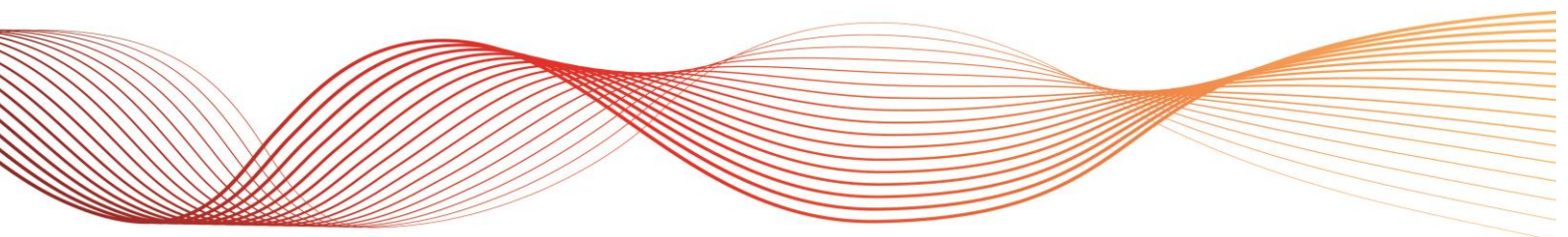


SOUTH AUSTRALIA FULL RETAIL CONTESTABILITY GAS FINAL BUDGET AND FEES: 2015-16

PUBLISHED MAY 2015 





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EXECUTIVE SUMMARY

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.

The South Australia Full Retail Contestability (SA FRC) gas function is underpinned by a fee structure developed in consultation with stakeholders and in line with requirements under the National Gas Rules (NGR). The fee structure details how AEMO will calculate fees and who it charges. In March 2015, AEMO published its final fee structure for AEMO's gas markets, covering the period from 1 July 2015 to 30 June 2018.

This document sets out the final 2015-16 budget and fees for SA FRC gas function.

In budgeting for 2015-16, AEMO has continued to apply strong commercial discipline to control costs to reduce the impact of fee increases to market participants.

Contacts

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1 SOUTH AUSTRALIA GAS FRC

1.1 Fees

The SA gas FRC fee is calculated on a three-year rolling break-even period.

The South Australia FRC fee is expected to decrease by 5% in 2015-16 with further decreases in future years as a result of a reduction in the costs and the brought forward surplus in this function.

Table 1 South Australia FRC Gas Projected Fees

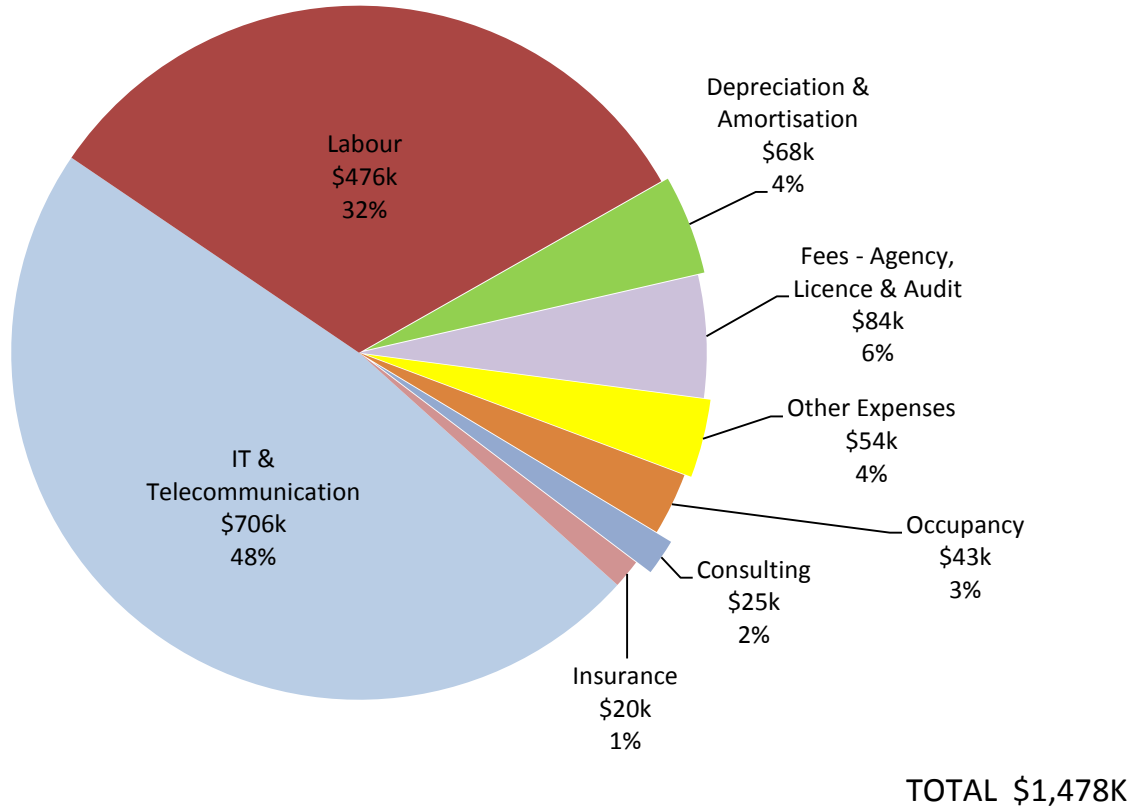
Fee	Actual 2014-15	Budget 2015-16	Estimate 2016-17	Estimate 2017-18	Estimate 2018-19	Estimate 2019-20
FRC Fee (\$ per MIRN per month)	0.30728	0.29207 -5%	0.28039 -4%	0.26917 -4%	0.26648 -1%	0.26382 -1%
Initial Registration Fee (\$ per participant)	11,300	10,000	TBC	TBC	TBC	TBC
Gas Statement of Opportunities (\$ per customer supply point per month)	0.02830 -5%	0.02830 +0%	0.03255 15%	0.03743 15%	0.04117 10%	0.04529 10%
Energy Consumers Australia pass-through (\$ per customer supply point per month)	0.02998	0.03114 +4%	TBC	TBC	TBC	TBC



