

MINUTES

MEETING: Financial Consultation Committee 2022
DATE: Friday, 25 March 2022
TIME: 1.00pm to 1.30pm (AEDT)
LOCATION: By Teams

ATTENDEES:

NAME	COMPANY
Daniel Westerman	AEMO
Vanessa Hannan (Chair)	AEMO
Tony Chappel	AEMO
Jeff Forrest	Transgrid
Mike Hutchens	Energy Queensland
Jonathan Spink	Pacific Hydro
Michael O'Rourke	Stanwell
Katrina Porteus	Energy Consumers Australia
Raif Sarcich	Victorian Department of Environment, Land, Water and Planning
Jonathan Wills	NSW Department of Planning, Industry and Environment

APOLOGIES:

NAME	COMPANY
Alastair McKeown	Energy Australia
Ian Brooksbank	Hydro Tasmania

GUESTS:

NAME	COMPANY
Brian Murray	AEMO
Kevin Ly	AEMO
Kate Reid	AEMO
Paul Johnson	AEMO
Stewart Waters	AEMO

Introduction

Ms Vanessa Hannan, AEMO's Executive General Manager Finance & Business Services, welcomed the attendees to the meeting and outlined the purpose and agenda for the meeting. Ms Hannan asked if there were any corrections or comments on the previous meeting Minutes. As there were no comments the Minutes of the previous meeting held on Friday 4 March 2022 were accepted.

There were two action items from the previous meeting: sharing the findings of AEMO latest internal staff survey which will be done at the next meeting; and setting the date for this meeting.

Mr Daniel Westerman, AEMO's Chief Executive Officer, updated the meeting on discussions held the day before with the CEOs of three peak industry bodies, AEC, ENA, and CEC. They provided feedback consistent with that of the Financial Consultation Committee's and appreciated and supported AEMO efforts in being transparent on financial and budget issues.

In particular, they were keen for any increase in AEMO fees be considered in the Default Market Offer (DMO) and Victorian Default Offer (VDO) process, as well as network revenue determinations (from FY24). They also enquired about how the fee pathway for recovery of the accumulated deficit was determined and other scenarios considered.

Each of the peak bodies requested a briefing by AEMO for their members which AEMO agreed would be beneficial.

AER Default Market Offer (DMO) and Victorian Default Offer (VDO) Determination Process

Mr Westerman noted that the AER and ESC have published Draft Determinations based on AEMO 2021/22 fees. AEMO has written to the AER and ESC and requested they include AEMO draft 2022/23 NEM fees in the final determination of DMO prices for 2022/23.

Ms Hannan explained the Default Market Offer process and timeline and recapped the NEM core draft budget and fees as presented in the prior FCC meeting.

Discussion on NEM Core Accumulated Deficit Recovery Pathways

Mr Jonathan Wills, NSW Department of Planning, Industry and Environment commended the transparency AEMO was providing and stated that all parties want a good, financially stable, and efficient market operator.

Mr Jonathan Spink, Pacific Hydro stated that affordability of developments is a key issue in the industry. He supported Mr Wills comments on a good, financially stable, and efficient market operator and suggested AEMO have a well-designed communication strategy to engage with and inform industry.

Mr Jeff Forrest, Transgrid stated that as changes continue to occur in the system it was timely to be having this conversation with industry now.

Mr Mike Hutchens, Energy Queensland agreed with the comments already provided by other members of the Committee and added that it was important for AEMO to execute on the commitments it was making on this issue in order to maintain industry's confidence.

Mr Spink added that he had spoken to some other CEC representatives, and they were keen to pursue whether government could contribute to repaying some of the deficit.

Mr Westerman undertook that AEMO will raise the option of government funding in a future meeting with the Commonwealth government.

General Discussion

Ms Hannan outlined the next steps which included:

- finalising AEMO's 2022/23 budget, and in particular the NEM Core budget and fees and pathway for the recovery of the accumulated deficit.
- incorporation of the 2022/23 NEM Core fees into the DMO and VDO.

- presenting the budget to the AEMO Board in May.

The Committee endorsed this approach.

Ms Hannan proposed that the next meeting should be scheduled for the end of April before the presentation of the budget and fees to the AEMO Board in May and if there are any additional comments, thoughts, or questions please give her a call.

As there were no more questions or comments the meeting concluded at 1.30pm.

Action items

Item #	Action	Responsibility	Due Date
4.1	Share some of the findings of AEMO latest internal staff survey.	AEMO	Next meeting of the FCC planned for end April 2022.