

## Meeting record

**Date:** 7 December 2021

**Time:** 1.00 pm to 1.30 pm

**Purpose:** Tenth meeting of the **Retailer Reference Group** for the 2022 rate of return instrument

**Present:** AEC – David Markham  
AER – Warwick Anderson, Pradeep Fernando, Yuliya Moore, Zhen Wang, Conor McSween

**Apologies:** AGL – Patrick Whish-Wilson  
Energy Australia – Lawrence Irlam  
Momentum – Randall Brown  
Origin Energy – Sean Greenup  
Red / Lumo Energy – Constantine Noutso  
Simply Energy – Matthew Giampiccolo

## Meeting notes

- AER staff went through the list of actions from the last RRG meeting, all are complete.
- AER staff provided an update on the final *Rate of return Omnibus paper*:
  - The paper will be published on 9 December and will draw together the key topics on the overall rate of return, equity and debt. The AER briefly outlined the proposed positions in the paper for each of the five priority issues: (1) estimation of the market risk premium, (2) use of the energy infrastructure credit spread index, (3) weighted trailing average return on debt, (4) equity beta and (5) use of cross checks to sense check the overall rate of return.
  - RRG members queried why the AER does not use formal powers to obtain equity beta information from the private businesses. The AER responded that the current method for beta estimation requires share price information, which can't be obtained from private businesses.
- AER staff provided an update on the *2021 rate of return annual update*:
  - The paper was published on 3 December and contains an update on data that feeds into rate of return processes. Submissions on the interpretation of data in this update can be made to the *Information paper*.
- AER staff provided an update on the *Information paper* and the 2022 concurrent evidence sessions:
  - The paper will be published prior to the end of the year and will include a call for submissions. It will summarise all of the working papers over the past year and half, with focus on 6 priority issues. This paper will be used as a guide for the concurrent evidence sessions next year.

- The sessions will be hosted online on 10 and 17 February. The session topics and experts for each session will be released soon. Submissions on the *Information* paper will be due 3 weeks after the final session on 11 March 2022.

### **Meeting action items**

- AER staff to:
  - Publish meeting record on AER website
  - Organise next meeting and distribute invites (tentatively scheduled for February).
- RRG members to:
  - Read the final *Omnibus* paper (optional).
  - Read the *2021 rate of return annual update* (optional).
  - Read the *Information* paper once it is published and consider whether a submission will be made in March 2022 (optional).