

Tariff Advisory Group

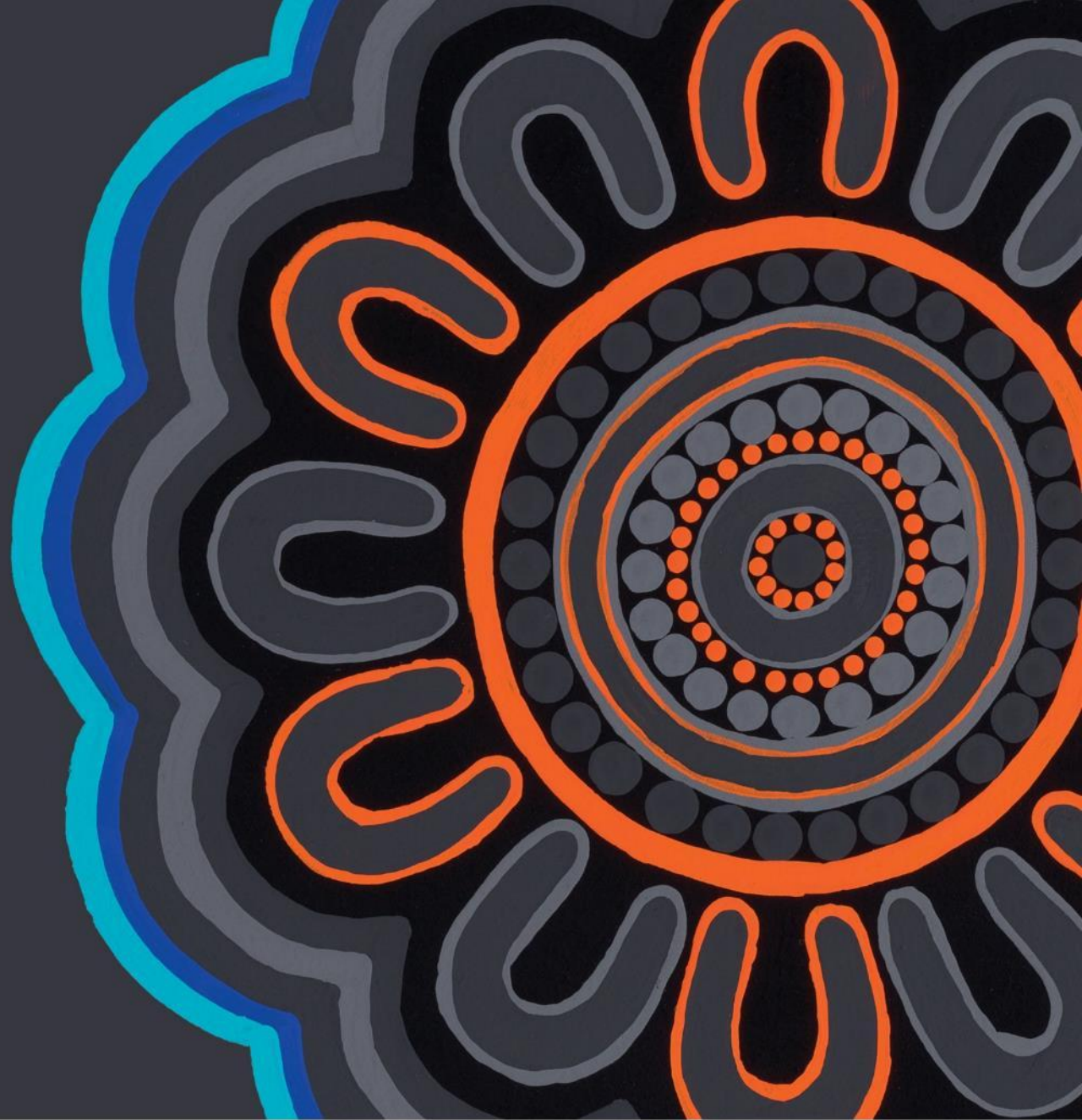
6 June 2025



Empowering South Australia

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 and acknowledge these living cultures.



Agenda

Item	Who
Welcome and Introduction - Welcome, Acknowledgement of Country - Overview of the meeting	Heather Merran
Matters arising from previous meeting	Helen White
Standing Agenda Items - Tariffs communications - Trial tariffs	Cecilia Schutz Helen White
Discussion	All
AER Final Decision 2025-30	Richard Sibly
Discussion	All
BREAK	
2025-26 Pricing Outcomes - Default Market Offer - Customer Impacts	Helen White

Item	Who
Discussion	All
Innovation Advisory Group	Sam Craft Mark Yates
Discussion	All
Customer Outcomes	Heather Merran
Discussion	All
Wrap Up - Other Business - Final questions, comments? - Agenda items for next TAG - Next steps, close	Heather Merran

Matters arising from previous meeting

Action topic	Action item	Status
AEMC Review	AEMC consultation paper for the Electricity Pricing for a Consumer-Driven Future Review to be distributed to the group when available. Published 7 November 2024 and distributed via link in minutes.	✓ Complete
Export Tariff Communications	Workgroup meeting dates have been finalised and sent to workgroup members	✓ Complete Communications are now live on our website: Export Tariff - SA Power Networks
ECA Cost Reflective Tariff Paper	Provide to all members – link provided in minutes	✓ Complete
TSS Submission	Provide to all members – link provided in minutes	✓ Complete
Electricity Statement of Opportunities 2024	Provide to all members – link provided in minutes	✓ Complete
Metering Standards	James Case to contact Matt Curnow	✓ Complete
PV FiT Scheme	Investigation into non compliance.	✓ Complete

Standing Agenda Items

Cecilia Schutz | Helen White



Tariff Communications

Export

- Working group was formed and website content developed
- Live on the website in advance of 1 July 2025
- Accompanying short animation [video](#) and factsheet

Consumption

- Updated website with refreshed content for 1 July 2025.
- Customer Overview Document will replace the traditional Annual Pricing Proposal document
 - Focus on the tariff structures, prices and customer impact analysis
 - Compliance with the Rules is contained in a separate document on the AER website

ACTION – 29 AUGUST TAG Meeting

We welcome all feedback on the website or any ways in which we can improve our tariff communications.
Please take the time to review and provide feedback in the August TAG Meeting.

Trial tariffs – Diversify 2.0

To support the Energy Masters trial, we have evolved our Diversify trial tariff for 2025-26.

- Diversify 2.0 offers a daily two-tiered rebate for eligible smart devices to incentivise residential customers with devices connected to a Home Energy Management System (HEMS).
- Allows SA Power Networks to alter the customer import limit, which may result in the HEMS regulating the consumption of connected smart devices to comply with the import limit.
- Enables SA Power Networks to increase the diversity of load, thereby avoiding inefficient distribution network investment. The participating HEMS must demonstrate the capability to receive SA Power Networks' dynamic operating envelope signals.

