



Wholesale Electricity Market Rule Change Proposal Submission

RC_2024_01

Allowable Revenue Framework

Submitted by:

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Submissions on Rule Change Proposals can be sent by:

Email to: energymarkets@demirs.wa.gov.au

Post to: Energy Policy WA
Attn: Director, Wholesale Markets
Level 1, 66 St Georges Terrace Perth, WA, 6000
Locked Bag 100
East Perth WA 6892

1. Please provide your views on the proposal, including any support, objections, or suggested revisions.

The Australian Energy Market Operator (**AEMO**) submitted to the Coordinator of Energy (**CoE**) for approval, on 28 August 2024, a Wholesale Electricity Market (**WEM**) rule change proposal entitled “AEMO’s Allowable Revenue Framework” (RC_2024_01) that sought to remove the requirement for the Economic Regulation Authority (**ERA**) to determine AEMO’s budget and proposed a new budget and fee setting process (**AEMO proposal**).

Following public consultation, the CoE’s on 4 December 2024, determined to (**draft decision**):

1. reject AEMO’s proposal
2. amend the WEM rules to suspend AEMO’s current allowable revenue framework
3. undertake a detailed review of the allowable revenue framework to develop a replacement framework for the determination of AEMO’s budget (**replacement framework**)

4. continue to apply the current market participant market fee rate and application fees adjusted for changes in the Wage Price Index (WPI) until the replacement framework review is implemented.

With respect to the draft amending WEM rules, Synergy comments as follows:

- Rule 1.65.3. This rule should be amended to require AEMO to publish supporting information detailing why actual financial performance has varied against its budget for the previous year in addition to publishing its financial data.

2. Please provide an assessment of whether the change will better facilitate the achievement of the Wholesale Market Objectives.

Synergy supports the CoE's draft decision on the basis it:

- better facilitates the achievement of the WEM objectives and will result in better market outcomes consistent with [WEM rule](#) objective 1.2.1(a) and (d) relative to AEMO's proposal; and
- provides a reasonable transition approach whilst a replacement framework is developed and implemented.

Synergy seeks for the CoE's final decision to publish replacement framework details, specifically:

1. Objectives, expected outcomes and success measures
2. Development and implementation timeframes
3. Proposed assessment criteria and methodology
4. Adjustment mechanism to address any under or over recovery of costs during the transitional period
5. Industry stakeholder engagement model

As energy reform proposals constitute such a large component of AEMO's budget, Synergy advocates energy reform proposal development and implementation be considered as part of the replacement framework review.

3. Please indicate if the proposed change will have any implications for your organisation (for example changes to your IT or business systems/processes) and any costs involved in implementing the changes.

Synergy does not expect to incur substantial costs to implement the draft amending WEM rules as set out in the draft decision. Further, Synergy considers that the benefits to market participants and consumers in having the ERA continue to independently assess AEMO's allowable revenue proposals will significantly outweigh the costs of the ERA performing that review function.

4. Please indicate the time required for your organisation to implement the change, should it be accepted as proposed.

Not applicable