



Notice

19 March 2024

Australian Energy Market Operator's second in-period expenditure funding application

Publication of application for increasing expenditure

The Australian Energy Market Operator (AEMO) has [submitted an application](#) to the Economic Regulation Authority seeking an additional \$39 million in forecast capital expenditure and \$59.2 million in operational expenditure for the 2022 to 2025 period.

AEMO must apply to the ERA for additional expenditure when it expects to exceed the thresholds in the Wholesale Electricity Market (WEM) Rules.

The ERA will review AEMO's expenditure request and only approve funding that meets the requirements in the WEM Rules. AEMO's costs are recovered from market participants through market fees, which in turn are passed through to consumers. For this expenditure period, the ERA has already approved:

- \$61.8 million in capital expenditure and \$148.1 million in operational expenditure under AEMO's initial proposal for the 2022 to 2025 period.
- A further \$46.94 million in capital expenditure through AEMO's first in-period submission.

AEMO's second in-period funding application covers:

- Recovery of the WEM reform program costs.
- Adjustments for higher cost pressures including inflation, interest rates and labour costs.
- Increasing investment in AEMO's systems.
- Staff and projects to implement the Energy Transformation Strategy.

When reviewing AEMO's funding proposal, the ERA will consider the Government's energy sector reform program, providing future cost certainty for market participants, and cost of living pressures on consumers.

The ERA will thoroughly evaluate AEMO's proposal to assess whether AEMO's projects or functions have been costed to achieve the lowest practicably sustainable cost. The ERA will also consider, in line with the funding proposal guidelines, if the application reflects prudent and efficient planning, and whether the expenditure must be incurred in the 2024/25 financial year or if it can be deferred.

The ERA will publish a draft determination in May 2024 for consultation and a final determination in June 2024. The ERA will hold an industry workshop following publication of the draft determination.

Further information

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