Reset Advisory Group

Thursday 20 August 2026

Meeting #1

SA Power Networks



Acknowledgement of Country

SA Power Networks acknowledges the multiple Traditional Owners of the lands that host the South Australian electricity network and their connections to land, sea, and community. We would also like to pay our respects to all First Nations peoples past and present, acknowledging their deep connection to Country, Culture and Community.



Connection With Country, 2025 by Kelly Taylor & T'Keyah Ware

1. Welcome and Introductions



Outline of today's session

- Welcome and Recurring Ordinary Items
- Introductions – getting to know each other
- Regulatory Proposal 2030-35 and overview of 'reset' process
- Ways of working
  - *Morning Tea*
- Learning/ insights from other jurisdictions
- Design of our engagement plan for 2030-35
- Other Business and Around the Table
- Insights from previous RAG members
  - *Lunch*



2. Introductions



SA Power Networks staff in the room

- Jess Morris, Chief Customer and Strategy Officer (apology)
- Megan Grey, Head of Communications and Engagement
- Richard Sibly, Head of Regulation
- Alex Lewis, Stakeholder Engagement Manager

Reset members in the room

Dean Lombard	Chair - apology
David Prins	Etrog consulting
Georgina Morris	SACOSS - apology
Chris Marsden	Regional Customer
Antony Clarke	EWOSA
Dianne Lomas	Small Business Commission
Jennifer Harris	National Council of Women

Around the room

- Brief introductions (90 seconds per person, timed)
  - Name
  - Who represent?
  - What motivated you to be involved/ what can you bring?
  - One thing about you



3. Regulatory Proposal 2030-35 and overview of ‘reset’ process

Richard Sibly, Head of Regulation



Recap: SA Power Networks is a regulated monopoly business

- Distribution network – a natural monopoly
- 'Regulatory compact' – regulated revenue & expenditure allowances to provide services to an agreed standard
- Regulation is built around the **National Electricity Objective** (NEO), and the idea of **the long-term interests of customers**

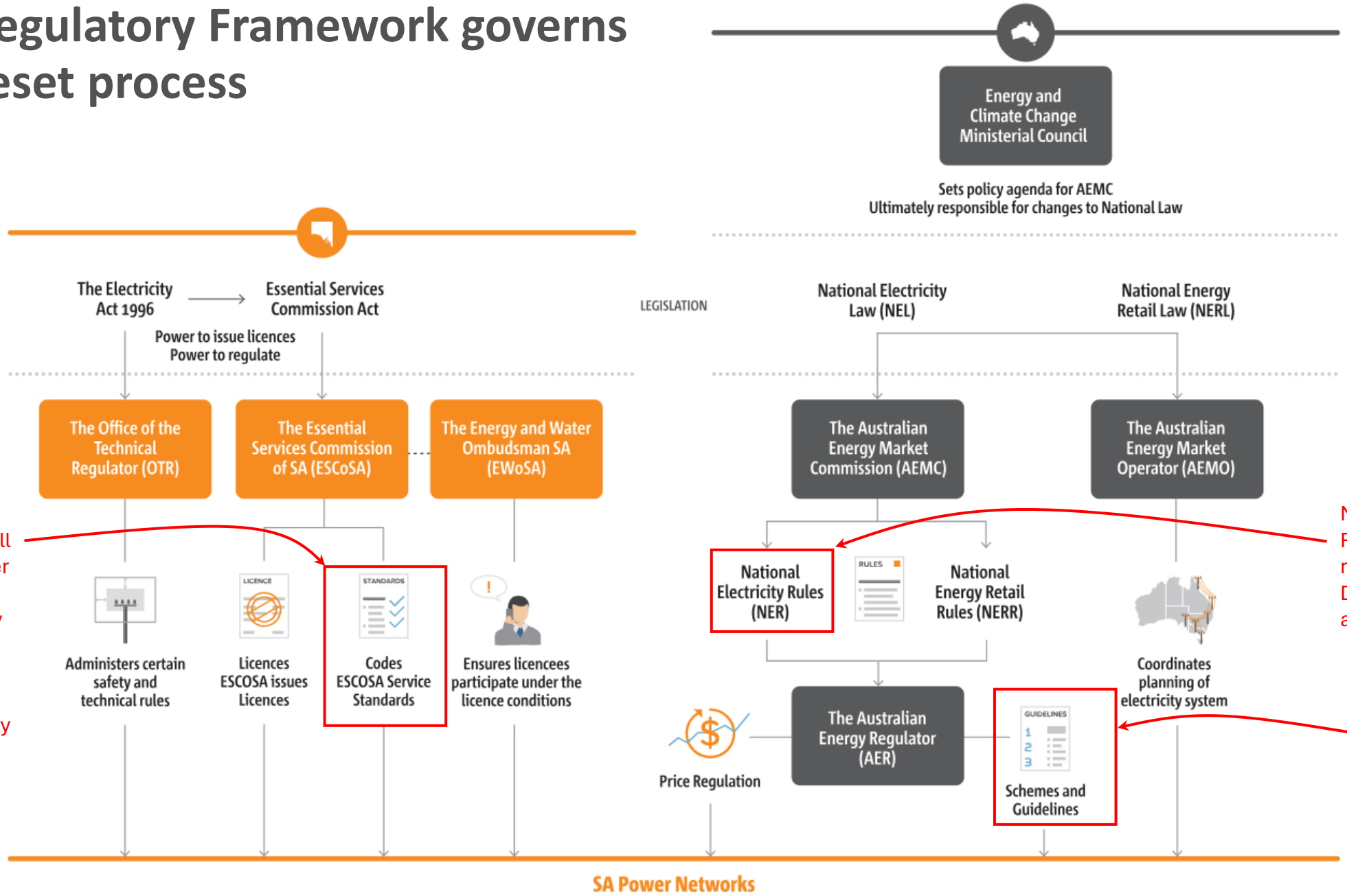
- Three key regulators oversee this compact
  - **Office of the Technical Regulator (OTR)** – safety and technical standards
  - **Essential Services Commission of SA (ESCoSA)** – reliability and service standards
  - **Australian Energy Regulator (AER)** – revenue and price regulation