Tier 1 | 1 or 2 eligible smart devices 33c/day
Tier 2 | 3 or more eligible smart devices 55c/day

Eligible Smart Devices

Hot water | Air conditioning | Electric Vehicles

Batteries are not considered to be an eligible smart device in this trial.

AER Final Decision

Richard Sibly



SA Power Networks

2025-30 Revised Regulatory Proposal

DECEMBER 2024

Introduction

- The AER published its Final Decision on our 2025-30 Distribution Determination on 30 April 2025.
- This determination establishes, for the 1 July 2025 - 30 June 2030 period, SAPN's:
 - Distribution services classifications – SCS, ACS
 - Annual capital expenditure allowances (in real \$2025 terms)
 - Annual operating expenditure allowances (in real \$2025 terms)
 - Annual allowed revenue requirement (in nominal terms)
 - Our distribution tariff structures including new flexible consumption tariffs and new export tariffs
 - Our charges for Alternative Control Services
 - Applicable incentive schemes
 - Permissible cost pass-through events (no change from current)
 - Updated Connection Policy
 - Metering services arrangements



2025-30 Revenue and Expenditure*

SAPN's Revised Proposal

AER Final Decision

Revenue

(Main SCS – excl. metering)

\$5,168 million

\$5,207 million

Operating Expenditure

(excl. debt raising costs)

\$2,023 million

\$2,023 million

Capital Expenditure

(after disposals)

\$2,338 million

\$2,257 million

*Revenue expressed in nominal terms and expenditure expressed in \$2025 terms

Real Annual Distribution Bills

Revised Proposal

AER Final Decision

Real Residential Customer Distribution Bills in 2029/30

(based on annual consumption of 4,000kWh)

Compares to 2024/25 Default Market Offer of \$613

\$570

\$576

Real Small Business Customer Distribution Bills in 2029/30

(based on annual consumption of 10,000kWh)

Compares to 2024/25 Default Market Offer of \$1,466

\$1,362

\$1,376

Nominal Annual Distribution Bills

Revised Proposal

AER Final Decision

Residential Customer Distribution Bills in 2029/30

(based on annual consumption of 4,000kWh)

Compares to 2024/25 Default Market Offer of \$613

\$656

\$658

Small Business Customer Distribution Bills in 2029/30

(based on annual consumption of 10,000kWh)

Compares to 2024/25 Default Market Offer of \$1,466

\$1,568

\$1,574

Funding outcomes

The AER's Final Decision:-

- accepted our revised proposed opex
- accepted 97% of our revised proposed capex proposal but made \$81m cuts to capex, including in two areas:
 - \$37m reduction in Augex-capacity – the AER adopted lower ESOO 2024 demand forecasts
 - \$33m reduction Augex-reliability – the AER cited network performance had steadily improved over time (excluding in the CBD) and other programs will contribute to maintaining network performance.
- accepted our repex in full
- accepted the \$20m Innovation Fund
- adopted our proposed revenue smoothing profile – keeping prices as low as possible sooner
- accepted our TSS (which introduces flexible demand tariffs and new export tariffs from 1 July 2025)

What we proposed

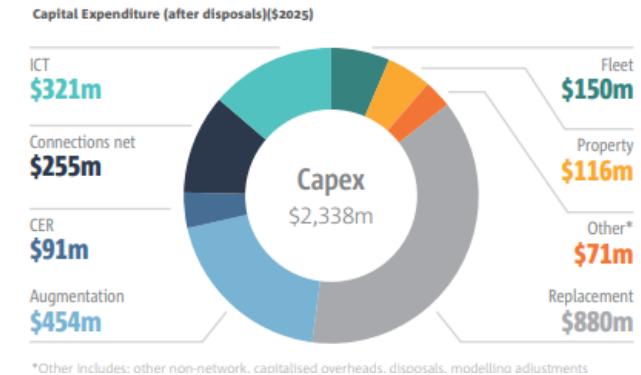
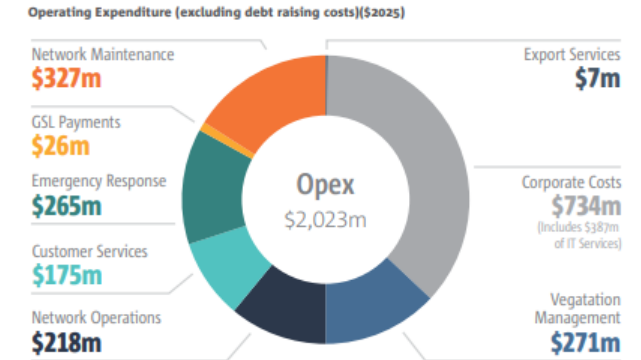
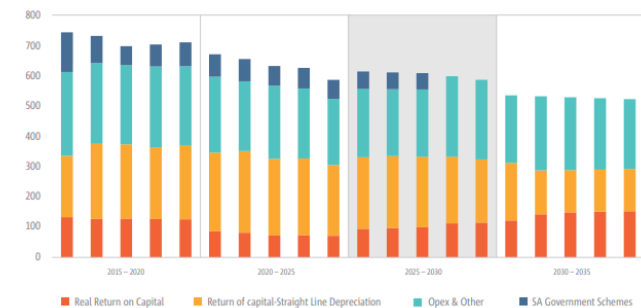


Figure 5: Forecast annual average Residential customer distribution bills (\$2025)



With this funding we will deliver these outcomes for customers



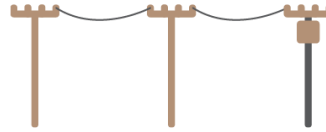
Customer experience, choice and empowerment

- ✓ Digital enhancements to improve customer service
- ✓ Refined connection policy to encourage flexible connections and support a two-way network



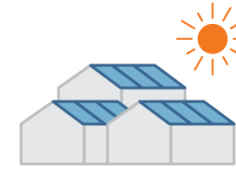
Affordable and equitable energy supply

- ✓ Distribution bills decrease by 6% in real terms by 2029/30.
- ✓ New solar export tariffs avoid costs for customers locked out from solar



A reliable, resilient and safe network

- ✓ Improvements in bushfire risk
- ✓ Reliability and resilience improvements to worst-served customers
- ✓ Cyber security resilience maintained
- ✓ Maintain network safety & reliability
 - Network asset replacement
 - CBD reliability
 - Augex capacity
 - Maintain underlying reliability



Enabling clean energy and unlocking future value for our state

- ✓ Network upgrades to support continued solar take-up
- ✓ New connection options and incentives for electric vehicles and smart appliances
- ✓ New Innovation Fund exploring initiatives which increase resilience, sustainability and unlock value for customers

Engagement on Final Determination

- Email sent to CAF, RAG and Advisory Groups on outcomes of Final Determination and AER Media Statement
- CEO All Staff email/ The Bulletin
- Holding Statement prepared for media
- Latest News on Talking Power website
- Article in Talking Power newsletter – 6 May
- Agenda item on 7 May CAF meeting, 21 May RAG meeting and 6 June TAG

