

## Meeting record

- Date:** 2 December 2020
- Time:** 2.00 pm to 2.45 pm
- Purpose:** Fourth meeting of the **Retailer Reference Group** for the 2022 Rate of return instrument
- Present:** Energy Australia – Lawrence Irlam, Eleonora Mentjukova  
Lumo Energy – Constantine Noutso  
Momentum – Randall Brown  
Origin Energy – Gary Davies  
AER – Warwick Anderson, Wei Ji, Antony Machado, Scott Johnson, Conor McSween, Karen Ho
- Apologies:** AGL – Patrick Whish- Wilson  
AEC – David Markham  
AER – Ben Stonehouse

## Meeting notes

- AER staff went through the list of actions from the last RRG meeting, all are complete.
- AER staff provided an update on key rate of return processes. The final working papers for the *International Regulatory Approaches to Rate of Return* and *CAPM and Alternative Return on Equity Models* are expected to be published before the Christmas break.
- AER staff described the current state of the inflation review. The final position paper is expected to be released at 4:30pm on 16 December 2020, with the AER hosting a stakeholder briefing session before this, at 4:00pm.
- AER staff advised that the *2020 Rate of Return Annual Update* was released this morning (2 December), which provides an update on all the data that feeds into the Instrument.
- AER staff advised that the final *Energy Network Debt Data* working paper was released on 18 November. This paper provides updated debt data for the regulated networks as well as analysis on how the index created using this data could be used to calculate the efficient cost of debt.
  - The meeting discussed the key findings from the paper. AER staff explained how the index would more precisely target incurred costs by weighting the available A and BBB curves. The current approach encompassed a large range of costs within the BBB+ credit rating band. The gap between the index and the current benchmark varies over time, but always indicates the networks outperform the current benchmark.
- RRG members asked about the AER's involvement in the TransGrid financeability rule change request. AER staff advised that the AEMC held a public forum last week with TransGrid, ElectraNet and the AER all attending.

## Meeting action items

- AER staff to:
  - Organise next meeting and distribute invite (tentatively scheduled for late January or early February 2021).
- RRG members to:
  - Read the *2020 Rate of Return Annual Update* paper if they wish.
  - Read the *Energy Network Debt Data* final working paper if they wish.
  - Read the *Rate of Return Fundamentals Training* slides on the AER website if they wish.