SA Power Networks receives a fixed 5-year revenue, in exchange for meeting agreed levels of service

The NEO: to…

"promote efficient investment in, and efficient operation and use of, electricity services for the long-term interests of consumers of electricity with respect to: price, quality, safety, reliability, and security of supply of electricity; and the reliability, safety and security of the national electricity system; and the achievement of targets set regarding greenhouse gas emissions"

The Regulatory Framework governs the Reset process



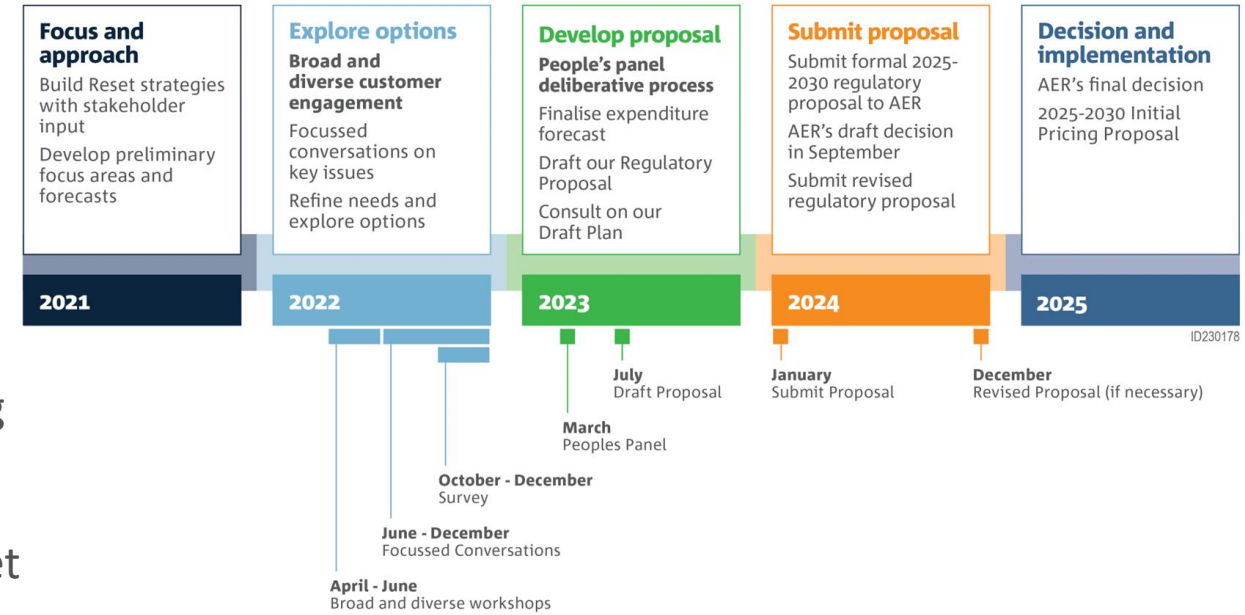
In 2027, ESCoSA will review the customer service and electricity reliability standards applicable to SAPN in 2030-35, and update its Electricity Distribution Code

NER Ch 6 outlines Reset timelines, requirements for DNSP proposals and AER decisions

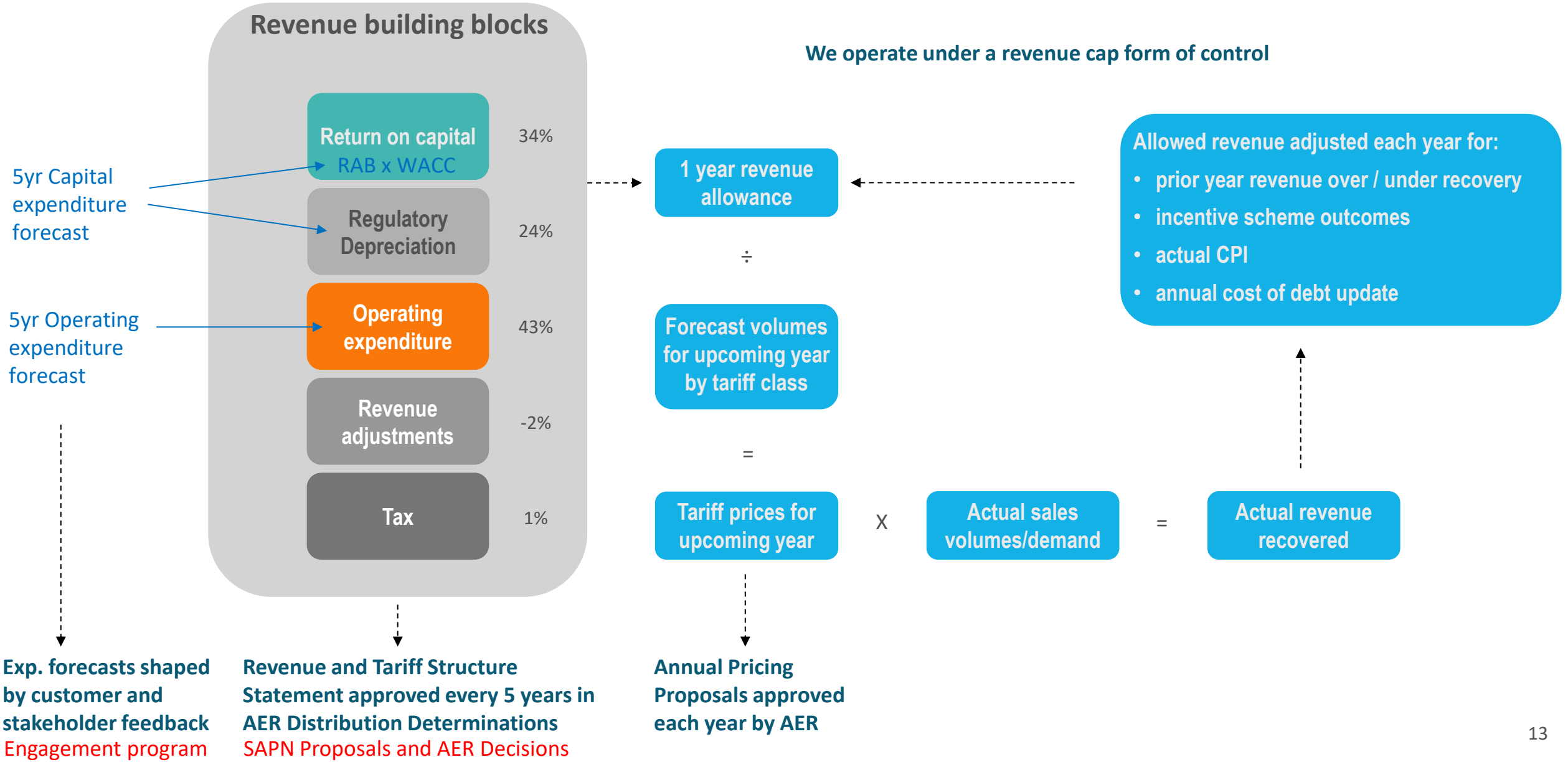
The AER has issued many schemes and guidelines which pertain to Reset matters

