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CITIPower AND POWERCOR WELCOME SHIFT IN AER FINAL DECISION

Victorian electricity distribution businesses CitiPower and Powercor Australia today acknowledged the final determination of the Australian Energy Regulator's (AER) Electricity Distribution Price Review for 2011-2015 had resulted in significant improvements over its draft determination.

"Whilst it appears the AER has taken on board much of the information we have placed before it, we're disappointed that it doesn't go far enough in recognising the interests of Victorian electricity consumers," said CitiPower and Powercor Australia CEO Shane Breheny.

"Victoria's distributors have been recognised as efficient network operators by the AER, and these efficiencies have delivered 15 years of real price decreases to Victorian customers together with a net improvement in supply reliability."

"We do welcome the significant turnaround from the AER's draft determination for capital and operating expenditure, but the allocations provided in the final determination will limit our ability to replace ageing assets, modernise our networks, and help us meet the challenges associated with integrating renewable energy sources."

"Sound investment in our networks is crucial in maintaining Victoria's position as the most reliable electricity distribution system in Australia," Mr Breheny said.

The Electricity Distribution Price Review is the process through which the AER, as nationally based regulator of Victoria's "poles and wires" businesses, sets approved revenue and price levels, as well as network quality and reliability and customer service standards, for the five years from 2011 to 2015 inclusive.

CitiPower's distribution prices - from January 2011 - will decrease in real terms by 6.4 per cent whilst Powercor's will increase in real terms by 0.1 per cent. In subsequent years CitiPower's prices will increase in real terms by an average of 4.5 per cent per annum and Powercor's prices will increase in real terms by an average of 3.4 per cent per annum.

"The AER has recognised the need to fund the government agreed recommendations of the Victorian Bushfire Royal Commission, but we have yet to receive clarity on the process or details on the mechanism to undertake this important work."

He noted that the full AER report ran to approximately 1900 pages, and said that further analysis and review would be needed to fully understand how it will affect our businesses, and what further actions we may take in regard to this decision.

Media inquiries: Powercor Australia's 24-hour media service on (03) 9683 4342.