

# Participant Pack

**2025-30 Regulatory Proposal Engagement  
Tariffs**  
Workshop 1 - 11 August 2022

# Contents

This pack has been designed to provide background to participants in SA Power Networks' Reset 2025-30: Tariffs first focussed conversation (workshop).

|                                                                                                                          |           |
|--------------------------------------------------------------------------------------------------------------------------|-----------|
| <b>Who we are</b>                                                                                                        | <b>1</b>  |
| The energy supply chain                                                                                                  | 1         |
| Understanding your electricity bill                                                                                      | 2         |
| About SA Power Networks                                                                                                  | 3         |
| <b>What is Reset?</b>                                                                                                    | <b>4</b>  |
| Why are we seeking your input, comments and feedback?                                                                    | 4         |
| What happens to your comments and contributions?                                                                         | 4         |
| The engagement process                                                                                                   | 4         |
| Stay in touch                                                                                                            | 4         |
| Five Year Price Regulatory Proposal engagement 2025-30                                                                   | 5         |
| <b>Focussed Conversations</b>                                                                                            | <b>6</b>  |
| Focussed Conversations timeframe                                                                                         | 7         |
| <b>This Focussed Conversation</b>                                                                                        | <b>8</b>  |
| Purpose                                                                                                                  | 8         |
| Key questions to consider                                                                                                | 8         |
| Agenda                                                                                                                   | 9         |
| Background/Context                                                                                                       | 10        |
| Background: Tariff Design – Default Network Tariffs                                                                      | 11        |
| Background: Tariff Design – Time of Use and Demand Windows and Cost Allocation – Residential/Business and Fixed/Variable | 13        |
| Engagement Spectrum and levels                                                                                           | 14        |
| Workshop participants                                                                                                    | 16        |
| Outcome of this session                                                                                                  | 17        |
| Next steps                                                                                                               | 17        |
| Acronym cheat sheet                                                                                                      | 18        |
| <b>Notes</b>                                                                                                             | <b>20</b> |

# 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.**

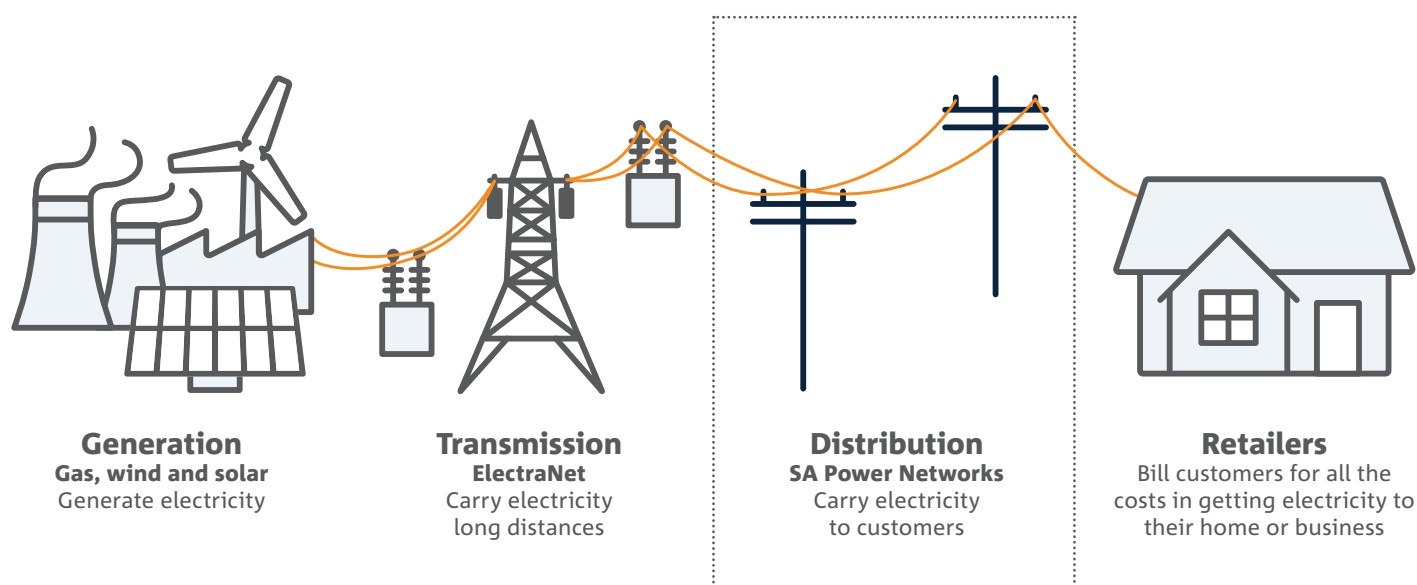
Our traditional role has been to take power from the State's high voltage transmission network and deliver it to about 1.7 million South Australians in 900,000 homes and

businesses. But, as our State's energy system undergoes significant transformation and modernisation, and with a third of our residential consumers 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.