The AER ‘resets’ our allowed revenue and tariff structures every 5-years

- We prepare a Regulatory Proposal every 5 years
  - with proposed work plans and expenditures
  - shaped by extensive consultation with customers and stakeholders
  - AER determines **capital** expenditure, **operating** expenditure and **revenue** allowances for the upcoming 5-year regulatory period
- We must be funded to maintain service standards and meet obligations
  - customer service and network reliability standards are set by ESCOSA (in the Electricity Distribution Code)
  - safety and technical obligations are governed by OTR
  - robust business cases needed for new/improved services
- We also prepare a Tariff Structure Statement outlining how we will recover allowed revenue from different customer cohorts



Annual revenue allowances are recovered from our business and residential customers via distribution tariffs adjusted & approved annually by the AER



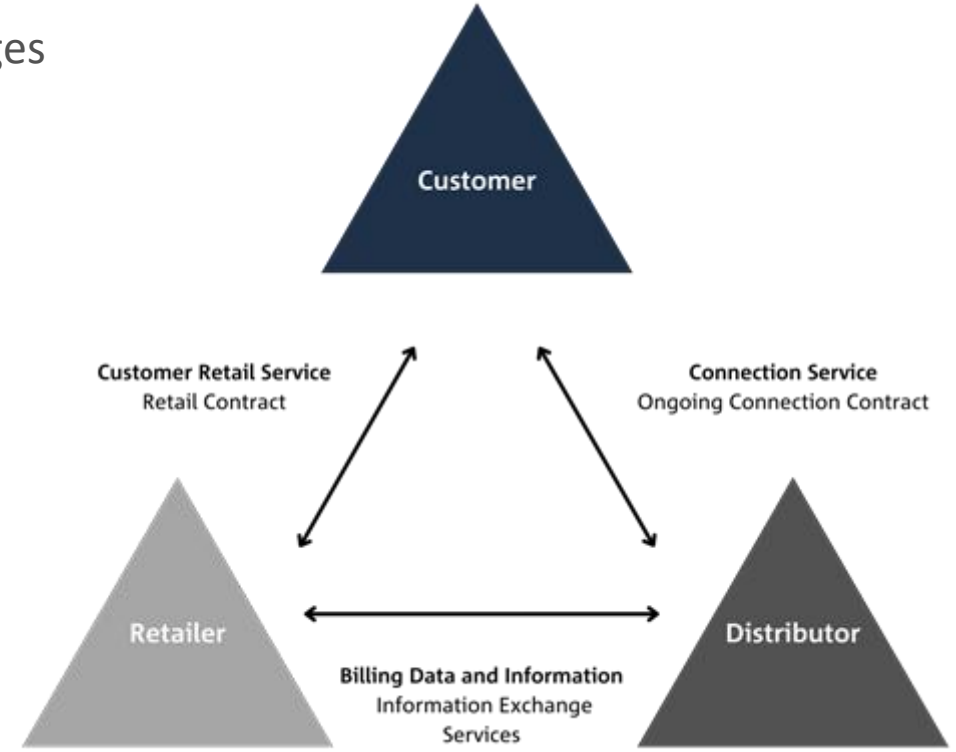
How do we ‘get’ the money? …. It’s all paid for by our customers

How we ‘get’ the cash:

- SAPN bills retailers each month (on Day 9) for distribution tariff charges incurred by their/our customers
- Distribution revenue (cash) is received from retailers (Day 23)

We use this cash to:

- fund our day-to-day operating & maintenance expenses
- pay interest on our debt from lenders*
- make dividend payments to owners on their equity contribution



