



Australian
Competition &
Consumer
Commission

AER AUSTRALIAN
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REGULATOR



Australian Competition and Consumer Commission

Tenth ACCC Regulatory Conference

The regulation of infrastructure in a time of transition

Thursday, 30 July and Friday, 31 July 2009
Holiday Inn, Surfers Paradise, Queensland

As a regulator, the ACCC disseminates information that educates, informs and influences market participants. The annual regulatory conference brings industry participants, policy makers, academics and those involved in regulation together to hear and discuss the latest ideas about the theory and practice of regulation.



Program Day one Thursday, 30 July 2009

8.15–8.45 **Registration/arrival, tea and coffee**

8.45–10.15 **Welcome: Graeme Samuel, ACCC Chairman**

Session 1

Infrastructure challenges: responding to change, particularly technological change, in the early part of the twenty-first century

Around the world, major utility industries are facing new challenges in addition to the global financial crisis. In telecommunications, the transition to higher-speed networks may see the demise of the traditional copper access-network, and the associated regulatory schemes. In electricity, alternative forms of energy generation may have a significant impact on the location of generation assets and the configuration of the transmission network. This talk will focus particularly on the technical challenges facing the communications sector and electricity industry, looking at the implications for the design and practice of regulation.

Speaker: **Professor Timothy Brennan, Professor of Public Policy and Economics, University of Maryland, Baltimore County and a Senior Fellow Resources for the Future**

Session chair: **Mark Pearson, Executive General Manager, Regulatory Affairs Division, ACCC**

10.15–10.45 **Morning tea**

10.45–12.15 **Session 2**

Regulation incentives for investment and technological change

Major industry developments or transitions often require substantial new investment. How can that investment be facilitated and coordinated in a regulated industry? Is major new investment compatible with 'incentive regulation'? What are the difficulties of regulating in the presence of technological or demand uncertainty? Is regulation inherently in conflict with the objectives of facilitating technological transition or of achieving efficient investment?

Speaker: **Professor Ingo Vogelsang, Professor of Economics, Boston University**

Discussant: **Professor Stephen King, Dean of the Faculty of Business and Economics, Monash University**

Session chair: **Andrew Reeves, Member, AER**

12.15–1.15 **Lunch**

1.15–2.45 **Session 3**

Are there substitutes for traditional economic regulation of monopoly infrastructure?

In recent years there have been calls for less interventionist and more light-handed regulation, including negotiated settlements, constructive engagement, the public contest method and monitoring. In North America, negotiated settlements between utilities and their customers have been considered as a substitute for or a complement to traditional regulation in energy markets.

Constructive engagement has been used as part of traditional regulation of airports in the United Kingdom. In Argentina, the public contest method has replaced traditional regulation of transmission. Light-handed regulation has variously been applied in New Zealand, and in Australia it has been applied to a range of infrastructure services, including airports, gas pipelines and ports and grain-handling facilities in Victoria. Can such alternative approaches better serve the interests of the parties and regulatory objectives? What can be achieved when they are used to 'regulate' monopoly infrastructure?

Speaker: **Professor Stephen Littlechild, Fellow, University of Cambridge and a PostComm Commissioner**

Discussant: **Greg Houston, Director, NERA**

Session chair: **Joe Dimasi, ACCC Commissioner**

2.45–3.15 **Afternoon tea**

3.15–5.00 **Breakout session 1**

Energy—The challenges of climate change for energy markets

Governments around the world are developing policies in response to climate change, in particular emissions trading schemes and renewable energy targets. This session will focus on the challenges that climate change poses for energy markets. What has been the international experience with climate change policies? What issues will increased reliance on renewable energy create for network regulation?

Speakers: **Professor Timothy Brennan**
David Swift, Executive General Manager, Corporate Development, Australian Energy Market Operator

Session chair: **Steve Edwell, Chairman, AER**

Communications—Lessons from US wireless spectrum auction

The switch-off of analogue television services in Australia is expected to free up a significant amount of spectrum in the highly valuable UHF (300–3000 MHz) and low VHF (30–300 MHz) bands. Other countries such as the United States and the UK are using auction processes to redistribute spectrum which has been freed up by planned analogue switch-offs. In particular, the US Federal Communications Commission auctioned off the 700MHz frequency band, originally used for analogue television broadcasting, and generated US\$19.6 billion. What were the major economic issues related to this spectrum auction? What lessons are there to be learned from the US experience? Are there lessons about the setting of reserve prices, whether parts of the spectrum should be 'open access', or whether the global financial crisis had/will have an effect on revenue generated?

