# Rule changes new distribution pricing framework



AEMC public forum, November 2013

Andrew Reeves
AER chairman



## New tariff setting process

**New framework with PSS** 

**Distributors** 

Onus of consultation on distributor – prior to submission to AER

Stability re structural movements – distributors bound unless variations more efficient

**Retailers** 

Transparency – tariff information (structure, levels, strategy?)

Some major components of review shifted to revenue determination

**AER** 

Still other constraints re timing of reviews - data inputs, exceptional circumstances

Consumers



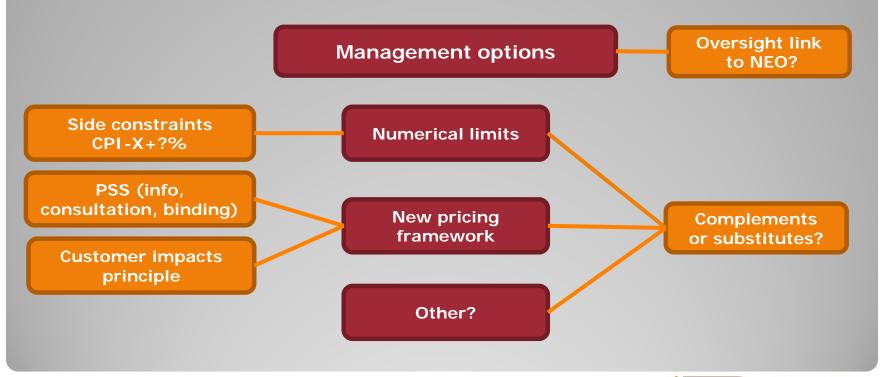
### PSS components & consultation

- AER guideline on pricing consultation
  - Need explore consultation / engagement expectations of stakeholders > will likely vary for retailers & consumers
  - Standardisation possible?
- Linkage > AER guideline specifications & required components of PSS
- Need explore PSS scope > fix in NER or approach flexibly via AER guideline
- PSS should ideally extend to tariff strategy:
  - Problems being addressed
  - Stakeholder impacts
  - Transition approach



#### Transition to efficient tariffs

- More efficient (cost reflective) & flexible (time & location varying) tariffs required but...
- How manage transition price volatility / certainty





## **END**