*Lenders include banks, insurance funds, investment fund managers

We invest capital into our network and non-network assets

Our 2025 Reset

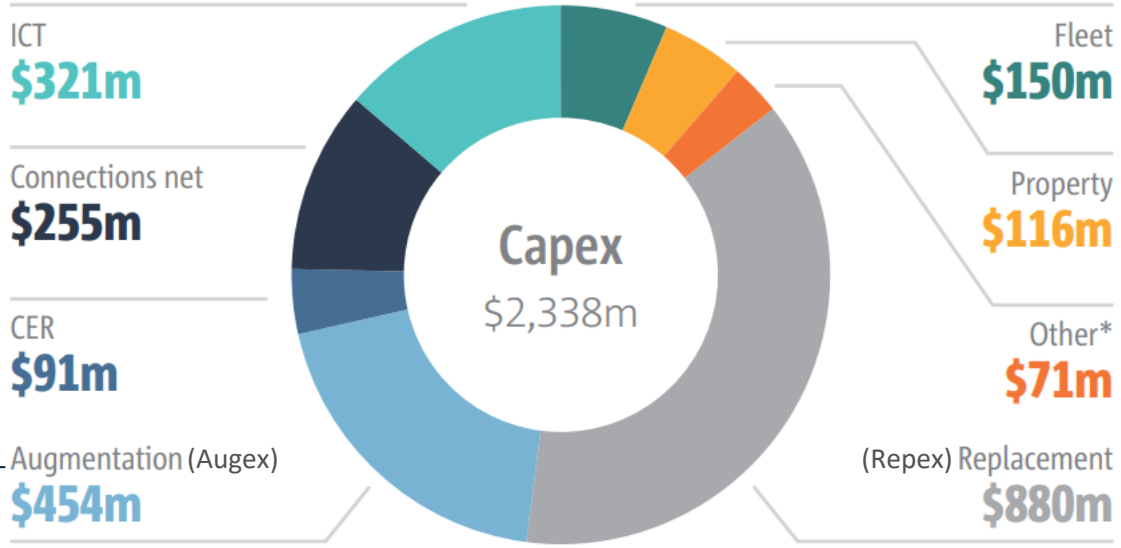
Original Proposal
$2,379m

AER Draft Decision
$2,135m

Revised Proposal
$2,338m

2025-30 Capital expenditure allowance
Revised Proposal

Capital Expenditure (after disposals)($2025)



*Other includes: other non-network, capitalised overheads, disposals, modelling adjustments

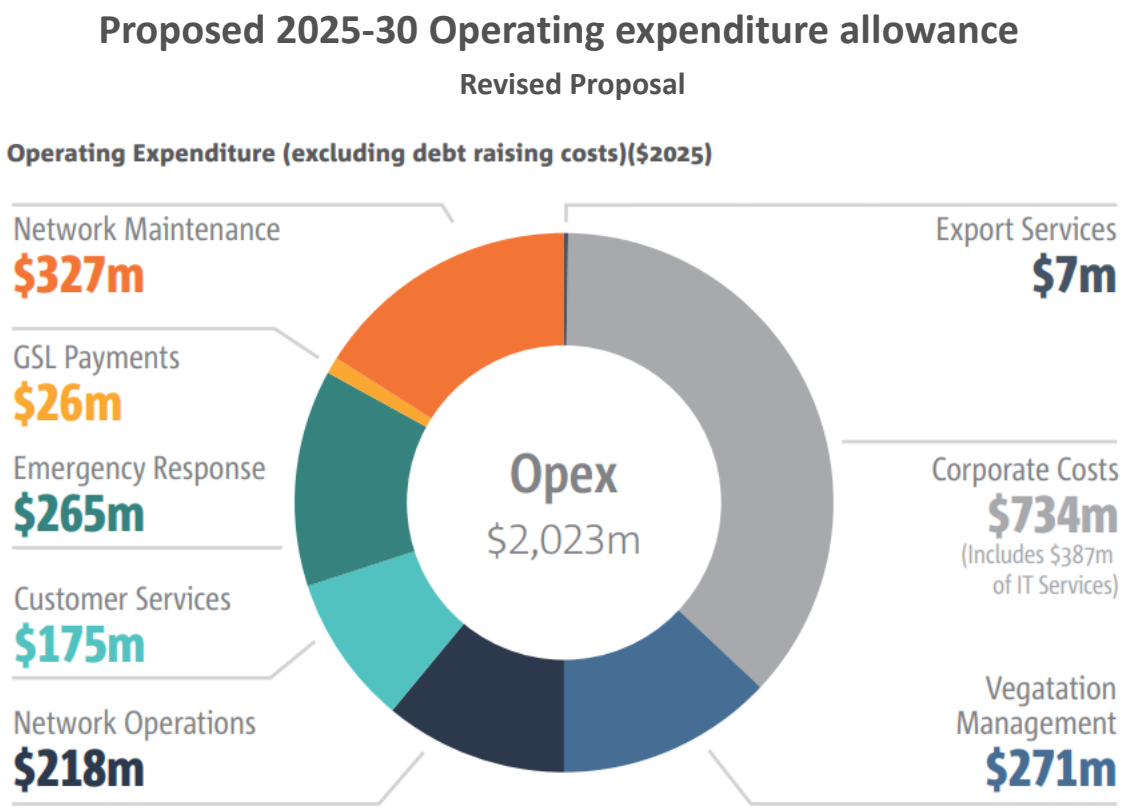
- Capacity
- Reliability
- Environment
- Safety
- Power Line Environment Committee
- Strategic

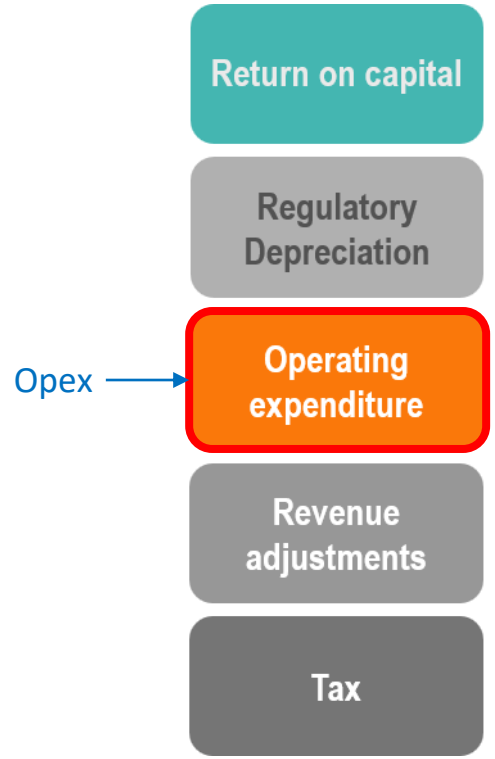
Capex

- **Return on capital** RAB x WACC
- **Regulatory Depreciation**
- **Operating expenditure**
- **Revenue adjustments**
- **Tax**

