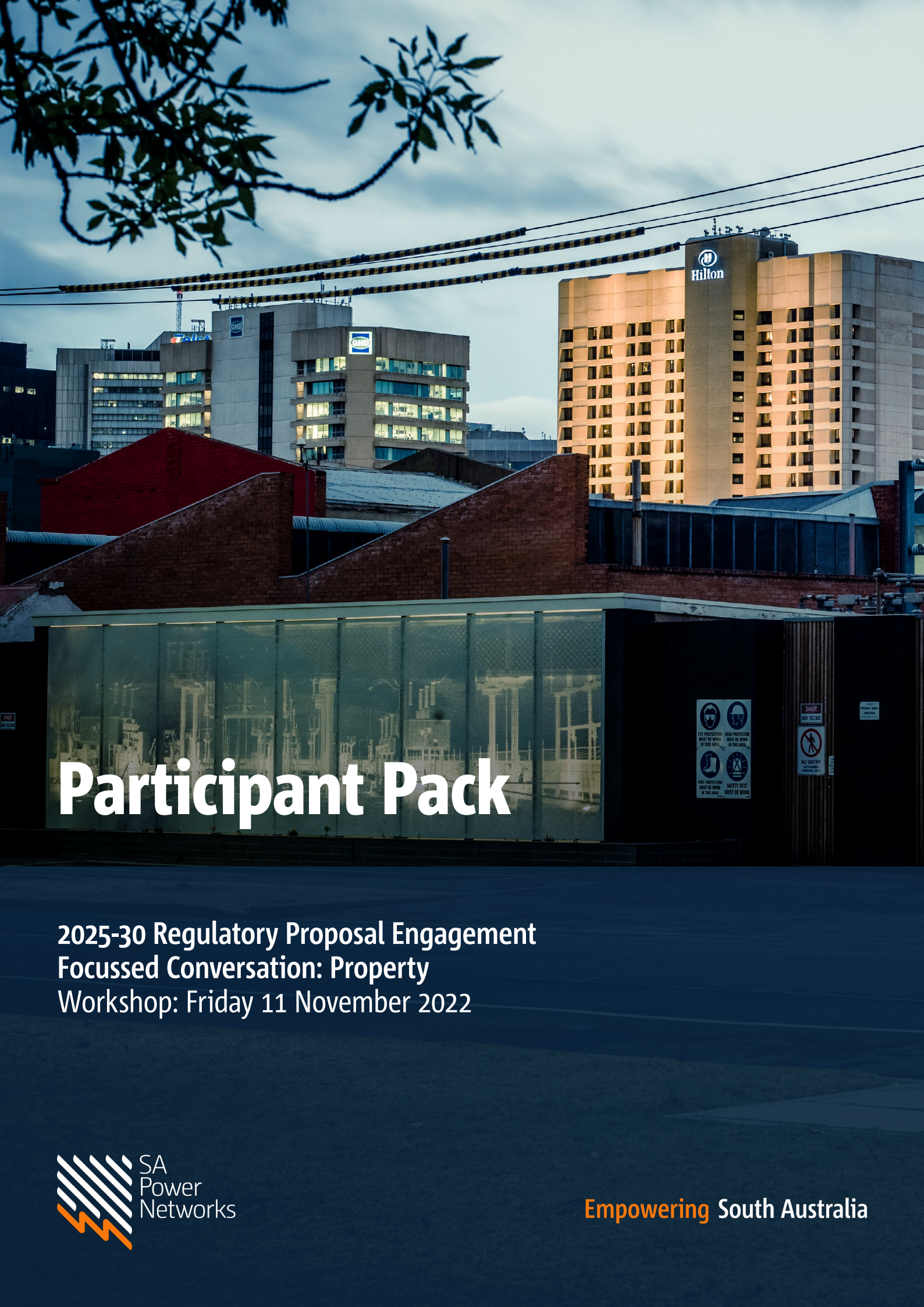




Participant Pack

2025-30 Regulatory Proposal Engagement
Focussed Conversation: Property
Workshop: Friday 11 November 2022

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This pack has been designed to provide background to participants in SA Power Networks' Reset 2025-30: **Property**.