Next steps

- Briefings to key stakeholders
- 2025/26 pricing
- Continue to engage with the CAF & RAG on implementation
- Innovation Fund and Innovation Advisory Group
- 2025 Reset PIR

Discussion | Questions | Comments | Observations



2025-26 Pricing Outcomes

Helen White



Initial Pricing Proposal

- AER Approved 26 May 2025
 - Statement of Compliance
 - Customer Overview document
- Prices were incorporated into Final Default Market Offer released on 26 May 2025

Weighted Average Price Change 2024-25 v 2025-26	Distribution	Transmission	SA Government Schemes	Total Network
Residential	4%	(4%)	10%	3%
Small Business	5%	(2%)	6%	3%
Large LV Business	8%	(6%)	5%	3%
HV Business	9%	14%	(1%)	10%
Major Business	(9%)	23%	(46%)	10%
Total	5%	(1%)	7%	4%

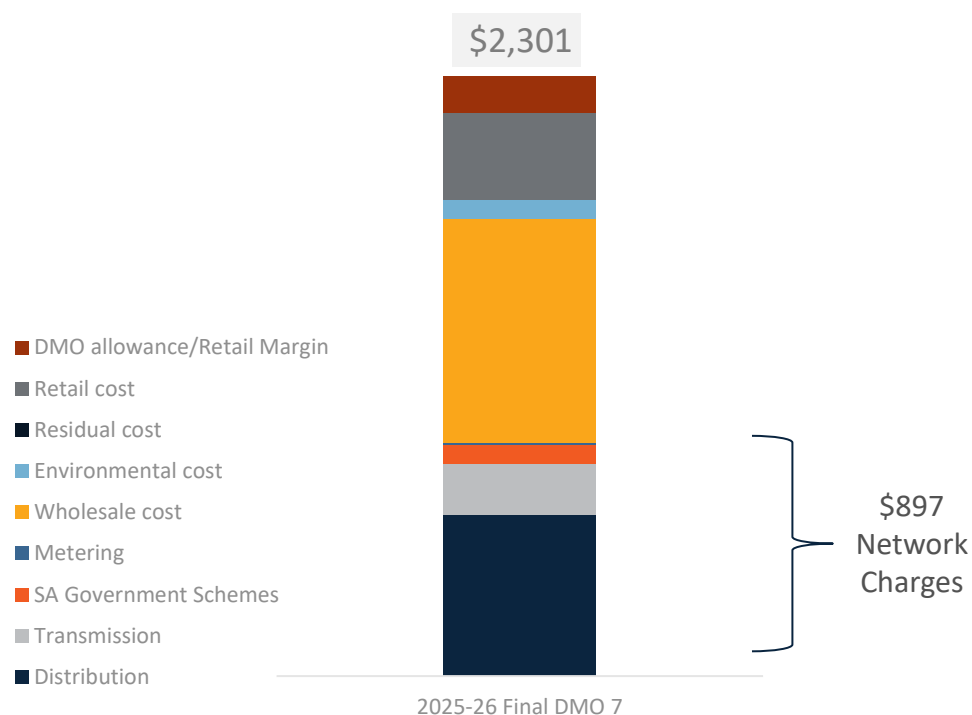
Revenue and Pass Throughs

Network Charges \$m ex GST	2025-26 Revenues	2025-26 Recoveries*
Distribution Use of System DUoS - Revenue - Incentive Schemes - Under/(Over) Recovery - ROLR	943.16 930.87 12.30	939.39 930.87 12.30 (4.88) 1.1
Metering	8.64	8.64
Transmission Use of System TUoS - Revenue - Under/(Over) Recovery - ROLR	375.31	370.78 375.31 (4.61) 0.09
SA Government Schemes JSO 44c/kWh PV FiT - Small Claims Scheme - Under/(Over) Recovery - ROLR	86.60 80.60 6.00	92.74 80.60 6.00 6.11 0.03
Total Network Charges	1,413.71	1,411.55

* Recovery is that amount prices are set at i.e. includes the impact of prior year over/under recoveries.

Residential Customer | 4,000 kWh p.a.

- 2025-26 DMO \$2,301 inc. GST ↑ \$71 or 3.2% from 2024-25 driven predominantly by wholesale and retail costs.
- SA has the lowest DMO % increase compared to NSW and QLD DMOs.
- SA is the only distributor with a reduction in total network costs.
- While distribution costs (\$7) and SA Government scheme costs (\$5) increased network costs, these network cost increases were more than offset by reductions in transmission costs (-\$18) and metering costs (-\$19)

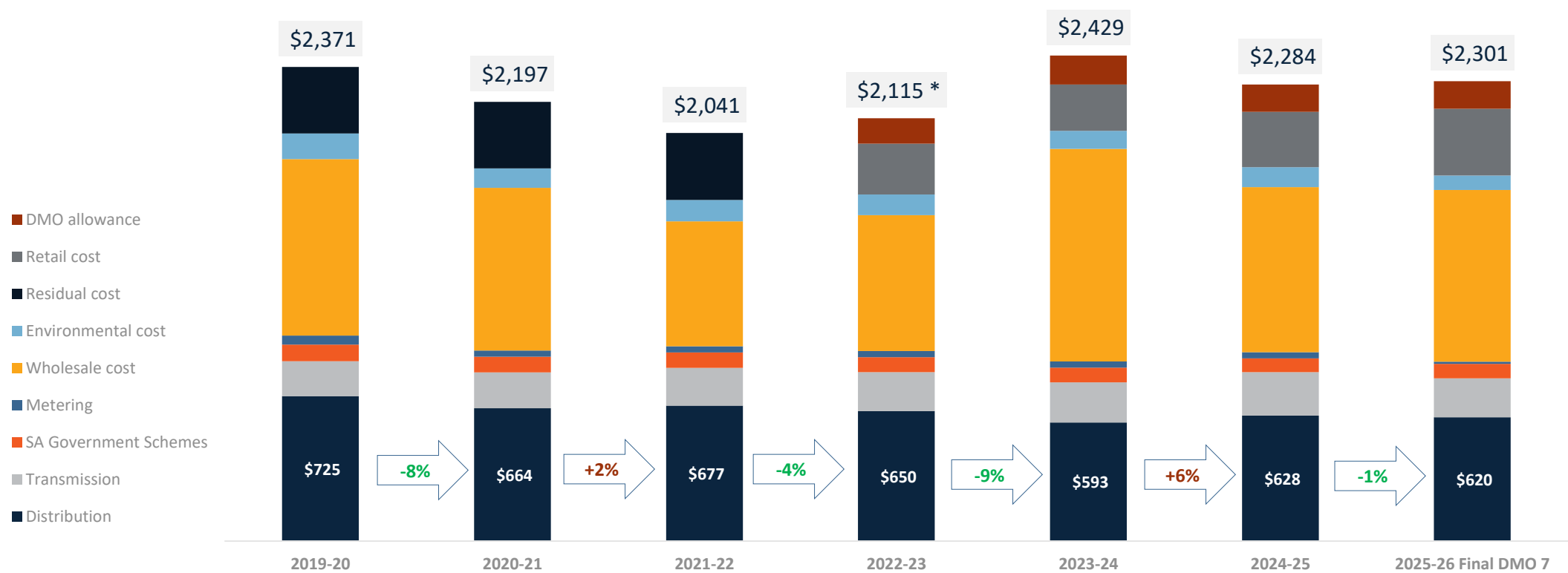


	DMO 6 Final	DMO 7 Final	\$ Difference	% Difference
Distribution	\$613	\$620	\$7	1%
Transmission	\$212	\$194	-\$18	-8%
SA Government Schemes	\$68	\$73	\$5	7%
Metering	\$30	\$10	-\$19	-65%
Wholesale cost	\$806	\$859	\$53	7%
Environmental cost	\$98	\$72	-\$25	-26%
Retail cost	\$271	\$334	\$64	24%
DMO allowance/Retail Margin	\$134	\$138	\$4	3%
Total	\$2,230	\$2,301	\$71	3%

