

# PRESS RELEASE

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## Energy users urge regulator to hold firm against network claims

Energy users today urged the Australian Energy Regulator to strongly refute the unsubstantiated claims being made by the NSW energy distribution networks regarding the impacts of the AER's Draft revenue determinations.

'Whilst there are many aspects of the AER's Draft Determinations that the EUAA disagrees with, we acknowledge that the AER is finally taking a more proactive stance to reduce electricity prices', said Phil Barresi, CEO of the Energy Users Association of Australia (EUAA). 'The determinations pave the way to putting an end to NSW large energy users being held captive to unsustainable, skyrocketing and unsatisfactory costs.'

Speaking at the release of the EUAA submission on the AER Draft Determinations, Mr Barresi praised the Regulator for stepping up to claims by the networks that their revenue proposals are insufficient for their needs.

The EUAA submission makes reference to the NSW networks' unsubstantiated, emotive and exaggerated claims in response to the AER draft determinations on the financial sustainability, safety and reliability of their operations- claims that do not stand up to any scrutiny, and that do not explain how interstate distribution networks are able to deliver higher levels of safety and reliability for less than half of the costs.

'The NSW DNSP's have had it far too good, for far too long,' said Mr Barresi. 'Our analysis shows that the NSW DNSPs reap extraordinary returns, well in excess of the returns achieved by Australia's best performing ASX50 entities. Staggeringly, these returns are being achieved despite the NSW networks being amongst the least efficient in the National Electricity Market.'

'The NSW networks' claims are littered with inaccuracies and fallacies. For example, labour costs should be reducing, not increasing,' said Mr Barresi. 'How does an industry that is contracting because of declining demands for its services incur labour price increases that exceed CPI? It just doesn't make sense.'

EUAA analysis shows that since 2007 Australia has recorded the world's highest increases in electricity prices, placing us amongst the highest in the world. This presents major challenges to Australian businesses and significant hardship for households.

'We know from study after study that a large proportion of the dramatic price increases were unnecessary,' said Mr Barresi. 'They arose from a faulty regulatory framework with approved excessive rates of return, over-investment and inefficient expenditure in electricity network infrastructure.'

'Energy costs continue to be a burden on all energy users – from the domestic to the large commercial and industrial users,' said Mr Barresi. 'Action is required to reduce costs and pass on savings to all users, and the AER is in a unique position to be able to do so.'

'While we welcome the AER determinations as a step in the right direction, we strongly urge the AER to reduce determinations even further,' said Mr Barresi. 'If the AER were to adopt our recommendations as detailed in our submission, we would see a 20% reduction, a much more palatable result for energy users.'

*The EUAA is the peak industry body for Australia's energy users including manufacturers, retailers and resource-based industries.*

**For interviews with EUAA chief executive Phil Barresi contact Holly Cardamone on 0412 926 604**