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Who we are

SA Power Networks is South Australia's regulated electricity distribution network service provider (distributor) covering a large service area of 178,000 square kilometres. We are responsible for managing the South Australian electricity distribution network – the substations, transformers, poles and wires that deliver electricity to your home or business.

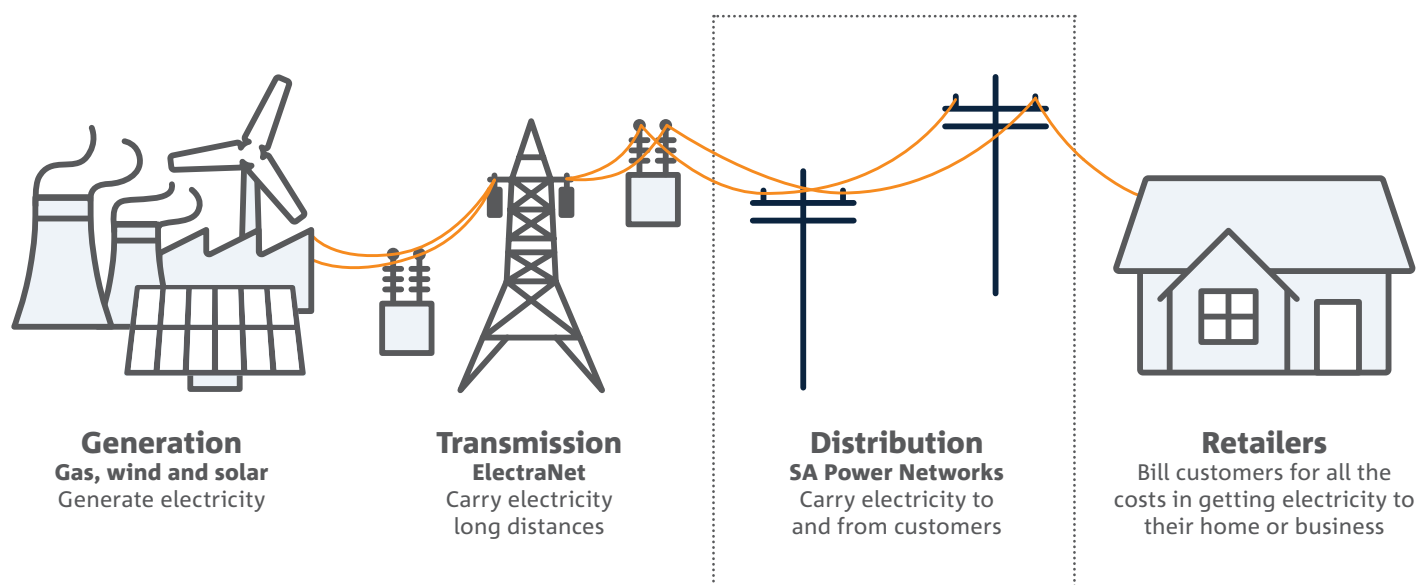
Our traditional role has been to take power from the State's high voltage transmission network and deliver it to about 1.7 million South Australians in 900,000 homes and

businesses. But, as our State's energy system undergoes significant transformation and modernisation, and with a third of our residential consumer installing solar in their homes, we have become a major platform for sharing electricity from widely distributed energy resources (DER).

South Australia has a dispersed population served by a network with a route length of about 89,000 kilometres. It leaves us with the lowest customer density in the country – on average 10 customers per kilometre of line.

The energy supply chain

Our role as distributor is just one element of the supply chain, which also involves energy generators (wind, solar, coal, gas etc); retailers (who source electricity from generators and manage your bills); and a transmission provider who transports electricity long distances at high voltages.



