

# MINUTES

MEETING: Financial Consultative Committee 2021 – Meeting 3  
 DATE: Monday, 7 June 2021  
 TIME: 2.00pm to 4.00pm (AEST)  
 LOCATION: By Teams

## ATTENDEES:

NAME	COMPANY
Julie Williams (Chair)	AEMO
Tony Chappel	AEMO
Antara Mascarenhas	AEMO
Paul Italiano	TransGrid
Mike Hutchens	Energy Queensland
Jonathan Spink	Pacific Hydro
Ian Brooksbank	Hydro Tasmania
Michael O'Rourke	Stanwell
Alastair McKeown	Energy Australia
Katrina Porteus	Energy Consumers Australia
Raif Sarcich	Victorian Department of Environment, Land, Water and Planning
Jonathan Wills	NSW Department of Planning, Industry and Environment

## GUESTS:

NAME	COMPANY
Paul Johnson	AEMO
Paul Marotta	AEMO

## Welcome

Julie Williams, AEMO's Chief Financial Officer, welcomed the attendees to the meeting and outlined today's agenda.

## Review of minutes of previous meeting and action items

Ms Williams asked if there were corrections or comments on the previous meeting Minutes. There were no comments and the Minutes of the previous meeting held on Friday 14 May 2021 were accepted.

There were five outstanding action items from the previous meeting. Items 2.1 and 2.4, relating to interest rate sensitivity and TUoS required revenue increase will be placed into a separate pack and circulated to committee members following this meeting. Meetings with TransGrid have been held (item 2.2) with follow up meetings planned. Tony Chappel, AEMO's Chief External Affairs Officer, has held discussions with Mr Alastair McKeown (item 2.3), Energy Australia. Item 2.5 will be discussed in today's presentation.

## Update on AEMO Board feedback

Mr Chappel shared the feedback from the AEMO Board on the updated draft corporate plan and budget. In particular, the AEMO Board is supportive of the collaborative approach demonstrated by this Committee. In relation to the 2021/22 budget and financial forecasts,

the AEMO Board highlighted an expectation for continued uplift in transparency, the need to understand the activity and costs driving changes and a continued focus on delivering efficient cost outcomes.

Mr Chappel also mentioned that AEMO will be shortly setting up a forum in partnership with the AEMC to look at market related issues.

Ms Williams added that the debt discussion was a key interest area of the AEMO Board and that we would like to involve this Committee in future discussions on alternate funding models. We plan to comeback to this Committee in the new financial year to seek their assistance and feedback on possible alternate models.

Mr Jonathan Spink, Pacific Hydro stated that in AEMO reviewing their funding model it is important that we keep costs consistent - if not, we need to demonstrate where in the future costs savings can be realised.

Ms Williams agreed with Mr Spink's comment and indicated that AEMO will be looking for every investment to be efficient as possible and demonstrate its whole of chain value.

### **Review of latest draft 2021/22 budget**

Ms Williams covered the latest draft budget for 2021/22 starting with setting the context for the budget and looking at the snapshot of what has changed from our current 2020/21 budget forecast.

Mr McKeown asked if it was normal for such a large movement in the forecasts in the timeframe between meeting two and three of this Committee.

Ms Williams replied that the forecast presented in the prior meeting was developed earlier in the budget process and it was decided to retain the forecast for consistency with internal stakeholder presentations.

Ms Williams presented the latest draft figures in relation to the 2021/22 budget including the forecast revenue and operating expenditure estimates out to 2023/24. A breakdown of AEMO entity financial contributions, revenue and expenditure was presented.

Mr McKeown stated that in terms of expenditure it would be helpful to see a separate breakdown of costs relating to key projects. Mr McKeown also enquired on the NEM core cost increasing and what was driving that increase.

Ms Williams indicated that this will be presented in the coming slides.

The draft balance sheet and NEM core financial summary estimates to 2023/24 were presented and discussed. Ms Williams indicated that some of the increase in net labour cost is because staff allocated to capex projects will be returning to their BAU work as projects become operational.

Mr Ian Brooksbank, Hydro Tasmania, asked if the cost is coming back to BAU, and whether that means the roles are needed going forward.

Ms Williams replied that the majority of internal resources are working part time on the projects and not backfilled. This along with discretionary effort done by staff, the use of consultants and the deferral of activities means these employees are required in the business. However, this is an area that AEMO will look at in the next stage of our operational excellence program.

Ms Williams indicated that the draft budget would go to the AEMO Board on 25 June and invited any questions or comments prior to that date.

### **Questions and comments**

Mr Chappel recognised the huge effort that Ms Williams and her team have been applying to prepare the draft budget and asked whether the Committee felt there was a need for another meeting prior to the draft budget being presented to the AEMO Board on 25 June. He also asked if anyone had any additional questions regarding the budget.

Mr Spink asked whether the draft budget would include OEP and funding adjustments.

Ms Williams replied that there is an OEP target within the numbers.

Mr Ian Brooksbank asked whether we will include a cash flow for NEM for the reason that it would be good to see the balance sheet/cash flow and P&L.

Ms Williams stated that the cash will be close to break even and a cash flow will be provided.

Mr Chappel asked the Committee whether they would prefer another meeting in around 10 days' time or revert to Ms Williams or himself with feedback or comments.

The general feeling of the Committee was not to proceed with another meeting but instead to provide feedback directly. Mr Chappel undertook to follow up with each Committee member in around 10 days for any feedback.

### **Next meeting details and any other business**

Ms Williams asked the Committee for feedback on the meetings to date and what has worked well that we should continue or what they would like to see changed into the future.

The Committee indicated that it would be useful to have quarterly or bi-monthly meetings to review the progress against the budget. It was suggested that we could host these meetings in the weeks following our quarterly forecasts.

Mr Paul Italiano, TransGrid, stated that he would be most interested in revenue and expenditure all being on one page. Ms Williams undertook to contact Mr Italiano to discuss other issues that he raised.

Mr McKeown stated that in future meetings while the look back is good, we need to look forward on what projects may impact future budgets.

Ms Williams thanked everyone for their attendance and participation and reminded them if they have any additional feedback to provide it to either Mr Chappel or herself. Ms Williams indicated that we will also start to plan and schedule for the quarterly meetings.

As there were no more questions or comments the meeting concluded at 3.10pm.

### Action items

Item #	Action	Responsibility	Due Date
3.1	Information relating to interest rate sensitivity and TUoS required revenue increase will be placed into a separate pack and circulated to committee members following this meeting.	Ms Williams	Following meeting held on 7 June 2021
3.2	Follow up Committee members whether they have any feedback/comments on the latest draft budget before it goes to the AEMO Board.	Mr Chappel	In approximately 10 days after the meeting on 7 June2021
3.3	Contact Mr Italiano to discuss issues raised at meeting.	Ms Williams	Following meeting held on 7 June 2021
3.4	Schedule quarterly meetings for the FCC to review budget progress	Ms Williams	Following meeting held on 7 June 2021