And we have a range of operating and maintenance costs



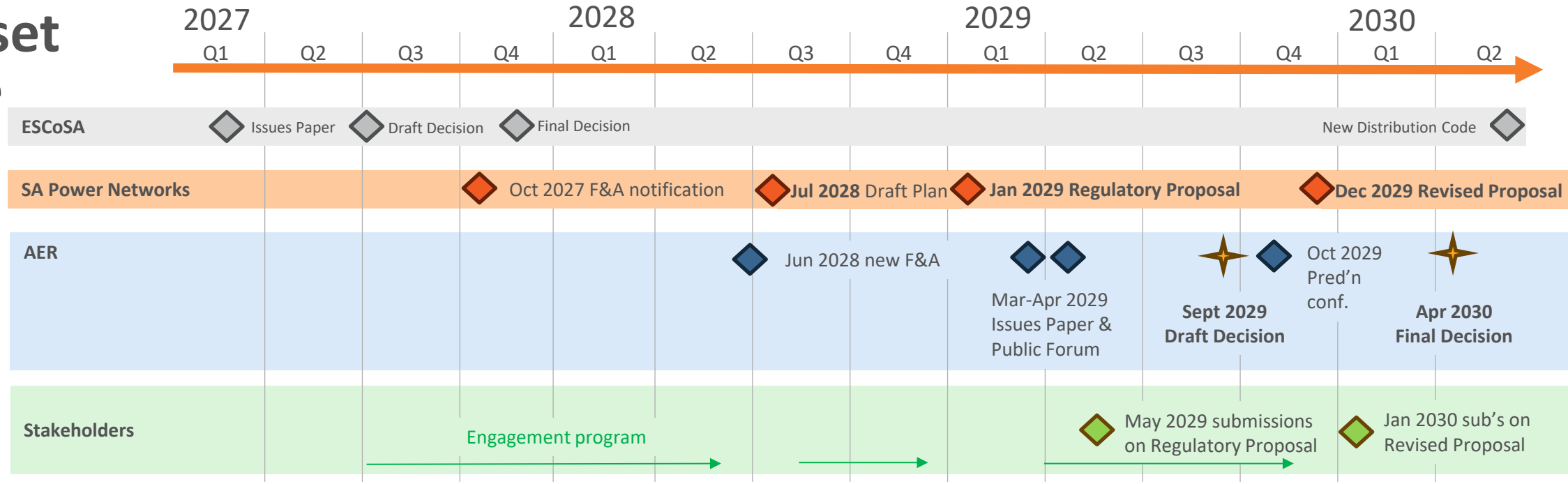




The AER recognises we are an efficient distributor:

> *"over time, SA Power Networks has been one of the most productive and efficient distributors in the NEM"*

2030 Reset Timeline



ESCoSA Service Standard Framework
Each Reset, ESCoSA reviews the service standards it will apply to SA Power Networks in the upcoming 5-year regulatory period.
These service standards are then published in ESCOSA's Electricity Distribution Code which takes effect from the start of the next regulatory period.

Framework and Approach (F&A) Paper
Sets some high level parameters for a Reset including:

- Service Classification – which distribution services are regulated;
- Control mechanisms – what price control formulae will apply;
- Incentive Schemes – the application of certain schemes for: customer service and reliability, sharing capital and operating savings and demand management;
- Expenditure Forecast assessment – how the AER will assess forecasts for prudency and efficiency; and
- Depreciation – whether actual or forecast capital expenditure will establish the opening RAB next period.

Regulatory Proposal
A regulatory proposal is a five-year business plan submitted to the Australian Energy Regulator (AER). It outlines forecast capital and operating expenditures to meet service standards and obligations, and the revenue required to fund these expenditures which the AER assesses for prudency and efficiency.

AER Issues Paper
Provides an early high-level assessment from the AER on our Regulatory Proposal.

Public Forum
A forum held by the AER to discuss our Proposal and seek stakeholder feedback.

Draft Decision
A detailed assessment of our Proposal made by the AER which may accept our forecasts, seek further information and/or substitute alternative forecasts.

Predetermination Conference
Held by the AER to discuss its Draft Decision with stakeholders and invite submissions, including a Revised Proposal from SA Power Networks.

Revised Regulatory Proposal
SA Power Networks' response to the AER's Draft Decision and typically cannot introduce unexpected or completely new material.

Final Decision
A final ruling made by the AER on our Regulatory Proposal and Revised Regulatory Proposal, thereby locking in the allowable revenue to be recovered from all customers over the coming 5-year regulatory period.

