

26 March 2018

Response to Grattan Institute Report

Energy Networks Australia has acknowledged the latest Grattan Institute report *Down to the wire: A sustainable electricity network for Australia* and its rejection of risky regulatory intervention that would impact all energy customers.

Energy Networks Australia Chief Executive Officer Andrew Dillon said the report correctly concluded that intervention to force write-downs of all network regulated asset bases would not be an effective way to bring consumer costs down.

“Much of the Grattan report’s analysis is based on assumptions that are challengeable, however the message is clear – forcing a broad write-down of all network asset values will inevitably be detrimental to customers, as it increases regulatory risks and financing costs for all network businesses,” he said.

“Make no mistake, higher financing costs will push up network charges and power bills – it’s bad for industry and bad for consumers.

“Network revenues have actually been falling across the country over the past three years. If it wasn’t for these reductions, household power prices would be even higher than they are.”

Mr Dillon said interference with the regulatory model underpinning long-term investment would send a negative signal about the energy industry’s stability and the broader Australian infrastructure sector.

“All policy makers are rightly stressing the need for certainty to underpin the investment required to help transform our energy grid,” he said.

“Our energy networks have a crucial role in supporting the transition to a zero-carbon future and facilitating the technological changes needed to allow better customer choice at the lowest cost.

“Arbitrary interventions that make network businesses riskier investments will impact our ability to deliver energy transformation and projects supporting competition.”

ENDS

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Energy Networks Australia represents Australia’s electricity transmission and distribution networks and gas distribution networks. Our members provide energy to virtually every household and business in Australia.