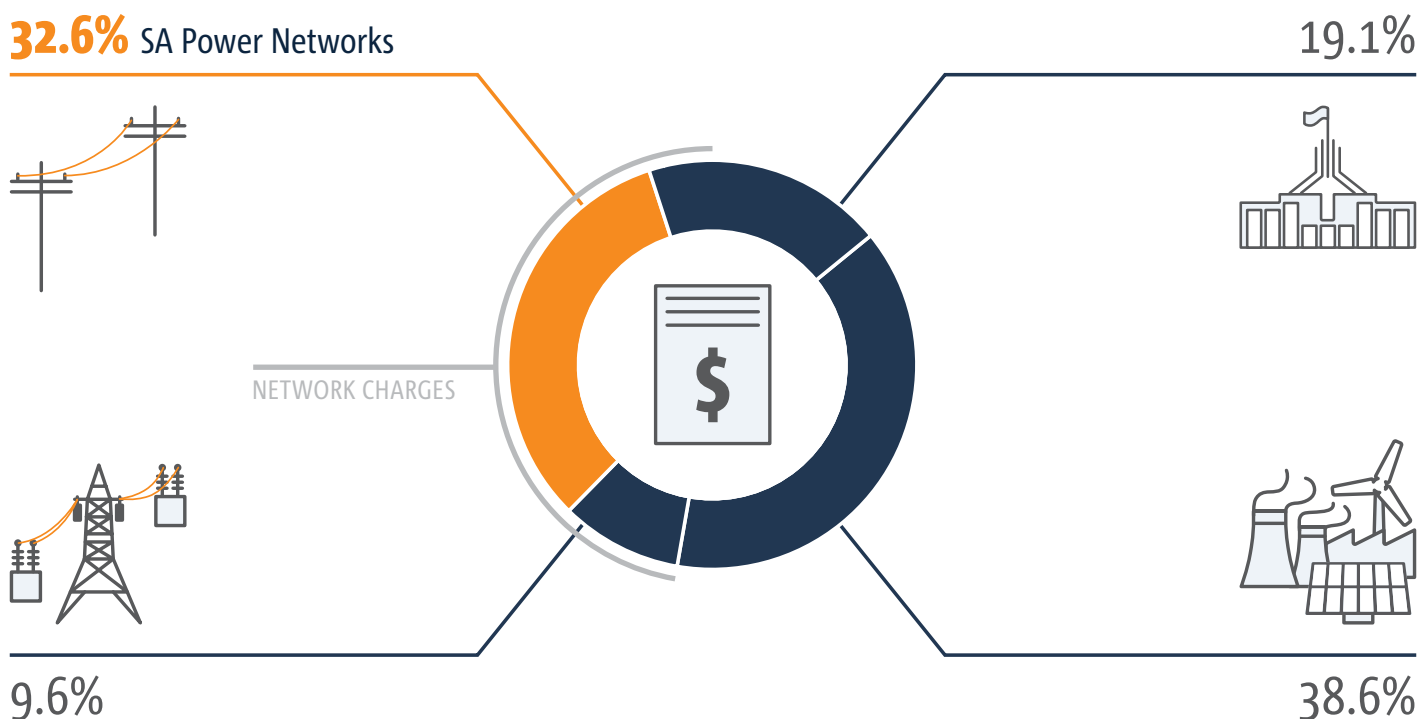
## Understanding your electricity bill

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)

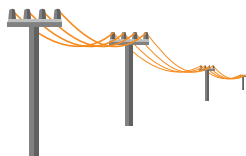
Charges for distributing energy across South Australia (from west of Ceduna, north to Leigh Creek, and south to Mt Gambier) currently amount to 32.6% of the average household bill.

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  
**178,000km<sup>2</sup>**



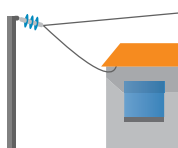
**Deliver power to 99%**  
of SA's population



**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 more than 853,000 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 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 hear 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 hosted a series of targeted and regional workshops to help capture the views and aspirations of our South Australian community.

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?

