

Consultative Groups Induction Session

Friday 7 August 2026





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

Welcome

Andrew Bills, Chief Executive



Outline of today's session

- Introductions/ Meet and Greet
- Overview of SA Power Networks and our engagement
- The regulatory environment in which we operate
 - *Morning Tea*
- Our Strategic Plan and Integrated Strategic Approach
- A Safe, Reliable and Resilient Network – how we keep the lights on
- Q&A session
 - *Lunch*



1. Introductions

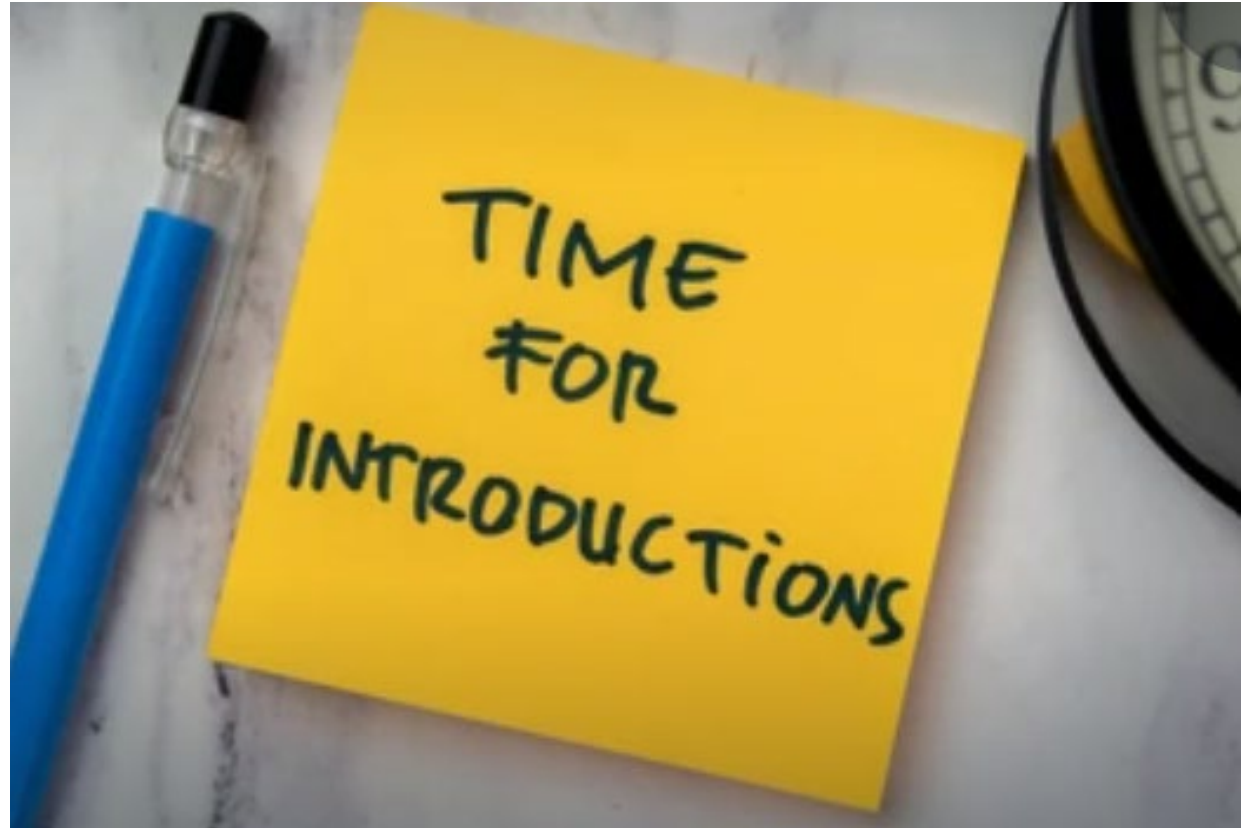


SA Power Networks staff in the room

- Andrew Bills, Chief Executive
- Jess Morris, Chief Officer, Customer & Strategy
- Mark Vincent, Chief Officer, Asset Management & Operations
- Ben Birch, Head of Strategy, Innovation & Growth
- Richard Sibly, Head of Regulation
- Mark Pynn, Head of Asset Investment
- Megan Grey, Head of Comms & Engagement
- Alex Lewis, Stakeholder Engagement Manager
- Patrice Pearson, Stakeholder Engagement Business Partner

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



2. Overview of SA Power Networks and our engagement

Jess Morris, Chief Customer & Strategy Officer



Our history in South Australia



1946

ETSA established in 1946 as a state-owned, vertically integrated electricity utility.

1999

ETSA Utilities privatised in 1999, purchased by Cheung Kong Group. Retail arm divested. Generation and transmission assets sold separately by Government.

2005

Spark Infrastructure purchased 49% in 2005, listing on ASX.

2012

Rebranded to SA Power Networks in September 2012.

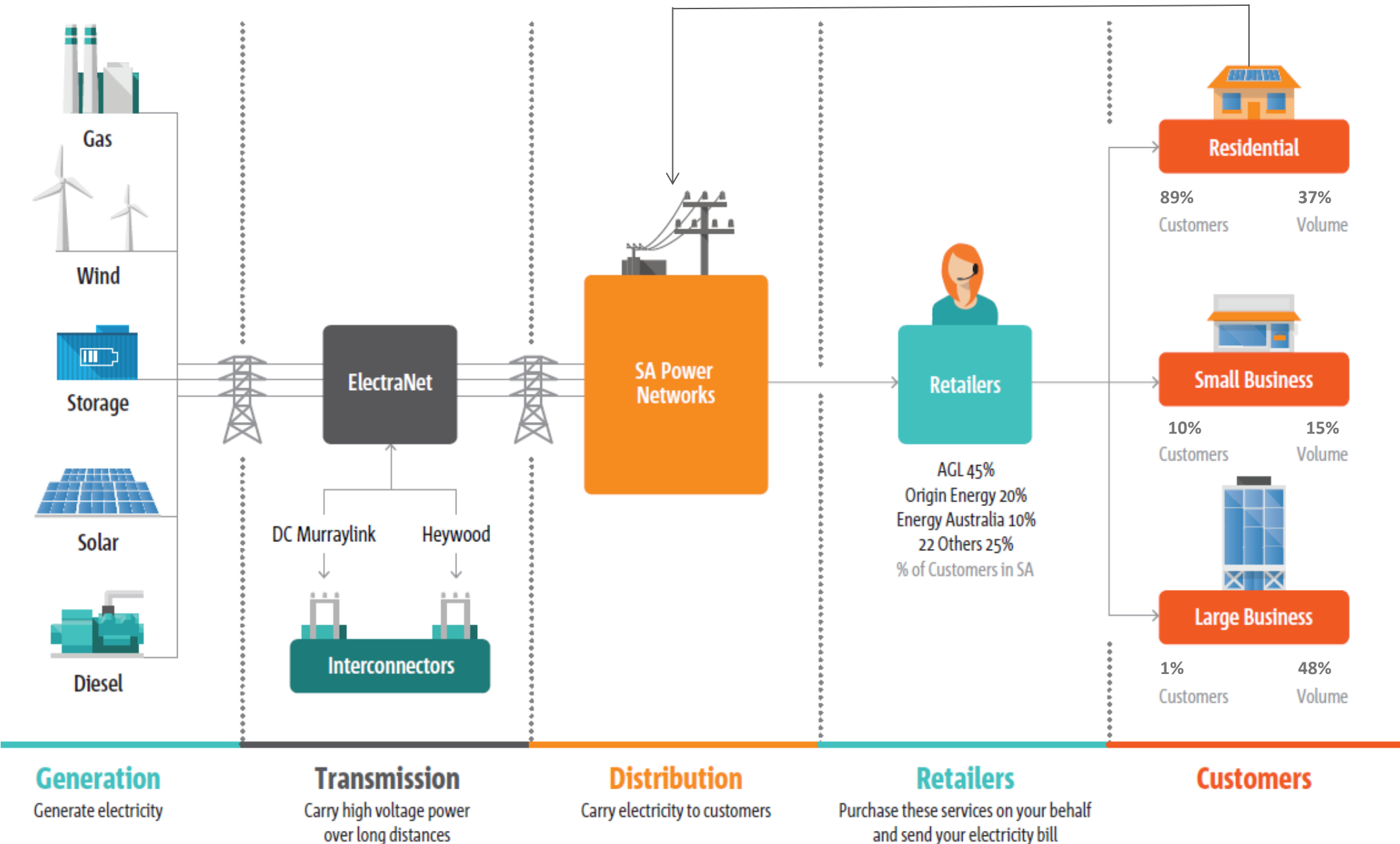
2018

Enerven incorporated as SA Power Network Group's unregulated business on 1 January 2018.

2021

In December 2021, Spark Infrastructure acquired by a private consortium led by KKR, Ontario Teachers' Pension Plan (OTPP) and Canada's Public Sector Pension Investments, delisted from ASX.

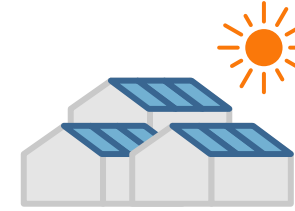
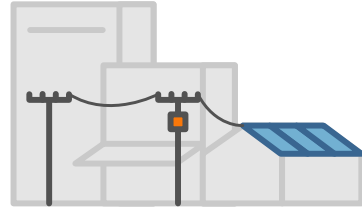
SA Energy Industry



About SA Power Networks and Enerven



ENERVEN™



ENERVEN™

Delivering power to 99% of South Australia's 1.89 million population

3,100 employees at more than 40 sites across the state

Pathway Programs (Apprentice, Cadet, Cyber, Graduate and Undergraduate) supporting 300+ participants annually

Significant contributor to the SA community through sponsorship, events and our Employee Foundation

Primary distributor in South Australia

Supplying 950,000 homes and businesses

Peak demand 3.3GW

Electricity distributed 10,000GWh per year

Expected to double as our community transitions from petrol, diesel and gas to electricity

Provide network coverage over 178,000 sq km

Network route length 91,000 kilometres

Operate the oldest network fleet in the National Electricity Market (NEM)

South Australia has one of the highest levels of home rooftop solar penetration in the world at ~50%

Over 13% of homes have batteries

SA also leads the world in proportion of electricity demand met by variable renewables at ~73%

Delivering electrical infrastructure and telecommunications solutions to connect communities

