

30 November 2018

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Dear Sir/Madam

**Inquiry into reform of business licensing in Western Australia – AEMO submission to draft report**

The Australian Energy Market Operator (**AEMO**) welcomes the opportunity to provide input to the Economic Regulation Authority (**ERA**)’s draft report on the Inquiry into reform of business licensing in Western Australia dated 22 October 2018 (**Draft Report**).

AEMO is the independent market and system operator of the National Electricity Market (**NEM**) along the eastern seaboard, and the Western Australian Wholesale Electricity Market (**WEM**) that operates in the South West Interconnected System (**SWIS**). AEMO also has transmission planning roles in the NEM, operates the wholesale gas markets across the eastern/southern seaboard of Australia, provides gas services information across the eastern/southern seaboard and Western Australia and is the retail market operator in various gas and electricity markets across Australia. These roles are undertaken within the legislated policy and market frameworks of the day and in adherence to the applicable statutory objectives and rules.

Specifically, AEMO has the following functions in Western Australia:

- Wholesale market operator and power system operator for the SWIS under the *Electricity Industry Act 2004* and its subsidiary legislation, including the Wholesale Electricity Market Rules (**WEM Rules**);
- Gas Bulletin Board operator and developer of the Western Australia Gas Statement of Opportunities under the *Gas Services Information Act 2012* and its subsidiary legislation, including the Gas Services Information Rules (**GSI Rules**); and
- Operator of the gas retail market scheme for gas distribution systems in Western Australia in accordance with the *WA Gas Retail Market Agreement (the Agreement)*, as amended by the ERA under section 11ZOM of the *Energy Coordination Act 1994*.

AEMO was listed as an ‘Agency’ in the Preliminary list of business licences (**the List**) published by the ERA on 19 February 2018 in relation to the following ‘licences’:

- Gas Facility Registration and Gas Market Participant Registration under the *Gas Services Information Act 2012*.

It is noted AEMO was not listed as the applicable agency for its functions in relation to electricity.

AEMO submits it is not a relevant Agency for the purposes of this Inquiry, or any resulting regime implemented by the ERA as a result of this inquiry. AEMO is not a 'state government agency', which is the term referred to in the ERA's Draft Report and, as such, AEMO should not be included on the final list of Agencies required to comply with the resulting regime.

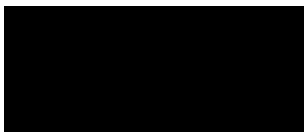
AEMO's functions and procedures are heavily prescribed in the WEM Rules, the GSI Rules and the Agreement. Amendments to these procedures are through structured rule change processes, with amendments being required to be approved by either the Rule Change Panel or the ERA.

Consequently, AEMO submits that its adherence to the proposed regime would be unnecessary and would add additional burden to processes that are already heavily governed, resulting in unnecessary additional cost with no tangible benefit. AEMO is funded by industry, through fees paid by Market Participants, and any additional, unnecessary cost would undoubtedly be passed on to consumers, increasing cost of living through elevated energy prices in an economic environment where cost of living, particularly utility prices, is already a frequently debated sensitive issue in Western Australia.

Finally, AEMO notes it has been listed as a 'National' agency in the List and it has been informed that the regime is unlikely to compulsorily apply to such agencies. Therefore, it submits, if it is listed as an Agency in any final list of applicable business licences, it should be in a non-compulsory capacity only.

If you would like to discuss any aspect of our submission in more detail, please contact Martin Maticka, Group Manager – WA Markets, at [martin.maticka@aemo.com.au](mailto:martin.maticka@aemo.com.au).

Yours sincerely,



Cameron Parrotte

**Executive General Manager, Western Australia**