ERA) costs for its monitoring, compliance, enforcement and regulation services; and

Coordinator Fees to recover the Coordinator
WEM Rules plus the costs and expenses for the Chair of the MAC.

AEMO determines and publishes the Market Fee, System Operation Fee, Regulator Fee and Coordinator Fee rates, which are set to cover the budgeted costs for AEMO, the ERA and the Coordinator, plus any under/over-spend from the previous year.

Each Market Participant is charged these fees based on the Market Fee, System Operation Fee, Regulator Fee and Coordinator Fee rates and their Metered Schedule[2] for all of their Registered Facilities and Non-Dispatchable Loads for all Trading Intervals for the day.

AEMO also charges Application Fees and Reassessment Fees, which are set to recover the average costs of processing each type of application.

1.2.3 Allocation of Co-Optimised ESS Costs

From 1 October 2023, there will be five co-optimised ESS:

Regulation services:

- Regulation Raise;
- Regulation Lower;

Contingency Reserve services:

- Contingency Reserve Raise;
- Contingency Reserve Lower; and

Rate of Change of Frequency (**RoCoF**) Control Service.

The Table in Appendix 2 indicates how the costs for each co-optimised ESS will be allocated as of 1 October 2023, including:

the risks that will be covered by each ESS;

a description of each ESS; and

an indication of how the costs for each ESS will be allocated.

1.2.4 Allocation of Other ESS Costs

Other ESS include:

System Restart Service; and

Non-Co-optimised ESS (**NCESS**).

Costs for System Restart Services are determined by contracts between AEMO and service providers, and the contract costs are recovered from Market Participants based on the proportion consumption to total consumption.

[2] The Metered Schedule is determined for each Facilitythe net quantity of energy generated and sent-out or consumed by the Facility or Non

The WEM Rules regarding NCESS are under development and will be Gazetted and implemented in early 2022. NCESS costs will be determined by contracts between AEMO or Western Power and service providers. Western Power will recover the costs for its NCESS contracts via its network tariffs,

4. Project Schedule

Tasks/Milestones	Timing
Consult with the MAC on the scope of work for the review.	December 2021
Establish MAC Working Group.	January 2022
Engage consultant(s) to assist with the review.	January-March 2022
Initial MAC Working Group meeting	April 2022
Step 1 – Policy Assessment	
(a) Literature Review of the methodologies to allocate Market Fees and ESS costs in other jurisdictions.	April-June 2022
(b) In consultation with the MAC Working Group, assess whether, and to what extent, the current allocation method for the Market Fees and for the costs for each of the ESS are aligned with the causer-pays principle and, if not, whether they should be.	May-June 2022

Appendix 2: Allocation of Co-Optimised ESS

ESS	Risk	Service Description	Cost Allocation
Regulation Raise	Generation and load varying from target/forecast within the interval, leading to upward deviation from load forecast that causes the frequency to drop below 50 Hz.	Reserve MW to respond upwards during dispatch interval when load is greater than generation.	Allocated to Market Participants in proportion to their Regulation Contributing Quantity. The Regulation Contributing Quantity is essentially the sum of the absolute values of Metered Schedules for a Market Semi-Scheduled Facilities, Non-Scheduled Facilities and Non-Dispatchable Loads. single Non-Dispatchable Load.
Regulation Lower	Generation and load varying from target/forecast within the interval, leading to downward deviation from load forecast during an interval that causes the frequency to go above 50 Hz.	Reserve MW to respond downwards when load is less than generation.	
Contingency Reserve Raise	Loss of generation.	Reserve MW to respond to loss of generation to restore frequency to an acceptable level.	Allocated using the modified runway method.[6] The costs are allocated to Scheduled Facilities and Semi-Scheduled Facilities, based on their energy, Contingency Reserve Raise and Regulation Raise in a Dispatch Interval.
Contingency Reserve Lower	Loss of load.	Reserve MW to respond to loss of load to restore frequency to an acceptable level.	Allocated to Market Participants based on the proportion of their Loads total consumption per Trading Interval.

[6] The modified runway method is specified in Appendix 2A, as it will apply from 1 October 2023 (see the WEM Rules Consolidated Companion Version (https://www.wa.gov.au/government/publications/wem-rules-consolidated-companion-