



Notice

11 July 2017

AEMO's Allowable Revenue Final Determination 2016-2019 Amended Technical Consultant Report

The Economic Regulation Authority (ERA) has published an amended version of the Technical Advisor's Report that was published on 15 May 2017 with the ERA's determination of AEMO's expenditure for 1 July 2016 to 30 June 2019.

The amendments correct three figures and clarify forecast costs for AEMO's power system operations.

The corrections do not affect the Technical Advisor's recommendations or the ERA's determination. As two of the paragraphs below were quoted in the ERA's determination, a corrected version of the determination has been published.

Amendments

The amendments are set out below in track changed format.

Page 6:

AEMO's use of the same software platforms that it currently uses in the eastern states, will result in savings in licensing and development costs. These savings are significant. For example, an indicative cost for upgrading Western Power's existing XA/21 energy management system is \$6-8 million whereas the capital total cost through to implementation of the replacement e-terra platform systems proposed by AEMO, ~~including load forecasting and the power system model~~, is forecast to be \$~~3.33.21~~ million (excluding overheads). This cost was included in the market reform component that was not approved in the Authority's December 2016 determination, and approval is now required if development is to continue

Page 7:

We have not seen any analysis to suggest that deferring the commissioning of e-terra by up to 18 months will result in a material savings, and AEMO's position that it carries some risk has merit. To put these costs into perspective the forecast total capital cost of establishing the e-terra platform is ~~less than \$920,000~~ estimated to be \$3.21 million, excluding the overhead allocation. We are satisfied that this is much lower than the cost of building a new stand-alone system and recommend that the Authority approve the forecast expenditure.

Page 7-8:

The total forecast capital expenditure (through to mid-2018 (excluding the overhead allocation) is \$~~1.38~~ 0.65 million. ~~of which 50% is forecast in 2017~~. This includes not only the hardware and software costs of establishing AEMO's forecasting platform in Western Australia, but also the cost of developing new software, which is currently on hold "due to difficulties in modifying the forecast model within Western Power". This expenditure, which will need to be incurred even if Western Power's current system is retained, includes:

For further information contact:

General Enquiries

Elizabeth Walters

Phone: 08 6557 7900

Email: records@erawa.com.au

Media Enquiries

Sinéad Mangan

Work: 08 6557 7912

Mobile: 0428 859 826

Email: communications@erawa.com.au