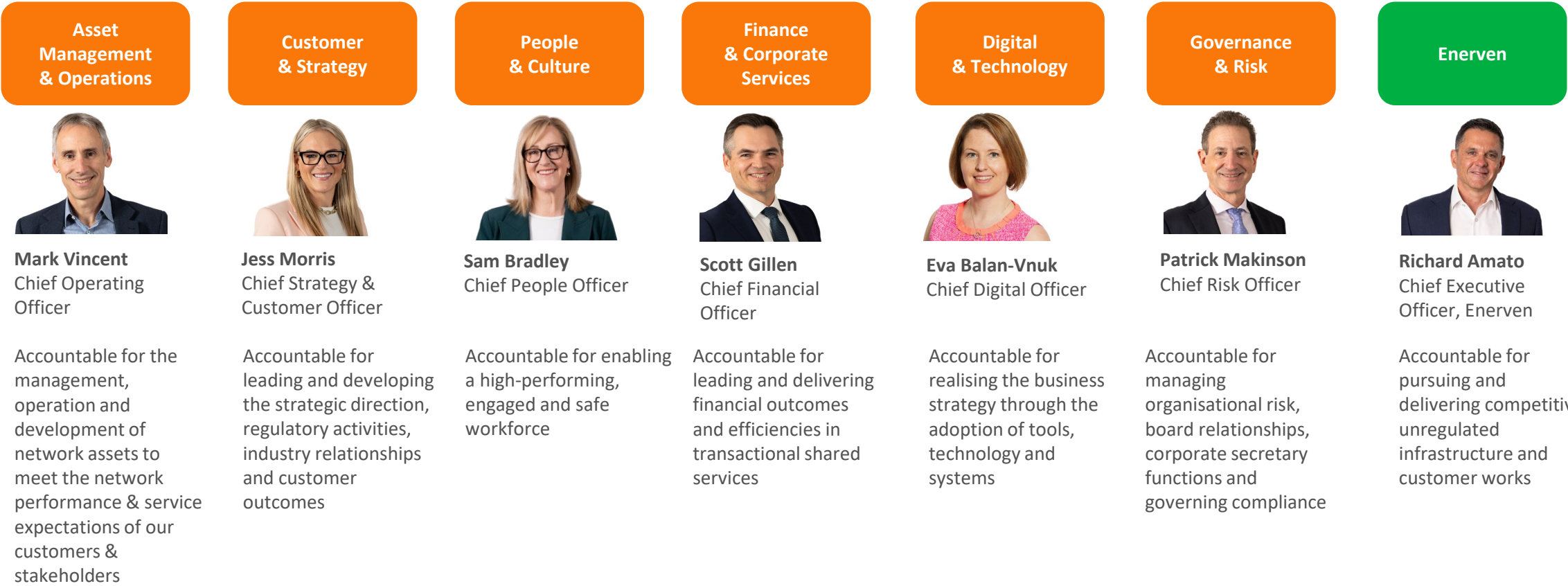
At the forefront of the renewable energy transition – providing innovative large-scale utility builds, maintenance services and renewable infrastructure solutions



Organisational structure



Andrew Bills
Chief Executive Officer



Our key strategic issues

- Energy affordability and the growing energy divide (equity).
- Asset age and condition.
- Our evolving Distribution System Operator (DSO) role and increased electrification.
- World-leading Customer Energy Resource (CER) uptake.
- Cyber, data and digital capabilities underpinning organisational resilience.
- Increasing impacts of climate change.
- Reliability and community resilience.
- Evolving customer expectations and needs.



South Australia's Consumer Energy Resource (CER) context

73% of net annual demand met by renewables in 2025



Nearly 50% of homes have rooftop solar



~2GWh of home batteries in ~13% of homes*



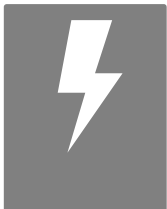
3.24GW+ rooftop PV



3.3GW peak demand



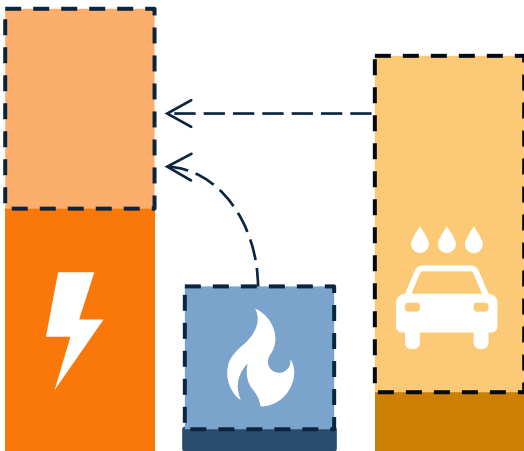
1.5GW average demand



Record -263MW Operational Demand with 113% Rooftop PV penetration in Dec 2025



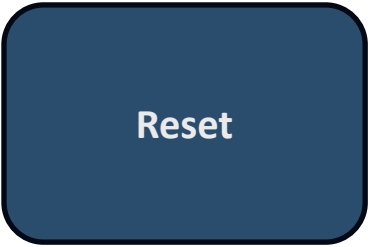
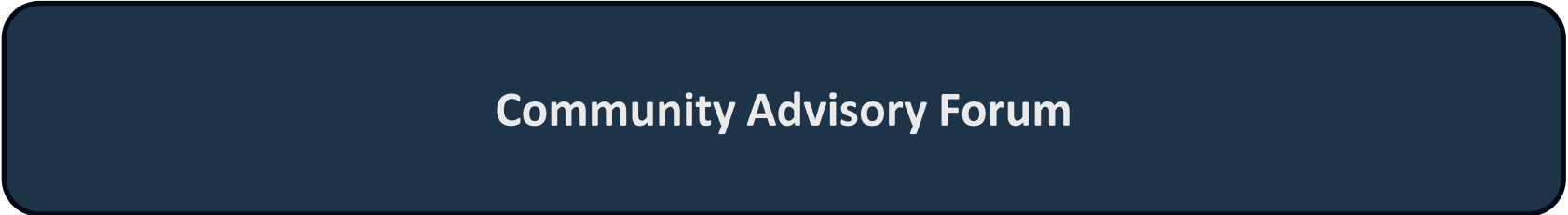
Electrification could double energy throughput of the distribution network by 2050



Our formal engagement



- CAF quarterly ELT briefings
- Chair meets quarterly with CEO



- Chairs sit on CAF
- Quarterly Briefing Note to CAF



- Briefing Note to CAF on strategic issues as required. And Chair present min. once per year to CAF.
- Link back to strategic advisory group – cross collaboration/ Chairs attend meeting at least once a year.

Your role as group members

- Ensure the customer voice is considered in our decision-making.
- Represent the needs and perspectives of customers (residential/ business/ vulnerable).
- Provide feedback and advice on key topics presented.
- Actively participate in meetings.
- Keep us accountable – You said/ we did.
- Engage collaboratively and in a respectful manner.
- Feedback information from meetings to the groups and communities you represent.
- Build trust between the business and our customers.
- Focus on what matters most to customers and where you have an ability to influence.



Engagement outside of our formal structure

- Regional engagement through depots/ Field Days
 - Program of Field Days, country shows and events
 - Depot visits to engage with customers and key stakeholders
- Annual Forums eg. vegetation management, public lighting, industry development.
- Retailer engagement – tariff design (retailer roadshow).
- Focused engagement sessions to gain insights (eg. renters, cyber security, vulnerable customers) and energy literacy training (vulnerable customers/ lived experience).
- Bilateral engagement eg. DEM, ESCoSA, AER.
- Talking Power and newsletters.
- Targeted engagement on connections – annual forums, workshops.

3. Regulation 101 – an overview of the regulatory environment in which we operate

Richard Sibly, Head of Regulation



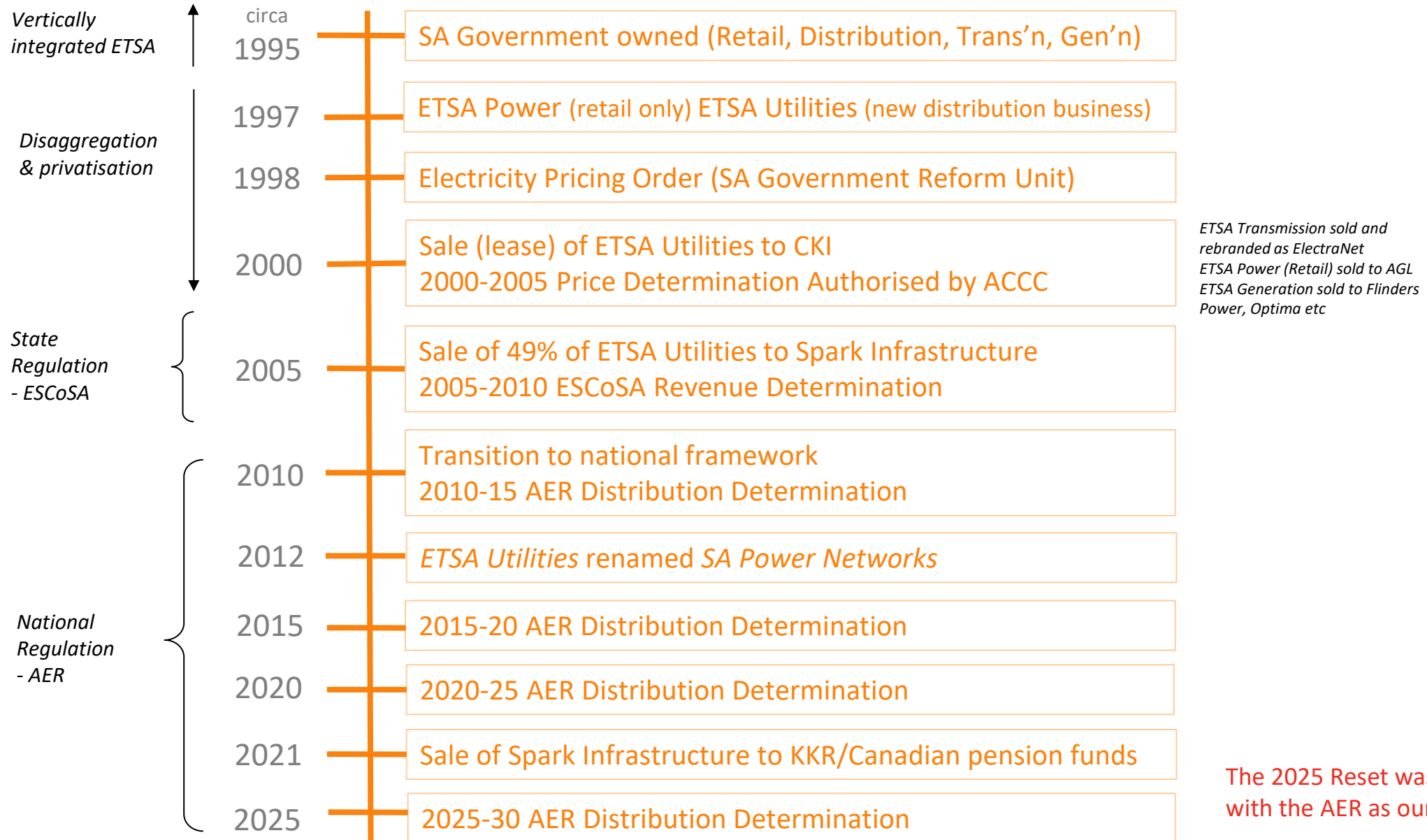
Empowering South Australia

Outline

- The regulatory environment
- Funding arrangements
- 2025 Regulatory Proposal ('price reset') update

