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DRAFT RATE OF RETURN PROPOSAL NOTED

Energy Networks Australia (ENA) has acknowledged the release today of the Australian Energy Regulator's (AER) draft Rate of Return decision on grid investments.

ENA Chief Executive Officer Andrew Dillon said it was important the final decision, to be published in December, enabled a secure and timely transition to renewables to avoid driving customer bills higher over the longer term.

While some components of the draft recognised the need to better reflect forward-looking estimates of required returns, Mr Dillon said the proposal to move from the normal financing practice of a 10-year bond rate to a five-year rate was concerning.

"On the basis of an academic theory previously rejected by the AER, this change is out of sync with widely accepted market practices for long-lived infrastructure investments," he said.

Mr Dillon said Australian networks were committed to the transition to renewables.

"To enable a smooth transition, networks will install more than 10,000 kilometres of new transmission lines, continue to connect solar at world leading rates, and make the change to renewable gas sources," he said.

"Over the past decade networks have worked to deliver lower costs to customers, increasing efficiencies while maintaining reliable and safe essential energy services. The AER should achieve a balance that keeps network charges affordable and allows networks to attract low-cost finance for essential power infrastructure investment."

Mr Dillon said it was also important the final decision worked to support state and Federal Government policies such as clean energy targets. "It is essential to leverage greater private sector investment in networks to quickly connect growing low-cost renewable energy sources to customers," he said.

ENA will review the draft decision in detail and continue to engage positively with the AER, advocating for models that reflect market conditions and have the potential to smooth volatility in network charges for customers.

For a web-based version of this media release, [click here](#).

Media Contact: Jemma Townson jtownson@energynetworks.com.au

Energy Networks Australia is the national industry body representing Australia's electricity transmission and distribution and gas distribution networks. Our members provide more than 16 million electricity and gas connections to almost every home and business across Australia.