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Expenditure Forecast Assessment Guidelines Working Group meeting No. 2

# Summary of meeting - 28 February 2013

## Category assessment – selection of expenditure categories

Held via video link between AER’s Melbourne and Sydney offices

On 28 February 2013, the AER, as part of its *Better Regulation* package, hosted a working group meeting on the development of the Expenditure forecast assessment guidelines (the Guidelines). The meeting was chaired by Chris Pattas and Anthony Seipolt of the AER. A full attendee list can be found in Attachment A. This summary outlines the key topics and themes of the meeting, including views expressed at the meeting, without ascribing particular comments to any one individual or organisation.

## ***1 Summary of main discussion***

At this workshop AER staff introduced the intentions and principles around category based assessment. In this context, network service providers (NSPs) were asked how they would categorise their expenditures.

The various issues raised in this interactive session were noted on a powerpoint presentation which can be found on the AER’s website along with this summary.

## ***2 General matters raised***

Consumer representatives expressed a concern about their ability to engage in the guidelines development process given the workload and meeting timetable. The role of the AER’s Customer Reference Group was noted as a mechanism to overcome this potential barrier.

NSPs raised concerns around the AER’s work program regarding the lack of certainty/ consultation on how all proposed techniques (including economic benchmarking) would be used to set allowances. It was noted that to set allowances, the techniques would require a high degree of accuracy. AER staff noted that this would be an issue in the appropriate selection and use of techniques. It was noted that the use of benchmarking to set NSP allowances may be inconsistent with current incentive mechanisms, which presume a “base year” expenditure forecasting method.

Transmission networks noted they have a much longer history of regulation with the AER and questioned whether departure from existing approaches was warranted. For example, it was questioned whether the AER’s Submission Guidelines were not adequate for the purpose of expenditure categorisation.

## Attachment A: Attendee list

### Melbourne office

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| Name | Organisation |
| Jennifer Harris | Powerlink |
| Catherine Waddell | Essential Energy |
| David Headberry | Major Energy Users |
| Mathew Abraham | United Energy |
| Bruce Mountain | CME (for EUAA) |
| Michael Seddon | Transend Networks |
| Bill Jackson | ElectraNet |
| Anton Murashev | Jemena Electricity Networks |
| Katie Yates | SP AusNet |
| Mark Henley | Uniting Communities |
| Nicola Roscoe | Energex |
| Eric Lindner | SA Power Networks |
| Renate Tirpcou | Citipower/Powercor |
| Ralph Mignone | Envestra |
| Chris Pattas | AER |
| Israel del Mundo | AER |
| Matthew Simpson | AER |
| Anthony Seipolt | AER |
| Esmond Smith | AER |
| Paul Dunn | AER |
| Lawrence Irlam | AER |

### Sydney office

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| Name | Organisation |
| Andrew Kingsmill | TransGrid |
| Rick Wallace | Endeavour Energy |
| Ed King | Ausgrid |
| Matt Le Cornu | AER |