



ESC Victorian Water Pricing Approach Conference

An alternative model for Victorian water businesses

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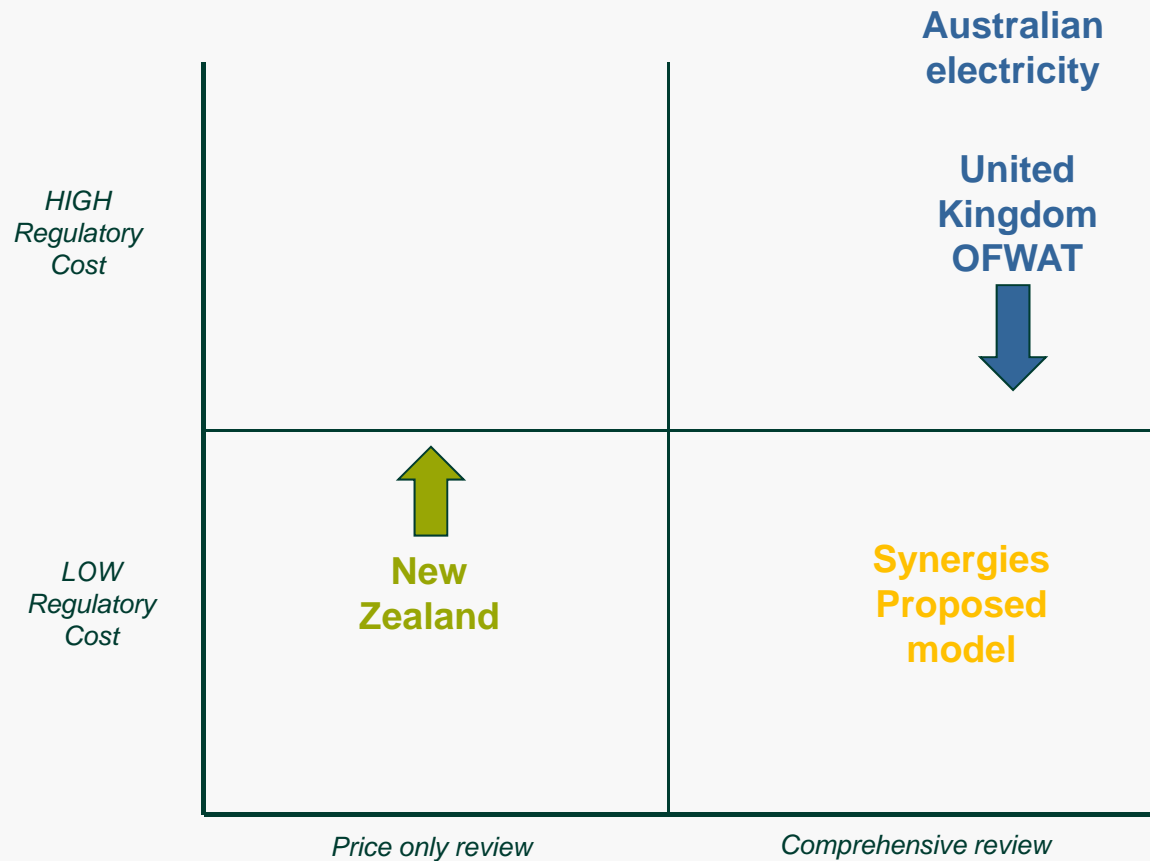
The regulator's dilemma



Possible instruments



Comparison of Regulatory Regimes



The earned autonomy model

Type 1 – Earned autonomy

1. For businesses willing and able to meet Type 1 criteria
2. Potentially for very light handed regulation to be applied for so long as business meets Type 1 requirements