4. Ways of Working



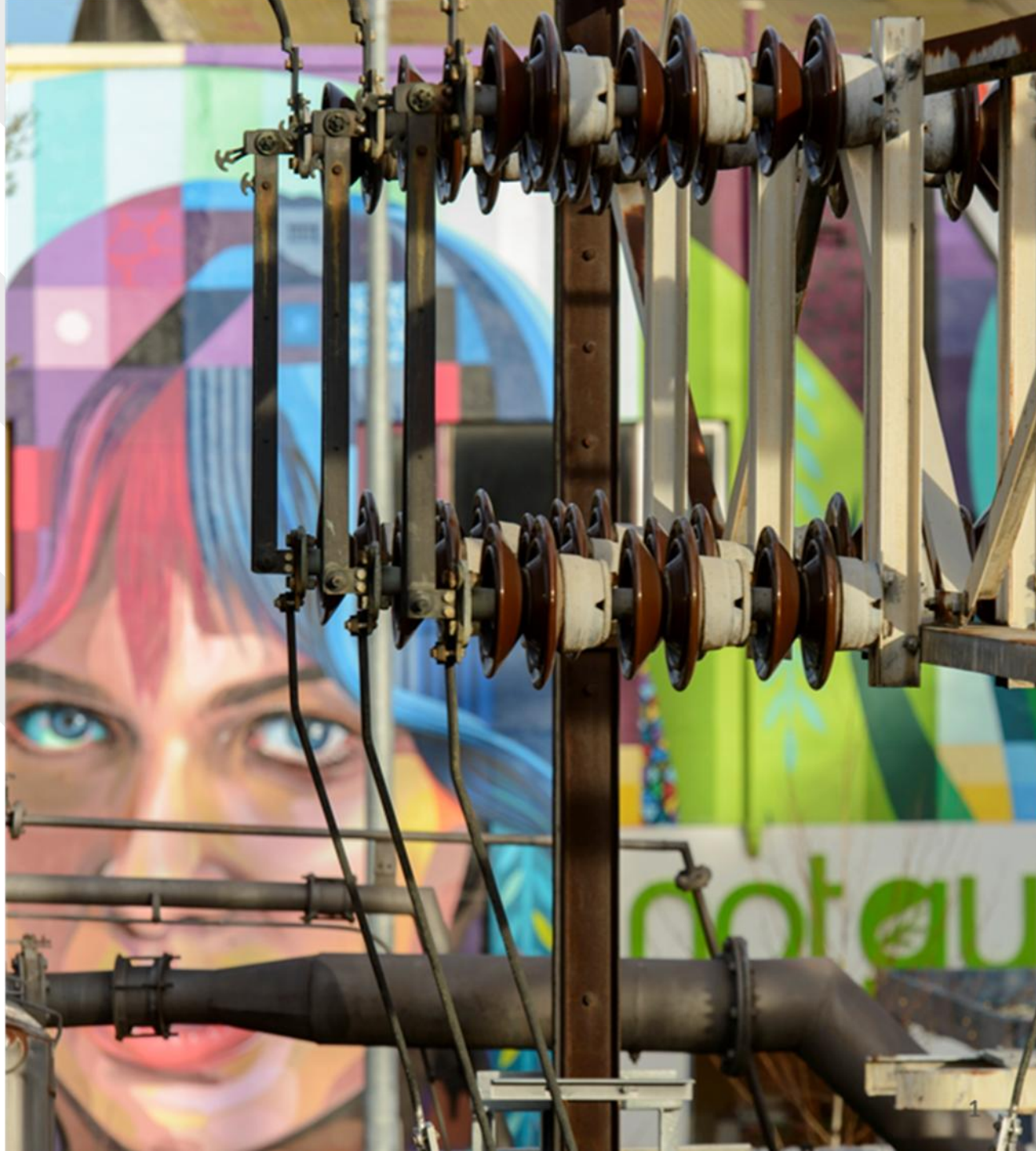

Morning Tea Break

5. Learning/insights from other jurisdictions



6. Design of our engagement program for 2030-35

Alex Lewis, Stakeholder Engagement Manager



Emerging issues and trends that stakeholders believe SAPN will need to factor in for its next reset…

Toward the end of the interviews, we asked participants what they felt are the key emerging issues and trends that SAPN will need to factor in for its next reset. They spoke of…

1. **Electrification and the shift from households moving away from gas** with related implications for infrastructure planning, customer engagement, and transition management.
2. **Growing consumer energy resources and distributed energy (solar, batteries, EVs),** including the need to orchestrate and integrate these things in order to manage affordability, fairness, and system reliability. There was also comment about equitable access to batteries and the need to building trust in their uptake. One spoke of the "need for clear frameworks to separate SAPN's remit from areas beyond their responsibility, while still leading in CER integration".
3. **Distribution System Operator (DSO) evolution** with related comment about SAPN taking some lessons learned from the UK on creating a DSO model as well as opportunities to streamline, unify, and reduce costs while ensuring benefits are measurable. One also noted the importance of building the narrative around DSO and showing the tangible impact.
4. **Challenges of 100% renewables & related market uncertainty.** Participants spoke of technological and market challenges, that flexibility will be needed as technologies evolve quickly, that South Australia's high renewable penetration has created significant wholesale price volatility, hedging, and inequities in tariff structures. One noted that continued rapid change and uncertainty in energy markets will remain a constant backdrop.
5. **The ongoing challenge of affordability & equity.** This includes the issue of cost recovery inequities between households with solar/batteries and those without as well as the need to make the energy transition simple for consumers and help them access the best electricity deals.
6. **Innovation, EVs & other future opportunities** with related comments about opportunities for SAPN in sandboxing and piloting innovative approaches, "big opportunities in EV charging and integration", particularly aligning with Federal solar and electrification initiatives, as well as a comment around the importance of ensuring innovation is outcome-driven and not just experimentation.
7. **The aging network & asset management** and the need to manage it through incremental improvements to delay replacement. Also, that this will require transparent communication about costs, risks, and the value of incremental approaches.
8. **Regulatory & accountability shifts** involving a focus on promised consumer outcomes with measurable accountability and transparent reporting (apparently as done in the water sector). There was also comment on the ECA rule changes on integrated systems plans being welcomed, with calls for more public reporting and monitoring of data (e.g., solar vs. non-solar households).
9. **Two-way energy flows & smarter system** and this includes the transition from one-way to two-way electricity distribution, the need for smart meters, feed-in tariffs, and pricing mechanisms that reflect new system dynamics.
10. **Balancing ROI, safety & reliability,** noting that a fundamental tension remains between ensuring safe, reliable electricity supply and providing acceptable ROI. There was comment that this will remain the anchor even as complexity and innovation grow.

