

Expenditure Forecast Assessment Guidelines

Working Group meeting No. 2

Summary of meeting - 28 February 2013

Category assessment – selection of expenditure categories

Held via video link between AER's Melbourne and Sydney offices

On 28 February 2013, the AER, as part of its *Better Regulation* package, hosted a working group meeting on the development of the Expenditure forecast assessment guidelines (the Guidelines). The meeting was chaired by Chris Pattas and Anthony Seipolt of the AER. A full attendee list can be found in Attachment A. This summary outlines the key topics and themes of the meeting, including views expressed at the meeting, without ascribing particular comments to any one individual or organisation.

1 Summary of main discussion

At this workshop AER staff introduced the intentions and principles around category based assessment. In this context, network service providers (NSPs) were asked how they would categorise their expenditures.

The various issues raised in this interactive session were noted on a powerpoint presentation which can be found on the AER's website along with this summary.

2 General matters raised

Consumer representatives expressed a concern about their ability to engage in the guidelines development process given the workload and meeting timetable. The role of the AER's Customer Reference Group was noted as a mechanism to overcome this potential barrier.

NSPs raised concerns around the AER's work program regarding the lack of certainty/ consultation on how all proposed techniques (including economic benchmarking) would be used to set allowances. It was noted that to set allowances, the techniques would require a high degree of accuracy. AER staff noted that this would be an issue in the appropriate selection and use of techniques. It was noted that the use of benchmarking to set NSP allowances may be inconsistent with current incentive mechanisms, which presume a "base year" expenditure forecasting method.

Transmission networks noted they have a much longer history of regulation with the AER and questioned whether departure from existing approaches was warranted. For example, it was questioned whether the AER's Submission Guidelines were not adequate for the purpose of expenditure categorisation.

Attachment A: Attendee list

Melbourne office

<i>Name</i>	<i>Organisation</i>
Jennifer Harris	Powerlink
Catherine Waddell	Essential Energy
David Headberry	Major Energy Users
Mathew Abraham	United Energy
Bruce Mountain	CME (for EUAA)
Michael Seddon	Transend Networks
Bill Jackson	ElectraNet
Anton Murashev	Jemena Electricity Networks
Katie Yates	SP AusNet
Mark Henley	Uniting Communities
Nicola Roscoe	Energex
Eric Lindner	SA Power Networks
Renate Tirpcou	Citipower/Powercor
Ralph Mignone	Envestra
Chris Pattas	AER
Israel del Mundo	AER
Matthew Simpson	AER
Anthony Seipolt	AER
Esmond Smith	AER
Paul Dunn	AER
Lawrence Irlam	AER

Sydney office

Name	Organisation
Andrew Kingsmill	TransGrid
Rick Wallace	Endeavour Energy
Ed King	Ausgrid
Matt Le Cornu	AER