MARKET FINAL BUDGET AND FEES 2017-18

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CONTENTS

1. INTRODUCTION	3
2. WA RETAIL GAS MARKET	4
2.1 Fees	4
2.2 Revenue and Expenditure	5
LIST OF SYMBOLS AND ABBREVIATIONS	7

TABLES

Table 1 Structure of fees	4
Table 2 WA Retail Gas Market fees	4
Table 3 Profit and Loss statement 2017-18 and comparison	6

FIGURES

Figure 1 Expenditure by category 2017-18	5
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Note – all amounts quoted in this document are exclusive of GST.



1. INTRODUCTION

AEMO operates on a cost recovery basis as a company limited by guarantee under the Corporations Act (2001). AEMO fully recovers its operating costs through fees paid by participants.

On 31 October 2016, AEMO assumed the operating role of the Western Australia (WA) gas retail market function. This function was previously performed by the Retail Energy Market Company (REMCo).

For any questions relating to this report please contact Jack Fitcher, Chief Financial Officer, on 03 9609 8506 or via email on jack.fitcher@aemo.com.au.



2. WA RETAIL GAS MARKET

2.1 Fees

The approach to setting fees has been defined in Chapter 8 of the Rules and is on a cost-recovery basis (no profit).

The 2016-17 fee set by REMCO included a component to collect funding for future IT development work that will be carried out in line with the IT Roadmap. The 2017-18 fee has been reduced as there is no requirement to collect additional future funding for IT development.

The tables below set out the current structure of fees and amounts for 2017-18:

Table 1 Structure of fees

Fee	Who Pays	How fee is applied
Market Share Charge	WA gas market retailers	A flat rate (\$/customer/month).
Registration Fee	All members	A one-off charge (\$) on all Members, payable upon joining AEMO.
Annual Fee	All members	An annual charge (\$) levied on all Members.
Additional Service Charge	Specific member	Additional ad hoc service provided to specific member(s) at a charge based on cost recovery.

Table 2 WA Retail Gas Market fees

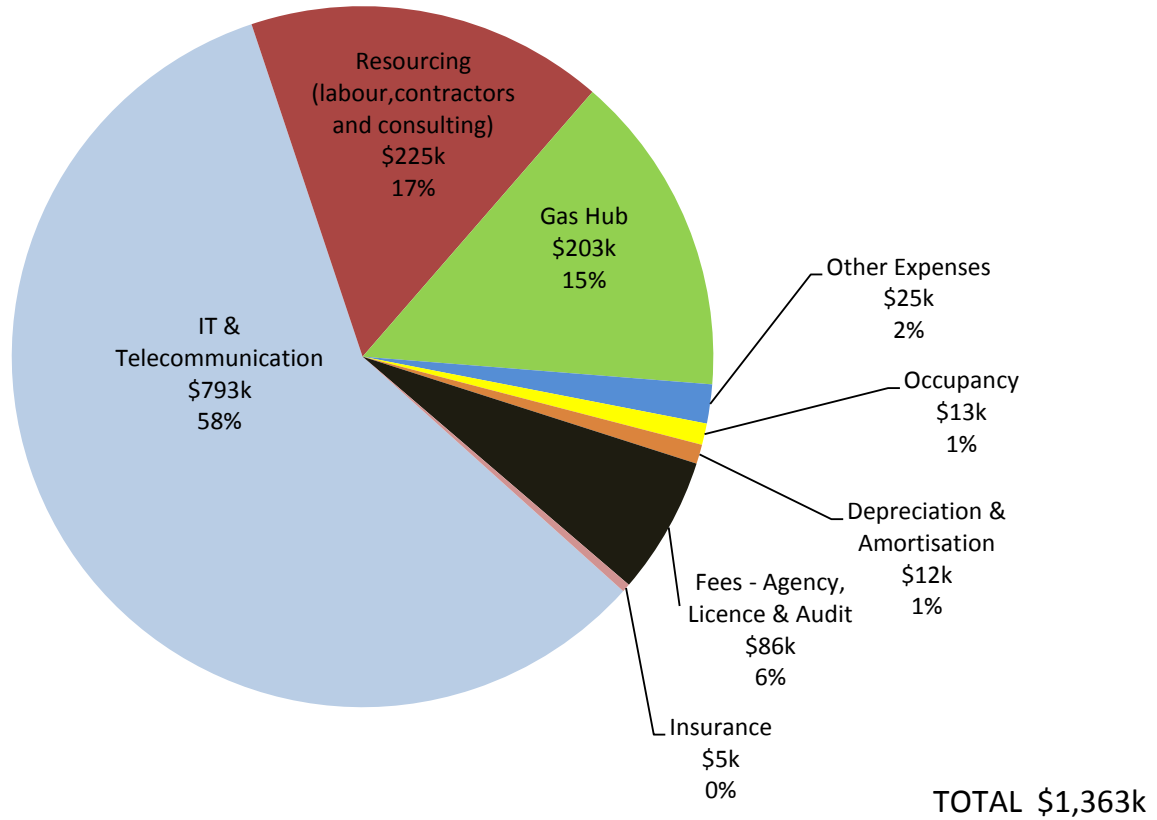
Fee		Actual 2016-17	Budget 2017-18
Market Share Charges	\$ per customer per month	0.30815	0.13485
Registration Fee	Member	12,951	12,951
	Associate Member	2,590	2,590
Annual Fee	Member	19,905	19,905
	Associate Member	3,881	3,881

[1] All fees and rates are exclusive of GST

2.2 Revenue and Expenditure

The expenditure is detailed below in Figure 1 by expenditure category

Figure 1 Expenditure by category 2017-18



**Table 3 Profit and Loss statement 2017-18 and comparison**

	Budget 2016-17	Budget 2017-18	Variance to Budget	
	\$'000	\$'000	\$'000	%
Fees and tariffs	2,868	1,362	(1,506)	-53%
Settlement Residue	0	0	0	+0%
Other Revenue	32	0	(32)	-100%
Total Revenue	2,899	1,362	(1,538)	-53%
Resourcing (labour, contractors and consulting)	776	225	(551)	-71%
Fees - Agency, Licence & Audit	65	86	22	+34%
IT & Telecommunication	958	793	(165)	-17%
Occupancy	37	13	(23)	-63%
Insurance	15	5	(9)	-64%
Other Expenses	147	25	(123)	-83%
Gas Hub	309	203	(106)	-34%
Depreciation & Amortisation	39	12	(27)	-69%
Total Expenditure	2,345	1,363	(982)	-42%
Surplus/(Deficit)	554	(1)	(555)	
Transfer to Reserves	0	0		
Brought Forward Surplus/(Deficit)	0	1		
Accumulated Surplus/(Deficit)	554	0		

Key Points:

- Revenue has decreased by \$1.5m because the 2016-17 fee set by REMCO included a component to collect funding for future IT development work that will be carried out in line with the IT Roadmap. The 2017-18 fee has been reduced as there is no requirement to collect additional future funding for IT development.
- Expenditure has decreased by \$1.0m due to the benefits arising from efficiencies identified.



LIST OF SYMBOLS AND ABBREVIATIONS

Term	Definition
AEMO	Australian Energy Market Operator
ERA	Economic Regulatory Authority
REMC _o	Retail Energy Market Company
NA	not applicable
WA	Western Australia
TBC	to be confirmed