Speaker: **Professor Thomas Hazlett, Professor of Law and Economics, George Mason University, Virginia**

Discussant: **Professor Gary Madden, School of Economics and Finance, Curtin University**

Session chair: **Ed Willett, ACCC Commissioner**

6.30–10.30 pm **Conference dinner**

Dinner speaker: **Dr Cento Veljanovski, Managing Partner, Case Associates**

Program Day two Friday, 31 July 2009

8.00–8.30 **Arrival, tea and coffee**

8.30–10.00 **Breakout session 2**

Legal—Economic experts: how necessary are they?

What is the role of economic experts in Australian regulatory processes and how is the role different from Part IV competition matters? This session will review the use of economic experts in ACCC/AER decision-making processes (How many expert reports is it usual for parties and the regulator to obtain? What issues are expert reports usually addressing?); the use of experts in merits and judicial review proceedings (What expert evidence is being admitted by the Australian Competition Tribunal and the courts, and for what purpose?); and how this compares with international regulatory practice.

Speakers: **Simon Uthmeyer, Partner, DLA Phillips Fox**
Dr Philip Williams, Executive Chairman, Frontier Economics

Discussant: **Justice Finkelstein, Judge, Federal Court of Australia, and President, Australian Competition Tribunal**

Session chair: **Sarah Court, ACCC Commissioner**

Water—The role of markets and rural-to-urban water trade

Australian water markets have developed significantly over the last decade. Reforms to facilitate trade continue to generate public debate. Proposals for rural-to-urban water trade are particularly controversial because of the perceived impacts on rural communities and purchasing power of urban water users. This session draws on international experience and considers the impact of rural-to-urban water trade. In particular it considers:

- effects on rural and urban water prices
- regional and sectoral consequences of rural to urban trade
- lessons that can be drawn from overseas experience and their application to Australia.

Speaker: **Professor Gary D Libecap, Research Fellow, Hoover Institution, Bren Professor of Corporate Environmental Policy and a Professor of Economics at the University of California, Santa Barbara**

Discussant: **Dr Lin Crase, Executive Director, Albury-Wodonga Campus, La Trobe University**

Session chair: **Anne Plympton, General Manager, Regulatory Development Branch, ACCC**

10.00–11.15 **Session 4**

100 years of government control over utilities

Natural monopolies are not new. How were natural monopoly problems addressed 100 years ago? How did the current system of monopoly regulation arise? What was the experience with the alternatives (such as local or federal government ownership, no regulation)? What problem did the early designers of economic regulation think they were trying to address? What insights can be gained from our regulatory predecessors?

Speaker: **Leslie Hannah, Visiting Professor, Department of Economic History, London School of Economics and Political Science**

Discussant: **Dr Chris Decker, Regulatory Economics Limited, Oxford**

Session chair: **Dr Michael Schaper, Deputy Chair, ACCC**

11.15–11.45 **Morning tea**

11.45–1.00 **Session 5**

A hypothetical—Logjam at the port

In this session, seven leading lawyers and economists will be asked to take on new roles as characters in a hypothetical regulatory scenario. The scenario involves a mineral export supply chain somewhere on the east coast of Australia. The issues faced by this supply chain include problems of over-capacity at the port, allocating the cost of capacity augmentations, allocating train-path rights to new entrants, and problems of coordinating the timing of new investment. Under the guidance of the chair, the panel will be challenged to address these problems each from the perspective of a different market participant.

Facilitator: **Professor Stephen King**

Panel members: **Professor Thomas Hazlett;**

Dr Philip Williams;

Professor Gary D Libecap;

Rachel Trindade, Consultant, Competition Law;

Simon Uthmeyer;

Kirsten Webb, Partner, Clayton Utz;

Rod Shogren, Member, Australian Communications and Media Authority

Session chair: **Peter Kell, Deputy Chair, ACCC**

1.00–2.30 **Lunch**



Registration and further information

Conference registration should be lodged with the ACCC.

Cost

Per person: \$1150 (includes GST)

Group discount (three or more): \$1050 (includes GST)

RSVP by 29 May 2009—payment is due with registration.

Fax back registration: +61 3 9663 3699—one form per person.

Or mail:

Katrina Huntington
Conference Organiser
ACCC
GPO Box 520
Melbourne VIC 3001

Conference information online

Download information about the conference from the 'Hot topic' conference link on the ACCC homepage at www.accc.gov.au.

For any further information email: katrina.huntington@accc.gov.au

General information

Accommodation

The ACCC is not responsible for booking accommodation. Delegates need to make their own bookings.

A substantial block of accommodation has been set aside for conference delegates at the Holiday Inn, Surfers Paradise. To book this accommodation, contact Your Next Event at www.nextevent.com.au.

Transport

Transfers to and from Brisbane and Coolangatta airports are available as part of the conference registration fee. To book your transfers, contact Your Next Event at www.nextevent.com.au.

