

Draft Better Reset Handbook – AER expectations

Capital expenditure

- Networks and customers to partner in the development of capital expenditure proposals
- Increases in forecast capex must be explained
- Replacement capex is generally recurrent



Observations

- Climate change and the energy market's transition means that deterministic use of historical capex to inform future needs may have unintended consequences.

Operating expenditure

- Efficiency scores of 0.75, productivity of 0.5% p.a, and limited step changes
- Position on benchmarking and OEFs



- Helpful that AER has signalled 0.75 remains its position for next round of reviews
- AER's position on some OEFs like vegetation management remains unclear.

Tariff Structure Statements

- Progress to cost reflective tariffs
- Model customer impacts and engage with consumers on managing adverse impacts.



- Proposed approach is consistent with existing practice and is supported.

The Draft Handbook is a welcome development that clarifies and re-affirms the central role of consumers in the development of regulatory proposals.