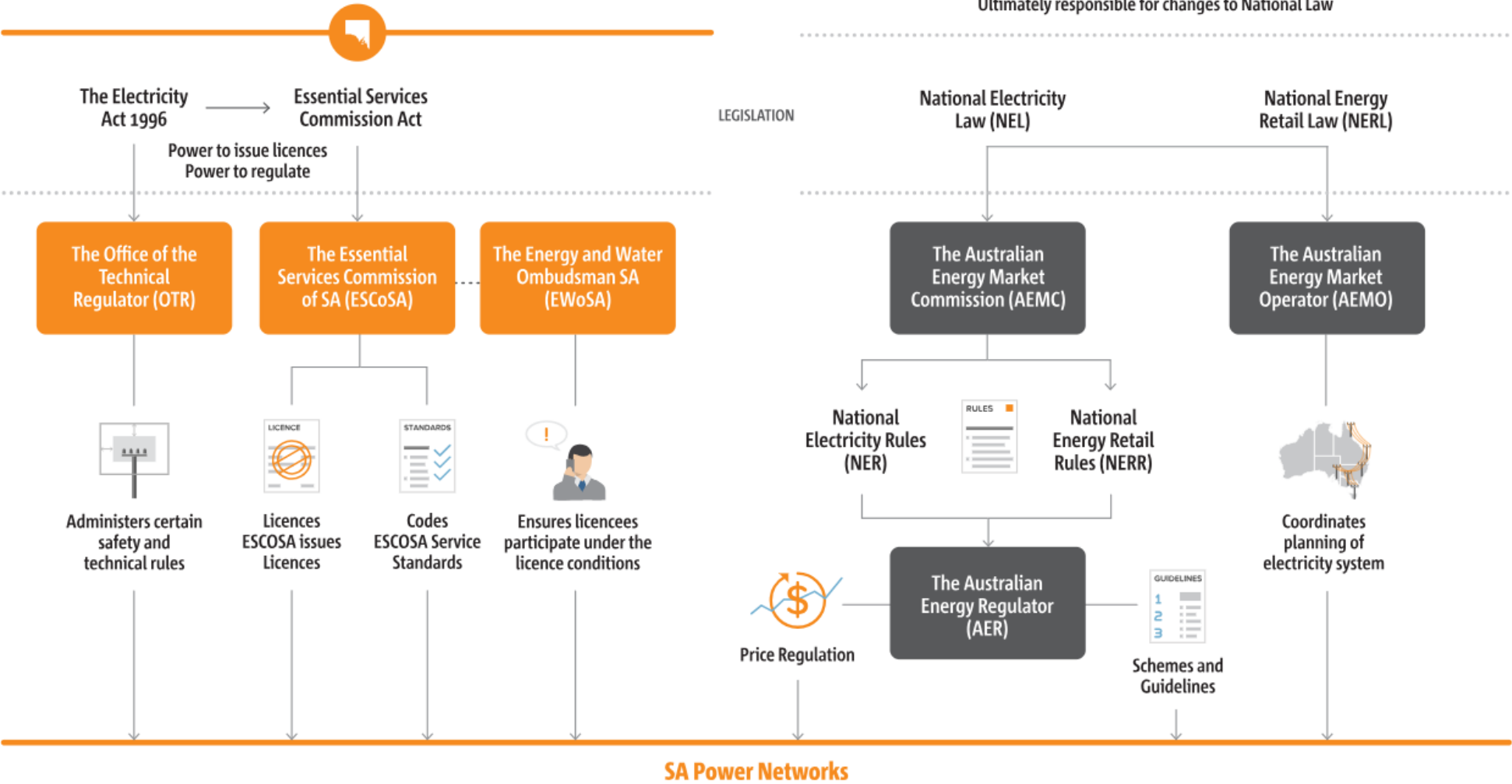


The regulatory environment has evolved since privatisation



The 2025 Reset was our 4th with the AER as our regulator

The Regulatory Framework has state and national components



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

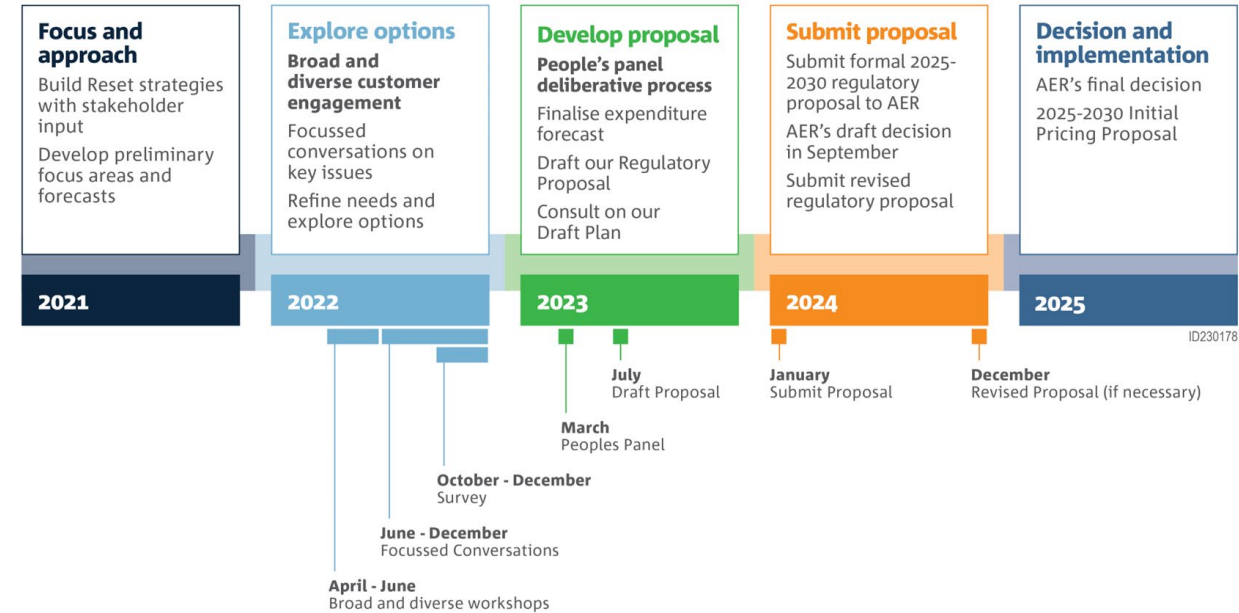
SA Power Networks receives a fixed 5-year revenue, in exchange for meeting agreed levels of service

The NEO: to...

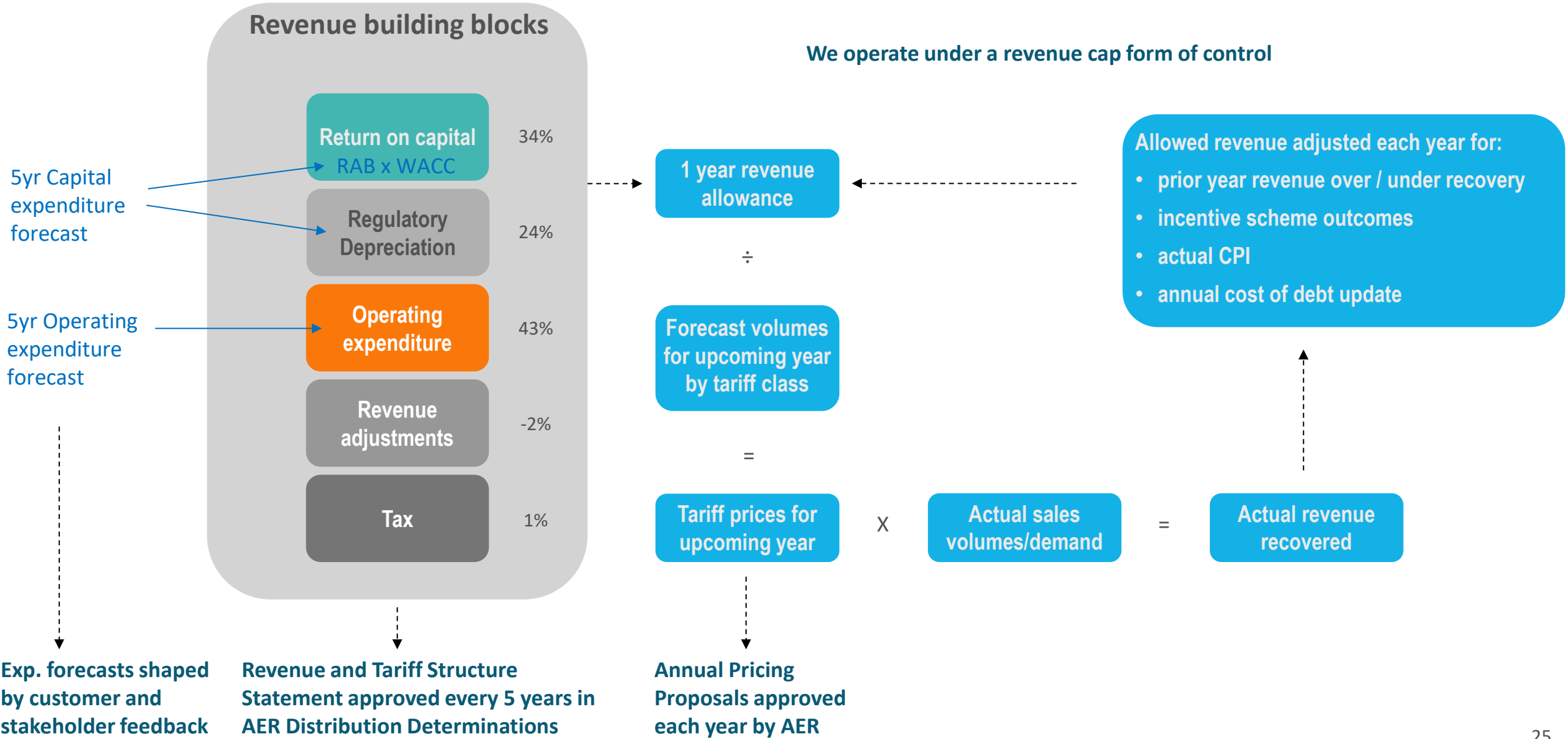
“promote efficient investment in, and efficient operation and use of, electricity services for the long-term interests of consumers of electricity with respect to: price, quality, safety, reliability, and security of supply of electricity; and the reliability, safety and security of the national electricity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

The AER determines our allowed revenue 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 are funded to maintain service standards/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



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

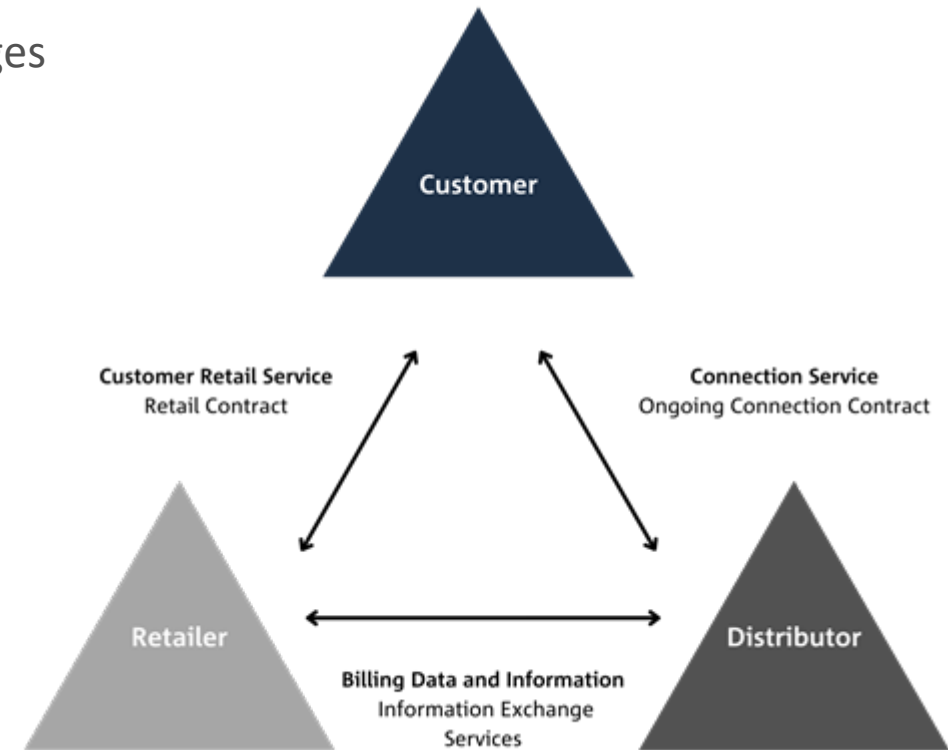
How we 'get' the cash:

- 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 have two key types of expenditure: capital (capex) and operating (opex)

Example

- Capex = purchase/build new house
- Opex = run the household (pay the bills), make some repairs

