AUSTRALIAN ENERGY REGULATOR

MEETING RECORD (formally Note for File)

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| 1. DISCUSSION WITH: | 1. ActewAGL |
| 1. TRACKIT: | 1. 50557 |
| 1. DATE: | 1. 08/10/2013 |
| 1. OFFICER: |  |
| 1. VENUE: | 1. ACCC Melbourne office / by Phone |

1. PURPOSE: Meeting to discuss preliminary thoughts on draft economic benchmarking RIN
2. ATTENDEES: AER – Mark McLeish, Andrew Ley, Sam Sutton, Jason King, Yili Zhu
3. ActewAGL – Chris Bell, Bjorn Tibell, Janusz Worony, Peter Cunningham, Robert Walker

## SUMMARY OF DISCUSSION:

1. The meeting involved discussion of the following key issues relating to the draft economic benchmarking Regulatory Information Notice (RIN):

* audit requirements, directors / relevant officer of the company signoff
* data estimation and worksheet specific inputs.

1. A summary of each key issue is discussed below.

### Written RIN

1. AER staff explained the design of the written RIN, noting that recent feedback from earlier bilateral meetings suggested that:

* more time needed to be provided for NSPs to transition from estimating data to producing data according to the AER’s RIN given that time would be required to put systems in place.
* the timing in the draft RIN would lead to the AER putting data that had not been audited being publically released for cross submissions and that there would be merit to changing the timeframes and certification requirements to address this.
* due date for audited data would need to be brought forward from May 2014 to April 2014 such that data could then be published with sufficient time for cross submissions.

1. In the context of that discussion, ActewAGL raised the following points / suggestions for the economic benchmarking RIN:

* back casting would be resource intensive because much data does not exist in the form required. ActewAGL is a small NSP and therefore it would be challenging to produce it in the required timeframe
* due to the lack of data, some requested information would only be estimates, based on assumptions
* a Director or CEO would be reluctant to sign off on data stating it is accurate and fit for purpose if it was not audited.

### Revenue

AER staff outlined the changes made to the revenue templates in light of submissions on the preliminary RIN. Staff explained that we are considering splitting out new connections due to differing capital contribution policies among NSPs.

In the context of that discussion, ActewAGL noted:

* not much of its revenue falls is classified as alternative control services, so it would enter this into the revenue from other sources row.
* connection services form part of standard control services and are not separable.

### Opex

AER staff outlined the changes made to the opex templates in light of submissions on the preliminary RIN.

In the context of that discussion, ActewAGL noted:

* it has a new cost allocation methodology (CAM) but it will be not in force until next year, so it is unclear which CAM it should be using to fill out the templates.

### Assets

AER staff outlined the changes made to the assets templates in light of submissions on the preliminary RIN.

In the context of that discussion, ActewAGL raised the following questions/comments:

* does a change in the CAM mean that they would need to change the RAB?
* while ActewAGL is building some zone substations now, it has not built any since the 90s so how do they allocate zone substation values according to its new CAM?
* the templates could include more instructions to address the above questions.
* if dual function assets are required, the RAB values would be two RABs combined since transmission assets would be included.

### Operational data

AER staff outlined the changes made to the operational data templates in light of submissions on the preliminary RIN.

In the context of that discussion, ActewAGL noted:

* there were some variables ActewAGL would not be able to provide (historical weather corrected data).

### Reliability

AER staff outlined the changes made to the reliability templates in light of submissions on the preliminary RIN.

1. In the context of that discussion, ActewAGL noted:

* there were some variables ActewAGL would find difficult to estimate (energy not supplied).

### Operating environment factors

AER staff outlined the changes made to the operating environment templates in light of submissions on the preliminary RIN.

In the context of that discussion, ActewAGL noted:

* it may not have specific bushfire legislation in the ACT but it has legislative requirements to manage vegetation.
* it would be a much simpler process to provide vegetation management data on a per km basis rather than a per span basis.

AER staff outlined the purpose of data sources and confidentiality templates in light of submissions on the preliminary RIN, noting that:

* NSPs could enter its assumptions and explanations in a Word document rather than the template.
* the confidentiality template would be updated to be consistent with the confidentiality guidelines.