



2 February 2009

Governance and Institutions Section  
National Energy Market Branch  
Department of Resources, Energy and Tourism  
GPO Box 1564  
Canberra ACT 2601

Attn: Mr Steve Rodgers

By email: [AEMO\\_ISC@ret.gov.au](mailto:AEMO_ISC@ret.gov.au)

Dear Steve

The MEU has reviewed the proposed legislative amendments and other related documents for the implementation of AEMO. The MEU has already responded to the earlier consultation paper on this issue – AEMO Legislative Framework: Statement of Proposed Approach.

Our main concern was directed at ensuring that AEMO (which takes over NEMMCO and VENCORP and assumes national transmission planning and the Gas Statement of Opportunity) is efficient, and all fees are benchmarked and accountable. We were concerned that AEMO fees may escalate over time as ultimately end users pick up the costs for these. Many of MEU members already see the NEMMCO fees listed as a separate line item in retail invoices

We specifically note that in the proposed draft and explanatory documents:

- The Members' Agreement for AEMO (i.e. States and Commonwealth) is likely to include a requirement that in preparing the Statement of Corporate Intent, AEMO (like NEMMCO) should report on performance measures and include one of the primary objectives of each budget should be cost efficiency. AEMO is also to perform its functions having regard to the National Electricity objective and the National Gas objective.
- Officials have noted the concerns of stakeholders for cost efficiencies.

With regard to the latest legislative draft amendments, the MEU sees that they reflect a good outcome for the issues AEMO is required to address. The MEU has only one comment to make in regard to the draft in that the penalties for providing false or misleading information to AEMO are miniscule.

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For example, Clause 53E (Providing false or misleading information) states:

“A person must not, in purported compliance with a market information instrument, provide information to AEMO that the person knows is false or misleading in a material particular.

Maximum penalty:

- (a) in the case of a natural person - \$2,000;
- (b) in the case of a body corporate - \$10,000”

Given the strategic, national and commercial implications of misleading information being provided and then used by AEMO in performing its national planning and statement of opportunity functions, the proposed fines are considered to be inadequate and the MEU considers that a higher level of fines would be more appropriate.

We note that the parallel draft gas amendments have recently been released and the MEU will comment on these in due course.

Yours sincerely

A handwritten signature in black ink, appearing to read "David Headberry". The signature is fluid and cursive, with a checkmark-like flourish at the end.

David Headberry  
Public Officer  
Major Energy Users Inc