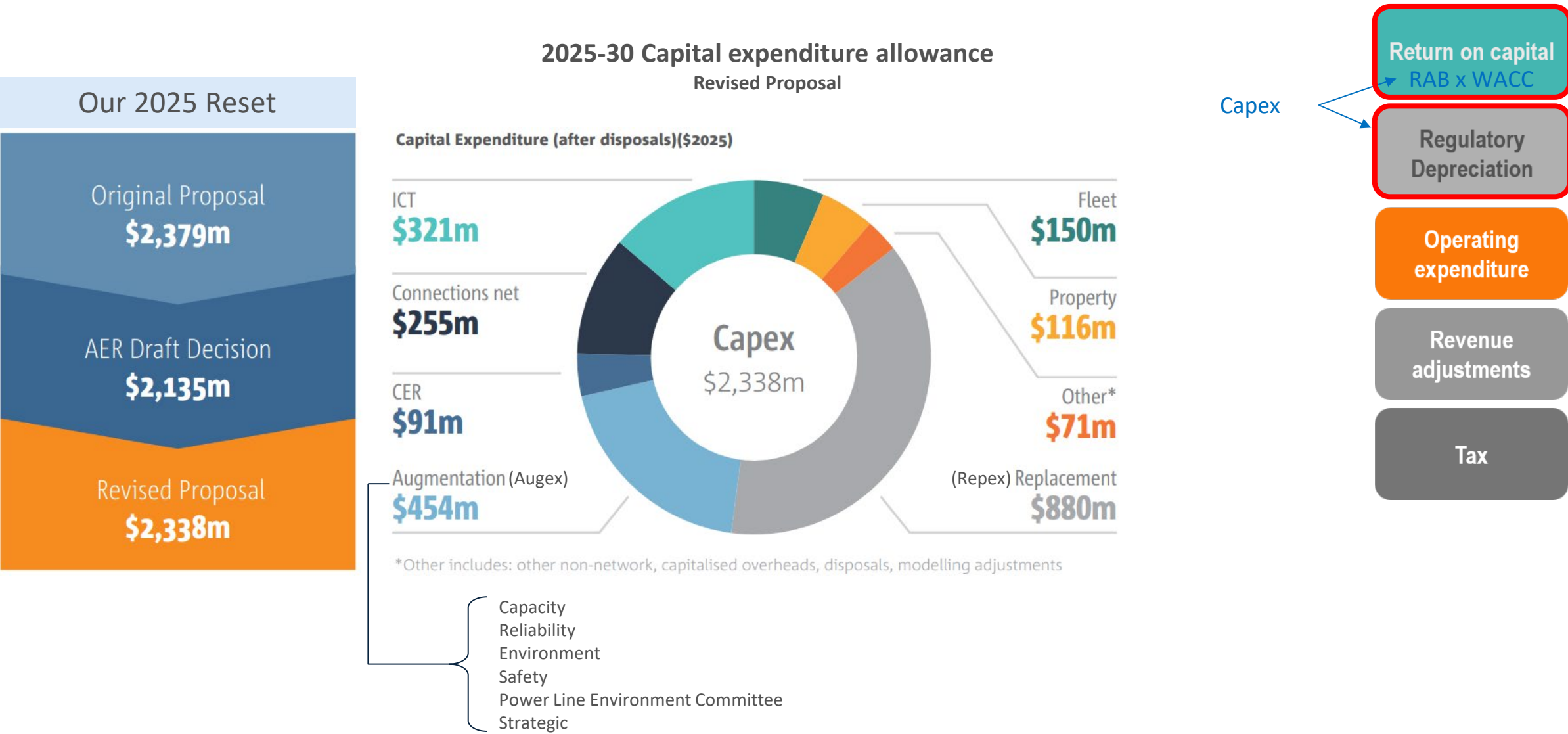


For SA Power Networks:

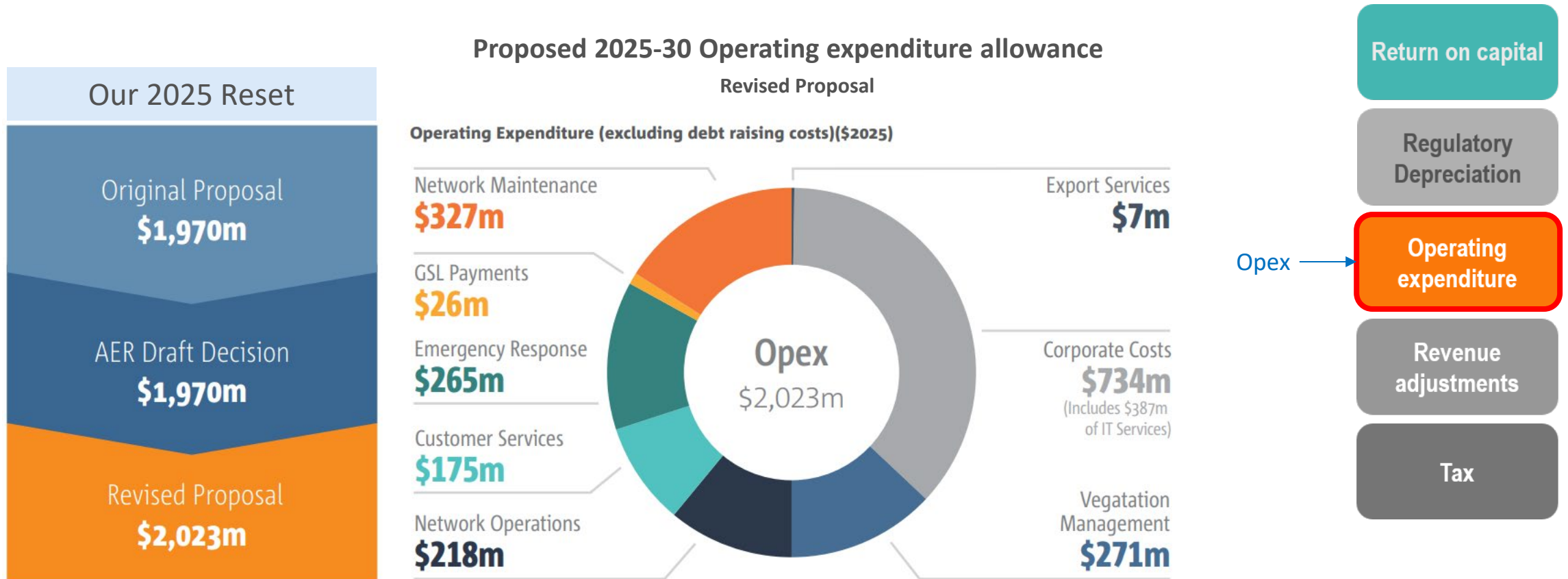
- Capex = invest in new/refurbished network and non-network assets (ICT, Fleet, Property)
- Opex = operate and maintain assets



We invest capital into our network and non-network assets



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”

The depreciation allowance is a significant component of our revenue

The annual depreciation allowance component of our revenue depends on the type of assets in service and when they were installed. Different asset classes have different lives:

- Stobie Poles – 80 years
- Sub-transmission lines, LV service lines – 55 years
- Distribution lines 52.1 years
- Substations and transformers – 45 years
- Buildings – 40 years
- Relays & Comms assets – 15 years
- Heavy vehicles – 10 or 15 years
- Light vehicles – 5 years
- ICT & software – 5 years

For regulatory purposes, all SAPN (ETSA Utilities) assets installed up to 2010 were deemed to have an average remaining life of up to 22 years.

These assets are becoming fully depreciated over the next 10 years contributing to lower revenues in the future.

Return on capital

Regulatory
Depreciation

Operating
expenditure

Revenue
adjustments

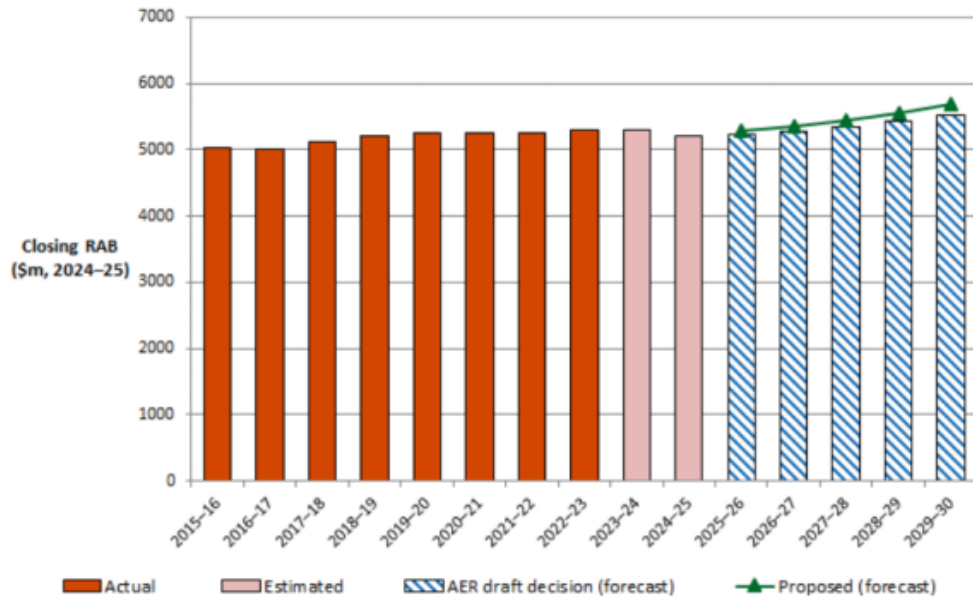
Tax

For example:

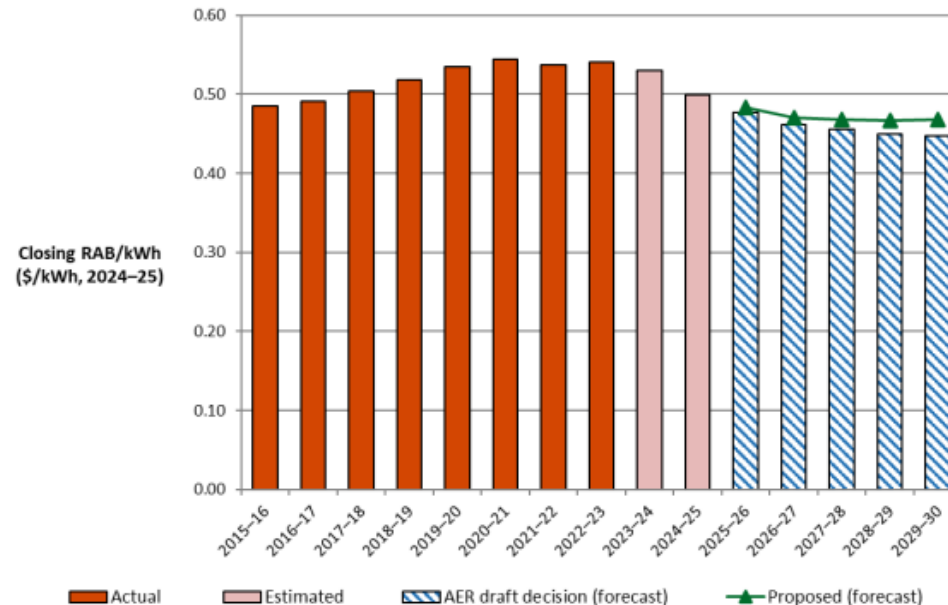
- \$10m ICT investment increases the RAB by \$10m but becomes fully depreciated (and out of the RAB altogether) after 5 years – bigger annual depreciation revenue building block for 5 years
- \$10m in power lines increases RAB by \$10m but is depreciated over 55 years – smaller annual depreciation revenue building blocks, but for 55 years

The allowed return on our regulated asset base (RAB) is another significant revenue component

