AUSTRALIAN ENERGY REGULATOR

MEETING RECORD (formally Note for File)

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| 1. DISCUSSION WITH:
 | 1. Aurora Energy
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| 1. TRACKIT:
 | 1. 50557
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| 1. DATE:
 | 1. 08/10/2013
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| 1. OFFICER:
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| 1. VENUE:
 | 1. ACCC Melbourne office
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1. PURPOSE: Meeting to discuss preliminary thoughts on draft economic benchmarking RIN
2. ATTENDEES: AER – Mark McLeish, Andrew Ley, Sam Sutton, Jason King, Paul Dunn Aurora Energy – Leigh Mayne, Kim Rosinski, Chantal Hopwood

## SUMMARY OF DISCUSSION:

1. The meeting involved discussion of the following key issues relating to the draft economic benchmarking Regulatory Information Notice (RIN):
* audit requirements, directors / relevant officer of the company signoff
* data estimation and worksheet specific inputs.
1. A summary of each key issue is discussed below.

### Written RIN

1. AER staff explained the design of the written RIN, noting that recent feedback from earlier bilateral meetings suggested that:
* more time needed to be provided for NSPs to transition from estimating data to producing data according to the AER’s RIN given that time would be required to put systems in place.
* the timing in the draft RIN would lead to the AER putting data that had not been audited being publically released for cross submissions and that there would be merit to changing the timeframes and certification requirements to address this.
* due date for audited data would need to be brought forward from May 2014 to April 2014 such that data could then be published with sufficient time for cross submissions.
1. In the context of that discussion, Aurora Energy raised the following points / suggestions for the economic benchmarking RIN:
* it may be appropriate to modify the written RIN to require a ‘pre-audit’ or ‘draft’ response in February 2014 with no certification rather than requiring officer signoff prior to audit.
* there were some data points in the draft RIN that it would not be possible to estimate (opex for high voltage customers, some revenue data due to changes in regulatory regime and billing system in 2007), and that the AER should consider allowing NSPs to not provide data where it is not possible to estimate it.
* once Aurora and Transend merge Aurora would prefer if the AER continued to issue separate RINs for transmission and distribution
* Aurora could provide Audited data in April 2014

### Revenue

1. AER staff outlined the changes made to the revenue templates in light of submissions on the preliminary RIN. Staff explained that we are considering splitting out new connections due to differing capital contribution policies among NSPs.
2. In the context of that discussion, Aurora Energy noted:
* it could be difficult to estimate connection services revenue if the AER changed the definition to specify basic connection services.
* Aurora typically would not incur much, if any opex for new connections.

### Opex

1. AER staff outlined the changes made to the opex templates in light of submissions on the preliminary RIN.
2. In the context of that discussion, Aurora Energy noted:
* Aurora has never had a cost allocation methodology until its recent AER transition to regulation under the AER, but it had previous ring fencing guidelines – the variables/instructions should account for this.

### Assets

1. AER staff outlined the changes made to the assets templates in light of submissions on the preliminary RIN.
2. In the context of that discussion, Aurora Energy noted:
* although Aurora has some 22kV assets that perform a subtransmission function, most of its subtransmission assets are 33kV so it supports a cut off of 33kV.
* Aurora should have no difficulty providing asset information for the overhead, underground and other categories and can make assumptions if necessary.
* there were some variables that Aurora would most likely need to estimate (capacity for high voltage customers, public lighting data).
* some of the public lighting assets Aurora is responsible for maintaining are privately owned (pole and luminaire), so it was not clear how Aurora would record such assets in the templates.

### Operational data

1. AER staff outlined the changes made to the operational data templates in light of submissions on the preliminary RIN.
2. In the context of that discussion, Aurora Energy noted:
* there were some lower level variables Aurora would not be able to provide (historical weather corrected data, embedded generation by peak, shoulder or off peak) but it should be able to provide category totals.

### Reliability

1. AER staff outlined the changes made to the reliability templates in light of submissions on the preliminary RIN.
2. In the context of that discussion, Aurora Energy noted:
* it has had a MED threshold since about 2003 so it should have no problem providing the data requested.

### Operating environment

1. AER staff outlined the changes made to the operating environment templates in light of submissions on the preliminary RIN.
2. In the context of that discussion, Aurora Energy noted:
* it had over 100 decommissioned weather stations so it would be useful if the templates could clarify whether NSPs must provide all weather stations or commissioned weather stations.
* the AER may gain some value from looking at the vegetation management plan Aurora submitted with its regulatory proposal for suggestions on appropriate variables.
1. AER staff outlined the purpose of data sources and confidentiality templates in light of submissions on the preliminary RIN, noting that:
* NSPs could enter its assumptions and explanations in a Word document rather than the template.
* the confidentiality template would be updated to be consistent with the confidentiality guidelines.