Each workshop will be summarised into a written report to ensure we capture all feedback provided. The reports will be shared internally to help us develop a range

of potential future investments and a key source of information for the next stage of engagement.

These reports will also be available to the public via our website **[talkingpower.com.au](https://talkingpower.com.au)**

## The engagement process

These workshops are part of a larger engagement process, that 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.

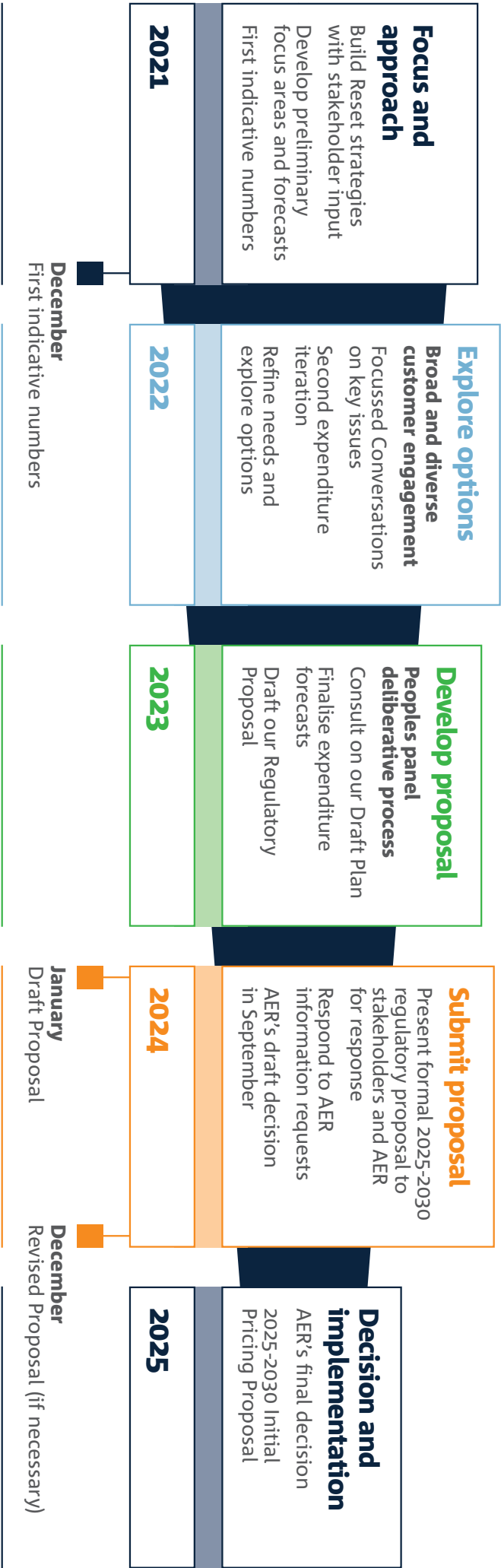
## Stay in touch

We are using our website **[talkingpower.com.au](https://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

For most of the Reset 2025-30 topics 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).

For most of the Focussed Conversations three scenarios will be developed to discuss with stakeholders:

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

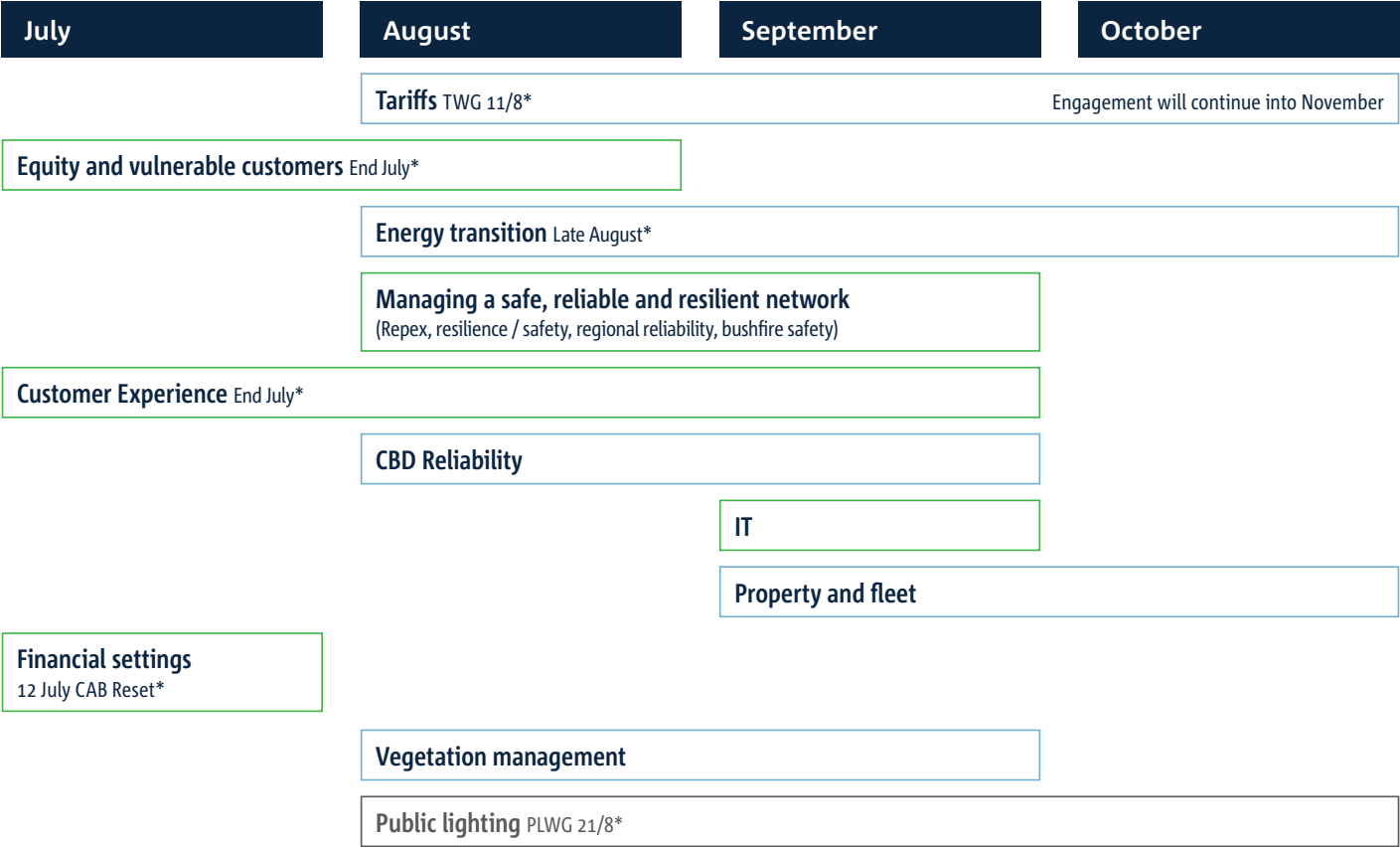
However, for Tariffs the approach is slightly different and we will be working through the key areas as outlined in this participant pack, with information on the impacts to customers of each tariff type provided in the workshops for discussion.

Following the Tariffs engagement sessions, outcomes of each will be provided for consideration by the People’s Panel in context of all of the other focussed conversation recommendations.

The figure below shows the key Reset 2025-30 topics and their proposed level of engagement based on the IAP2 engagement spectrum:

| 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



\* Engagement start date

# This focussed conversation

## Purpose

This workshop ('focussed conversation') is the first for the Tariffs stream in Reset 2025-30, and follows on from 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.

There are a number of Focussed Conversations scheduled on a range of Tariffs sub-topics:

- Workshop 1 - Tariff Design: Default Tariff Structures (Thursday 11 August)
- Workshop 2 - Tariff Design: Time of Use and Demand Windows and Cost Allocation: Residential/Business and Fixed/Variable (Thursday 11 August, Wednesday 24 August)
- Workshop 3 - Enabling the Energy Transition – Residential (Monday 12 September, Thursday 27 September)
- Workshop 4 - Enabling the Energy Transition – Business (Monday 12 September, Thursday 27 September)
- Export Tariffs (October - November dates to be confirmed.)

Workshop 1 will bring together a number of key stakeholders to understand and discuss default network tariff structures, consider the current time of use and demand windows in default network tariff structures, and who and how distribution revenue is recovered from customers.

## Key questions to consider

Focussed conversation participants will be asked to consider a number of questions relating to:

- Endorsement of Default Network Tariff Structures.
- What proportion of distribution revenue should be recovered from Residential customers versus Business Customers?
- What proportion of revenue should be recovered from Fixed Charges (daily supply charge) versus Variable Charges (usage)?

