

AUSTRALIAN ENERGY REGULATOR

Key Issues and Action Items

DATE: 19 July 2018
TO: AER's Consumer Reference Group on Rate of Return
CC: Warwick Anderson
SUBJECT: **CRG 19 July face to face session**

Introduction

The AER and CRG held a face to face meeting on 19 July. The meeting had two key focuses. The first half of the day focussed on the AER outlining to the CRG the draft decision and its reasoning. The CRG used the second half of the day to prepare the outline for their submission in the Rate of Return process to the AER.

Key issues

Overview of the Rate of Return guideline draft decision

The AER outlined the process employed in developing the draft rate of return guideline and answered questions on the draft decision. AER staff explained the concept of an incremental review and stated the decision was consistent with such an approach. The CRG stated that the draft decision is a step in the right direction but that further reductions would be necessary to be in the long-term interest of consumers.

Next steps in the AER review

The AER gave a brief explanation of the independent panel's appointment. The AER indicated that the independence of the panel is important and that correspondence between AER staff and the panel will be published on the AER website. The AER stated that the draft decision submission window will be influenced by the timing of the independent panel report. The AER discussed the rate of return guideline public forum and the CRG settled their presentation and attendees.

CRG process moving forward

The AER presented a summary of the survey completed by the CRG on their experience throughout the process. The CRG agreed on a timeframe for the steps in their final submission process. The CRG agreed that it would be appropriate to have further meetings with the IRG and ENA.. The CRG stated that they would like to continue engaging with the CCP, to make use of their technical expertise.

Action items

AER:

- *Explore content that can be provided to the CRG on the ERP and DRP comparison*
- *Book VCU rooms for the upcoming CRG engagements*