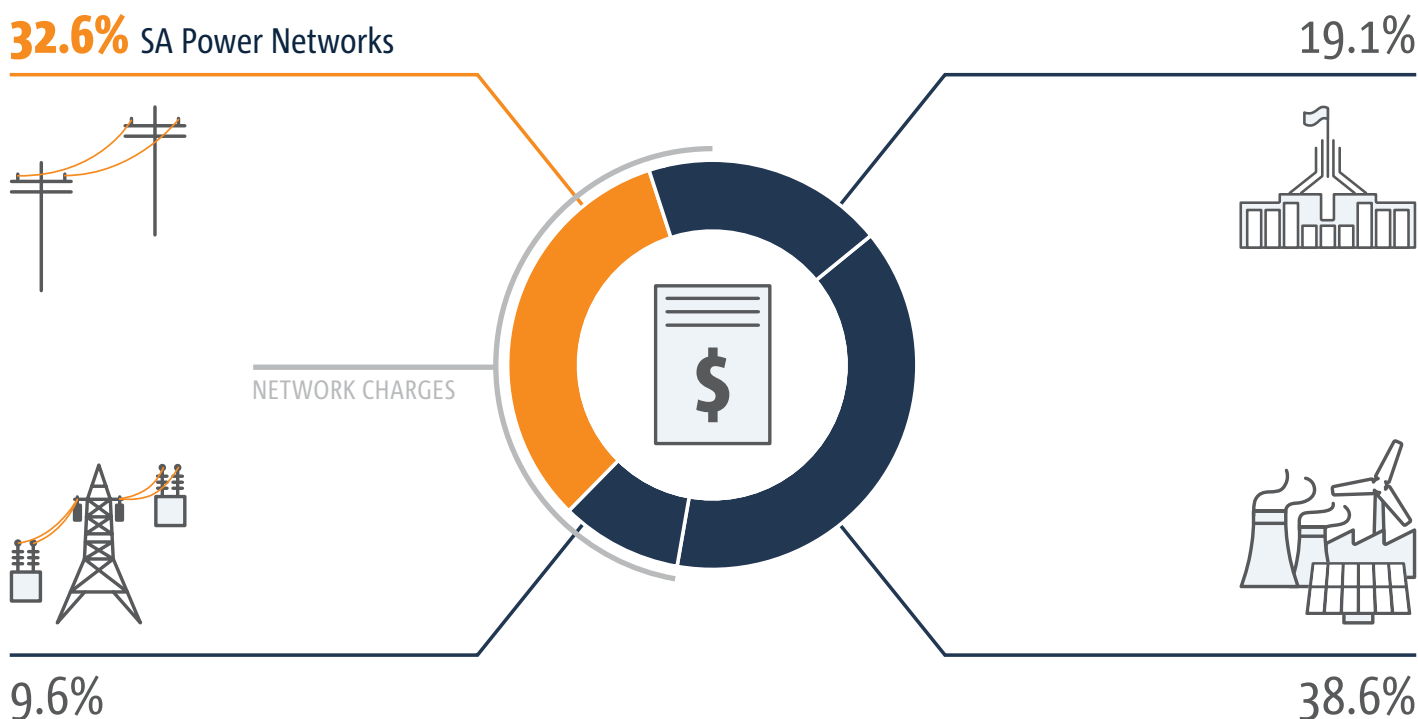
Understanding your electricity bill

The average residential bill is made up of:

- SA Power Networks' distribution costs
- ElectraNet's transmission costs
- Generation and retail costs
- State and federal green energy schemes
- Goods and Service Tax (GST)

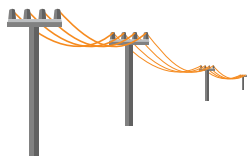
Charges for distributing energy across South Australia (from west of Ceduna, north to Leigh Creek, and south to Mt Gambier) currently amount to 32.6% of the average household bill.

Distribution charges are about \$12 per week for the average customer consuming 5MWh.



Source: AEMC Residential Electricity Price Trends 2021 Report. South Australian average residential annual bill 2021/22.

About SA Power Networks



Operate the oldest grid
in the National Electricity Market



Provide network coverage over
178,000km²



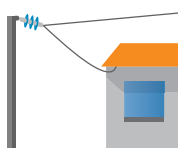
Deliver power to 99%
of SA's population



Service 900,000
homes and businesses



Connect most rooftop solar
in the National Electricity Market



Enable 25,000
New or altered
connections each year



Read approximately 780,000 meters
and provide data to retailers



Maintain 240,000 street lights
for councils and SA Government

Our fleet of network assets – made up of 408 substations, 1,955 feeders, 647,000 poles, and 77,000 distribution transformers is the oldest in the country.

