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29 January 2025

Jai Thomas  
Coordinator of Energy  
Energy Policy WA  
66 St Georges Tce  
Perth WA 6000  
[energymarkets@demirs.wa.gov.au](mailto:energymarkets@demirs.wa.gov.au)

Dear Mr Thomas,

**Re: Draft Rule Change Reports – AEMO’s Allowable Revenue Framework (RC\_2024\_01 and GRC\_2024\_01)**

The Australian Energy Market Operator (AEMO) welcomes the opportunity to provide a submission on the Coordinator of Energy’s (Coordinator) Draft Rule Change Reports – AEMO’s Allowable Revenue Framework (RC\_2024\_01 and GRC\_2024\_01).

We acknowledge that our Rule Change Proposal did not align with stakeholder expectations for an alternative Allowable Revenue Framework. We therefore support the Coordinator’s decision to reject the proposal and undertake a fulsome review of AEMO’s Allowable Revenue Framework through a separate process, to allow for adequate stakeholder consultation.

**Transitional Provisions**

AEMO also supports the Coordinator of Energy’s (Coordinator) draft decision to suspend the current Allowable Revenue Framework using transitional provisions, until fees can be set under a new framework. AEMO agrees that suspending the current framework while the review is being undertaken will reduce the administrative burden on both AEMO and the Economic Regulation Authority (ERA) and provide certainty for Market Participants regarding AEMO’s Budget and Fees.

AEMO supports the proposed amendments to the Wholesale Electricity Market (WEM) Rules and Gas Services Information (GSI) Rules in Section 7 of the Draft Rule Change Reports. This includes the adjustment to Market Participant Market Fee rates and Applicant Fees to reflect changes to the Wage Price Index.

**Allowable Revenue Framework Review**

AEMO would welcome the opportunity to engage constructively with the Coordinator and other stakeholders as the Allowable Revenue Framework review progresses, to ensure the ultimate design addresses the issues with the current framework as well as the concerns raised in stakeholder submissions.

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Timely completion of the review is encouraged, to provide certainty for AEMO, the ERA and stakeholders, and AEMO is committed to providing the input necessary to support this outcome.

### **Transparency and Accountability**

AEMO has reflected on the feedback received from stakeholders during the first submission period, including the strong desire to retain regulatory oversight by the ERA and the importance of transparency in increasing market confidence and trust in AEMO.

AEMO is committed to improving budget forecasting and transparency, and demonstrating accountability and financial governance. While not required under the transitional provisions, we intend to consult on, and publish, the Financial Year 2026 Budget and Fees for the WEM and GSI regimes as part of this commitment.

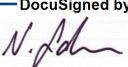
### **Major Projects Working Group (MPWG)**

AEMO proposed to establish a MPWG alongside the rule change proposals, and considers this should be progressed regardless of the outcome of the rule change process. The MPWG is proposed to be an advisory body, which provides advice on the planning, implementation and management of major projects and associated key changes and challenges. The implementation of a major project reporting framework, through the MPWG, will help improve transparency and accountability of AEMO's delivery and implementation of proposed reforms (as well as AEMO-led major projects where applicable). A draft Terms of Reference was provided for consideration at the November 2024 Market Advisory Committee (MAC) meeting, which was subsequently cancelled. We understand it will now be considered by members at the next MAC meeting in April 2025.

AEMO looks forward to engaging with the Coordinator on the progression of the Coordinator's review and the establishment of the MPWG.

If you have any questions about the contents of this submission do not hesitate to reach out to Steve Kelly – Manager – Finance and Governance (WA) at [steve.kelly@aemo.com.au](mailto:steve.kelly@aemo.com.au).

Yours sincerely,

DocuSigned by:  
  
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Nicola Falcon

**Interim Executive General Manager – Western Australia**