The distribution component is 27% of the total retail bill.

Residential Historical | 4,000kWh p.a. inc. GST \$2026

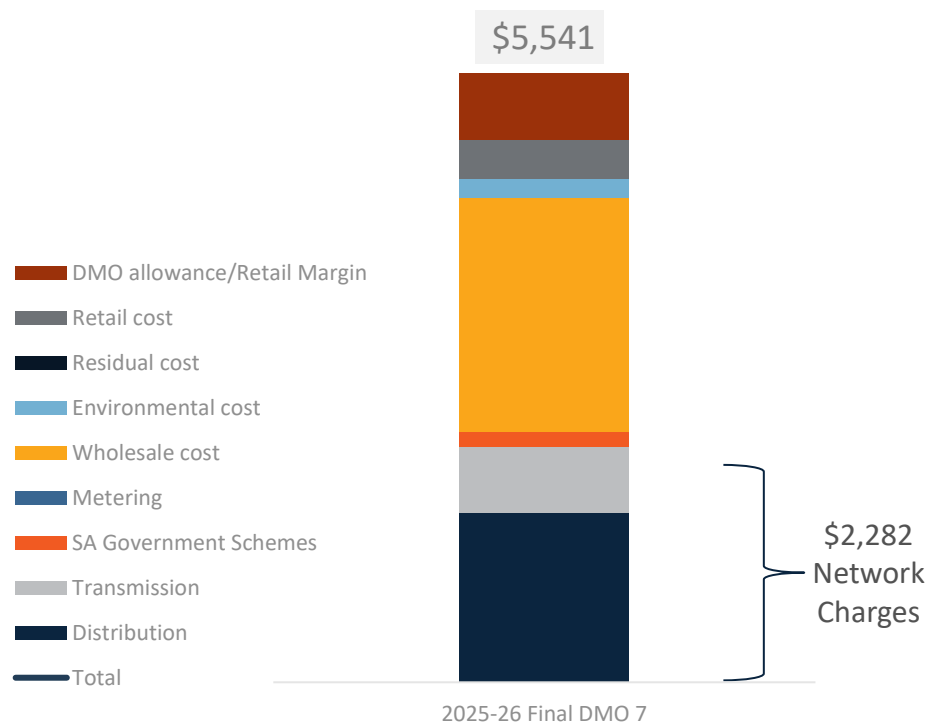
Whilst wholesale prices have been volatile, distribution has **reduced** in real terms since 2019-20 by **\$105 (15%)**



*In 2022-23, the DMO disaggregated 'Residual cost' into 'DMO allowance' and 'Retail cost'

Small Business Customer | 10,000 kWh p.a.

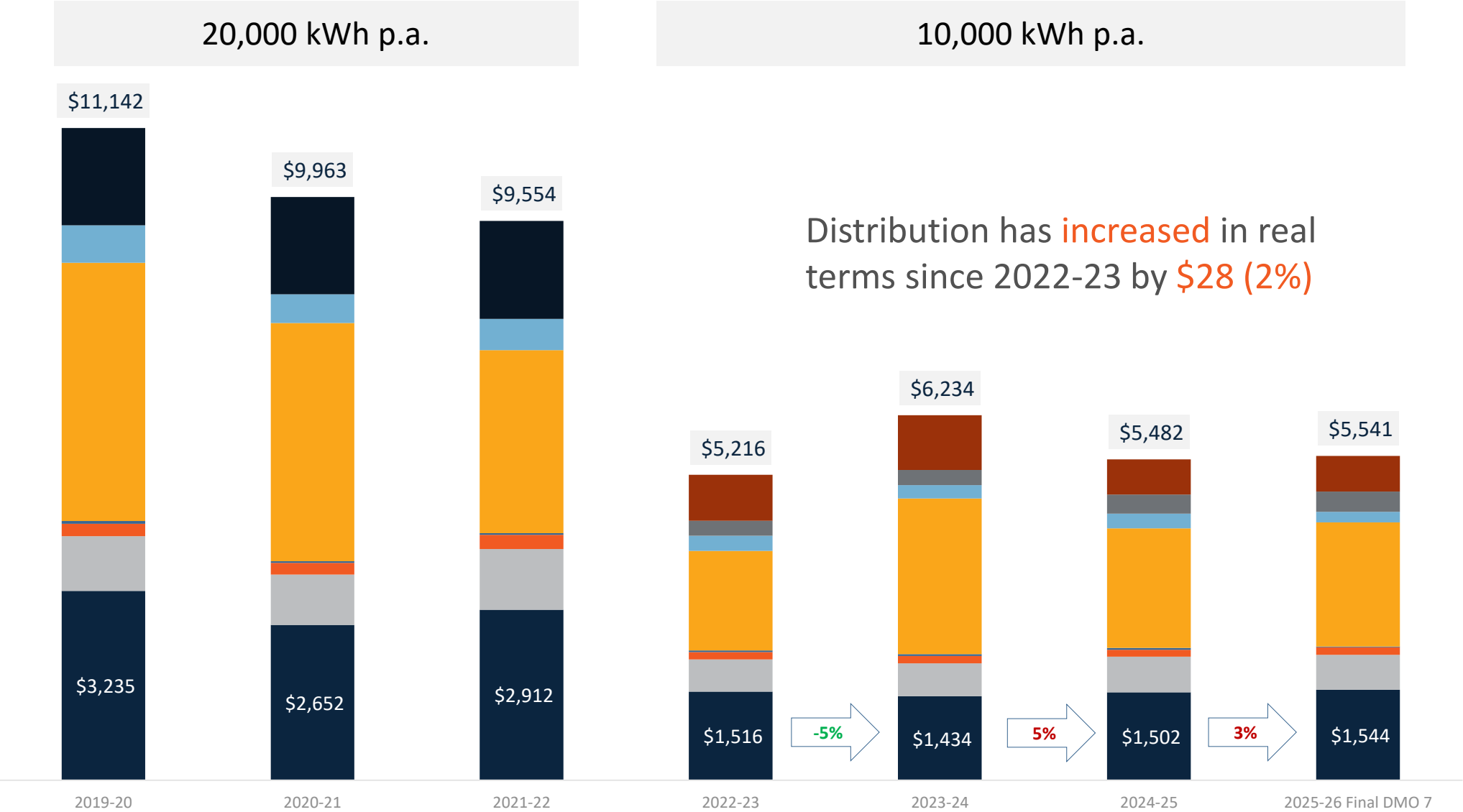
- 2025/26 DMO \$5,541 inc. GST ↑ \$189 or 3.5% driven predominately by wholesale and distribution costs.
- SA has the second lowest total DMO % increase compared to NSW and QLD DMOs.
- SA has the second lowest % increase in total network costs.



