

Minutes

Meeting:	Financial Consultation Committee (FCC)
Date:	Wednesday, 16 November 2022
Time:	3.00pm
Location:	4.00pm
Teleconference details:	By Teams

Attendees:

Name	Company Department
Vanessa Hannan (Chair)	AEMO
Grant Appleton	Pacific Hydro
Angela Bourke	Victorian Department of Environment, Land, Water and Planning
Jonathan Cowper	Synergy WA
Nadine Lennie	Transgrid
Peter Price	Energy Queensland
Tim Peters	Hydro Tasmania (delegate)
Katrina Porteus	Energy Consumers Australia
Jonathan Wills	NSW Department of Planning, Industry and Environment

Apologies:

Name	Company Department
Alastair McKeown	Energy Australia

1 Introduction and Welcome

The Chairperson, Ms Vanessa Hannan, AEMO's Executive General Manager Finance & Governance, welcomed the attendees to the meeting and outlined the agenda.

The Minutes of the previous meeting held on Monday 20th June 2022 were accepted.

There were no outstanding action items from the previous meeting.

It is noted that as the Victorian Government is in caretaker mode ahead of the State election the Victorian Department of Environment, Land, Water and Planning representative attended in an observer capacity only.

2 Terms of reference, roles and responsibilities

The Chairperson noted amendments to the FCC Terms of Reference were largely administrative and reflected changes in FCC membership since the previous meeting and some additional clarification in roles and responsibilities.

AEMO appreciates the opportunity to provide greater transparency and seek feedback from the FCC. Members were invited to provide a delegate in the event they were unable to attend future meetings.

The FCC provided some additional perspectives on the provision of feedback to their member bodies:

- Of interest to the ENA are the implications of AEMO's 5 to 7 years financial plans on their forecasts.
- Issues which arise at the FCC may also be relevant to policy discussions

3 FY22 final results update

The Chairperson summarised the FY22 financial results compared with Budget noting the AEMO has achieved its expenditure targets and over-achieved revenue targets.

A number of significant variances to budget were subject to further discussion

- Other revenue which includes connections and other recoverable revenues
- The budgeted increase in labour and consulting cost from FY22 to FY23 driven by the uplift in central functions and additional resourcing capacity required for navigating the energy future and delivering reforms
- Recovery of the accumulated deficit which is budgeted to reduce from \$66.0m in FY22 to \$43.6m in FY24. However, the actual accumulated deficit for FY22 of \$5.9m was much more favourable than the forecast of \$66.0m, due mainly to higher revenue in the Vic TNSP segment.

On the balance sheet the market disruption around financial year end resulted in a significant increase in deposits associated with market prudential. As at Sep 22, these balances are closer to normal level of ~\$300m

The Chairperson provided a recap of AEMO's financial principals which were developed in consultation with the FCC. Some clarifying changes were suggested by Members which have been noted in the actions.

4 FY23 Budget recap

A recap of the FY23 budget income statement, forecast capital expenditure and debt profile was provided by the Chairperson. Members discussed and provided feedback on the following matters:

- Expenditure benchmarking had indicated expenditure below benchmark in corporate functions and above benchmark in the digital area. The Chairperson noted efforts underway to uplift support functions and drive efficiency in IT cloud and support costs.
- Clarification of the NEM expenditure bridge. The expenditure impacts illustrated on slide 15 are a component of the consolidated expenditure variance shown in the table on slide 9.
- The adequacy of investment in cyber security given the criticality of the availability of AEMO systems and process. The Chairperson noted the considerable focus on cyber security within AEMO, especially by the Board and Digital team.
- Further information on the timing and quantum of expenditure related to the NEM 2025 program

The Chairperson noted AEMO debt funds capital investment which is recovered over the life of the investment.

5 FY23 full year forecast

A brief overview of the FY23 forecast and program snapshots was provided. The key risk to all major programs is the availability of suitable resources. Recruitment activities have struggled to keep pace with requirements.

6 General discussion

The next meeting is tentative scheduled for week commencing 20th February 2023. AEMO was asked to consider an interim meeting in January 2023 on TUOS pricing.

7 Wrap up

Participants were wished well for the festive season and their organisations every success in management of the energy requirements over summer.

The meeting concluded at 4.00pm.

Action Items

Item	Action	Responsibility	Due date
1	Review and amend the wording of Financial Principals related to risk tolerance and efficient pass through of costs	AEMO	Next meeting
2	Consistent with Financial Principals, share TUoS inputs on a timely basis. Consider an interim meeting if changes from agreed fee pathway.	AEMO	15 Feb 2023
3	Provide links to NEM 2025 public consultation available from AEMO's website https://aemo.com.au/-/media/files/stakeholder_consultation/consultations/nem-consultations/2022/declared-nem-project/final-report-and-determination-declared-nem-project.pdf?la=en	AEMO	Link attached.