

Minutes

Meeting:	Financial Consultation Committee
Date:	8 December 2023
Time:	13:30 hours to 14:30 hours AEST
Teleconference details:	By Teams

Attendees: External

AGENCY	NAME	ORGANISATION
AEC	Rachel Richardson	Engie
CEC	Grant Appleton	Pacific Hydro
ENA	Peter Price	Energy Queensland
ENA	Nadine Lennie	Transgrid
EUAA	Mark Grenning	Energy Users Association of Australia
ECA	Katrina Porteus	Energy Consumers Australia
Government	Jess Young	Victorian Department of Energy, Environment and Climate Action
Government	Norman Jip	Victorian Department of Energy, Environment and Climate Action
Government	William Durrant-Whyte	NSW Department of Planning, Industry and Environment

Apologies: External

AGENCY	NAME	ORGANISATION
AEC	Jonathan Cowper	Synergy WA
CEC	Tim Peters	Hydro Tasmania

1 Introduction and welcome

- AEMO's Executive General Manager Finance and Governance (EGM F&G) and FCC chairperson Vanessa Hannan welcomed attendees to the meeting, acknowledged the Traditional Owners and outlined the meeting agenda.
- The minutes from the prior meeting on 14 June 2023 were accepted.

2 Recap of the FY23 financial results and delivery against the Corporate plan

- The chairperson provided an update on AEMO's financial performance in the prior financial year.
 - It was reiterated that AEMO is continuing to uplift transparency and opportunities for members and stakeholders to provide feedback and had held an end-of-year financial results presentation for members in September 2023. AEMO is continuing to seek opportunities to lift its financial transparency.
 - AEMO's corporate priorities were revisited and an update was provided about how AEMO had progressed against the priorities
 - AEMO provided an update about the key deliverables in FY23 for each market segment
 - AEMO shared its profit and loss statement and updated the FCC about the status of the NEM Core deficit recovery as at end of FY23
 - AEMO provide an update about its capital expenditure program, cost and delivered work.
 - AEMO shared its capital structure and debt financing status.

3 FY24 progress against budget and Q1 forecast

- Acting GM Strategic Finance Yogesh Nagarajan provided an update on AEMO's progress against the FY24 budget.
 - Mr Nagarajan provided an update of expenditure against each market was provided. At the end of quarter 1, all segments were favourable to budget.
 - Mr Nagarajan noted this favourability would be offset by financial challenges. These challenges included additional costs related to cyber and corporate systems modernisation (ERP), Software as a Service (SaaS) costs being retrospectively transferred from capex to opex, and the introduction of a 2% surcharge on payroll tax (Covid Debt repayment plan) by the Victorian Government.
 - AEMO outlined how it was managing these costs by deferring corporate system implementation, deferring and reducing expenditure primarily by reducing scope of initiatives, reducing run-the-business costs e.g. by delaying or stopping recruitment, reviewing capitalisation assumptions and reducing recruitment costs.
 - Mr Nagarajan also shared how it was managing ongoing opex risks, such as interest rates, labour capitalisation, digital costs and so on.
 - AEMO provided a forward view of its capital program, which is aligned to FY24 priorities.

- AEMO shared the outcomes of recent work it had done to structure bonds to diversify its capital structure. Investors welcomed the opportunity to support AEMO's inaugural issuance, which was reflected in a high-quality investor base and an order book in excess of \$715 million.

4 NEM Reform update

- EGM NEM Reform Violette Mouchaileh attend the FCC to provide an update on the NEM Reform Program – one of AEMO's four capital investment portfolios.
- She provided an overview of the program and its engagement mechanisms, and further work it was doing to engage and work with industry to progress reforms.
- Ms Mouchaileh shared the program and NEM Reform roadmap governance arrangements with the FCC and explained current work – what had been delivered in the current financial year and what was planned for the remainder of the financial year and into FY25.

5 Wrap up

- The chairperson asked if there were any further points the FCC wished to discuss before closing the meeting.
- The meeting concluded.