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MISGUIDED REPORT NEEDS FACT CHECK-NETWORK PRICES LOWEST IN 10 YEARS

Energy Networks Australia CEO Andrew Dillon has dismissed a report by the Institute for Energy Economics and Financial Analysis that claims energy customers have been overcharged network prices.

The facts, as noted in the independent Australian Energy Regulator's recent [Network Performance Report](#), demonstrate that in 2021 electricity networks charged customers less for network services than they have at any time since 2010, while maintaining higher reliability and service quality.

"The misguided IEEFA report fundamentally misunderstands Australia's regulatory framework," Mr Dillon said.

"Many reputable studies around the world have shown that customers are better off when governments use incentive-based regulation - which is what this report seems to attack. Revenues are lower when regulators regulate revenues, not profits.

"Incentive-based regulation encourages networks to innovate and deliver value-for-money service, with these savings passed onto customers. [A report for ENA](#) by HoustonKemp, released in March this year, shows the AER's incentive schemes have delivered \$13.4 billion in benefits to customers between 2006 and 2020."

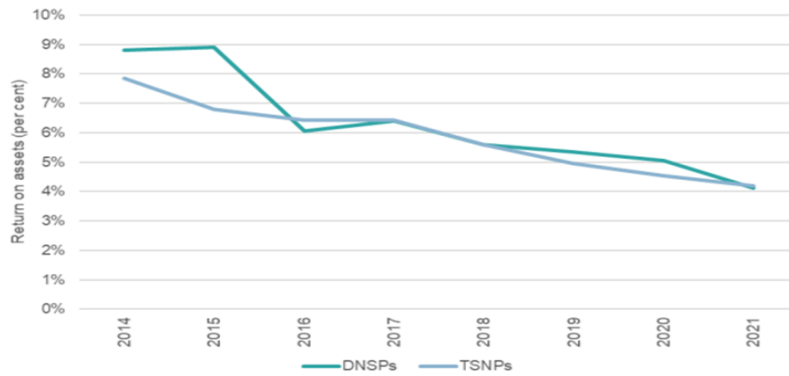
Mr Dillon said if networks met and beat performance benchmarks, it meant they were delivering better services at lower cost. "Networks do earn incentive payments on this outperformance, but these benefits are then returned to customers in the form of lower prices," he said.

"The IEEFA report misses the critical point that without the incentive framework, the outperformance wouldn't occur. It makes no sense to simply assume that delivered efficiencies and cost reductions would have occurred without the incentive payments.

"The IEEFA document also ignores another key point - that network returns have halved since 2014 (see graph) and that Australian regulatory return allowances are lower than

those in all but one other comparable country, and in many cases are the lowest they have ever been.”

Figure 4-1 Real returns on assets - DNSPs and TSNPs



Source: Financial performance data, AER analysis.

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.