	DMO 6 Final	DMO 7 Final	\$ Difference	% Difference
Distribution	\$1,466	\$1,544	\$78	5%
Transmission	\$594	\$598	\$4	1%
SA Government Schemes	\$117	\$129	\$12	11%
Metering	\$30	\$10	-\$19	-65%
Wholesale cost	\$1,995	\$2,124	\$129	6%
Environmental cost	\$244	\$181	-\$63	-26%
Retail cost	\$318	\$345	\$26	8%
DMO allowance/Retail Margin	\$589	\$610	\$21	4%
Total	\$5,352	\$5,541	\$189	4%

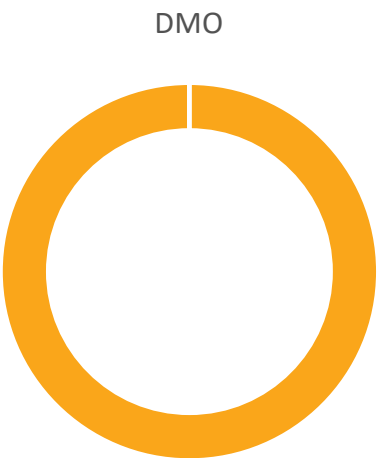
The distribution component is 28% of the total retail bill.

Small Business Historical | 10,000kWh p.a. inc. GST \$2026



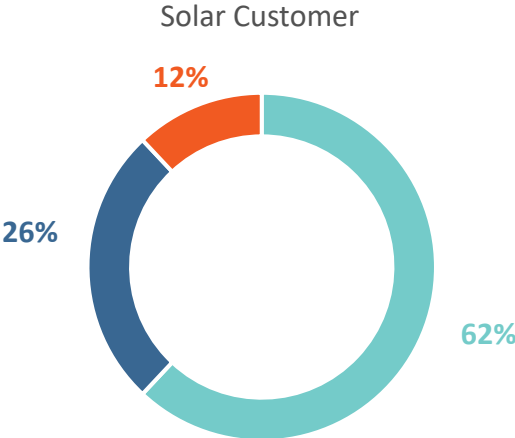
*In 2022-23, the DMO disaggregated 'Residual cost' into 'DMO allowance' and 'Retail cost'

2025-26 Distribution Bill (inc. GST) – Residential | \$Nominal



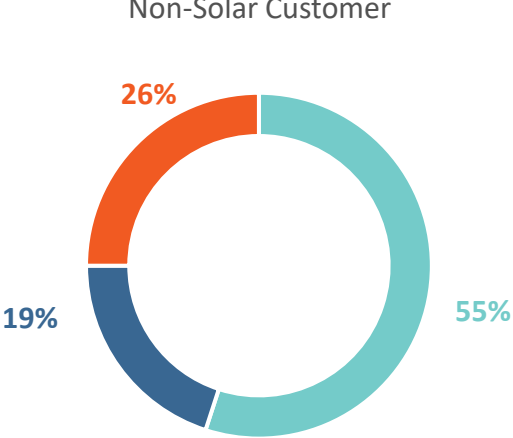
■ Usage

4,000 kWh p.a.
\$620



■ Peak ■ Off Peak ■ Solar Sponge

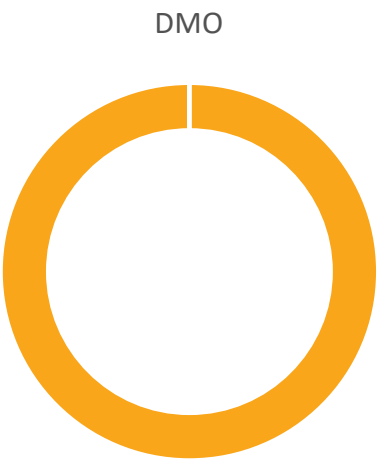
3,898 kWh p.a.
RTOU: \$631
inc. \$14 export charges
RSR: \$625
inc. \$15 export charges



■ Peak ■ Off Peak ■ Solar Sponge

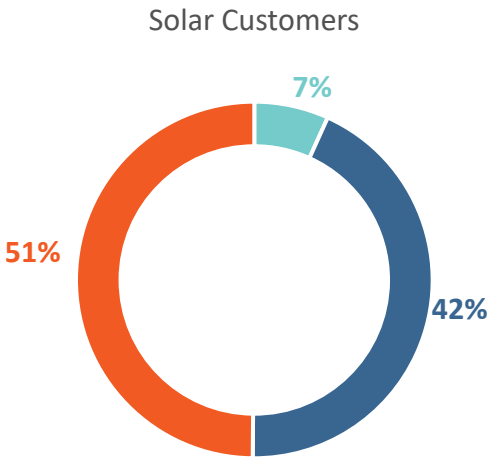
4,476 kWh p.a.
RTOU: \$635
RSR: \$667

2025-26 Distribution Bill (inc. GST) – Small Business 0-40MWh p.a. | \$Nominal



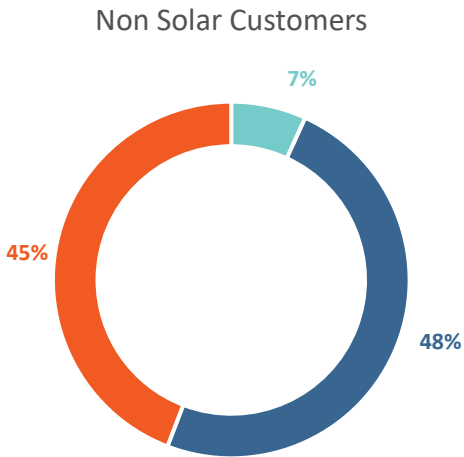
■ Usage

10,000 kWh p.a.
\$1,544



■ Peak ■ Shoulder ■ Off Peak

13,014 kWh p.a.
SBTOU: \$1,697
inc. \$45 export charges
BSR: \$1,986
inc. \$44 export charges