RAB



RAB per kWh



Return on capital

Regulatory
Depreciation

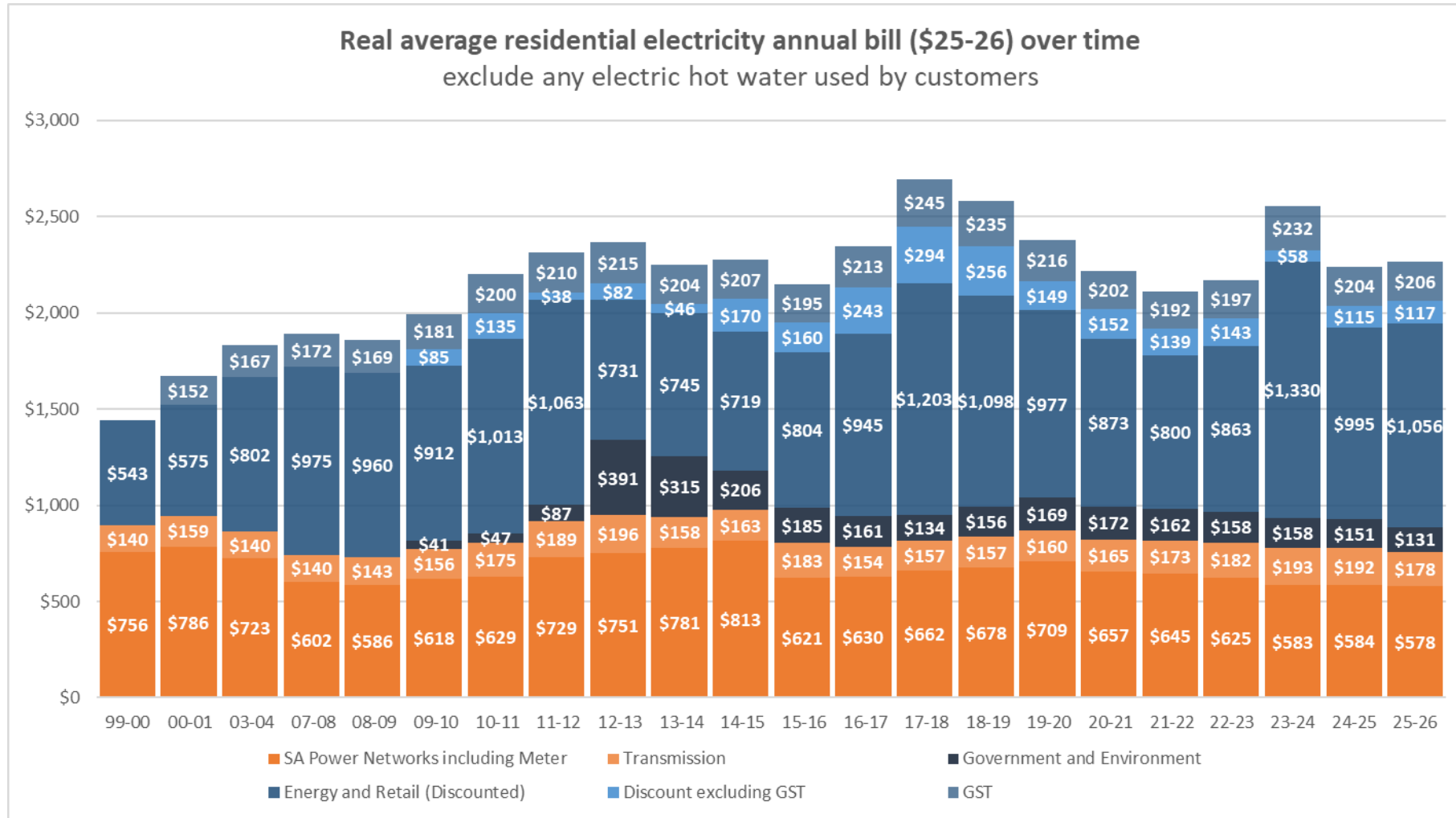
Operating
expenditure

Revenue
adjustments

Tax

- The return on the RAB contributes more than a quarter of total revenue/customer prices
- AER's Final Decision: 1 July 2025 opening RAB value \$5.2 billion nominal and by 30 June 2030 increases to \$6.4 billion nominal
- However, electricity volumes delivered over 2025-30 increase by 18%, reducing the RAB/kWh over the same period
- The allowed rate of return (6.12%* nominal vanilla) reflects the weighted average cost of capital determined by the AER (*the return on debt component of the rate of return will be updated each year)

Our charges to customers are lower than when we were privatised



← \$578 SAPN

Our charges are around one quarter of the retail bill and, adjusting for inflation, are now lower than when we were privatised.

Summary – key takeaways

- SA Power Networks is a regulated monopoly.
- Funding sources include revenue received, debt issued by lenders and owner's equity.
- Nearly 90% of our revenue is pre-determined by the AER every 5 years (Reset process).
- We recover our allowed revenue from customers (via distribution bills to the customers' retailers).
- AER approves our tariffs (and other fees) each year.
- Our charges are now around one quarter of the retail bill and have largely remained constant since privatisation.



Morning Tea Break



4. Strategic Plan and Integrated Strategic Approach

Ben Birch,
Head of Strategy, Innovation and Growth



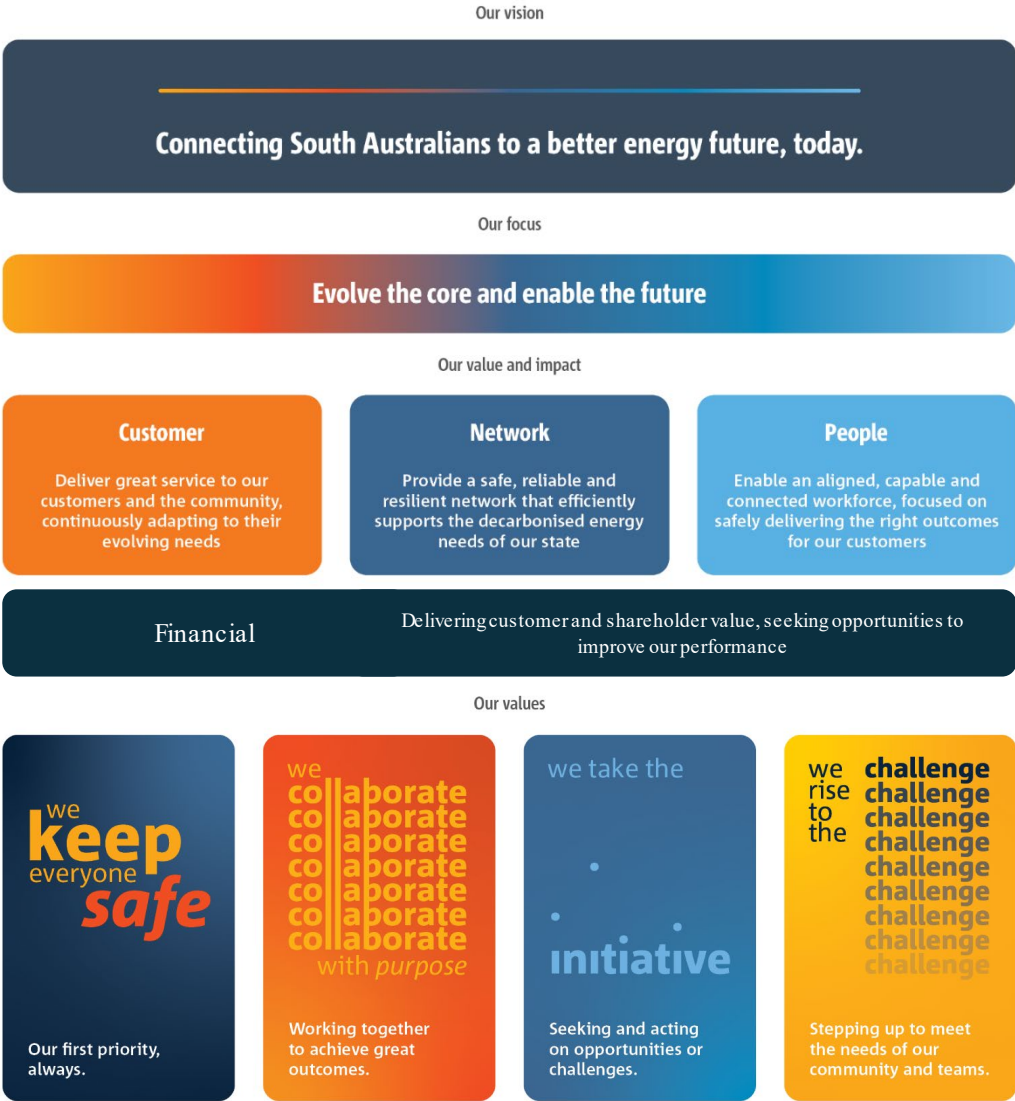
Empowering South Australia

2026 Strategic Plan

Our Plan on a Page

Our **Vision and Strategy** sets the direction for SA Power Networks. To deliver this vision we need to ensure we are focused on evolving our core services and operations while looking ahead to how we can enable the future. We have four pillars: customer, network, people and financial.

Our **Values** are created to be meaningful to our people and apply equally to all of us. Our intent is to lead with our Vision and live our Values.



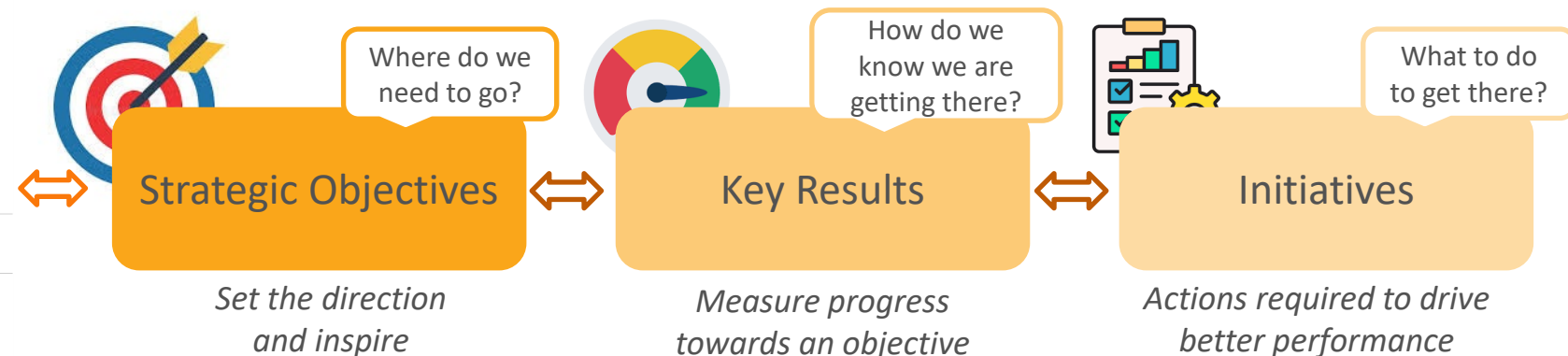
The Objectives/Outcomes and Key Results (OKR) Approach

OKRs, or Objectives/Outcomes and Key Results, is a goal-setting framework that helps organisations set, track, and achieve their goals. The framework is divided into two parts:

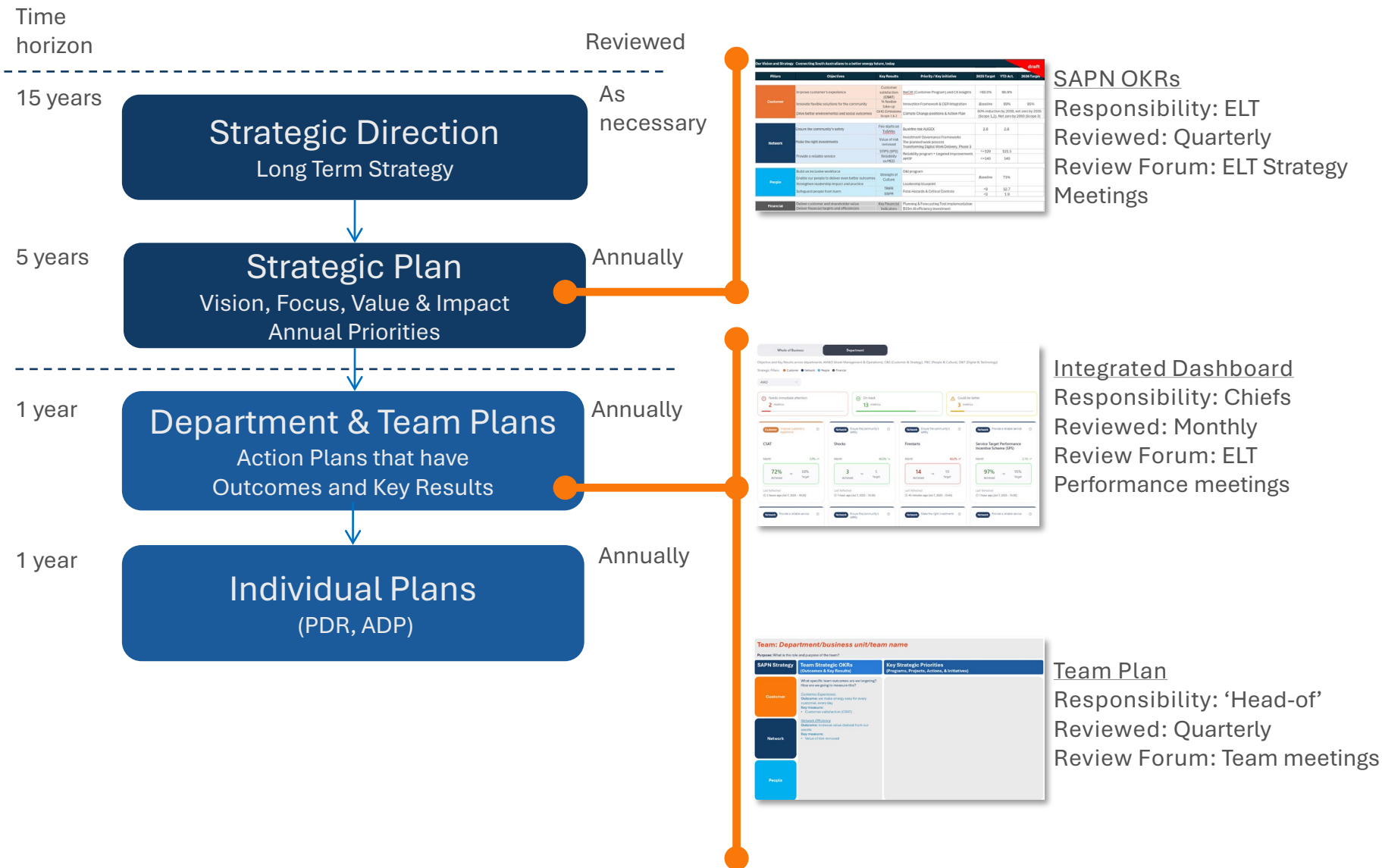
Objectives: These are clear, qualitative descriptions of what you want to achieve. They should be short, inspirational, and engaging.

Key Results: These are specific, quantitative measures used to track the achievement of the objective.

The idea is to set clear and measurable goals (the Key Results) that directly advance the Objective. This system encourages ambitious goal setting and continuous improvement.



Cascading the Strategy and OKRs



- 1 ELT **agree** strategic objectives & key results which are **published** in the annual Strategic Plan
- 2 Chiefs develop & monitor Dashboards aligned to SAPN OKRs (SPARKi tool)
- 3 Heads-of develop Team Plans that are aligned to SAPN OKRs

2026 Strategic Plan Priorities

Our pillars:

Our value and impact

Customer

Deliver great service to our customers and the community, continuously adapting to their evolving needs

Network

Provide a safe, reliable and resilient network that efficiently supports the decarbonised energy needs of our state

People

Enable an aligned, capable and connected workforce, focused on safely delivering the right outcomes for our customers

Our priorities:

Key priorities for 2026

Transform the customer **experience** through our NeCXt program to modernised digital platforms, enhanced service delivery capabilities, and insights

Continue to build capabilities for flexible services as a **leading Distribution Service Operator (DSO)**

Improve our understanding of **Asset Risk**, condition and performance

Ensure we make the **best investments** by better optimising value across investment portfolios

Deliver our work efficiently

Improve **safety performance and maturity**

Implement key initiatives to address **culture survey feedback**

Financial

Develop a **long-term strategic plan** that considers a range of plausible futures and ensures the sustainability of our business

Address the rising costs of doing business by **strengthening financial discipline and improving the efficiency and sustainability of our regulated operations**

Leverage our **capabilities for new revenue growth**

Our messages:

“Improve Customer Experience”

“Keeping the network safe & reliable today and for the future”

“Improve our safety performance and our people’s experience”

“Deliver budget targets and unlock efficiency”



Objectives and Key Results

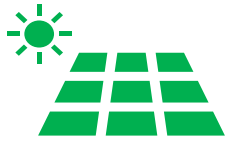
Pillars	Objectives	Key Results
Customer	Improve customer experience	CSAT Customer satisfaction
	Improve network utilisation	Network utilisation
	Drive better environmental and social outcomes	GHG emissions (Scope 1&2)
Network	Safeguard the community’s safety	Serious community safety incidents
	Keep the lights on	STPIS SPS Service performance
	Ensure the network <i>remains</i> safe & reliable	Value of risk removed
People	Safeguard people from harm	TRIFR Total recordable injury freq rate
	Enable our people to deliver even better outcomes	SSIFR Serious safety incident freq rate
	Strengthen leadership impact & practice	Strength of Culture
Financial	Deliver customer and shareholder value	EBIT, PBT, Distributions
	Ensure best value from our investments	Projects with benefit tracking
	Deliver budget targets & unlock efficiency	Opex outperformance
	Leverage our capabilities for new revenue growth	Unregulated Revenue

Strategic Direction 2040

- SA Power Networks has a 15-year Strategic Direction to help the business respond to major changes in the energy sector to 2035.
- Over the next ~8 months we are refreshing this document, extending the timeline to 2040.
- We will consider emerging challenges and opportunities, including energy industry transformation and changing customer needs.
- It will set a refined vision for the future of the energy system, identify the key strategic responses (choices) needed to make the most of current capabilities, and outline the focus areas and a high-level roadmap over 5, 10 and 15 years.
- This document is not intended to be a detailed action plan. Instead, it will act as a long-term reference point to guide the development of specific strategies and annual strategic plans
- **We intend to commence engagement with the CAF in November on this important initiative**



Innovation can help solve our biggest strategic challenges



World's highest **solar** uptake



Growing energy **complexity** and **affordability**

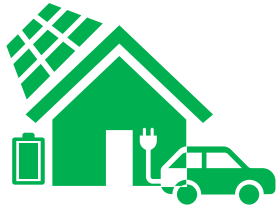


Oldest asset base in the NEM

+

+

+



Electrification



Increasing customer **expectations** and **equity** divide



Increasing threats from **climate change**

=

=

=



Network **minimum** and **peak** demand challenges



Declining trust and **access** in energy sector



Need to **do 'more with less'** to maintain efficiency & reliability

**Future Networks
Innovation**

Customer Innovation

**Asset
Management
& Operations**

New funding source and customer voice for innovation activities

Potential funding sources for Innovation:

- Reg business cases (e.g. CER, AUGEX)
- DMIAM/DMIS*
- **Innovation Fund**
- Grants & partnerships (e.g. ARENA, AEMO)
- Diversion of funds (via investment committee)

Innovation Fund



\$20 million for the 5-year period



Use it or lose it



Knowledge sharing requirements

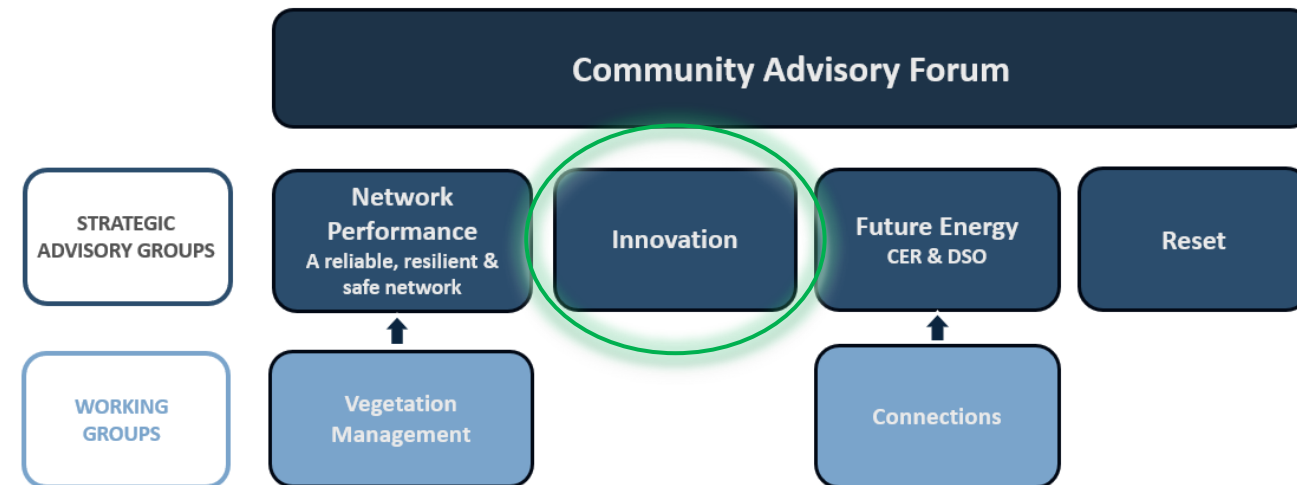


Principles-based IAG governance

IAG Scope

Provide customer-centric and industry-informed input to help shape the direction of Innovation Fund Projects, ensuring a strong focus on delivering customer benefits.

SA Power Networks Consultative group model (2026)