## Agenda - Thursday 11 August

|               |                                                                                                                                                                                                                                                                                                                                                                                                                                                                |
|---------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| 9.30-11am     | <b>August Tariff Working Group regular meeting</b>                                                                                                                                                                                                                                                                                                                                                                                                             |
| 11am-11.25am  | <b>Welcome, introductions and background</b> <ul style="list-style-type: none"><li>• Welcome and Acknowledgement of Country</li><li>• Housekeeping</li><li>• Overview of the session</li><li>• Introductions</li><li>• Reset process, purpose of Focused Conversation</li><li>• Background: Tariffs in Reset</li></ul>                                                                                                                                         |
| 11.25-12.55pm | <b>Default Network Tariff Structures (INFORM)</b> <ul style="list-style-type: none"><li>• Tariff Design – Default Network Tariffs</li><li>• Residential Time of Use</li><li>• Time of Use Controlled Load</li><li>• Small Business Time of Use</li><li>• Small Business Time of Use Demand</li><li>• Large Low Voltage Business Annual Demand/<br/>High Voltage Business Annual Demand</li><li>• Major Customers - Substation &amp; Sub Transmission</li></ul> |
| 12.55-1.10pm  | <b>Lunch</b>                                                                                                                                                                                                                                                                                                                                                                                                                                                   |
| 1.10pm-2pm    | <ul style="list-style-type: none"><li>• Tariff Design – Residential Time of Use Windows</li><li>• Tariff Design - Small Business Time of Use Windows</li><li>• Tariff Design - Demand Windows</li></ul>                                                                                                                                                                                                                                                        |
| 2pm-2.30pm    | <b>Cost Allocation (CONSULT)</b> <ul style="list-style-type: none"><li>• Cost Allocation: Residential vs Business</li><li>• Cost Allocation: Fixed vs Variable</li></ul>                                                                                                                                                                                                                                                                                       |
| 2.30pm-2.35pm | <b>Wrap up – final questions, comments</b>                                                                                                                                                                                                                                                                                                                                                                                                                     |
| 2.35pm-2.45pm | <b>Next Steps and Questions and Close</b>                                                                                                                                                                                                                                                                                                                                                                                                                      |

## Background/Context

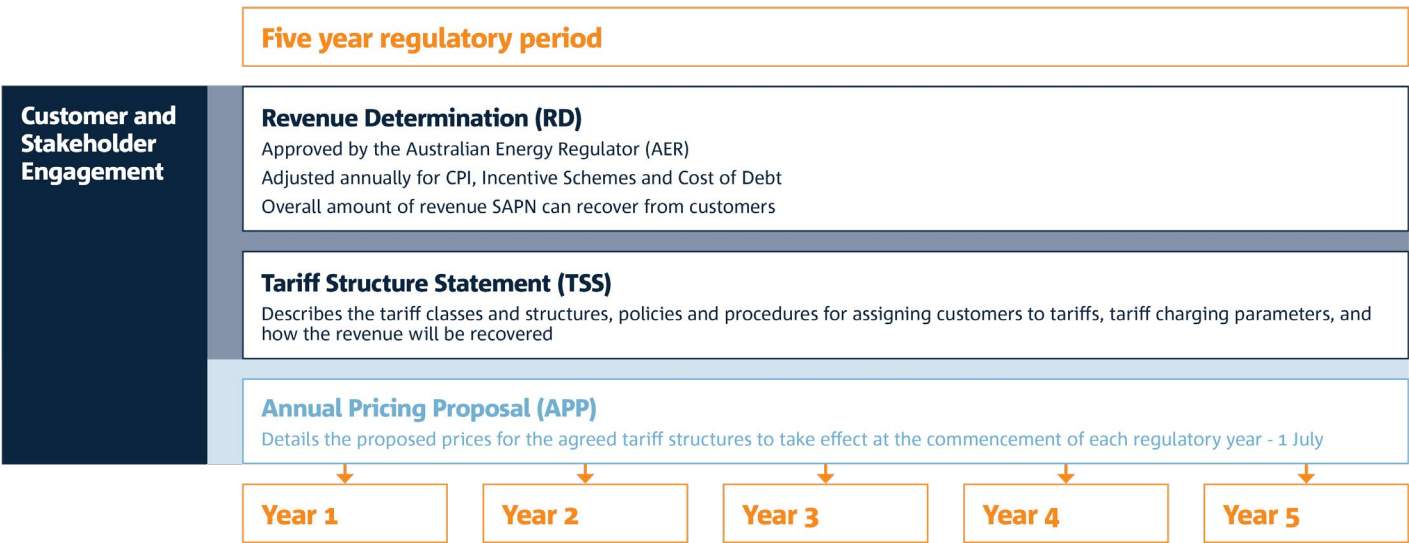
The Tariff Structure Statement (TSS) is a key component of the 2025-30 Regulatory Reset, describing tariff classes and structures, policies, and procedures to be used to assign customers to tariffs and charging parameters and recover revenue as per the approved Revenue Determination. Tariffs are determined by:

- Residential | Small Business | LV Large Business | HV Large Business | Major Customers
- Meter Type
- Supply Charge | Usage kW | Demand kVA
- Consumption | Export

The TSS needs to support the operational needs of the network, balance stakeholders’ priorities and the National Energy Rules Pricing Principles. You can read SA Power Networks’ current TSS (2020-25) [here](#).

