



# Notice

15 May 2017

## The ERA approves AEMO's expenditure proposal

### FINAL DETERMINATION

The Economic Regulation Authority (**ERA**) has [approved amendments](#) to the Australian Energy Market Operator's (**AEMO**) proposed expenditure for 1 July 2016 to 30 June 2019.

The ERA is responsible for determining what AEMO can charge market participants in the Wholesale Electricity Market for the services it provides.

It has found AEMO's proposed allowable revenue and forecast capital expenditure is reasonable and has approved all of its proposed adjustments.

### Background

The ERA considered an expenditure proposal submitted by AEMO in September 2016 and published its determination on 16 December 2016.

In its initial proposal, AEMO included expenditure to implement systems for the new market design arising from the Electricity Market Review (**EMR**).

AEMO's proposal was based on the market design developed by the EMR and a planned implementation date of 1 July 2018.

It became apparent after AEMO's submission that some of the legislation underpinning the reform would not be in place by that date.

AEMO then made another submission to the ERA on 5 December 2016. The submission noted these uncertainties and included an estimate of the expenditure it considered it would incur regardless of the timing or final detail of the reformed market.

There was insufficient time for the ERA to consider the new submission prior to the legislated deadline of 16 December 2016, so expenditure relating to market reform was excluded from the ERA's decision in December.

AEMO has submitted another application on 17 February 2017 reviewing and revising its estimates of expenditure during the fourth allowable revenue period. This application is available on the [ERA's website](#).

For further information contact:

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