

Media Release

29 May 2017

Electricity networks have a choice about how they respond to Federal Court decision

An assessment by Energy Consumers Australia of the Federal Court decision about electricity network revenues has found that while there are important implications for the way networks are regulated and the way their revenue determinations are reviewed, the decision does not mean a green light to increase the amount of money they collect from consumers.

Rosemary Sinclair, Energy Consumers Australia CEO, said while the Federal Court had found against the Australian Energy Regulator on two of three main grounds of appeal, there is considerable scope for distributors to reshape their proposals to minimise the price impacts for consumers.

“Households and small businesses are facing real risks on energy affordability, with double digit price rises expected in the second half of this year,” said Ms Sinclair.

“Networks now have a choice about how they reshape their revenues and whether they choose to put further upward pressure on prices for consumers.

“The world has moved on in the more than two years since the original determination that gave rise to this appeal and new developments need to inform the response to this decision.

“In the past two years we have seen the sale of significant shares in the NSW distribution networks; major outages; closure of large generation assets; and rising wholesale prices.”

In the short term, Energy Consumers Australia is seeking:

- That in developing their new revenue proposals, the NSW/ACT networks should consult with the AER with a view to minimising the price impact on households and small businesses, factoring in market conditions and new network efficiencies achieved in the past two years.
- Networks and regulators to smooth the impact of any price spike by collecting any necessary revenue over as long a period as possible, noting there is an existing rule change before the Australian Energy Market Commission which seeks to manage this.
- Retailers to work with their customers to minimize any price impacts, noting that Endeavour Energy has announced that prices will fall by 4.5 per cent due to higher than forecast connection numbers.

Networks to cease any further action in the Federal Court to increase their revenues.

“We need to consider whether the existing framework supports revenue determinations in the long term interests of consumers, where price is top of mind.

“Longer term, we look forward to working with governments and stakeholders in responding to the Finkel and other policy reviews currently taking place, which have at their heart keeping the power on at affordable prices for consumers, while lowering emissions.”

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