Participant's final advice to SAPN for the next revenue rest process

At the end of the interview's participants provided the following final advice on what they felt that SAPN should focus on most.

1. **Continue to focus on the voice of the customer** as the central element of the process.
2. **Focus on customer outcomes and demonstrate accountability** to them.
3. **Better utilise customer engagement as a BAU process** – including continuous engagement on current and future expenditure.
4. **Develop better scenarios** via ongoing customer engagement for the next reset.
5. **Keep affordability as the primary concern** and demonstrate how this has been considered and how it has influenced the proposal.
6. **Build trust with stakeholders** – by "taking them on the journey".
7. **Engage on the broader energy market** – not just on distribution issues (e.g. working with retailers on how vulnerable customers can be supported and ensure that they are on the best deal).
8. **Focus on vulnerable customers** and truly understand the impacts that high energy costs have on their lives.
9. **Show a genuine long-term strategy about the real replacement costs in relation to the aging network** (i.e. don't game the system and take an underspend dividend unless it's earned).
9. **Ensure the transition is equitable for solar and non-solar customers** – make sure you engage with younger people, renters and vulnerable groups on the real impact of the transition.
10. **Pursue greater collaboration with other networks (e.g. ElectroNet) and government** to create efficiencies and reduce costs.
11. **Ensure SAPN ELT members remain involved in the next reset** to maintain continuity and leverage the background knowledge they now have.
12. **Provide a Board member delegate** to demonstrate that SAPN care about the process, and so they can answer some of the questions that perhaps the leadership might be able to.
13. **Remove the jargon from engagement activities** and ensure that SME's are communicating without jargon and at an appropriate level of detail.
14. **Be more receptive and open to constructive criticism.**
15. **Engage early with the AER on the refined engagement approach** as this will enabling the AER to provide better guidance on it.

Implications for future regulatory processes

As noted throughout this document, SAPN has delivered a very successful engagement program and achieved an excellent outcome. The team should be proud of the outcome and the dedication that this required over a long period of time.

The next two pages look ahead to the next regulatory process and seek to synthesise what we believe the core challenges will be and how these might be addressed.

Internal challenges for future processes

1. Maintaining a high-performance culture that values excellence and precision ***and*** delivers the "art and science" that is needed when weighing competing stakeholder views with SAPN's own priorities.

2. Developing clear and impartial trade off options and questions for use with stakeholders.

3. Allowing time for broad and deep engagement on issues that matter and can be influenced, while also reducing the overall engagement burden.

4. Finding ways to better explore the cumulative impacts of bill changes and the implications of these changes on different groups.

5. Considering the positive regulatory results, managing heightened expectations and demonstrating that this reset delivered value.



Strategic recommendations

Based on feedback from stakeholders and participants, and our experience delivering regulatory engagement in the energy, water and telecommunications sectors, we provide the following recommendations.



SEEK CONSTRUCTIVE EXTERNAL CHALLENGE:

SAPN's team is highly capable, but selective external advice—such as a "fresh eyes" review of trade-off questions—could sharpen design and reduce blind spots during a long, high-stakes process.



CO-DESIGN THE ENGAGEMENT APPROACH

We have found there to be significant value in formally commencing a regulatory process with a co-design session that brings together SAPN Executives, Board members, SMEs and members of your CAB.

At this kind of workshop, you can share internal and external challenges, outline the proposed engagement plan, and invite constructive challenge.

This helps reduce risk, secure buy-in, clarify what is and isn't open to influence, and ensure the engagement approach is targeted and efficient.



INCREASE MEANINGFUL BOARD INVOLVEMENT:

Stakeholders want more visible Board participation. Identify key moments early, and ensure involvement is meaningful—for example, having a Board member close sessions by reflecting on feedback received.



SHARE TRADE-OFF CONSIDERATIONS MORE TRANSPARENTLY:

As noted in this report, there was some feedback that suggested SAPN was not fully considering or weighing stakeholder feedback where it diverged from the businesses' interest.

To avoid this perception, we recommend adopting a clearer, topic-based approach to presenting feedback.

We have recommended a "pillars of evidence" model in the past and this visibly shows feedback from different groups and explains why a decision was made.



CAREFULLY CALIBRATE STATE GOVERNMENT ENGAGEMENT:

Consider whether stronger or earlier engagement with the SA Government could help secure buy-in and reduce the risk of late, disruptive interventions.

Designing our engagement program for 2030-35



Internal Design Workshop

The objective of this meeting is to explain the co-creation process and ensure everyone is clear on how the sessions will run and what will be expected of them

26 August



External RAG/CAF Design Workshop: Part 1

The objective of this meeting to help bring RAG/ CAF members up to speed on the regulatory process, to develop a common understanding of SAPN's narrative and to agree the engagement goal for the upcoming reset

29 September



Internal Check In Session

The objective of this meeting will be to re-group after meeting one, share feedback and refine the future approach as needed.

23 October



External RAG/ CAF Design Workshop: Part 2

The objective of this meeting is to collectively discuss and then prioritise all the possible topics for engagement in the upcoming regulatory process and then explore, as a group, how SAPN might best engage on these topics.

12 November

Engagement goal examples

- **Endeavour Energy's agreed engagement goal**
  - Engagement goal for the 2024-2029 regulatory reset was co-created and refined with their RRG. It was:
    - To undertake engagement that delivers our purpose of powering communities for a brighter future by developing a revenue proposal that balances the priorities, preferences, diversity and current and future needs of our customers with sustainable returns to shareholders and can be considered prudent and efficient by the AER.
    - This means providing fair access to the modern grid and ensuring customers pay no more than is necessary for a safe, reliable and secure electricity supply and quality service.
    - This is consistent with the National Electricity Objective, as stated in the National Electricity Law.