■ Peak ■ Shoulder ■ Off Peak

12,319 kWh p.a.
SBTOU: \$1,623
BSR: \$1,850

Discussion | Questions | Comments | Observations





Morning Tea Break

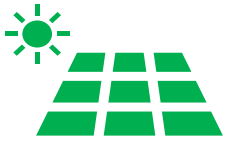


Innovation operating model & pathway

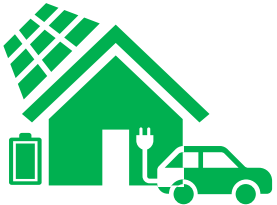
Strategy & implementation plan



Innovation can help solve our biggest strategic challenges



- World's highest solar uptake
- Network and minimum demand challenges



- Electrified homes could double network demand



- Demand flexibility is key to integrating these at lowest cost
- Transition to DSO

**Future Networks
Innovation**



- Cost of living pressures
- Growing energy affordability and equity divide



- Increasing customer service expectations (notification, connections, digitisation, AI etc)



- Declining consumer trust in the energy sector

**Customer
Innovation**



- Oldest asset base in the NEM
- Need to balance safety, reliability, affordability

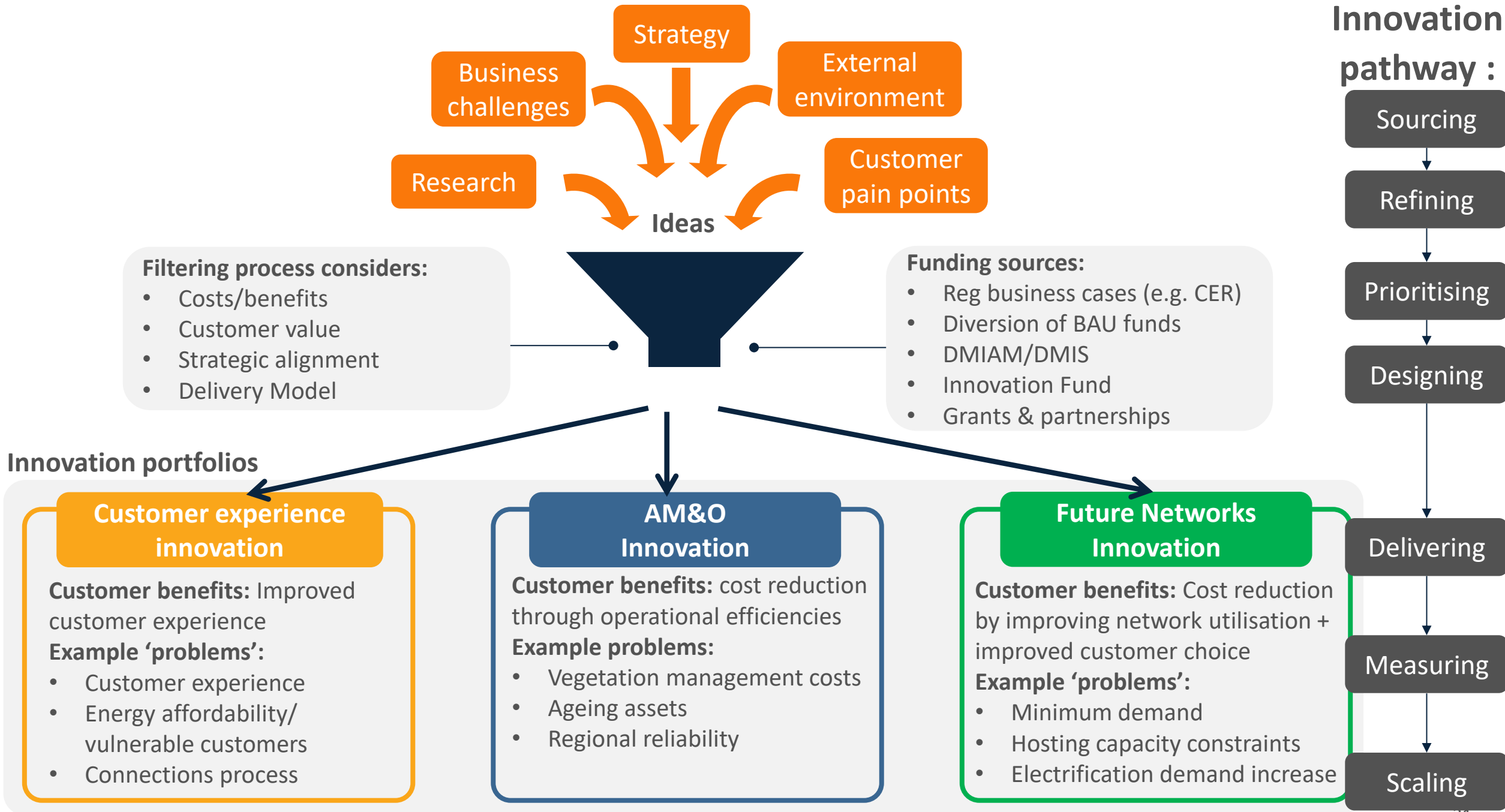


- Changing climate increasing extreme weather events (e.g. storms, bushfires)

