

Minutes

Meeting:	Financial Consultation Committee (FCC)
Date:	Wednesday, 20 February 2025
Time:	4 – 5PM AEST
Teleconference details:	By Teams

Attendees: External

Name	Role	Organisation
Ms Stephanie Hill for Mr Chris Opperman	Head of Financial Control	EnergyAustralia
Mr Chris Alexander	Consumer advocate	WA Expert Consumer Panel
Ms Dora Guzeleva	Director Wholesale Market	Market Development and Coordination Division, Department of Energy, Mines, Industry Regulation and Safety
Ms Kim Josling	CFO	Snowy Hydro
Mr Hayden Thomas	CFO	Synergy
Mr Stephen Haynes	Head of Group Planning and Analysis, Finance & IT	Squadron Energy
Mr Deane Criddle	APAC Services Director	GE Vernova Digital Grid
Ms Nadine Lennie	Chief Financial Officer	TransGrid
Mr William Durant-Whyte	Manager National Energy Coordination	NSW Department of Climate Change, Energy, the Environment and Water
Mr Norman Jip	Market Regulation Manager	Victorian Department of Energy, Environment and Climate Action

Attendees: Internal

Name	Role
Daniel Westerman	CEO
Vanessa Hanna	EGM F&G
Cameron O'Donnell	GM, Finance Strategy
Yogesh Nagarajan	Manager, Finance Strategy
Steve Kelly	Manager - Finance & Governance (WA)
Hannah Heath	Group Manager - Strategic Market Reform
Lance Brooks	Manager - Reform Roadmap & Pricing
Margaret Lynch	Stakeholder Engagement Lead and Secretariat

1 Introduction

- AEMO's Stakeholder Engagement Lead and FCC Secretariat Margaret Lynch welcomed attendees to the meeting, acknowledged country, confirmed minutes from the last meeting and outlined the agenda.

2 Welcome

AEMO's Executive General Manager Finance and Governance and FCC chairperson Vanessa Hannan, introduced new and existing members of the FCC.

3 AEMO's evolving roles + Q&A

- AEMO's CEO Daniel Westerman spoke to the FCC about AEMO's responsibilities, the changes AEMO has undergone in recent years, and the additional responsibilities and complexity AEMO is managing.
- He discussed how these changes have impacted AEMO's finances and explained how more of AEMO's work is being funded directly through contracts (e.g. AEMO's work administering the Commonwealth Investment Scheme is funded by the Australian Government) and that this new work that is not funded by market participants is a key part of what is driving AEMO's overall cost increases.
- He discussed the NEM, gas and WEM reform work and how capital expenditure from these programs is increasing operating costs in relevant segments as projects become operational and the capital costs start to flow through in depreciation and amortisation.
- He showed how AEMO's core operating costs have been largely stable but explained that it was essential that AEMO invest in modernising its operating systems to ensure they would support the secure operation of the NEM as the system becomes increasingly dynamic and variable.
- Daniel addressed a number of questions from members seeking clarification on the discussion.

4 FY25 budget recap and full year forecast

- AEMO's General Manager Strategic Finance, Cameron O'Donnell, provided an overview of the FY25 budget, recapping on the investment program and NEM, WEM and Gas capital programs.
- The investment program supports NEM and WEM reforms and operational technology upgrades.
- Cameron explained that AEMO's investment budget is capped at \$180 million which is the upper limit of efficient change that AEMO considers it can manage operationally. He explained that this cap was likely to endure for a period of time, but that as market reforms began to taper off, this number would also reduce.
- In terms of in-year budget progress, Cameron explained that AEMO has been carefully managing its expenditure in NEM Core to ensure we meet our stakeholder promise to clear the NEM Core deficit and that this is on track to be cleared by FY26, as promised to stakeholders, with a projected surplus of \$8 million.
- Cameron also provided an update on progress against budget for other participant-funded financial segments.
 - Members had questions and engaged in a conversation around how the investment budget maps to AEMO's financial segments, how multi-year view capital expenditure is captured, including a dollar value on uncommitted projects, AEMO's project management approach and the degree of certainty and contingency built into investment projects' budgets and AEMO's historical project delivery performance.
- The chairperson and Cameron acknowledged feedback from the committee and will assess how to best manage these asks for the next meeting.

5 Budget and fees planning process

- AEMO's General Manager Strategic Finance, Cameron O'Donnell, provided a brief overview of the budget timeline.

- AEMO's Manager - Finance & Governance (WA), Steve Kelly, explained the current regulatory environment that governs AEMO's budget setting process in WA, and that for the FY26 revenue budget for WA the ERA has made allowance to effectively use FY25 fees with indexation.
- Cameron advised members that the National Transmission Planning and TNSP fees had been made available to TNSPs for 15 February as required by the National Electricity Rules.
- Discussion/commentary included (AEMO also received written comments prior to the meeting) how to determine AEMO's overall efficiency and value/effectiveness, AEMO's cost management controls, considerations for increasing productivity e.g. use of AI, the degree to which the draft budget can be impacted by the FCC and through consultation.
- The chairperson and Cameron acknowledged feedback from the committee and will consider how these can be incorporated in the budget and FCC presentations.

6 NEM Participant fee structures consultation

- Manager - Reform Roadmap & Pricing, Lance Brooks, explained that the fee structures for NEM costs were due to lapse by 30 June 2026 and that AEMO was beginning consultation to determine if the fee structures were still fair and effective.
- Lance explained the scope of the consultation and the principles for consultation and requested the FCC's strategic guidance for this piece of work.
- Discussion/commentary included how fees will work in the future with costings as there is no longer a need to recover debt, fee structure principles and whether they are subject to consultation, and whether the fee structure consultations will occur during normal FCC meetings.

7 Wrap up

- The chairperson asked if there were any further points the FCC wished to discuss before closing the meeting.
- The next meeting is scheduled for 1 April 2025.
- The chairperson thanked the attendees and concluded the meeting at 5.00pm AEST.