**AUSTRALIAN ENERGY REGULATOR**

**DRAFT Key Issues and Action Items**

DATE: 1 March 2018

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

CC: Warwick Anderson

**SUBJECT: IRG 1 March teleconference**

**Introduction**

There were a number of submissions on our rate of return review process suggesting the AER should form an Investor Reference Group(IRG). The AER published a communications notice inviting interested investors to [join the IRG](https://www.aer.gov.au/communication/aer-invites-expressions-of-interest-to-join-its-investor-reference-group), on 28 November 2017. Following on from this the AER received applications from interested parties and invited them to participate in the IRG.

The AER set out in its positions paper that there will be a monthly meeting between IRG and AER staff members. The first of these monthly meetings was held on 1 March in AER offices across Australia via videoconference. This first meeting focused on the review process and how the IRG can be involved.

**Key issues**

**AER overview of the rate of return review process**

The AER provided an explanation of the previous, current and next steps that form the review process and expressed an interest in hearing the opinions and views of investor representatives. The AER explained the circumstances surrounding the new legislation that is proposed to be implemented by COAG. The AER also explained the reference groups, concurrent evidence sessions (CES) and independent panel review.

**Concurrent evidence session**

The AER provided an overview of arrangements for the two concurrent evidence sessions including:

* The objective of the session to assist the AER in making a decision that advances the long term interests of consumers
* The role of the AER Board in chairing the sessions
* the topics to be considered
* the role of the independent facilitator and
* the experts that had been proposed.

The IRG asked whether it would be able to nominate members to attend the CES. The AER said that the IRG could nominate 2 members to attend the session and that a transcript would be made available on the AER website shortly afterward. The IRG also asked whether it could nominate an expert to participate in the CES. The AER said that we had set out our views on nominating experts in our position papers and it would be relevant to consider the overall balance of the sessions and the contribution that would be made by an additional expert. The AER suggested that Sally McMahon contact Esmond Smith to discuss the considerations around nominating an expert. The AER stated that the CES will be one element of the decision making process. The AER will take into account all material in making its decision on the guideline including submissions.

**Independent Panel Review**

The AER gave an overview of the independent panel timeframes and purpose, summarising information from the positions paper. The AER stated that the IRG still has the opportunity to nominate a member of the independent panel.

**Discussion papers for evidence session**

The AER outlined the discussion papers for the first CES. The IRG stated they have not had time to assess the discussion papers and would like to have a chance to meet after having read them.

The IRG would like to have another meeting in less than a month.

**Action items**

*IRG:*

* *Nominate two IRG members to attend the CES, as observers*
* *Contact Esmond Smith to discuss considerations in nominating an expert to participate in the CES.*
* *Consider whether the IRG wished to nominate members for the independent panel*

*AER:*

* *Arrange with the IRG a time for the next meeting*