



# Media Statement

13 September 2023

## Additional \$46.9 million approved for Australian Energy Market Operator forecast capital expenditure

The ERA has published the [final determination](#) for the Australian Energy Market Operator's (AEMO) in-period forecast capital expenditure funding proposal. AEMO sought an additional \$47.11 million of forecast capital expenditure on top of the \$61.5 million already approved for the sixth allowable revenue period from 2022/23 to 2024/25. The ERA has approved the majority of additional funding sought by AEMO equating to an additional \$46.94 million forecast capital expenditure.

In making its determination, the ERA has evaluated whether the expenditure meets the standard of a prudent market operator acting efficiently to achieve the lowest practical sustainable cost.

Most of the expenditure relates to the Wholesale Electricity Market (WEM) reform program, with the remainder being for sustaining capital expenditure for the WEM and gas services information platform. The WEM reform program is a large and complex work program with many interacting parts. It has involved building new market systems, adapting existing market systems, and integrating new system security mechanisms.

The ERA's assessment of costs and decision to approve AEMO's request evaluates the risk of overfunding with the risk of underfunding. Underfunding at this time risks stalling the WEM reform program at a critical point. This could result in significantly higher costs to the market and further delays.

Chair Steve Edwell said, "we are mindful of the challenges higher market operating costs pose for electricity consumers. However, the WEM reform program is critical to the ongoing decarbonisation program for the electricity system and the entry of new low-cost generation. Delays to the reform program could potentially result in significantly higher costs to the market and consumers."

"Considering the relative risks and their impact, the ERA has determined that the risk of being unprepared for the new market start outweighs the potential for spending inefficiency by AEMO."

AEMO has indicated it intends to apply for further increases in both its operating costs and forecast capital expenditure allowances by March 2024.

### About the ERA

The ERA is Western Australia's independent economic regulator. We aim to ensure the delivery of water, electricity, gas and rail services in Western Australia is in the long-term interest of consumers.

**For further information contact:**

Danielle Asarpota  
Manager Strategic Communications  
Ph: +61 428 859 826  
[media@erawa.com.au](mailto:media@erawa.com.au)

D265114