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

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.

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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 Methodology¹.

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. 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 Locational Prices

Point of Supply	TUOS Locational (\$/MW)	Point of Supply	TUOS Locational (\$/MW)
Altona	15,914	Morwell	4,252
Ballarat	20,090	Mount Beauty	5,562
Bendigo	24,540	Portland Smelter	29,191
Brooklyn	16,391	Red Cliffs	39,395
Brunswick	10,779	Richmond	13,545
Cranbourne	11,633	Ringwood	12,043
Deer Park	22,306	Shepparton	18,643
East Rowville	11,818	South Morang	11,794
Fishermans Bend	14,669	Springvale	11,473
Fosterville	22,234	Templestowe	13,058
Geelong	17,858	Terang	31,817
Glenrowan	14,529	Thomastown	12,332
Heatherton	14,004	Tyabb	15,382
Heywood	25,046	Wemen	40,829
Horsham	34,610	West Melbourne	14,586
Keilor	15,511	Western Port	17,491
Kerang	32,596	Wodonga	8,737
Loy Yang	11,214	Yallourn PS G.5	6,058
Malvern	16,269		

2.2 Common Service and Non-Locational Prices

(Either one of the following)	Common Service Price	Non-Locational Price
Energy Price (\$/MWh)	8.436	3.080
Capacity Price (\$/MW)	38,378	14,010

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:

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

- Energy price multiplied by metered energy at the connection point from 1 March 2018 to 28 February 2019; or
- Capacity price multiplied by maximum contract demand for the connection point referable 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