Rate of Return Submission

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The AER should set a Rate of Return that will lower electricity prices. In the past, the actual returns to the industry have been generous and well above the regulated goal. **The AER should stop favouring corporations at consumers' expense**. The regulators' job is to regulate so that consumers are not disadvantaged and the corporations get a "fair" return. Consumers have been disadvantaged over the past ten years and the current approach "bakes" in the disadvantage.

Consumers cannot participate in the Capital market. They cannot participate because they cannot buy transmission, distribution, meters, or billing assets. The following addresses the issue of consumer agency by changing the system so that anyone can buy new electricity assets and consumers acquire existing assets as they pay for electricity.

Ideally, Australian consumers should supply all new funds by prepaying for electricity. There is no shortage of buyers for regulated investments in Australia. The AER could fix the Rate of Return at an inflation-indexed 5% for twenty years and a maximum repayment time of twenty years. The return to consumer investors is discounted electricity, not extra money. **The new funds will entitle Consumers to representation on the Board of regulated entities**. This form of Capital does not sit idle. Instead, it is passed to Consumers when they purchase electricity, **ensuring everyone in Australia profits from the Capital**, not just investors.

Consumer investors want returns as lower prices. **Lower prices come by increasing productivity.** It contrasts with debt and equity, where profits mainly come from increasing or maintaining prices and increasing sales rather than productivity improvements.

The approach will more than double the productivity of the regulated Capital and supply the funds to invest in buildings and vehicles t**o Rewire Australia for no extra cost to the community** but from the additional investment created by speeding up Capital movement. The faster Capital moves, the more productive it becomes.

The price of electricity will continue to drop as reinvestment of existing Capital will save costs by reducing consumption and finding lower-cost ways to move electricity from generation to consumption. **Regulatory success is a continual reduction in the price of renewable electricity** in line with increased productivity.

A radical change in the Capital market cannot happen overnight and needs incremental operational confirmation. The AER should lower the Rate of Return to relieve Consumers with lower-priced electricity. Arena can fund several Consumer Financed projects. For example, Community Batteries are a new network feature, and their introduction using Consumer Capital will leave existing systems unchanged and provide a way to refine the approach for widespread adoption.

Here is a link to a presentation of the above.
How we forgot to share.
Improving Capital Markets Productivity.
Finding the Money to Survive.