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Submission – Revised contribution determination guideline- NSW REZ

3 August 2023

IPART welcomes the opportunity to make a submission in response to the Australian Energy Regulator's (AER) revised contribution determination guideline.

On 17 December 2021, the Minister appointed IPART as Regulator under the *Electricity Infrastructure Investment Act 2020* (EII Act) to carry out the following functions:^a

- Recommendation of the NSW Renewable Energy Sector Board's Plan under section 8(4) of the EII Act
- Performance audits as required under section 67 of the EII Act, and
- Annual reports as required under section 70 of the EII Act.

IPART's administration costs of performing its functions under the EII Act are recoverable through AER contribution determinations. The contribution determination guideline sets out the AER's process and method for how it makes a contribution determination, along with the requirements of each entity claiming costs through this process, including IPART. IPART limits comments to areas of the guideline that relate to the recovery its administration costs.

In general, IPART considers the revised guidance easy-to-follow, with its requirements and processes clearly laid out. IPART also finds the presentation of the excel template consistent with the guide.

Specifically, IPART supports the principles of proportionality applied to the independent audit requirement in relation to actuals data: notably that an entity is permitted to forgo the audit requirement, where the amounts involved are such that the costs of an audit would disproportionately outweigh the benefit. We also welcome clarification in the guidance that an independent audit requirement only relates to actuals financial data, and this requirement may be satisfied by a general account audit provided roadmap costs are identified in that audit.

IPART considers the information required to support its annual cost claims to be reasonable, including the additional breakdown of administration cost into staff costs and consultancies and to indicate whether these costs are one-off or ongoing. IPART has an established internal quality assurance process to meet the expectation that each scheme entity will support the scheme financial vehicle by checking the accuracy of its data inputs and supporting material.

^a Set out in section 8 of the EII Act and any other regulatory functions not conferred on another person or entity.

With respect to timings, the contribution determination process is clearly laid out in Table 2 of the guide. IPART notes that it is required under section 70(4) of the EII Act to provide an annual report to the Minister by 31 October each year. This date overlaps with the 15 October due date for its administrative costs to the scheme financial vehicle. We would appreciate flexibility with the due date if possible, to perform our legislative functions under the EII Act.

IPART's contact officer for this matter is Jean-Marc Kutschukian, Director, Regulation & Compliance (details above).