

## **Discussion Paper 2003 - Review of the Draft Statement of Principles for the Regulation of Transmission Revenues**

On 2 April 2004 the Australian Competition and Consumer Commission (ACCC) will be holding a workshop in relation to the Discussion Paper 2003- Review of the Draft Statement of Principles for the Regulation of Transmission Revenues (discussion paper).

In May 1999 the ACCC released its draft Statement of Regulatory Principles for the Regulation of Transmission Revenues (DRP). The ACCC is in the process of finalising the statement.

The DRP explains the ACCC's approach to setting CPI - X revenue caps for regulated electricity transmission services. The relevant parameters are based on expected efficient costs, including expected O&M's, capex, depreciation etc.

On 28 August 2003 the ACCC released a discussion paper on the review of the DRP (attached) and called for submissions by the 28 November 2003. In addition, the Commission will be releasing a supplementary paper to the discussion paper on the 'Capital Expenditure – Framework' and will be calling for submissions.

The workshop will cover the main issues outlined in the discussion paper and the submissions made by interested parties. The main issues for discussion are:

- Asset Base
- New Investment
- Weighted Average Cost of Capital
- Incentive Mechanism and Benchmarking

The ACCC's discussion paper should be read in conjunction with other relevant material on the ACCC's website (<http://www.accc.gov.au>) such as the DRP and submissions from interested parties.

The ACCC expects to release a draft of the Regulatory Principles 2004 by June and will be calling for submissions. Further, the ACCC expects to release a final of the Regulatory Principles 2004 by August.

The ACCC will hold a forum from 8.50am to 4.25pm in Melbourne on Friday 2 April. *The ACCC will advise interested parties of the venue upon registration.* Registration for the forum is required by COB Wednesday 24 March. A registration form is attached and may be emailed to [katrina.huntington@acc.gov.au](mailto:katrina.huntington@acc.gov.au) or faxed to (03) 9663 3699.

In making its final decision the ACCC will take into consideration issues raised by interested parties at the workshop and in submissions.

If you have any further queries please contact Sarah Clancy on (03) 9290 1982.

