**AUSTRALIAN ENERGY REGULATOR**

**Key Issues and Action Items**

DATE: 24 May 2018

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

CC: Warwick Anderson

**SUBJECT: RRG 24 May teleconference**

**Introduction**

The AER organised for the RRG to discuss issues for the ROR guideline process with AER staff members. This meeting was held on 24 May 2018 in AER offices across Australia via videoconference. The meeting focused on the next steps towards the release of a draft guideline, the recent papers released by the AER, the independent review panel and an overview of the regulatory tax approach review.

**Key issues**

**Review of the submissions received on the concurrent evidence sessions.**

The AER noted the submissions it has received, highlighting that all views are considered in determining the draft guideline. The AER explained that it has requested additional reports from Martin Lally and Graham Partington to inform its decision making. The Lally report has been published and the Partington report should be published in the next few days.

**Overview of recent papers released by the AER in the rate of return process**

The AER highlighted the publication of the discussion paper on estimating the allowed return on debt and the other documents published alongside it. The AER is inviting submissions on the discussion paper including the use of third party debt data sources, the benchmark credit rating and benchmark term. The AER noted the purpose of collecting actual debt information from service providers as a sense check of the return on debt approach. The RRG informed the AER that retailers intend to make submissions on the return on debt paper.

**Overview of next steps in review process**

The AER stated the independent review panel is currently in the procurement stage and is expecting to announce the finalised panel in the coming weeks. The AER noted the expert joint report and submissions on the concurrent evidence sessions are published on the website. The AER stated it is anticipating a three month submission period on the draft rate of return guideline. The AER proposed to meet with the RRG again after the release of the draft guideline.

**Overview of the regulatory tax approach review**

The AER gave a brief overview of the regulatory tax review issues paper and noted that submissions are still open, which will provide guidance on the approach to the review. The AER outlined the scope of the review and the potential outcomes, the timeline of the review was also communicated to the RRG.

**Action items**

**IRG:**

* *None.*

***AER:***

* *Organise the next meeting with RRG after the release of the draft guideline.*