Once approved by the AER, the five-year TSS is binding, and provides a framework for the Annual Pricing Proposal (APP) which is the annual implementation of the TSS and outlines the proposed prices to take effect each regulatory year. The APP will be approved by the AER if it complies with the National Energy Rules and TSS.

The APP is the annual implementation of the TSS and outlines the proposed prices to take effect at the start of each regulatory year. The structure of tariffs set out in the APP must match those approved by the AER in the TSS (with allowance for annual changes such as CPI and incentives).



Meaningful stakeholder engagement is fundamental to the development and submission of the TSS, and has been identified by SA Power Networks, the Australian Energy Regulator (AER) and customers/consumers as an area where significant stakeholder engagement and input should be achieved.

The AER's **Better Resets Handbook** (Dec '21) outlines that within Reset, networks are expected to demonstrate:

- Progression of tariff reform consistent with the network pricing objective and pricing principles set out in the Electricity Rules
- Incorporation of our tariff strategy in our overall proposal
- Demonstration of significant stakeholder engagement and broad stakeholder support
- Insight into and management of any adverse customer impacts.

## Background: Tariff Design – Default Network Tariffs

'Tariff Design' refers to the composition of a tariff, for example, the number of time periods within a 24 hour day which have different pricing signals and what those pricing signals are designed to encourage or discourage.

SA Power Networks has five tariff classes:

- Residential
- Small Business
- Large Business Low Voltage (LV)
- Large Business High Voltage (HV)
- Major Customers – Substation and Sub Transmission

Within each tariff class there are default and opt-in network tariffs which apply to a customer based on their volume of energy or demand used and their meter type.

In South Australia today most residential and small business customers still have a Type 6 meter which only allows for Single Rate or Two Rate tariffs. Current projections are that 50% of customers will have an interval meter by 2025. In this focussed conversation, SA Power Networks will not be engaging with stakeholders on default network tariffs for Type 6 meters because there is minimal scope for changes to the tariff design and they are considered legacy tariffs with diminishing customer numbers over 2025-30. The current offering is simple and easy to understand for the customer.

|                                                          | Type 6                                                                    |       | Interval Meter |        | Total   |
|----------------------------------------------------------|---------------------------------------------------------------------------|-------|----------------|--------|---------|
| <b>Residential</b>                                       | 547,981                                                                   | 68.1% | 257,098        | 31.95% | 805,079 |
| <b>Small business</b>                                    | 66,934                                                                    | 70.8% | 27,568         | 29.2%  | 94,502  |
| <b>Large Business LV</b>                                 | Customers must connect to the distribution network with an interval meter |       | 4,510          | 100%   | 4,510   |
| <b>Large Business HV</b>                                 |                                                                           |       | 202            | 100%   | 202     |
| <b>Major Customers - Substation and Sub Transmission</b> |                                                                           |       | 30             | 100%   | 30      |
|                                                          | 614,915                                                                   | 68%   | 289,408        | 32%    | 904,323 |

The focus of this discussion is to endorse SA Power Networks' preference to retain current default network tariff structures across all tariff classes.

## Background: Tariff Design – Time of Use and Demand Windows and Cost Allocation – Residential/Business and Fixed/Variable

Noting the discussion on Tariff Design above, in this context it refers to the Time of Use and Demand windows which exist with the tariff structures. These time and demand windows refer to what time of day electricity is used and demand from the network occurs. These windows and associated pricing signals are intended to reflect what is happening in the distribution network as well as consideration to the NEM.

The purpose of this discussion is to understand the current usage patterns of the distribution network and how it relates to the current time and demand windows in the default network

tariff structures. The discussion in Workshop 2 will analyse options and allow feedback/input to inform recommended outcomes for time of use and demand windows in 2025-30.