We believe that our distribution network has a central and ongoing role to play in the energy transformation underway in South Australia. It will be a platform for consumers to share the energy they generate and store and to fuel the electrification of transport and the decarbonisation of our economy. Our network and the 2,400 skilled people who manage and maintain it, will continue to meet the energy needs of South Australians, reliably, safely and affordably for many years to come.

What is the Regulatory Reset?

Why are we seeking your input, comments and feedback?

SA Power Networks is the primary electricity distribution network operator in South Australia, and we are responsible for managing the South Australian electricity distribution network.

As a distributor, we are regulated by the Australian Energy Regulator (AER) and are required to submit our expenditure and revenue proposals every five years for their review and approval.

This process is often referred to as a 'price reset' - hence the term 'Reset' which you might here us say.

Our plans for 2025-2030 are being shaped by extensive engagement with customers, stakeholders, and other parties across various diverse communities. As part of this process, we have hosted a series of targeted and regional workshops to help capture the views and aspirations of our South Australian community and are now moving into the second phase of our engagement – our focussed conversations.

Our Reset Engagement reinforces our commitment to working with our customers and stakeholders to understand their needs and deliver services they value.

What happens to your comments and contributions?

Reports from the first workshops have been summarised into reports capturing all feedback and have been used to help

us develop a range of potential future investments and a key source of information for the focussed conversations.

Reports from the first workshops are available on our website **talkingpower.com.au** and we will also publish reports from our focussed conversations once finalised.

The engagement process

The Reset engagement process has been designed to actively consult customers and stakeholders on their expectations and priorities through a variety of research and engagement activities, both quantitative and qualitative.

We have worked closely with our Community Advisory Board (CAB) in co-designing and endorsing our overall engagement process. Your feedback will help us to progressively narrow down the options and pathways to achieve a balance of services and price outcomes to best meet both customer and business needs.