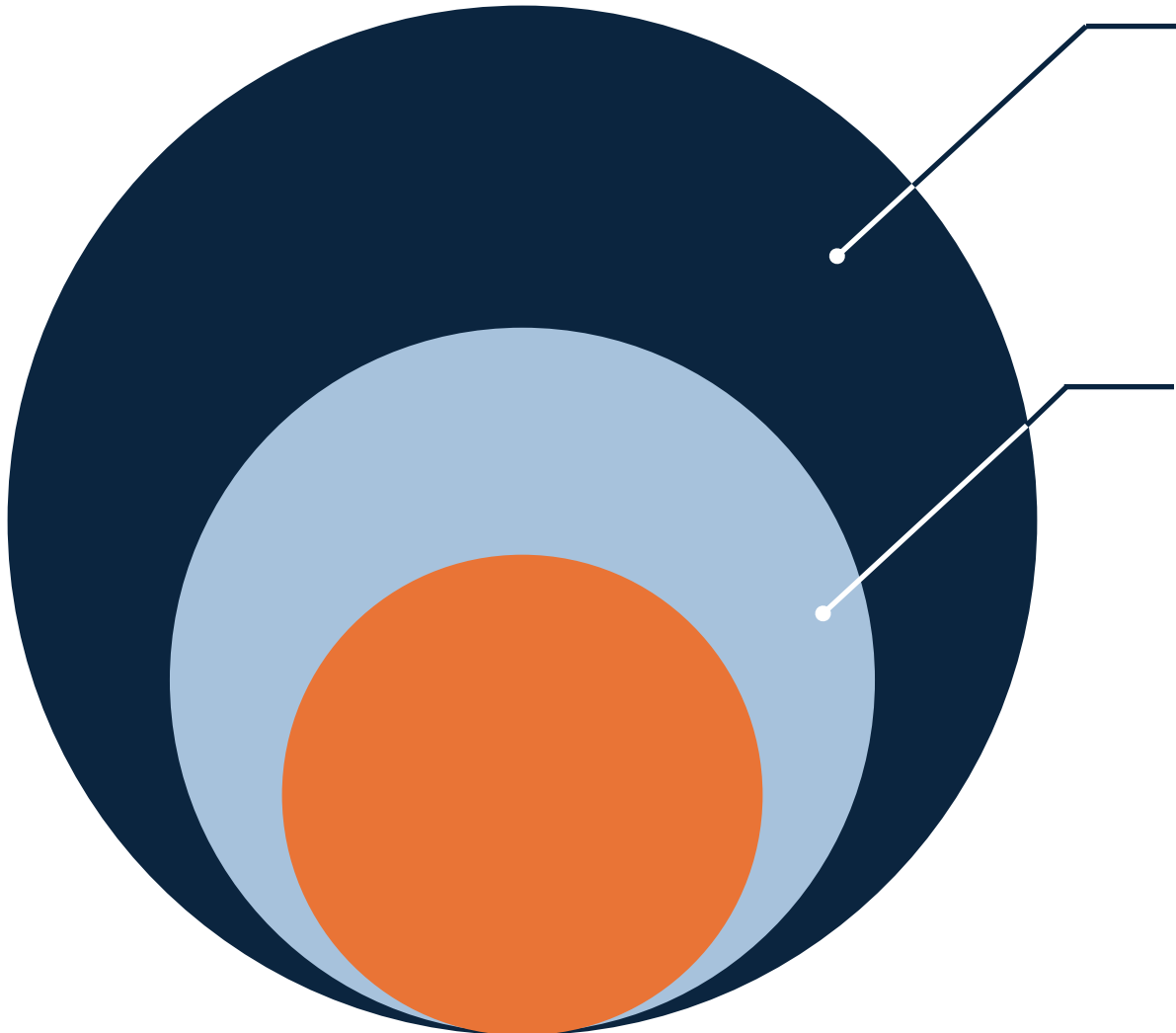


- Increasing pressure to 'do more with less'
- New tech emerging in the industry (e.g. SAPS, drones, digital twins)

**Asset Management
and Operations
Innovation**



Enterprise Innovation scope



All innovation at SAPN

- Tracked and reported on by EI team
- Supported by our innovation toolkit
- Excludes business improvement

Strategic Innovation

- Select few 'game-changing' initiatives
- Run through the Innovation Pathway
- Business embedded delivery model (e.g. Community Batteries)
- Centralised innovation delivery model (e.g. Energy Masters)

Portfolio Pipeline Status (not exhaustive):

Future Networks Innovation

- Flexibility Marketplace
- CER cyber security
- Distributed emergency under-frequency response

- N/A

- Flexible Exports
- Flexible Connections for C&I
- Community Batteries
- Market Active Solar

Customer Innovation

- Self-service connections
- Solar for renters

- Vulnerable Customers
- Enabling EV Chargers on Poles

- Energy Masters

Asset Management and Operations Innovation

- Automated fault location
- Drones for inspections
- Emergency services data sharing

- Stand-Alone Power Systems
- Computer Vision
- Digital Twin

- Risk-Cost model
- Murray River Flood model

Backlog

Developing

Delivering

New Innovation Advisory Group

Purpose

Provide customer and industry input to the prioritisation, selection and delivery of Innovation Fund projects*

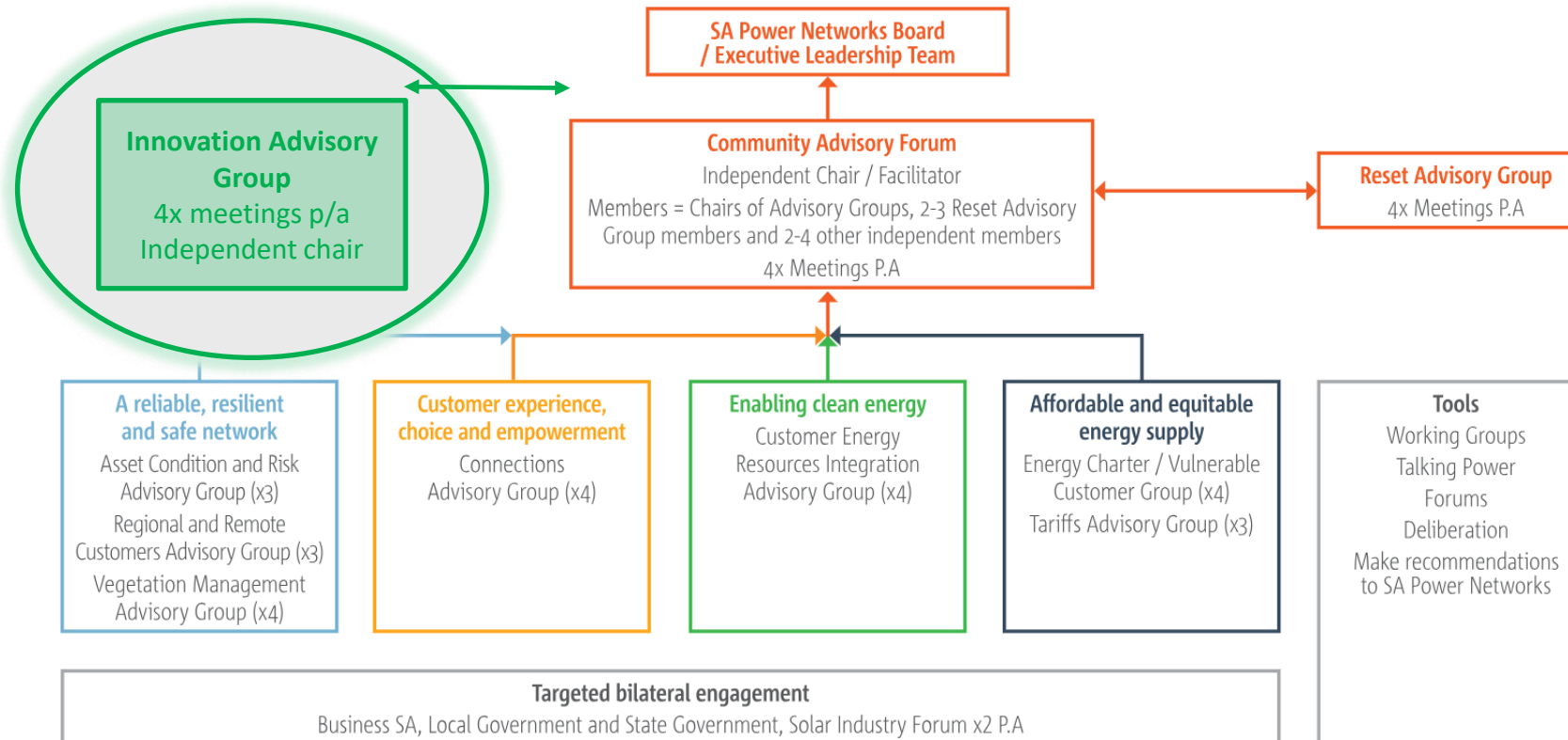
Key objectives:

- provide input into **project selection, prioritisation and delivery** of Innovation Fund activities.
- monitor delivery and discuss **how knowledge from Innovation Fund projects will be shared** with industry, consumers and regulators.
- provide **input on customer or industry problem statements or ideas for innovation** arising from other Advisory Groups.