Type 2 – Status quo

1. For businesses either unable or unwilling to meet Type 1 criteria
2. Reflects current arrangement

Type 3 - Resubmission

1. Re-submission of substandard regulatory proposals
2. Adverse reputational effects for the business

Possible type 1 eligibility criteria

CPIX

Service
Outcome

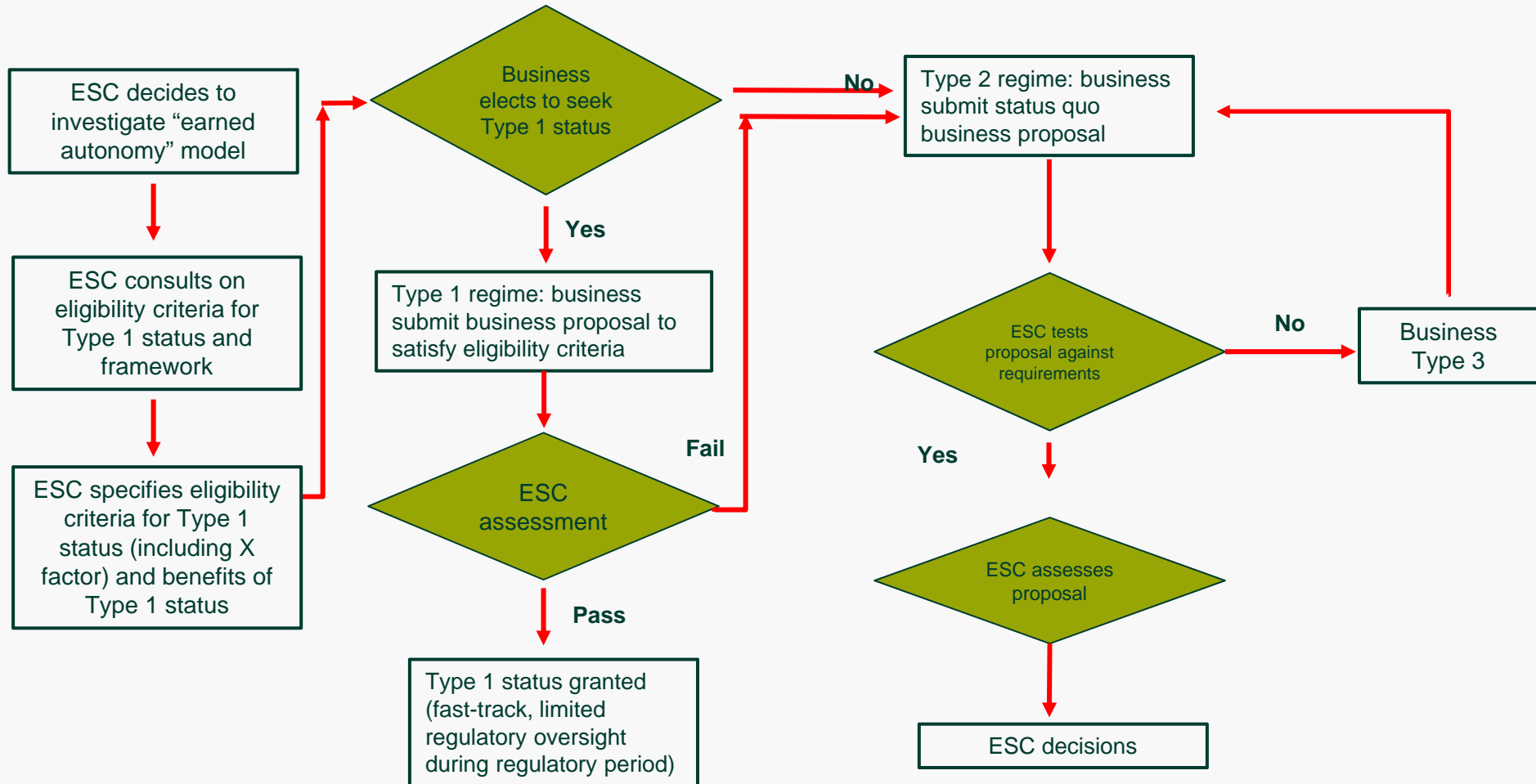
Regulatory
track
record

Business
processes

Customer
engagement

Transparency

The process



To sum up – benefits and risks

Benefits

1. Greater use of choice
2. Greater accountability for regulator
3. Reduced regulatory burden
4. Strong incentives for efficiency and customer focused services

Risks

1. Potential for Type 1 networks to exercise market power
2. Incentives for businesses and the willingness of businesses to respond
3. Switching between Type 1 and Type 2 regimes