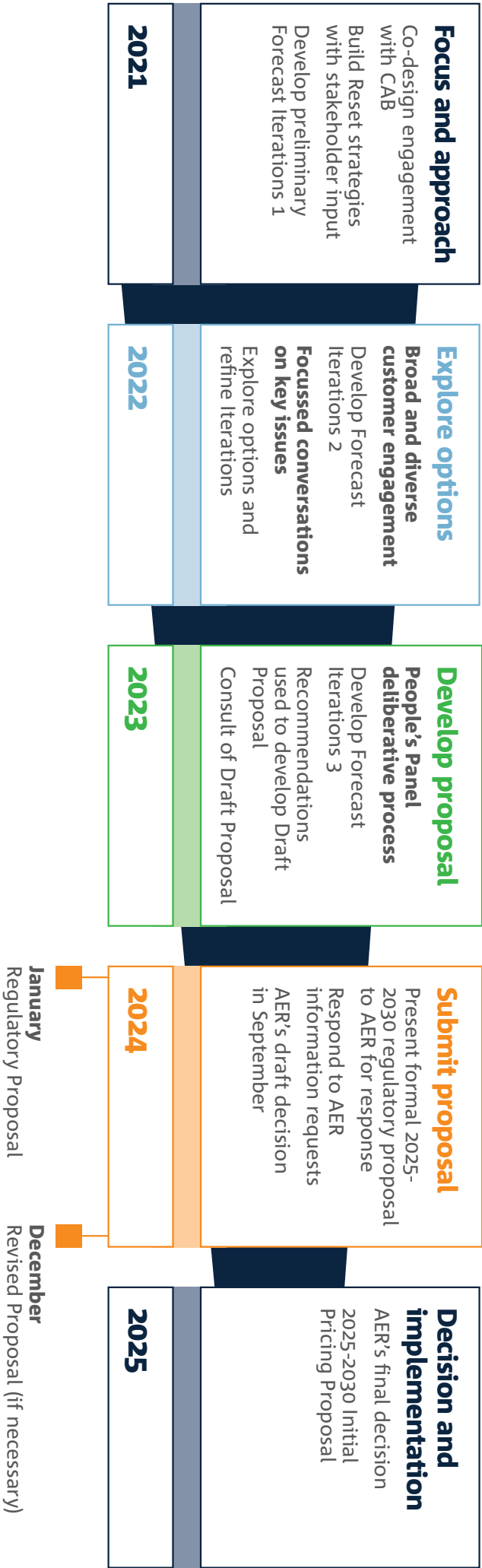
Stay in touch

We are using our website **talkingpower.com.au** to provide regular updates on our process and share the feedback we receive from our engagement activities. You are encouraged to 'register' on the site to receive our regular email updates or can view the site at any time to follow our process or share any other comments or ideas you may have.

Five Year Price Regulatory Proposal engagement 2025-30

As a monopoly service provider, our prices are approved by an independent regulator.

In building up our **Regulatory Proposal** we engage deeply with customers and the community.



Focussed Conversations

The key objectives of the topic-based engagement focussed conversations is to:

- Engage on identified priority topics and facilitate focused engagement activities.
- Narrow options on service outcomes and potential expenditure
- Create a report, using a standard template for key input into Stage 4 engagement (deliberative people’s panel).

The focussed conversations will involve workshops on a broad range of topics. The following figure the key topics and their proposed level of engagement based on the IAP2 spectrum of engagement from empower/ collaborate to inform.

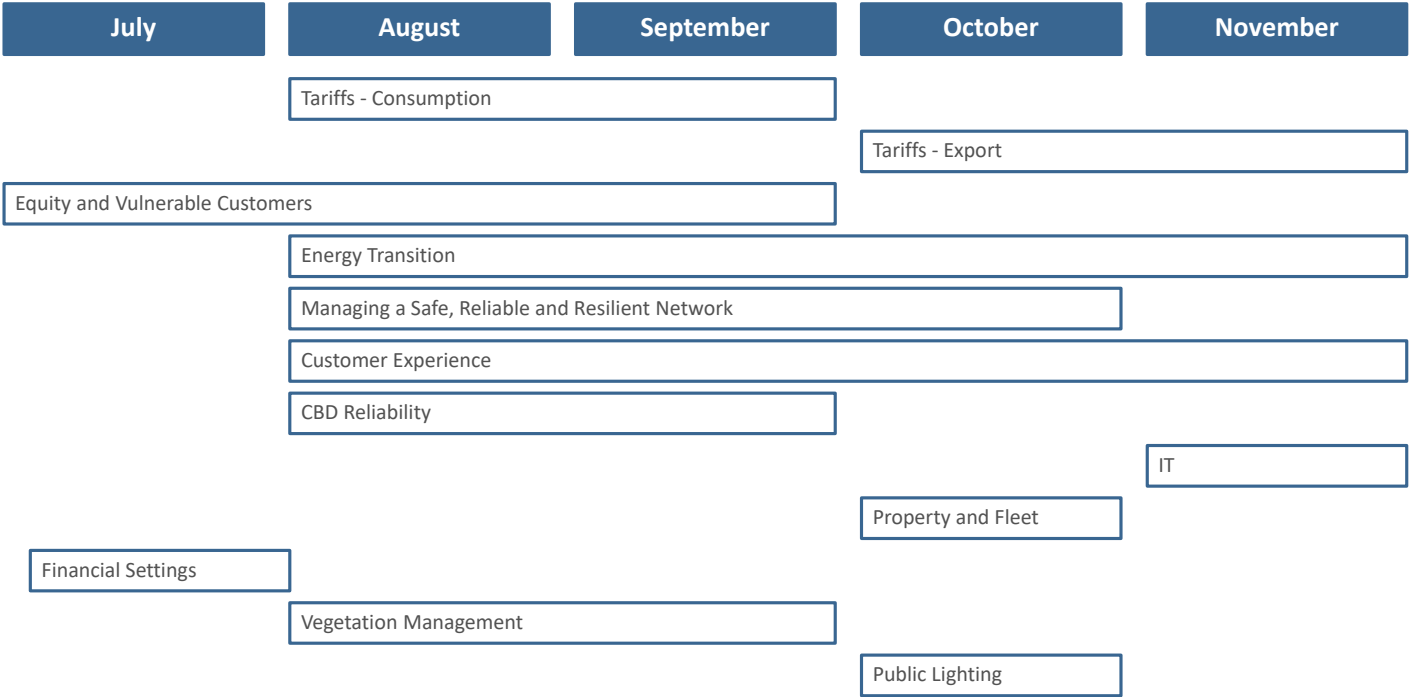
For most of the focussed conversations three scenarios will be developed to discuss with stakeholders:

- Scenario 1 (BASIC) – service levels decrease
- Scenario 2 (MAINTAIN) – maintained / compliant service levels
- Scenario 3 (NEW VALUE) – increase in service levels and new services

Information on the price impacts to customers of each scenario for each topic will be provided. Following the engagement, each focussed conversation will recommend a preferred scenario/ expenditure level to take to the People’s Panel.

Empower	Collaborate	Involve	Consult	Inform
Tariffs				
		Resilience and bushfire safety	Property and fleet	Financial settings
Equity and support for vulnerable customers		CBD reliability	Public lighting	
	Energy Transition	Regional reliability	Vegetation management	
	Managing a safe, reliable and resilient network		IT	
	Customer experience and interactions		Community/ worker safety	

Focussed Conversations timeframe



This Focussed Conversation

Purpose

This workshop (‘focussed conversation’) on property will look at the expenditure estimates for the maintenance, asset replacement, asset refurbishment and strategic development of our commercial and industrial properties, metropolitan and regional depots, and office accommodation to support the safe operation of the network. We need to ensure a program of maintenance, refurbishment, replacement and expansion activities is in place to ensure that the property portfolio is fit-for-purpose, compliant, and optimised for efficient utilisation to enable us to meet the levels of service we are committed to delivering to our customers.

This engagement follows our extensive engagement (‘broad and diverse’ workshops) across the State, where customers and stakeholders were asked to help identify ideas and opportunities for consideration in SA Power Networks’ 2025-30 Regulatory Proposal.

The outcomes and preferred investment scenarios will inform recommendations and a report to the Deliberative People’s Panel later this year.

Agenda - Friday 11 November 2022

9am	ARRIVAL AND COFFEE/TEA
9am	Welcome and Introductions
9.15am	Building capability and background info
10.15am	MORNING TEA
10.30am	Proposed projects and plan for 2025-30 (and beyond)
Noon	Investment Scenarios and Options
12.30pm	Recommendation to People’s Panel and Next Steps
12.45pm	LUNCH

Background and context

Whilst improvements have been made in the overall condition of the property portfolio during the 2020-25 period, significant investment will be required in the 2025-30 period to deliver a fit-for-purpose, safe and compliant portfolio of property assets that effectively and efficiently meets the needs of our people and customers.

We aim to:

- Deliver a more consistent and equitable standard of repair, replacement and refurbishment across all sites.
- Align our properties to industry lifecycle approaches to replacement and refurbishment.
- Utilise detailed asset condition reports to better understand our property assets and undertake ongoing reviews of all sites to identify, classify, schedule and forecast capital requirements.

- Consult with site stakeholders on an ongoing basis to identify specific business needs.
- Ensure buildings are compliant with all relevant legislative requirements.
- Prioritise work based on age, condition, criticality and specific business and community drivers to develop a prudent property investment profile.
- Ensure our investments are based on industry informed, data driven and a continuously reviewed, 15yr Property Strategy.

SA Power Network maintains 43 sites, including 31 operational depots and 5 large industrial facilities across the state supporting our approximately 2,000 total employees.

The following table provides a summary of the property to support the management of the network.

Property type	Owned	Leased	Total
Office	2	2	4
Industrial	5	0	5
Depots	29	2	31
Training Centres	0	2	2
Car Park	1	0	1
Total	37	6	43

The SA Power Networks property portfolio as outlined above includes both leased and SA Power Networks owned properties.

The term non-network property includes:

- Buildings
- Land purchases and sales
- Hard stand areas (Concrete and Bitumen) for car parking and materials storage
- Fencing, boom gates, alarms and other security assets related to property
- Fixed, large plant assets, such as gantry cranes, compressors and tanks.