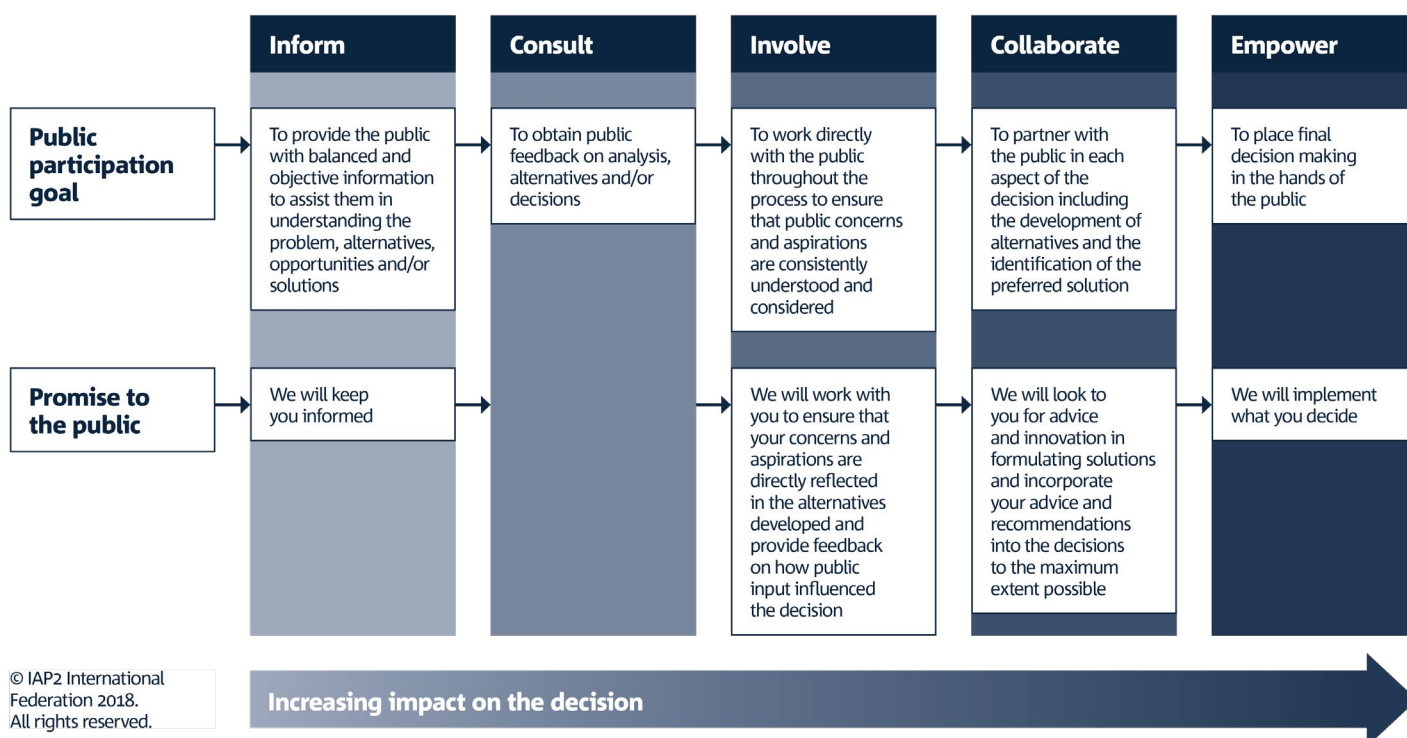
Cost Allocation refers to who and how distribution revenue is recovered from:

- Residential | Business
- Fixed (daily supply charge) | Variable (usage)

The purpose of this discussion will be to understand the current distribution revenue recovery allocation parameters and what has occurred in the latest regulatory period. The discussion in Workshop 2 will analyse options and provide feedback/input to inform recommended outcomes for distribution revenue recovery in 2025-30.

