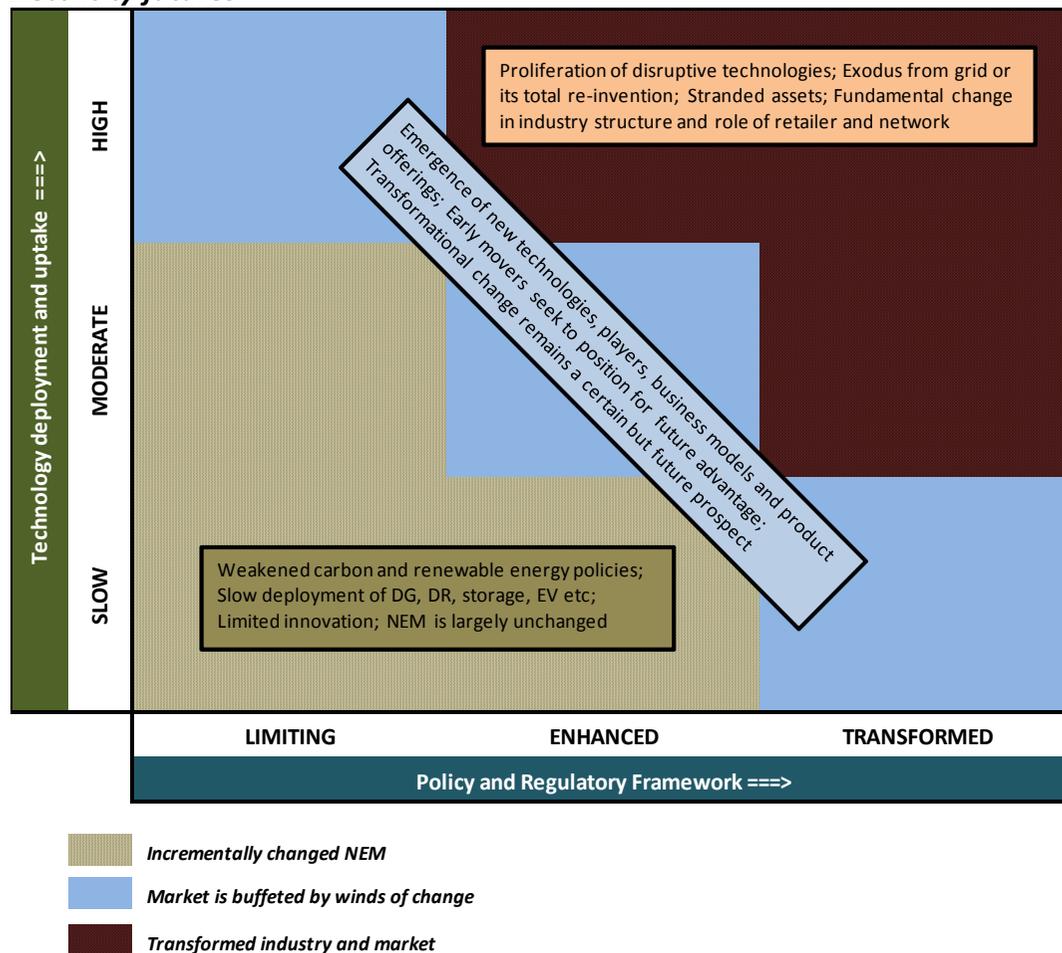


## Network strategy in a changing electricity market

### Electricity futures



Technology change and empowered end users are widely expected to have disruptive impacts on and radically reshape the electricity market.

The timing for this will depend on two key drivers – the rate of technology deployment and uptake, and the evolution of the policy and regulatory framework in relation to energy and carbon. How these two drivers progress and interact will determine the shape of the market at any point in time.

As illustrated, possible futures range from incremental changes to the existing market, to a complete transformation of industry structure. As with other industries – e.g. telephony, distributed computing, digital media and the internet, the transformation could be rapid after certain tipping points are reached.

For network service providers, the changes present significant risks - but also opportunities. Key strategic considerations in responding to these scenarios include:

- Developing and articulating a compelling value proposition for an integrated network in a future electricity market;
- Identifying new network business models within that value proposition to both retain and grow shareholder value;
- Ensuring that regulatory policy does not constrain, and where appropriate, supports and incentivises the pursuit of those business models; and
- Developing a roadmap for change, and identifying signposts for action.

Incorporating these considerations into forthcoming regulatory determinations will be critical to success.