

PRESS RELEASE

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Energy Users Fear AER Draft Determinations Lack Bite

The EUAA notes the Australian Energy Regulator's media releases regarding its Draft Pricing/Revenue determinations for NSW, ACT and Tasmanian energy networks.

"Our members, large energy users, continue to be severely affected by excessive energy prices, predominantly driven by exorbitant network costs," said Energy Users Association of Australia (EUAA) Chief Executive Officer Phil Barresi, at the AER draft determination release earlier today.

"We have much higher expectations regarding the level of price reductions that the AER should be delivering. For example, the AER's proposed reductions for the NSW electricity networks would only amount to overall electricity price reductions of around 10% in a users' actual bill. Energy users deserve a lot more".

Energy network prices in NSW are over 2.5 times the prices in Victoria, the AER's proposed reductions do not go anywhere near far enough.

Whilst the headline numbers in the draft decision indicate "proposed" reductions of up to 35%, we would argue a 35% reduction on an already overpriced commodity is only bringing the costs back closer to where they should be. This logic is supported by AER's DNSP benchmarking report released today where it notes "The ACT, NSW and Tasmanian distributors appear to be the least productive".

Notwithstanding, the rate of return set for the NSW distribution businesses of 7.15% (for example) still exceeds international benchmarks.

The EUAA is investing considerable resources into responding to the AER's revenue determinations and will provide formal submissions in due course.

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

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