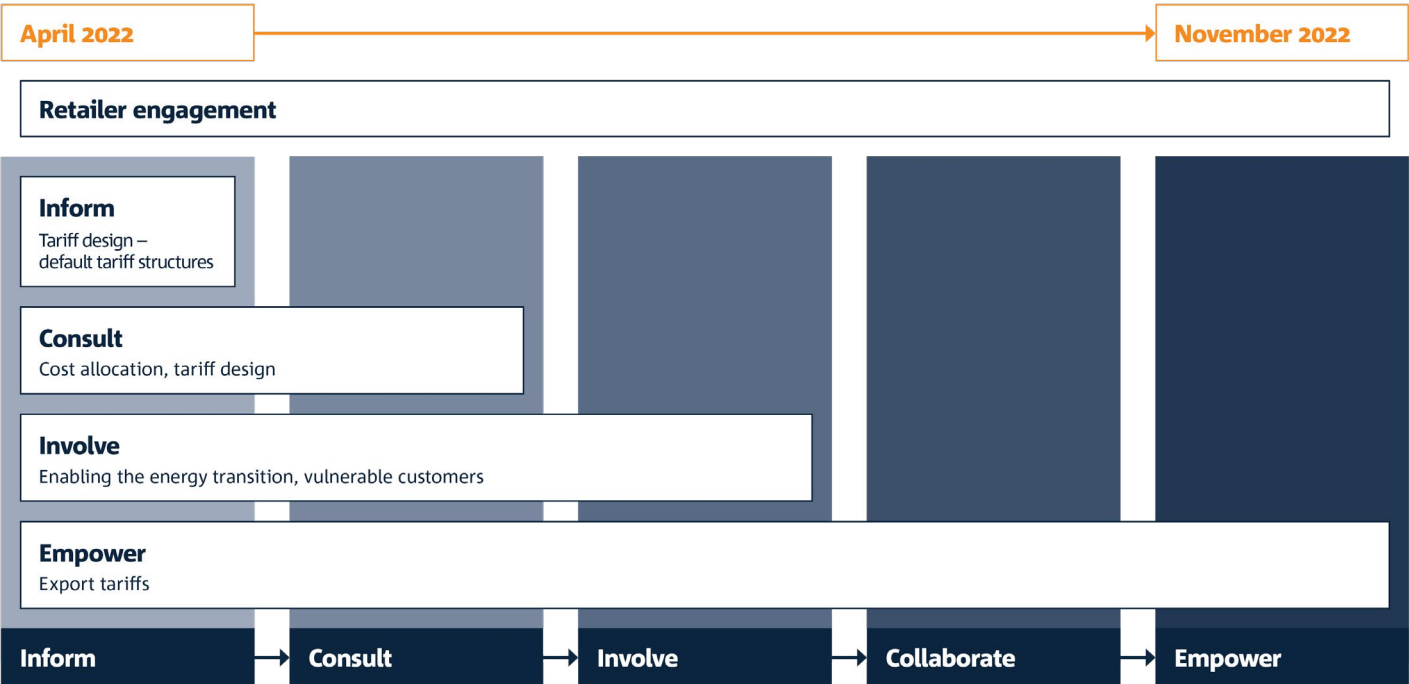
## Engagement Spectrum and levels

When designing engagement activities, SA Power Networks uses the IAP2 Engagement Spectrum (pictured below) to determine the level of influence stakeholders can have on engagement and outcomes.



Engagement has been developed for each Tariff sub-topic aligned to the IAP2 Engagement Spectrum, depending on the level of opportunity for stakeholder input and influence, as well as the opportunity for actual change within the sub-topic.

The topics for discussion at the first focussed conversation sit at the Inform (Tariff Design – Default Network Tariff Structures) and Consult (Cost Allocation, Tariff Design) levels.



## Workshop participants

Representatives from the following organisations have been invited to attend this focussed conversation:

|                                       |                                                                               |
|---------------------------------------|-------------------------------------------------------------------------------|
| Business SA                           | Department of Energy & Mining                                                 |
| Central Irrigation Trust              | Uniting Care Wesley Bowden                                                    |
| Electricity and Water Ombudsman of SA | Office of the Small Business Commissioner                                     |
| Wine Industry of SA                   | Energyplex                                                                    |
| Sustainable Savings                   | Smart Energy Council                                                          |
| Yates Electrical                      | Sun Energy                                                                    |
| The Energy Project                    | SA Power Networks' Community Advisory Board (CAB) and CAB Reset sub-committee |
| Central Irrigation Trust              | Members of AER's Consumer Challenge Panel (CCP30)                             |

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.

## Outcome of this session

### Tariff Design – Default Network Tariffs

- Endorse SA Power Networks' preference to retain current default tariff structures across all tariff classes.

### Tariff Design – Time of Use and Demand Windows

- Understand the current usage patterns of the distribution network and how it relates to the current time and demand windows in the default network tariff structures

### Cost Allocation – Residential/Business and Fixed/Variable

- Understand the current distribution revenue recovery allocation.

## Next steps

Following Workshop 1, the next steps are:

SA Power Networks to prepare options and analysis for:

- Tariff Design - Time of Use and Demand Windows
- Cost Allocation - Residential/Business and Fixed/Variable.

## Acronym cheat sheet

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

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

## Notes



