

Media Release—for immediate distribution  
**Friday 9 December 2011**

### **Network regulation is working**

As part of an extensive submission made yesterday to the Australian Energy Market Commission (AEMC), the Energy Networks Association (ENA) has called for better incentives for efficient investment and appropriate resourcing of regulators and consumer bodies, while drawing attention to evidence that perceived regulation flaws are not a key driver of rising network prices.

ENA chief executive Malcolm Roberts says that while a constructive, informed debate about network regulation is important to reassure all stakeholders that the system is working effectively and efficiently, the current proposed rule changes will not alleviate rising network costs.

“We understand community concerns about electricity prices, and that the network component is significant and rising,” said Malcolm, “however there is no evidence to suggest that perceived flaws in the rules which regulate our industry are the cause”.

“Network prices are going up because of a range of factors including the:

- need to replace ageing assets to ensure reliable, safe electricity supply to customers
- higher cost of raising capital, often in international markets, to fund large infrastructure projects
- higher cost of generation, and
- growth in peak demand.

“Price rises are cyclical and we are returning to a high level of network investment levels after a low investment period,” Malcolm said.

In its submission, the ENA stated that network businesses will support changes which improve the incentives for efficient investment. It also noted that appropriate resourcing of key bodies such as the AER and consumer action groups was vital.

“Our customers and investors need to have confidence in regulation and we believe that confidence would be boosted if user and consumer groups had more support to participate in the process.

“We also recognise that the AER has a demanding and complex task assessing five year investment plans for transmission and distribution businesses. It needs more resources to do that role. For example, the AER has not used all the powers currently available to it and could make greater use of tools such as benchmarking to improve its assessments,” Malcolm says.

As the industry’s peak national body, the ENA recognises the importance of the current rules debate and believes it will lead to a better understanding of the real factors at work in rising network costs.

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