The term non-network property does not include:

- Network property assets that are directly associated with network infrastructure such as zone substation buildings and land
- Fleet – including Mobile Plant Assets such as vehicles, trucks and mobile cranes
- Information and Communications Technology (ICT) systems
- Hand tools stored in workshops on property sites.



Property Locations across metropolitan Adelaide and Regional South Australia

Key Questions to consider

Focussed conversation participants will be asked to consider the following questions as part of this workshop:

- Do you support our methodology and approach?
- Are the scenarios considered appropriate?
- What scenario is supported by stakeholders and why?
- Do you support our long-term program?
- Has the right information been presented to make a decision?

Workshop participants

The following stakeholders have been invited to attend today’s focussed conversation.

SAPN Asset condition and risk Community Advisory Board sub-committee
KPMG (external consultant – independent report)
Department of Energy and Mining

We understand that attendance may fluctuate given people’s personal circumstances. The complete slide pack and outcome summary from focussed conversations will be shared with all invitees, and anyone unable to attend workshops will be invited to provide feedback separately.

Next steps

Following this workshop, the next steps are:

- Summary Report of recommendations to be distributed.
- Development and finalisation of the template, including recommendations, key outcomes from workshops and any areas of contention, to feed into People's Panel.
- Evaluation survey
- Payment of honorarium to eligible participants

Thank you

Thank you for participating, we appreciate the input you have provided into this topic.

Acronym cheat sheet

Acronym	Full Name	Acronym	Full Name
ACCC	Australian Competition and Consumer Commission	CSIRO	Commonwealth Scientific and Industrial Research Organisation
ACS	Alternative Control Services	DEM	Department of Energy and Mines (SA Government)
AEMC	Australian Energy Market Commission	DER	Distributed Energy Resources
AEMO	Australian Energy Market Operator	DET	Distributed Energy Transition
AER	Australian Energy Regulator	DMIA	Demand Management Incentive Allowance
ARENA	Australian Renewable Energy Agency	DNSP	Distribution Network Service Provider
BFRA	Bushfire Risk Area	DPTI	The Department of Planning, Transport, and Infrastructure
CAB	Community Advisory Board	EBSS	Efficiency Benefit Sharing Scheme
CALD	Culturally and Linguistically Diverse	ECA	Energy Consumers Australia
CAM	Cost Allocation Method	ENA	Energy Networks Australia
CAPEX	Capital Expenditure	ESCoSA	Essential Services Commission of South Australia
CBD	Central Business District	EV	Electric Vehicle
CCP	Customer Consultative Panel	FiT	Feed-in Tariff
CESS	Capital Expenditure Sharing Scheme	GSL	Guaranteed Service Level
CPI	Consumer Price Index	IAAS	Infrastructure as a Service

Acronym	Full Name	Acronym	Full Name
IT	Information Technology	pa	Per Annum
LTIFR	Lost Time Injury Frequency Rate	PTRM	Post Tax Revenue Model
LED	Light Emitting Diode	RAB	Regulated Asset Base
LEG	Large Embedded Generation	RoR	Rate of Return
LGA	Local Government Association	RFM	Roll Forward Model
LV	Low Voltage	SAIDI	System Average Interruption Duration Index
MEDs	Major Event Days	SAIFI	System Average Interruption Frequency Index
MEG	Medium Embedded Generation	SA Power Networks	SA Power Networks
MW	Mega-Watts	SCS	Standard Control Services
NBRFA	Non-Bushfire Risk Area	STPIS	Service Target Performance Incentive Scheme
NECA	National Electrical and Communications Association	ToU	Time of Use
NEM	National Electricity Market	TSS	Tariff Structure Statement
NER	National Electricity Rules	USAIDI	Unplanned System Average Interruption Duration Index
NMI	National Meter Identifier	VCR	Value of Customer Reliability
NPU	Network Protection Unit	VPPs	Virtual Power Plants
OPEX	Operating Expenditure	WACC	Weighted Average of Capital Costs
OTR	Office of the Technical Regulator (State Government)		

Notes

