



Notice

7 December 2018

AEMO forecast capital expenditure proposal 2018

Determination

The Economic Regulatory Authority has approved \$6.5 million in additional forecast capital expenditure for the Australian Energy Market Operator (AEMO) for the period ending 30 June 2019. The ERA has determined that 58 per cent of AEMO's \$11.2 million additional funding proposal meets the requirements of the market rules.

The ERA has approved funding to transition energy management for the South West Interconnected System from Western Power's system to a new system hosted by AEMO. The ERA has also approved expenditure for AEMO to make changes to its existing Information Technology systems to implement two rule changes approved in 2018.

The ERA's decision has been published on [our website](#).

The ERA is responsible for determining what AEMO can charge market participants in the Wholesale Electricity Market for its services. The current three-year revenue period ends on 30 June, 2019. To date, the ERA has approved \$32.1 million in forecast capital expenditure, and \$93.6 million in allowable revenue for the period.

Background

In June 2018, the Minister for Energy conferred additional functions on AEMO, including to support the Public Utilities Office's management of the energy market reform program.

In July 2018, AEMO asked the ERA to approve an additional \$11.2 million forecast capital expenditure. This was to fund some of these new functions and fund several Information Technology projects in the final year of the funding period.

AEMO has to apply to the ERA to approve additional funding if the amount exceeds the 10 per cent threshold set under the Market Rules. AEMO estimated the full cost of the projects at \$19.5 million, with the balance to be funded by \$8.3 million previously approved but not spent, forecast capital expenditure. The ERA took account of this underspend in its determination.

Further information

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