

5 August 2022

Ms Kami Kaur
Acting General Manager, NSW REZ Branch
Australian Energy Regulator

By email: rez@aer.gov.au

Dear Ms Kaur,

Submission – Contribution determination guideline and template

Thank you for the opportunity to provide a submission on the Australian Energy Regulator's (AER) draft contribution determination guidelines and template. This letter sets out AEMO Services' feedback, in its capacity as the NSW Consumer Trustee, on the draft guidelines and templates.

AEMO Services considers that the guidelines and template generally provide a clear and sound basis, process, and method for contribution determinations under the *Electricity Infrastructure Investment Act 2020*. However, we have identified some opportunities for improvements in the clarity, approach and consistency of the draft guidelines and template through modest changes. These are summarised below as six key areas for further consideration by the AER. I note that some of these have already been communicated to the AER through AEMO Services' ongoing consultation on the contribution determination process but have been included for completeness.

- 1. Contribution determination template:** The published draft of the contribution determination template includes some errors. These have been separately communicated by AEMO Services to the AER, and AEMO Services understands these will be addressed in the final template.
- 2. Clarifying roles and accountabilities for scheme entities:** There is scope for further clarification in the draft guidelines on:
 - the roles and accountabilities of scheme entities,
 - how other scheme entities should support the Scheme Financial Vehicle (SFV) in its data collation activities, including alerting the SFV to changes in staff contacts, and
 - accountabilities for collating data to support the apportionment of the contribution determination between distribution network service providers (DNSPs) and the extent to which current regulatory reporting by DNSPs can be relied on for this purpose.
- 3. Timeline for contribution determinations:** The timeline for subsequent determinations (Table 2) of the draft guidelines brings forward the dates, for scheme entities to submit data to the SFV and for the SFV to submit the completed template to the AER, one month earlier than in the timeline for the first contribution determination (Table 1). AEMO Services considers that setting this date later for subsequent determinations could improve accuracy, by reducing the time between submissions being made to the SFV and actual payments.

In addition, the typical timing for completion of audited accounts may conflict with the timeline for scheme entities to submit their actuals data as set out in the draft guidelines. One way to address this would be to allow scheme entities to submit audited accounts, or other supporting information which is not available in time, at a later stage with appropriate explanation and an alternative timeline for submission.

4. **Handling of errors (section 2.5.1):** AEMO Services encourages the AER to consider a revision of this section of the draft guidelines to include the handling of errors before a contribution determination has been gazetted and alternate pathways for resolving errors found after the contribution determination has been gazetted. In the latter case, introducing opportunities to rectify errors before the next contribution determination is made could mitigate potential risks to scheme entities.
5. **Update of guidelines:** AEMO Services considers there would be merit in including a section in the guidelines about how these may be updated over time, including to implement minor changes such as to improve consistency of language.
6. **Confidentiality:** AEMO Services considers that the guidelines would benefit from greater prescription and clarity as to what data provided by scheme entities and outputs of the contribution determination process will remain confidential, particularly as it relates to forecasts and data from market tenders.

I would also like to take this opportunity to express my appreciation for the constructive engagement between the AER and AEMO Services to date in developing the process and method for contribution determinations. We look forward to continuing to work with the AER as the guidelines and template are finalised and implemented.

Yours sincerely,



Graeme Edie

General Manager, Financial Markets

AEMO Services