Revised Shared Transmission Network Services Prices In Victoria – 1 July 2019 To 30 June 2020

31 May 2019

For the National Electricity Market

Important notice

PURPOSE

AEMO has prepared this document to provide information about the Shared transmission network services prices in Victoria, as at the date of publication.

The information in this publication supersedes the Shared Transmission Network Services Prices In Victoria – 1 July 2019 To 30 June 2020 published on 15 May 2019.

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1. Shared transmission network services in Victoria Prices

AEMO's Transmission Use of System (TUoS) charges recover the costs for providing shared transmission network services in Victoria, and are calculated in accordance with the National Electricity Rules (NER) and AEMO's Pricing Methodology[1].

The 2019-20 Victorian TUOS fees have increased by $87m, of which approximately $85m will be charged to the Victorian distribution businesses and $2m to large customers directly connected to the Victorian Transmission System. AEMO estimates this rise in TUOS charges would result in less than a 1% increase on an average Victorian household's annual retail bill. The key drivers of the increased are:

- $30m in easement tax. This is a tax that is levied by the State Revenue Office on AusNet Services and is passed through to AEMO.
- $39m relates to AEMO reducing its fees in 2018-19 due to an over-recovery from the 2017-18 year.
- The balance relates to a combination of the return for AusNet Services on their regulated assets and a charge to the Victorian jurisdiction for the use of the network in other jurisdictions.

The shared transmission network services prices apply for the financial year 1 July 2019 to 30 June 2020 and comprise the following.

1.1 Prescribed TUOS services – Locational

Locational charges reflect the cost of utilising the network at various locations. They are designed to encourage the most efficient use of the transmission network and are based on average maximum demand. They reflect the long run marginal cost of transmission at each connection point.

Changes to locational prices in 2019-20 are mainly due to the increase in the charge to the Victorian jurisdiction for the use of the network in other jurisdictions.

1.2 Prescribed TUOS services – Non-locational

Non-locational charges recover the balance of AEMO's annual revenue for providing the shared transmission network, and mainly relate to overhead and financing costs. The non-locational price is either an energy or capacity price, each of which has a common value across all locations.

Non-locational prices are higher in 2019-20 largely due AEMO reducing its fees in 2018-19 due to an over-recovery from the 2017-18 year.

1.3 Prescribed common services

Common services include the cost of planning and operating the network, such as control buildings, protection systems, easements, and land tax. The common service price is either an energy or capacity price, each of which has a common value across all locations.

Common service prices are higher in 2019-20 largely due to increase in easement tax payment and transmission network service costs.

[1] See http://www.aemo.com.au/Electricity/National-Electricity-Market-NEM/Participant-information/Fees-and-charges.

2. Schedule of Prices for 1 July 2019 to 30 June 2020

2.1 Revised Locational Prices

Point of Supply	TUOS Locational ($/MW)
Altona	16,082
Ballarat	21,010
Bendigo	25,563
Brooklyn	17,128
Brunswick	11,127
Cranbourne	12,086
Deer Park	23,237
East Rowville	12,280
Fishermans Bend	15,279
Fosterville	23,169
Geelong	18,738
Glenrowan	15,146
Heatherton	14,556
Heywood	26,088
Horsham	36,071
Keilor	15,584
Kerang	39,134
Loy Yang	11,635
Malvern	16,913

Point of Supply	TUOS Locational ($/MW)
Morwell	4,981
Mount Beauty	5,714
Portland Smelter	30,441
Red Cliffs	42,070
Richmond	14,071
Ringwood	12,519
Shepparton	19,435
South Morang	12,951
Springvale	11,925
Templestowe	13,574
Terang	35,589
Thomastown	12,820
Tyabb	15,985
Wemen	40,451
West Melbourne	14,682
Western Port	18,144
Wodonga	9,110
Yallourn PS G.5	6,337

2.2 Revised Common Service and Non-Locational Prices

(Either one of the following)	Common Service Price	Non-Locational Price
Energy Price ($/MWh)	8.418	3.156
Capacity Price ($/MW)	39,572	14,835

2.3 Notes

The 2019-20 TUoS prices have been determined in accordance with AEMO's current approved pricing methodology for the period 1 July 2014 to 30 June 2019.

It should be noted that AEMO has not submitted to the AER a proposed pricing methodology for a period beyond the expiry of AEMO's current approved pricing methodology for the period 1 July 2014 to 30 June 2019, instead AEMO is seeking to have the current approved pricing methodology continue to apply to allow AEMO more time to consider the impact on transmission network services and prices of the many recent changes to the way in which electricity is produced, supplied and consumed in the Victorian declared shared network and across the National Electricity Market (NEM), and consult with relevant stakeholders before submitting a new pricing methodology that accounts for these issues.

Accordingly, AEMO has proposed an Undertaking to the AER under section 59A of the National Electricity Law to continue to set prices for shared transmission services in accordance with the terms of the approved pricing methodology for the period 1 July 2014 to 30 June 2019, for the period commencing 1 July 2019 and ending on 30 June 2022.

The AER has not approved AEMO's proposed Undertaking as at the date AEMO published this document, and therefore, this document is subject to AER approval of AEMO's proposed Undertaking.

AEMO will publish the Undertaking on its website on approval by the AER.

These prices apply to metered usage at terminal stations. Terminal stations are where the assets owned by distribution businesses and other transmission-connected customers connect to the shared transmission network.

As per AEMO's Pricing Methodology, locational charges for 2019-20 are calculated at each terminal station by:

a) Identifying the 10 weekdays when power system demand was highest, between 1100 hrs and 1900 hrs in the local time zone from 1 March 2018 to 28 February 2019.

b) Calculating the average half hour demand (MW) consumed at each terminal station for all days.

c) Multiplying the locational price ($/MW) that applies to each terminal station by the demand calculated in paragraph (b).

Common service charges and non-locational charges for 2019-20 are either:

a) Energy price multiplied by metered energy at the connection point from 1 March 2018 to 28 February 2019; or

b) Capacity price multiplied by maximum contract demand for the connection point referrable to that period. Note that capacity price is only available where a customer's agreement with AEMO nominates a fixed maximum demand and a penalty for exceeding that demand.

GST is not applicable to TUoS charges.

TUoS charges will be varied by clause 9.8.4(a)(3) of the NER. An equalisation adjustment is applied to each distribution business as shown below.

Distribution Business	Equalisation Adjustment ($ per annum)
AusNet Services (previously SPI Electricity)	-$987,800
Powercor Australia	-$3,802,200
Jemena	$1,034,200
CitiPower	$1,184,000
United Energy	$2,571,800