

Meeting record

Date: 26 August 2021

Time: 2.00 to 2.30 pm

Purpose: Eighth meeting of the **Investor Reference Group** for the 2022 rate of return instrument

Present: AMP Capital –Jan Xu
Morgan Stanley – Rob Koh
OMERS – John Maiolo
QTC – David Johnston
SP Group – Mike Williamson
Spark Infrastructure – Sally McMahon
State Grid International – Albert Tse
AER – Warwick Anderson, Pradeep Fernando, Yuliya Moore, Zhen Wang, Conor McSween

Apologies: AMP Capital - Stasha Prnjatovic
ATCO Australia– John Ivulich, Hugh Smith, Allan Hudson
Ausbil - Paul Johnston
Australian Super – Daniel Walters, Paul Dawson
Global Infrastructure Partners – Veeral Kanji
IFM – Josh Crane
Magellan – David Costello
State Grid International – Sandeep Kumar

Meeting notes

- AER staff went through the list of actions from the last IRG meeting, all are complete.
- AER staff provided an update on rate of return working papers:
 - Stakeholder forums were held on 15 June and 23 June respectively for the *Term of the rate of return* and *Rate of return and cashflows in a low interest rate environment* working papers. Submissions closed on these papers on 2 July and the final versions of these papers are expected to be published during the week of 13 September.
- AER staff provided an update on rate of return omnibus papers:
 - Drafts of the three omnibus papers – *Equity, Debt* and *Overall Rate of Return* – were released on 15 July and stakeholder forums were held for each of these papers in early August.
 - The submission period for these papers was extended by a week and submissions are now due by 3 September.
- AER staff provided an update on the *Pathway to 2022* process paper:

- The paper will be released on 27 August and includes an open call for nominations for members of the Concurrent Evidence Sessions (CES) and the Independent Panel (IP). Anyone can nominate experts for the CES or IP. The AER will consider these nominations and contract and fund experts for both groups. Nominations are required by 17 September.
 - In response to a question by the IRG, the AER can also nominate experts for the sessions.
- The CES will be run across four sessions over 10 and 17 February 2022.
- Other relevant developments:
 - An information paper will be published at the end of 2021 that summarises all our working and omnibus papers in preparation for the CES next year. Submissions will be due on this paper 2 weeks after the final CES and they will feed into the draft Instrument.
 - IRG members queried whether they should include all previously submitted information in their response or whether they can cross-reference previous submissions. AER staff stated that either option is fine.
 - A RIN was issued on 23 August to the privately owned networks asking for information on their debt portfolios. This information is due back to the AER by September 27 and will be used to update the Energy Infrastructure Credit Spread Index.
- IRG members queried whether the AER's approach to financeability will change based on the AEMC's investment and planning review. AER staff replied that the AEMC conducted a comprehensive assessment of financeability that is not intended to be repeated by the AER. Instead a series of cross-checks will be used at the end of the Instrument development process, which would include a financeability assessment.
- IRG members queried how the AER considers depreciation as it is not included in the Rate of Return Instrument. AER staff replied that depreciation is looked at on a case by case basis in regulatory determinations and access arrangements.

Meeting action items

- AER staff to:
 - Publish meeting record on AER website
 - Organise next meeting and distribute invites (tentatively scheduled for early October).
- IRG members to:
 - Consider submitting on the three omnibus papers prior to 3 September.
 - Consider nominating experts for the Concurrent Evidence Sessions or the Independent Panel prior to 17 September.