



Independent Consumer & Competition Commission's  
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## **Intersection of PPP and PRICE REGULATION**

*Mr David Dawson, (B.Eng, MBA)  
Associate Commissioner (Non-Resident)  
Independent Consumer & Competition Commission  
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## Why PPP & Price Regulation Intersect

- Many PPP contracts look very similar to the price control arrangements used for monopoly utility businesses in many jurisdictions, eg. AER decisions in Australia, ERC decisions in the Philippines
- In PNG some of the State Owned Enterprises (SoEs) are subject to price regulation using Regulatory Contracts under the *ICCC Act*, eg. PNG Power, Post PNG
- Other SoEs are subject to price regulation using Pricing Orders under the *Pricing Regulation Act*, eg. Eda Ranu & Water PNG
- Regulatory Contracts lock in the regulatory position for the life of the contract and were set in place for 10 years to facilitate privatisation. Regulation under Pricing Orders are subject to opening clauses



## CURRENT ELECTRICITY REGULATORY FRAMEWORK

- The Regulatory Contract for PNG Power is under review as it expires on 31<sup>st</sup> December 2011.
- PNG Power has provided a submission report to justify the changes in price control arrangements it suggests, and the edited version of the Regulatory Contract should the ICCC agree its approach
- The process defined by the Regulatory Contract must be a transparent process so all public and industry stakeholders can provide their thoughts on the changes to the ICCC