- **Powerlink's engagement goal**
  - 2023-27 Revenue Determination Process Engagement Goal - to undertake engagement to deliver a Revenue Proposal that is capable of acceptance by our customers, the Australian Energy Regulator and Powerlink.

Role of RAG (tbc)

- Design and provide overview of the engagement process
  - advice on engagement process to ensure high-quality engagement outcomes and customer insights shape the Regulatory Proposal for 2030-35
  - engagement program delivers a broad range of customer insights

- Role in engagement program – contributors/ observers/ partners/ voice of customers?

- Coordinate submissions on behalf of other consultative groups?

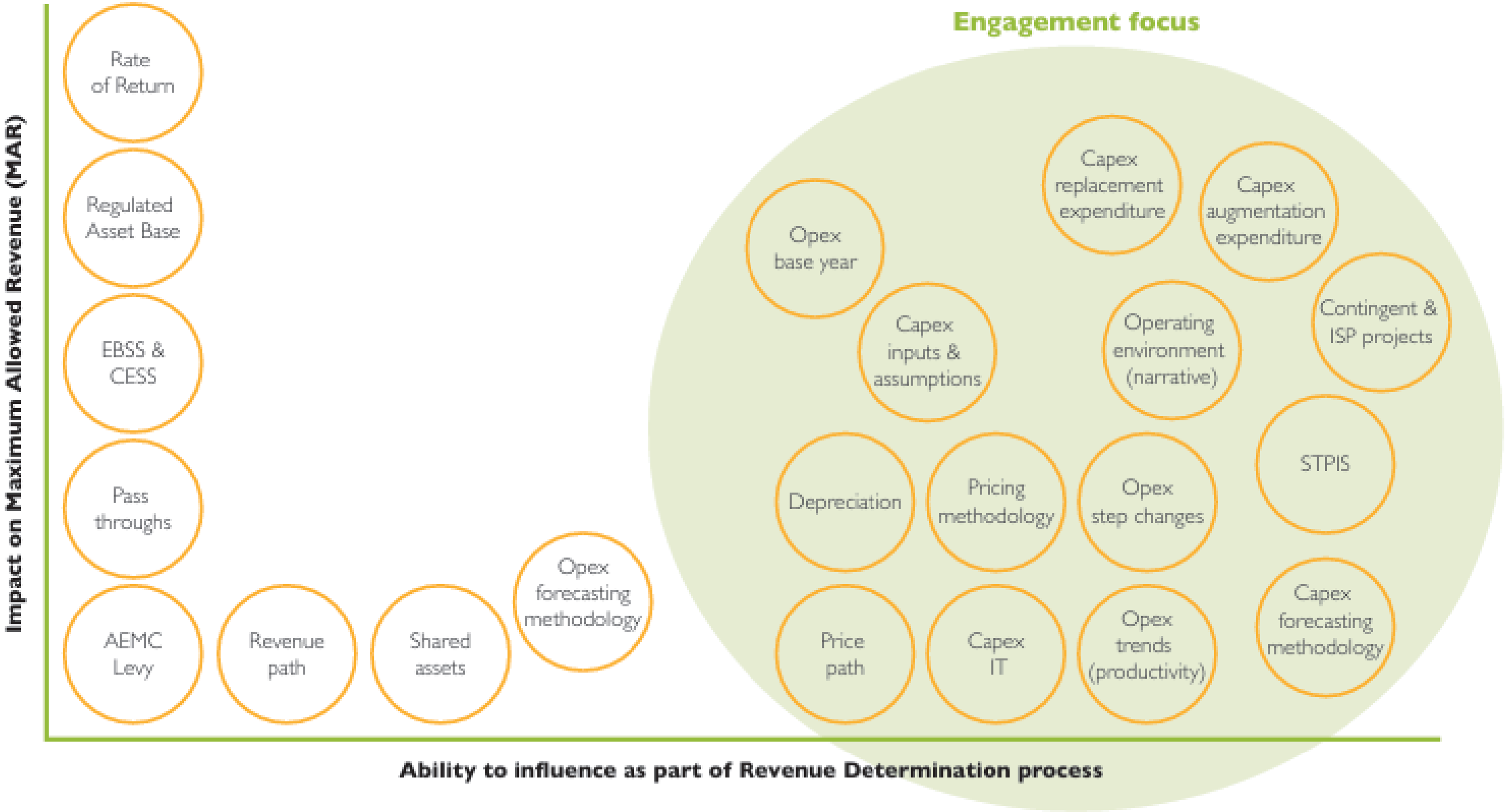
- Prepare independent report on our engagement program for AER
  - feedback on the engagement process
  - customer input/ preferences considered and reflected in the proposal?
  - is proposal capable of acceptance? Or on balance in customers interests?

- Representation to AER - on behalf of consultative groups?

Workshop outputs – Design approach

- Agreed ‘map’ for prioritising engagement effort (to ensure focus on what matters most and where customers have an ability to influence outcomes).
- Feedback on topics and a shared understanding of SAPN’s priorities and challenges.
- How topics map to audiences and methods.
- Engagement program eg. stages/ topics.

Powerlink's engagement scope



Endeavour Energy engagement

Level of IAP2 Public Participation Spectrum	
Empower	To place final decision-making in the hands of customers and stakeholders.
Collaborate	To work together with our customers and stakeholders to formulate alternatives and incorporate their advice into final decisions to the maximum possible extent.
Involve	To work directly with customers and stakeholders to ensure their concerns and aspirations are directly reflected in the alternatives developed.
Consult	To obtain feedback on alternatives and draft proposals.
Inform	To provide balanced information to keep customers and stakeholders informed.



7. Other Business and Around the Table

Insights from previous RAG members





Lunch