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Competition Tribunal requires better outcomes for customers

The Energy Networks Association (ENA) has welcomed the Australian Competition Tribunal decisions which benefit customers.

The merits appeals decisions relate to the electricity and gas distribution networks in New South Wales and the electricity distribution network in the Australian Capital Territory.

ENA CEO, John Bradley, said today’s decisions provide important clarification to the Australian Energy Regulator (AER), networks and other stakeholders about how the National Energy Laws and Rules should be applied to serve the long-term interests of consumers.

“Under the Law, the Tribunal can only amend an AER determination if it finds there is a ‘materially preferable’ decision that would deliver a better outcome for customers,” Mr Bradley said.

“Future decisions should be simpler because of these judgements and this is an important outcome for customers and all stakeholders.

“Merits review plays an important role in ensuring regulation delivers the right outcomes for customers, including ensuring safety, reliability and efficiency.”

The Tribunal has set aside a number of decisions relating to operating expenditure allowances, cost of debt, and company tax allowances and remitted the decisions back to the AER for re-determination. The Tribunal has upheld the AER’s decisions on the estimation of the return on equity.

“Network businesses strongly support the use of economic benchmarking as a tool to drive efficiencies provided the models are transparent, based on robust data, and the analysis is rigorous,” Mr Bradley said.

"This is particularly important when benchmarking is used to set business-critical operating expenses.

“Importantly, the merits appeals took place under amended laws and rules that were revised to strengthen community confidence in the price setting framework delivering balanced results. The reforms have seen greater consumer participation in these reviews.”

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The Energy Networks Association is the peak national body representing Australia’s electricity transmission and distribution networks and gas distribution networks on economic, technical, environmental and safety regulation, and national energy policy issues. ENA members provide energy to virtually every household and business in Australia.