Energy Networks Australia

Media release

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Draft rate of return decision risks long-term customer and energy transition benefits

Long-term outcomes for customers require a stable and tested framework.

Energy Networks Australia (ENA) has expressed concern that a proposal in the Australian Energy Regulator's (AER) draft 2026 Rate of Return Instrument falls short of delivering balanced outcomes to support the long-term interests of consumers and the energy transition.

Today's **joint statement** from consumer and community groups on the Rate of Return Instrument doesn't address the critical findings from a legislatively mandated **Independent Panel report**. **This has raised pressing questions about the evidence and reasoning behind key proposals in the draft decision.**

The Panel found that parts of the decision:

- are not supported by the evidence;
- differ from the AER's previous approach; and
- lack a clear explanation for departing from market evidence or past approaches

Stable settings needed to deliver long-term benefits

ENA Chief Executive Dominique van den Berg said the AER's draft decision comes at a time when stable and clear investment incentives and approaches are critical to underpin the timely delivery of the energy transition which is already reshaping Australia's energy systems.

"These aren't minor technical points. It goes to whether the AER's draft decision is properly evidence-based, which matters for everyone, including the households and businesses the outcomes of this instrument are meant to serve."

"Energy Networks Australia is calling on the AER to work through the Panel's findings carefully and revisit the key drivers of its decision, including the cost of debt and equity, before it finalises its determination in December."

"Globally, the cost of financing major transition enabling investments is rising along with interest rates – and equity and debt providers need to have confidence in the predictability and stability of settings and approaches to enable consumers to benefit from the increasing set of services the energy grid delivers."

"A sustainable rate of return approach drawing on global data supports the investment needed to keep energy reliable and affordable over the long term," Ms van den Berg said.

"It also ensures that costs are not deferred in a way that ends up placing a greater burden on future customers."

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“A properly evidenced Rate of Return Instrument isn't a trade-off against affordability. It's the foundation for a stable, investable energy system that keeps the lights on and prices as low as possible over the long term."

Focus on outcomes that benefit all Australians

ENA will review the detail of the AER’s draft decision, the Review Panel’s findings and continue to engage through the consultation process.

“Our focus in this process is on outcomes that deliver for customers: today and over the long term by striking the right balance” Ms van den Berg said.

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- ENA 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.

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