**AUSTRALIAN ENERGY REGULATOR**

**Key Issues and Action Items**

DATE: 20 April 2018

TO: AER’s Investor Reference Group on Rate of Return

CC: Warwick Anderson

**SUBJECT: IRG 20 April teleconference**

**Introduction**

The AER organised for the IRG to discuss issues for the ROR guideline process with AER staff members. This meeting was held on 20 April 2018 in AER offices across Australia via videoconference. The meeting focused on feedback on the process, and COAG EC amendment package submissions.

**Key issues**

**Discussion on the suggested IRG charter and protocol.**

IRG sent updated charter and protocol. The list of alternative contacts can be updated until Monday 23 April. IRG agreed to continue with document control until finalisation and confirmed that the content is agreed upon.

**Feedback on the meeting between CRG and IRG**

IRG considered the meeting beneficial to understand the CRG’s objectives, perspectives and drivers. QA session provided insight on CRG view on issues. IRG noted CRG’s concern around affordability.

**Recap of the concurrent evidence sessions**

The AER considered the sessions useful and was pleased with the experts and facilitator and will publish a statement of agreed positions when obtained on Monday 23 April. IRG found sessions helpful to observe and test different views. IRG noted that stakeholder confidence is boosted by seeing the Board engaged and questioning experts. IRG noted that uncertainty around data and methodology and the complexity of the task, and the need for judgement. IRG asked whether it could have extra time to provide its submission. AER staff indicated that we would not be providing an extension.

**COAG EC amendment package and submissions by AER and investors**

IRG believe the governance process that AEMC writes the rules is appropriate and questions how the RORG will change if the rules change. IRG feels there is reduced opportunity to review future AER decisions, with broader discretion to AER’s view of the NEO/NGO. IRG supports the incremental approach, but nervous that supporting legislation will no longer exist. AER explained that overall principle for ROR is clear in the NEO/RPP and that judicial review of the RORG is in place.

**Overview of next steps in review process**

AER is content around the overall framework but working through additional debt data. IRG raised concern that AER wants to reconsider an issue was reasonably settled and questioned what made AER review debt and whether other issues need reviewing. AER staff indicated that further analysis of debt information has raised issues which need consultation. Staff are proposing to publish a discussion paper and request submissions on the paper and undertake another expert session.

IRG agrees to meet after submissions close.

**Action items**

**IRG:**

* Update list of alternative contacts by Monday 23 April.
* Continue with document control until finalisation.

***AER:***

* Publish statement of agreed positions.
* Organise the next meeting after submissions close.