1.2 Revenue and Expenditure

The expenditure is detailed below in Figure 1 by expenditure category.

Figure 1 Expenditure by category 2015-16



**Table 2 Profit and Loss statement 2015-16 and comparison**

	Budget	Forecast	Budget	Variance to Budget	
	2014-15 \$'000	2014-15 \$'000	2015-16 \$'000	\$'000	%
Fees and tariffs	1,623	1,623	1,562	(61)	-4%
Other Revenue	0	4	4	4	+100%
Total Revenue	1,623	1,627	1,566	(57)	-3%
Labour	426	363	476	50	+12%
Contractors	3	5	2	(1)	-26%
Consulting	17	11	25	8	+44%
Fees - Agency, Licence & Audit	76	72	84	8	+11%
IT & Telecommunication	728	691	706	(22)	-3%
Occupancy	31	25	43	11	+36%
Insurance	16	13	20	4	+24%
Other Expenses	42	34	54	12	+29%
Depreciation & Amortisation	209	203	68	(140)	-67%
Total Expenditure	1,547	1,417	1,478	(69)	-4%
Surplus/(Deficit)	75	210	88	13	
Brought Forward Surplus/(Deficit)	19	62	272	254	
Accumulated Surplus/(Deficit)	94	272	361		

Key Points

- Expenditure in 2015-16 is budgeted to be closely aligned with the 2014-15 budget expenditure.



2 GAS STATEMENT OF OPPORTUNITIES

2.1 Fees

The Gas SOO costs are recovered via charges to retailers in AEMO's FRC gas markets on a fee per meter basis.

Costs for this function have increased due to work on the National Gas Forecasting Report.

There is no change in the 2015-16 fee due to an over-recovery from prior years. Fees are expected to increase in future years to return to a break-even position.

Table 3 Gas Statement of Opportunities Projected Fees

Fee	Actual 2014-15	Budget 2015-16	Estimate 2016-17	Estimate 2017-18	Estimate 2018-19	Estimate 2019-20
Gas Statement of Opportunities (\$ per customer supply point per month)	0.02830	0.02830 +0%	0.03255 +15%	0.03743 +15%	0.04117 +10%	0.04529 +10%



3 ENERGY CONSUMERS AUSTRALIA

In May 2014 the Council of Australian Governments (COAG) Energy Council approved the establishment of Energy Consumers Australia (ECA) to promote the long term interests of energy consumers, in particular for residential customers and small business customers.

AEMO is required to recover the funding for the ECA from market participants.

The commencement date of the ECA was 30 January 2015.

Table 4 — Energy Consumers Australia (ECA) requirements

ECA Fees	Budget 2015-16	Actual 2014-15
Gas (\$ / customer supply point / month)	0.03114 4%	0.02998



LIST OF SYMBOLS AND ABBREVIATIONS

Term	Definition
AEMO	Australian Energy Market Operator
AER	Australian Energy Regulator
B2B	Business-to-Business
COAG	Council of Australian Governments
ECA	Energy Consumers Australia
FRC	Full Retail Contestability
GSOO	Gas Statement of Opportunities
MCE	Ministerial Council on Energy
NA	not applicable
SA	South Australia
TBC	to be confirmed

Note – all amounts quoted in this document are nominal dollars unless otherwise stated and all amounts are exclusive of GST.