



**Implications of the AEMC's
economic regulation of network
service providers draft rule for
consumers**

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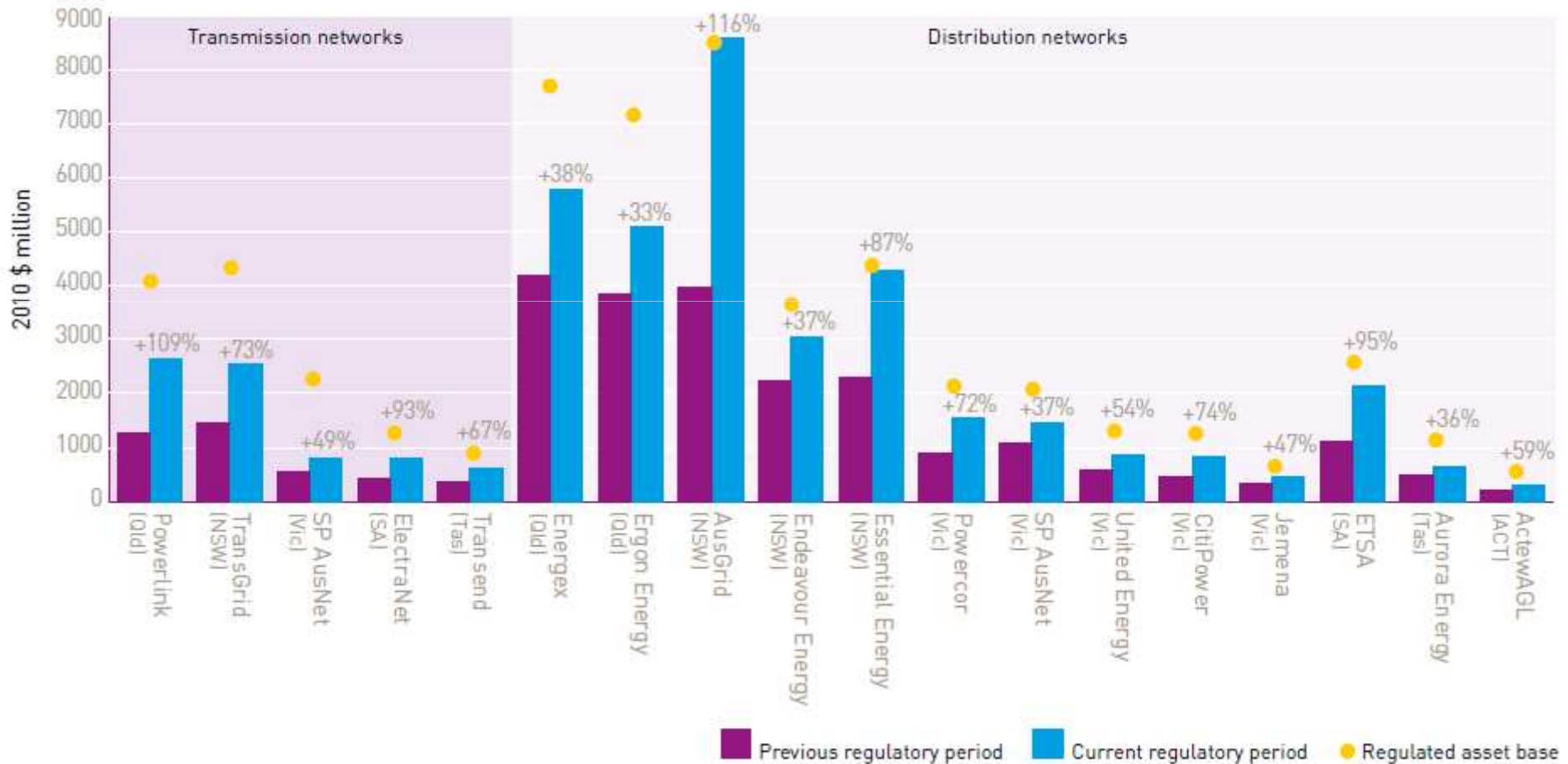
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Topics

- Rationale for the AER's rule change proposal
- Key implications for consumers from the AEMC's draft rule

Significant Network Investment

Electricity network investment



AER's Rule Change Proposal

- The AER's proposed rule change sought to strike an appropriate balance between the interests of network businesses and those of consumers



AER's Rule Change Proposal

- Restrictions on the AER's ability to revise forecast capex and opex
- Insufficient safeguards against overinvestment
- Rate of return frameworks did not reflect actual financing practices
- Lack of meaningful engagement with stakeholders, particularly consumers.

Key Implications of the Draft Rules

- Holistic expenditure assessment
- Stronger incentives for efficient investment
- Consistent rate of return framework
- Provisions for information and consumer engagement

Greater Scope for Consumer Engagement

- More time in the regulatory process for stakeholders to prepare submissions
- The inclusion of overview papers with a consumer focus
- Guidelines on regulatory processes
- Benchmarking reports
- A requirement that the AER consider the extent network businesses have consulted with customers when assessing revenue proposals