

# Better Regulation: Expenditure assessment and incentives



**29 April 2013**

## Better regulation work program

- **Better regulation objective: deliver an improved regulatory framework focused on promoting efficient investment in the long term interests of electricity consumers**
- **Publishing a series of guidelines by 29 November 2013 under new and improved rules framework.**
- **Establishing mechanisms for enhanced consumer engagement**

## Purpose of this forum

- Identify interactions between expenditure assessment and incentives
- Outline AER views on expenditure incentives
- Opportunity for stakeholders to provide initial views
- stakeholders will have further opportunities to provide input

## Purpose of this forum (cont)

- The first session will outline the intended role of expenditure assessment techniques in assessing efficient costs
- The second session will cover the key issues raised and seek stakeholder views on providing incentives for ongoing efficiency

## Key messages

- **AER preference to use light-handed incentive based approach**
- **Requires effective incentive framework**
- **Benchmarking information can test/support effectiveness of revealed cost framework for opex or to inform estimate of efficient costs**

## AER's consultation approach

- Consumer reference group established
- Further detailed workshops on expenditure assessment
- Bi-lateral meetings are being established to discuss incentives
- Draft guidelines to be released in August
- Final released in November