**AUSTRALIAN ENERGY REGULATOR**

**DRAFT Key Issues and Action Items**

DATE: 26 February 2018

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

CC: Warwick Anderson

**SUBJECT: RRG 26 February video conference**

**Introduction**

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

The AER set out in its positions paper that there will be a monthly meeting between RRG and AER staff members. The first of these monthly meetings was held on 26 February in AER offices across Australia via videoconference. This first meeting focused on the review process and how the RRG 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 retailer 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 sessions**

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 AER stated that the RRG is able to nominate members to attend the CES and that a transcript would be made available on the AER website shortly afterward. The AER also advised that the RRG has the opportunity to nominate an expert to attend the CES. The AER outlined the issues for the first and second CES and that the discussion papers for the first set of issues will be published soon.

**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 RRG still has the opportunity to nominate a member of the independent panel.

**Other**

The AER stated that there has been research on RAB multiples and profitability measures that will be made available in the lead up to the CES.

**Action Items**

**RRG:**

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

**AER:**

* *Arrange with the RRG a time for the next monthly meeting.*