Members: *community & industry representatives from CAF & other AGs*

*To assist holistic prioritisation of Innovation Fund projects, IAG will be provided with visibility of SA Power Networks broader Innovation Framework and other relevant innovation projects that fall outside the Innovation Fund.

New Innovation Advisory Group



Next steps:

- March: open EOIs for members & appoint chair
- April: appoint and members, AER final determination
- May: first meeting

Innovation Advisory Group

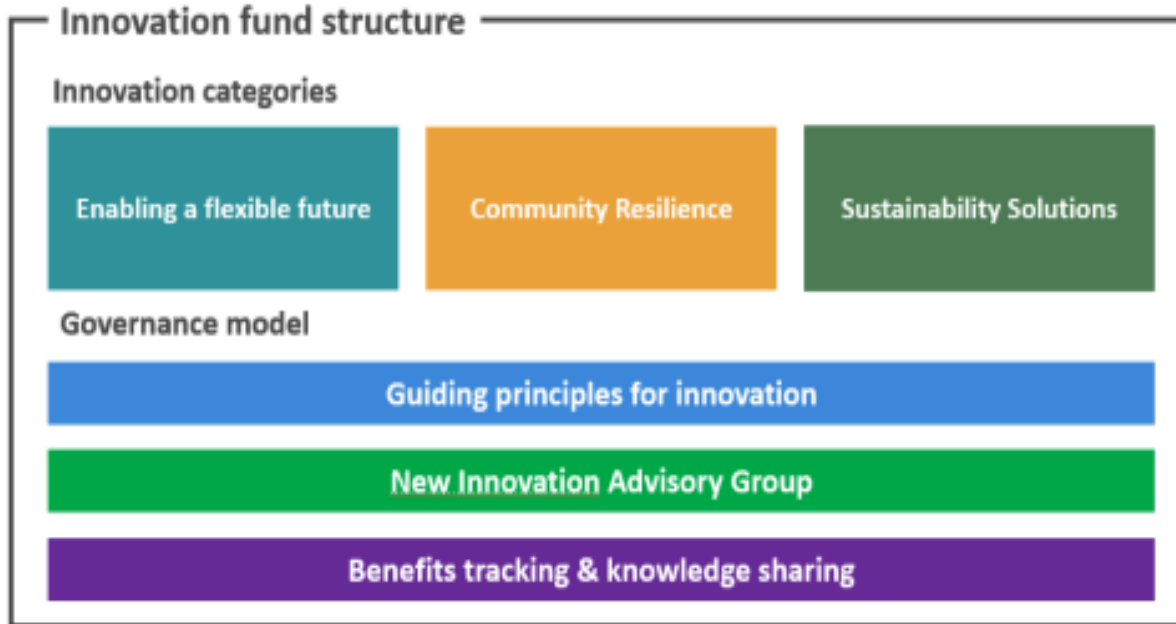
Summary



Empowering South Australia

Innovation Fund Structure

Figure 1 Innovation fund structure



- 14 Members from varying diverse range of backgrounds (James Brown + Michelle Howie SAPN)
- 20 Million Fund approved by AER between 2025-2030
- Unspent funds between 2025-2030 returned to customers
- 3 x Categories (Enabling a Flexible Future, Community Resilience, Sustainability Solutions)
- 9 x Projects in Total
- **Enabling a Flexible Future – (8)**
- **Community Resilience – (1)**
- **Sustainability Solutions – (0)**

	Priority	Project	Capex (\$2025)	Opex (\$2025)	In original proposal?
Flexibility	1	CER market operations interface pilot	\$2.62M	\$0.35M	✓ ¹¹
Flexibility	2	Advanced Network Planning for a Flexible Future trial	\$1.09M	\$0.37M	
Flexibility	3	Local Flexibility Marketplace pilot	\$3.52M	\$1.55M	✓ ¹²
Resilience	4	Emergency Services data sharing	\$0.51M	\$0.09M	✓
Flexibility	5	Self-Serve Connections Platform Pilot	\$1.81M	\$0.39M	✓ ¹³
Flexibility	6	Co-optimising network real and reactive power trial	\$2.83M	\$0.32M	
Flexibility	7	Distributed emergency underfrequency response pilot	\$1.07M	\$0.69M	✓ ¹⁴
Flexibility	8	Shared market flexibility pilot	\$1.26M	\$0.13M	
Flexibility	9	Integrating DOEs and system services pilot	\$1.13M	\$0.10M	
	TOTAL EXPENDITURE		\$16M	\$4M	

Box 1: AER assessment criteria 1

1. **Innovative** – projects must be transformative;
2. **Expenditure objectives** – the justification for the proposed projects must be linked to the expenditure objectives in the NER;
3. **Alternative funding** – explain how existing incentive schemes, allowances, government grants have been genuinely exhausted;
4. **Project scaling and implementation pathway** – projects must be prudent from a scale perspective for a trial / pilot phase, including success factors / criteria applied to trials / pilots to assess whether it proceeds to the business-as-usual phase; and
5. **Stakeholder support** – there is support for the innovation expenditure

Link to Innovation Business Case

<https://www.aer.gov.au/system/files/2024-12/SAPN%20-%205.13.4%20-%20Innovation%20Fund%20-%20December%202024%20-%20Public.pdf>

Discussion | Questions | Comments | Observations



Customer Outcomes

Heather Merran



Potential Tariff Advisory Group Customer Outcomes



Area	Outcome	Metric
Reliable, safe and resilient network	Export Tariff Expenditure Accountability/oversight	An update from Asset Expenditure/Investment regarding use of the collected \$\$ through the scheme
Customer experience, choice and empowerment	Time of Use Tariffs education and informed choice for customers	Review tariffs website and ensure TOU tariffs are appropriately communicated (review of website material)
Clean and green energy	Export Tariff Expenditure Accountability/oversight	An update from Asset Expenditure/Investment regarding use of the collected \$\$ through the scheme
Affordable and equitable supply	Suggestions??	

Continued.

Area	Outcome	Metric
Advocacy	Vulnerable customer assistance through LMRP	TAG writes to minister regarding government assistance for vulnerable customers requiring upgrades for smart meter installation.
Innovation	Tariff trials particularly in the shift to more people on TOU tariffs through LMRP Other suggestions?	Investigate future trial tariffs and share with the group. Group to suggest trial tariffs.
Know your customer/ Data	Distribution tariff interaction with retailer tariffs Suggestions? Navigation of the retailer/energy user relationship	Retailer pricing update from Pricing Team at August meeting

Discussion | Questions | Comments | Observations



Wrap Up

Heather Merran | Helen White



Retailer Roadshow



EnergyAustralia



Wrap Up

- Other Business
- Final questions, comments?
- Agenda items for next TAG
- Next steps, close



Empowering South Australia