

JOINT MEDIA STATEMENT

23 March 2018

Consultation launched on new approach to network regulation

The Australian Energy Regulator (AER), Energy Consumers Australia and Energy Networks Australia have today released NewReg, an enhanced, more open approach to electricity network regulation to be tested via a trial with Victorian distribution network AusNet Services.

The NewReg approach aims to improve the efficiency and effectiveness of network regulation, increase consumer trust and confidence in the process, and deliver the outcomes that consumers most value when determining how much they pay for network services.

The NewReg project will run a 'live' public engagement process throughout 2018, where consultation on the approach will happen in parallel with a 'live' trial to enable stakeholders to contribute to the development of the approach in real time.

The trial involves the formation of a Customer Forum to represent AusNet Services' residential, small business, commercial and industrial customers. This new body is in addition to AusNet Services' established and continuing customer consultation processes.

In the trial, AusNet Services will seek to reach agreement on its revenue proposal with the Forum before it is submitted to the AER. Once the revenue proposal is submitted, the AER will still make a determination in the long-term interests of consumers, within the existing rules.

The combined trial and consultation on the approach will enable the project partners to assess how effective it is in delivering a network revenue proposal where energy consumers' preferences drive network decision-making about investment and operational priorities. The results would inform discussions about possible future changes to the National Electricity Rules.

Quotes attributable to Paula Conboy, Chair, Australian Energy Regulator

"NewReg represents an exciting alternative approach to network regulation, at a time when energy affordability is a key concern for consumers.

"It involves the AER much earlier in the development of regulatory proposals and shifts the focus towards understanding and incorporating consumer priorities well in advance of considering network revenue requests."

Quotes attributable to Rosemary Sinclair, CEO, Energy Consumers Australia

"Network costs make up about half of household and small business electricity bills. With the significant increase in electricity prices over the past decade, it is critical to ensure network services are planned to meet consumers' needs, as they see them."

"Consumers are in the best position to decide how they want to balance the need to reduce costs with reliability and new, innovative approaches to network management."

"NewReg is an important step toward putting consumers at the centre of decision making about managing the network and making sure the fridge stays cold at lowest possible cost."

Quotes attributable to Andrew Dillon, CEO, Energy Networks Australia

"New Reg is about working with customers to make sure networks deliver the services they value. This trial reflects the next step in transparent engagement with customers about the best ways to deliver what they want from the evolving grid."

Quote attributable to Nino Ficca Managing Director, AusNet Services

"AusNet Services is committed to empowering communities and their energy future. The NewReg trial adds to our existing customer engagement activities that aim to place customers at the heart of our decision-making process by understanding what matters to them"

NewReg is a joint initiative of the Australian Energy Regulator (AER), Energy Consumers Australia (ECA) and Energy Networks Australia .



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Further information about the project is available on the AER's website

<https://www.aer.gov.au/networks-pipelines/guidelines-schemes-models-reviews/regulatory-innovation/>

For media enquiries, please contact:

AER – Rory Cahill 0466 409 921

ENA – Sharon Kalina 0416 317 183

ECA – Tim O'Halloran 0409 059 617

AusNet – Helina Lilley 0437 725 520