



Notice

28 April 2023

Australian Energy Market Operator in period capital expenditure funding application received

Publication of application for increased capital expenditure

The Australian Energy Market Operator (AEMO) has [submitted an application](#) to the Economic Regulation Authority seeking an additional \$47.11 million forecast capital expenditure for the 2022-2025 period.

AEMO may apply to the ERA at any time for additional forecast capital expenditure for costs associated with new functions or costs previously rejected by the ERA, and for costs AEMO could not estimate with reasonable confidence at the time the forecast capital expenditure was submitted. AEMO must apply to the ERA for additional forecast capital expenditure where it expects it will exceed thresholds established in the market rules.

Under the Wholesale Electricity Market Rules, the ERA reviews AEMO's expenditure and approves funding that meets the market rules' requirements. AEMO's costs are ultimately recovered from market participants through market fees, which in turn are passed through to consumers. The ERA previously approved \$61.8 million in capital expenditure for AEMO's activities in the Wholesale Electricity Market (WEM) for the current funding period.

AEMO's application for additional forecast capital expenditure covers the following areas:

- Additional forecast funding requirements for WEM reform projects.
- New sustaining capital expenditure projects
- Additional forecast funding for Gas Services Information platform projects.

The ERA is conscious of the critical timing and need for the Government's reform program, future cost certainty for market participants, and cost of living pressures for consumers. The ERA will conduct a thorough evaluation of the extent to which AEMO's proposal demonstrates how it has sought to achieve the lowest practicably sustainable cost.

The ERA will publish a draft revised funding determination in early July 2023 for consultation and expects to publish a final determination in early September 2023. The ERA anticipates holding an industry workshop on the draft revised determination during the consultation period.

Further information

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