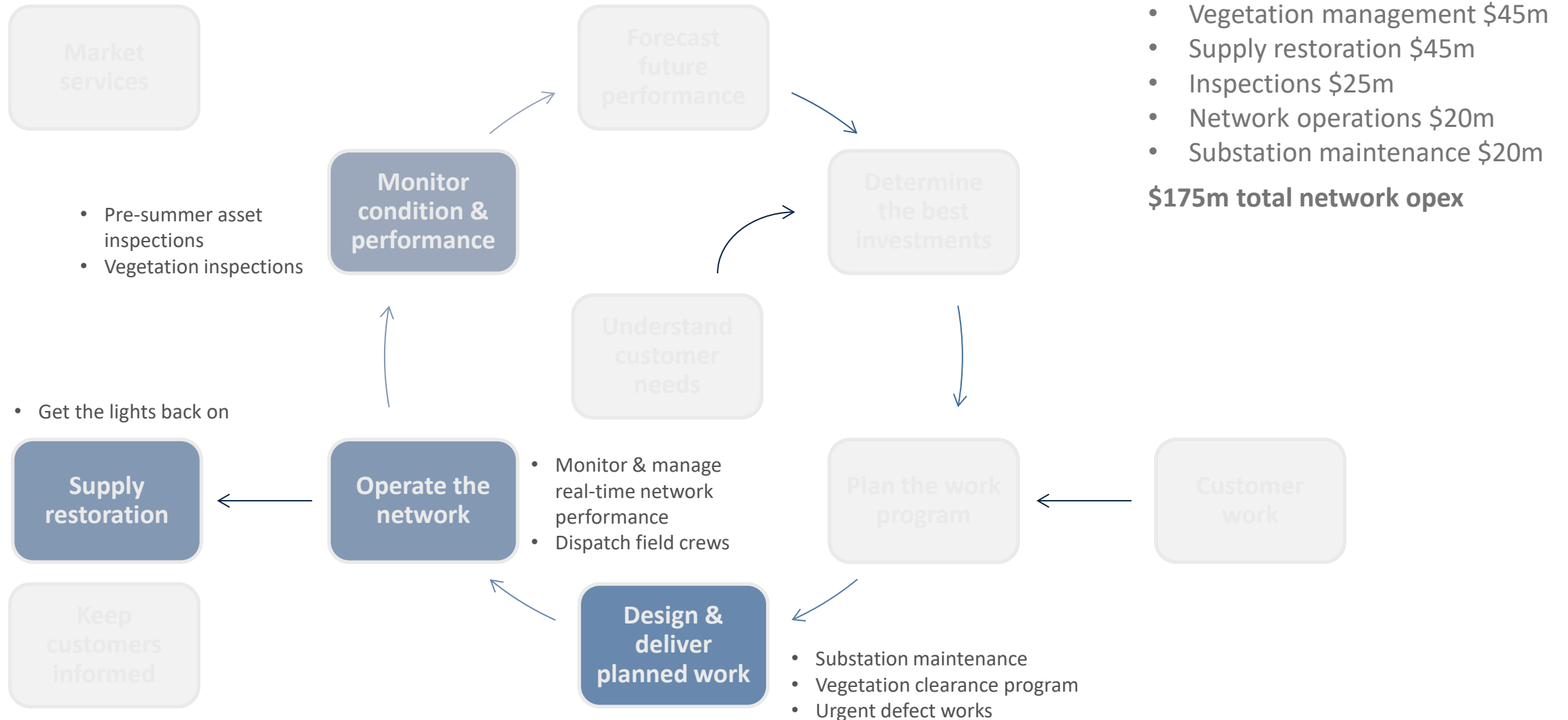
*Demand management incentive scheme and innovation allowance mechanism

5. A Safe, Reliable and Resilient Network

Mark Vincent, Chief Operating Officer Asset
Management and Operations &
Mark Pynn, Head of Asset Investment



Managing the safety & reliability of *today's* network

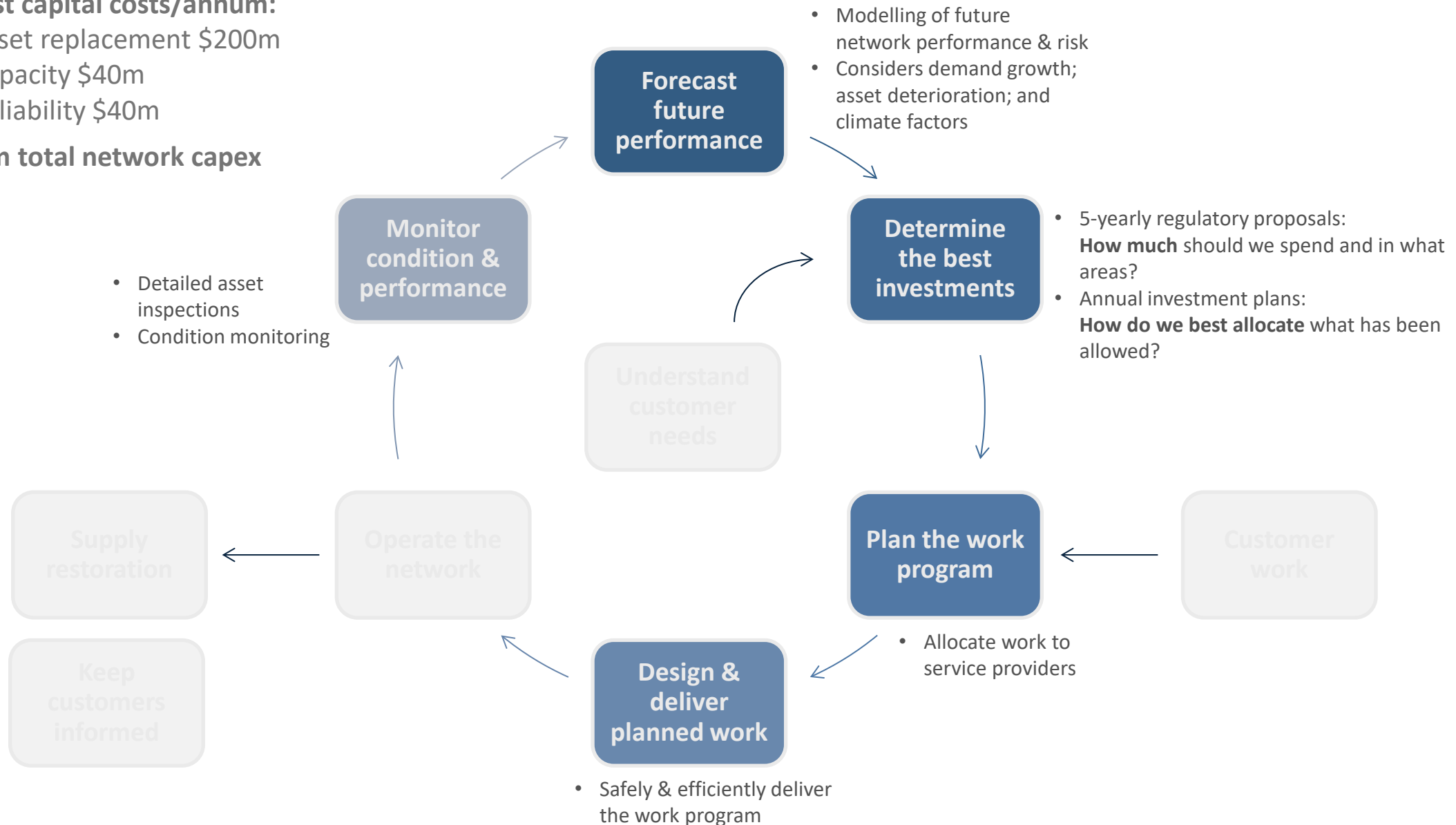


And ensuring *tomorrow's* network remains safe & reliable

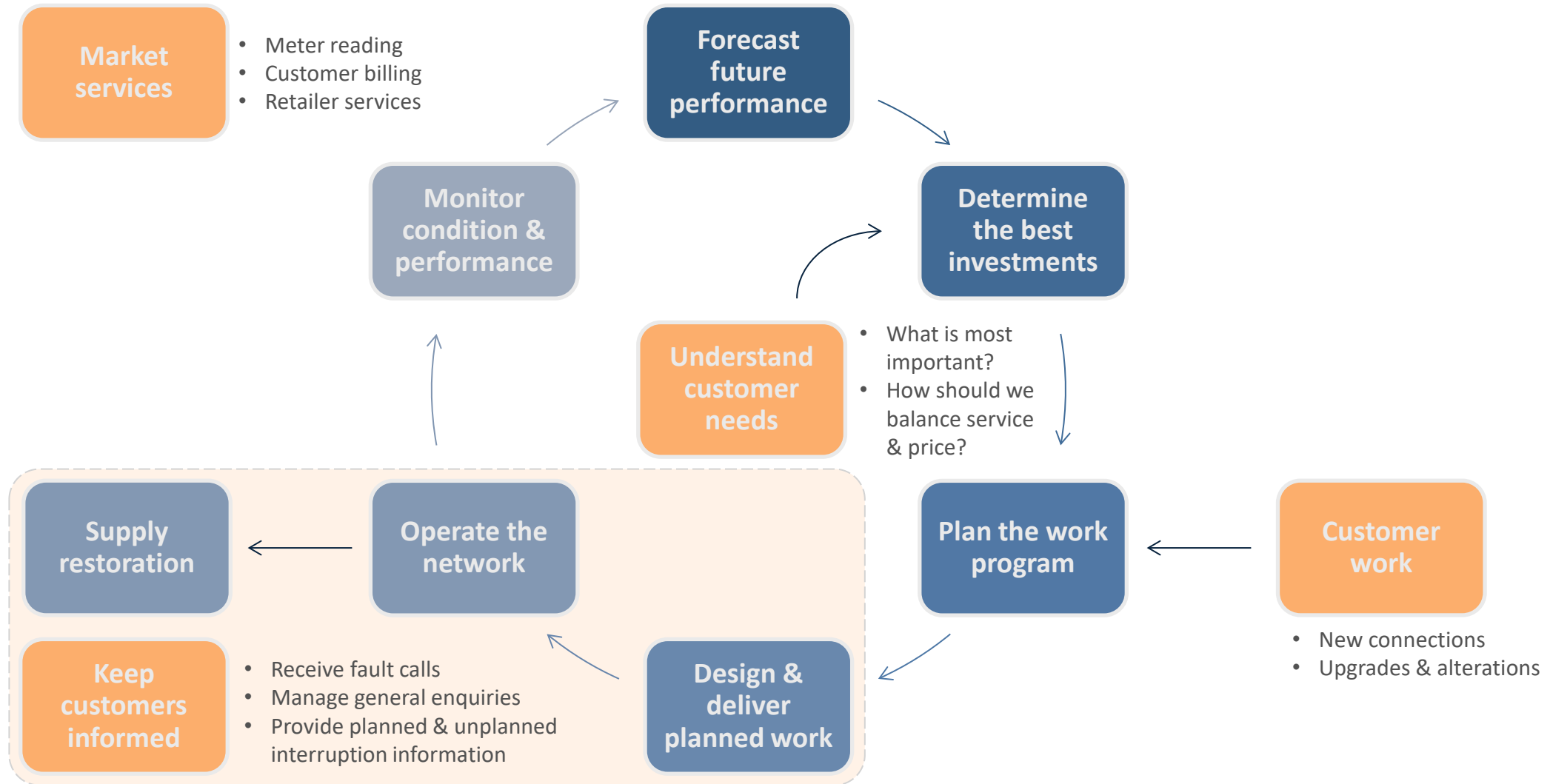
Largest capital costs/annum:

- Asset replacement \$200m
- Capacity \$40m
- Reliability \$40m

\$350m total network capex

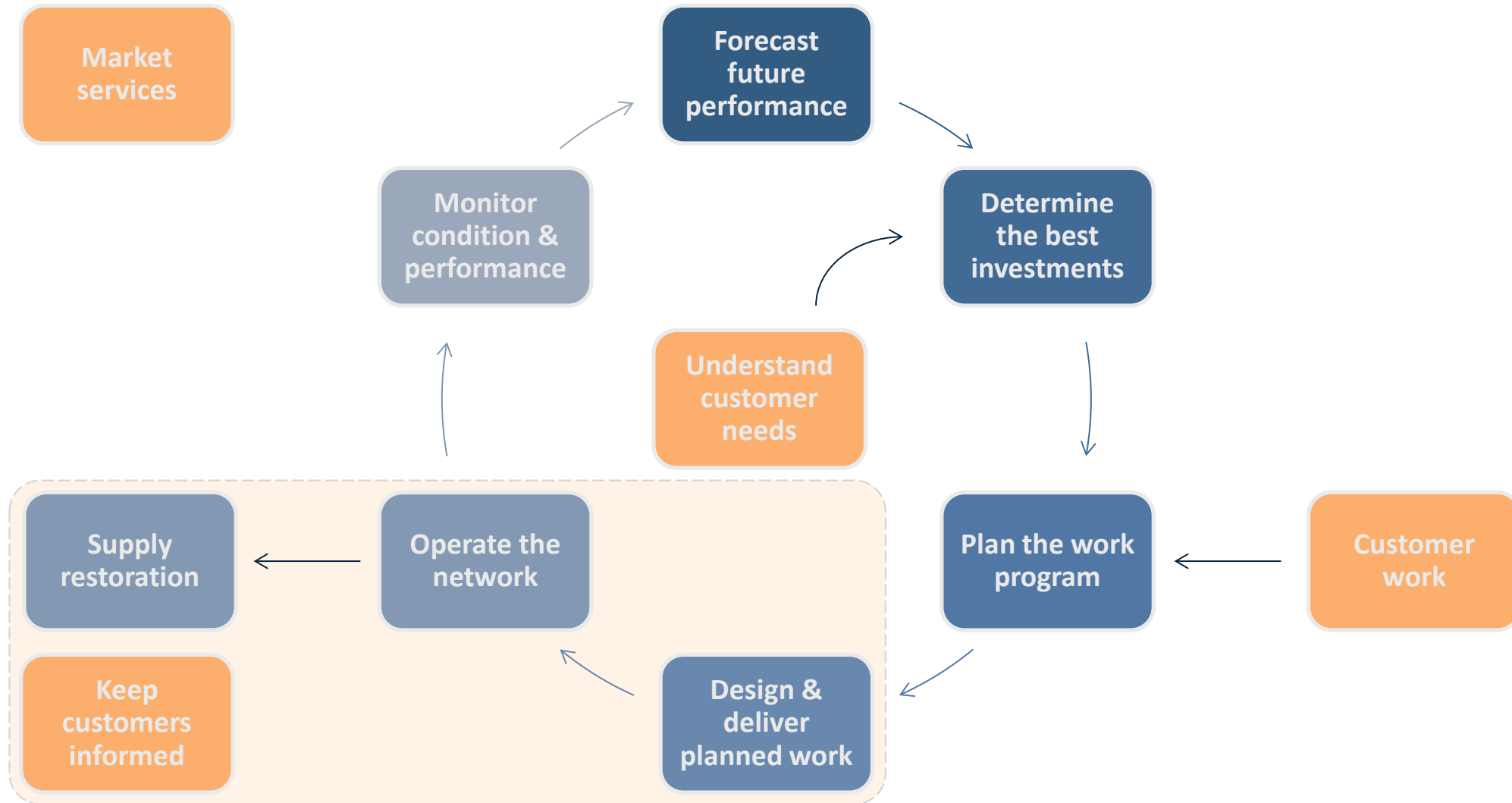


In support of meeting our customers' needs



Bringing it together: operations on a page

Annual opex: \$200m
Annual net capex: \$400m



Key concepts

Distribution transformers

(pole-top or pad-mount) convert HV to LV suitable for most houses & businesses

High voltage (HV) feeders

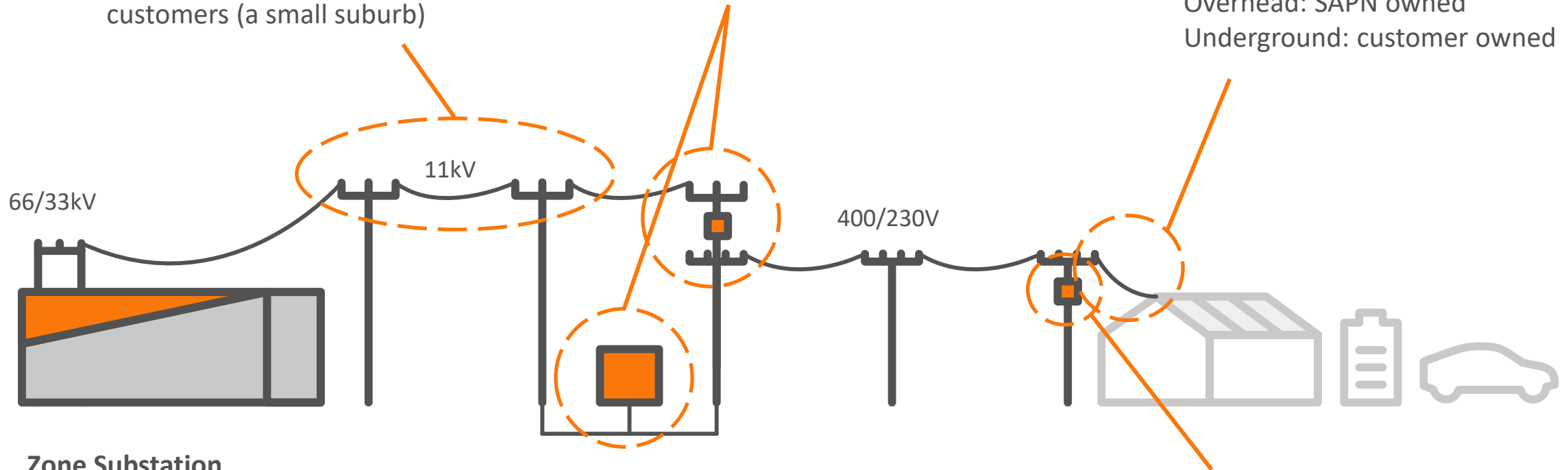
each supply a few thousand customers (a small suburb)

Customer's service

Connect customer to the network

Overhead: SAPN owned

Underground: customer owned



Zone Substation

- **High voltages** (66/33kV) are used to carry electricity longer distances to reduce losses*
- **Transformers** in the substation lower the voltage to supply multiple HV feeders
- **Protection** equipment identifies and isolates feeder faults using large **circuit breakers**
- **SCADA** equipment is used by the **Network Operations Centre (NOC)** to remotely monitor & control the network

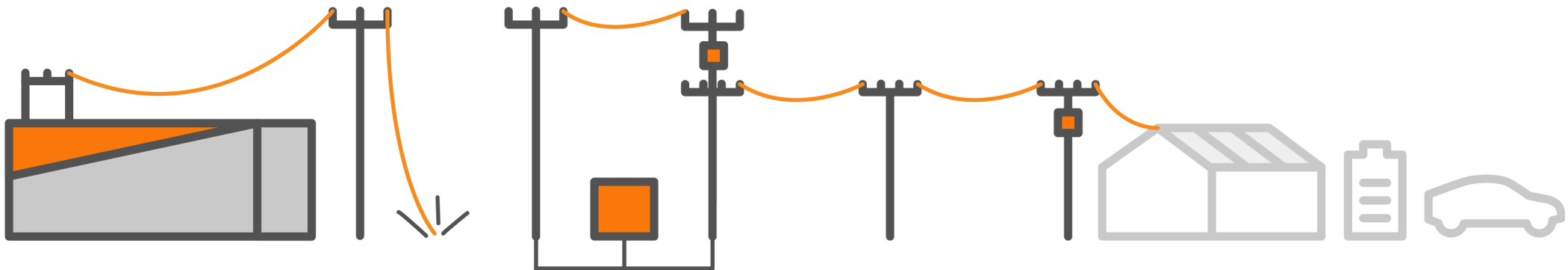
Service fuse

Protects the network from customer faults

* ElectraNet uses higher voltages again, 275kV & 132kV to carry electricity very long distances. They connect to our network at 'terminal substations'.

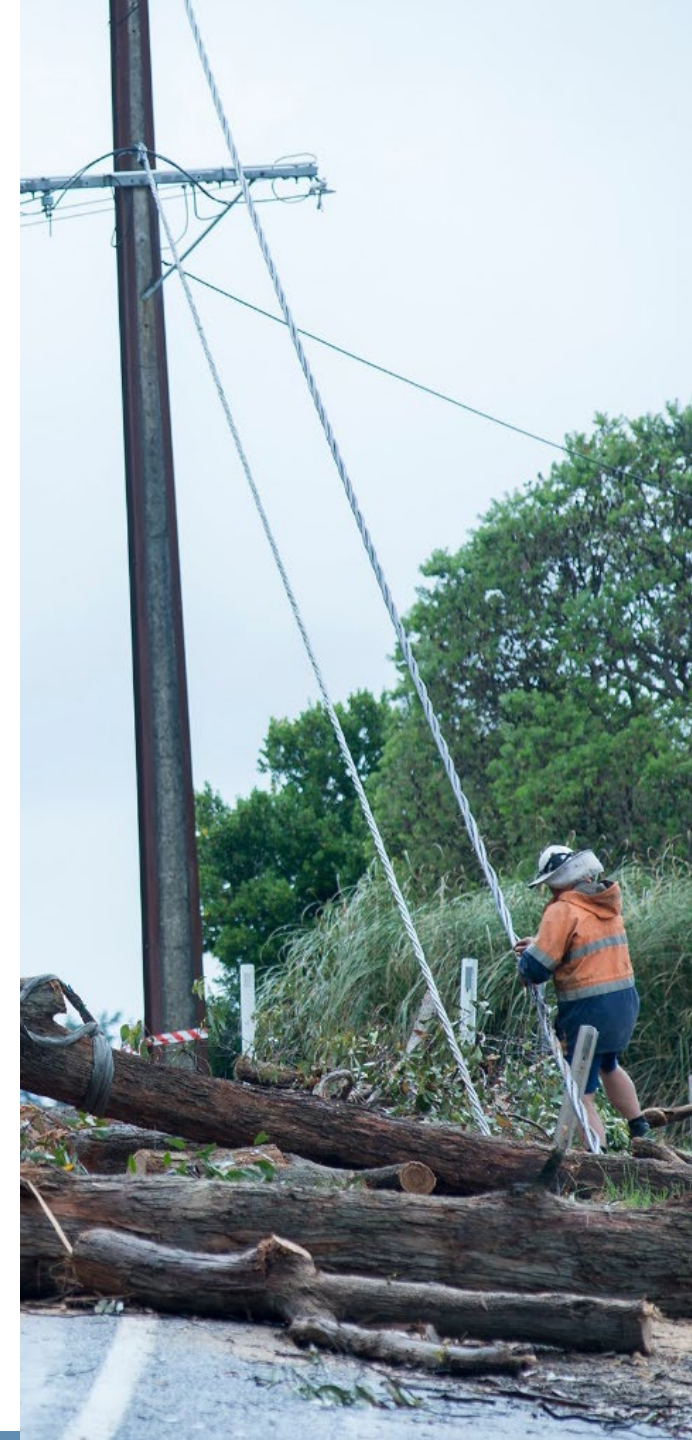
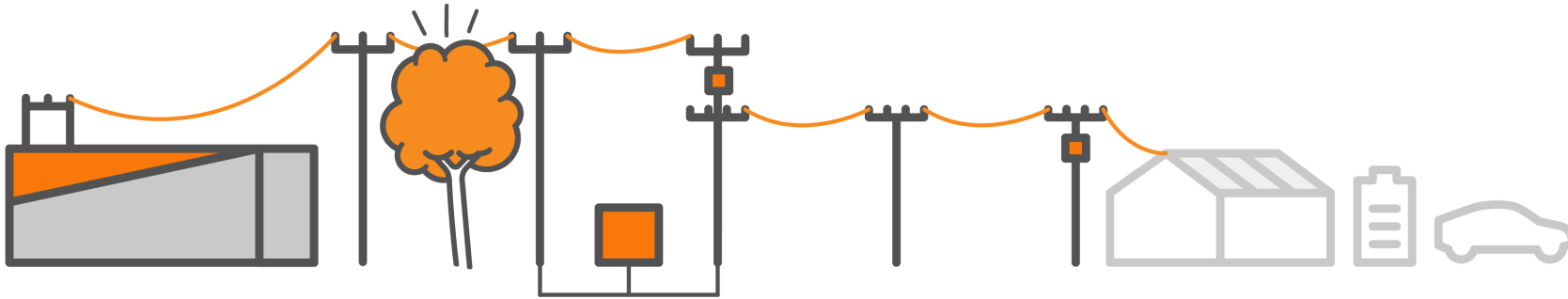
We invest in the network to maintain a safe, reliable power supply – why does the power get interrupted?

- Our network transports high voltage electricity with the potential to start fires &/or create community safety hazards – safety is our priority.
- Our network is protected by switches which interrupts supply when a fault is detected to ensure public and network safety – similar to a Safety Switch in your switchboard at home.



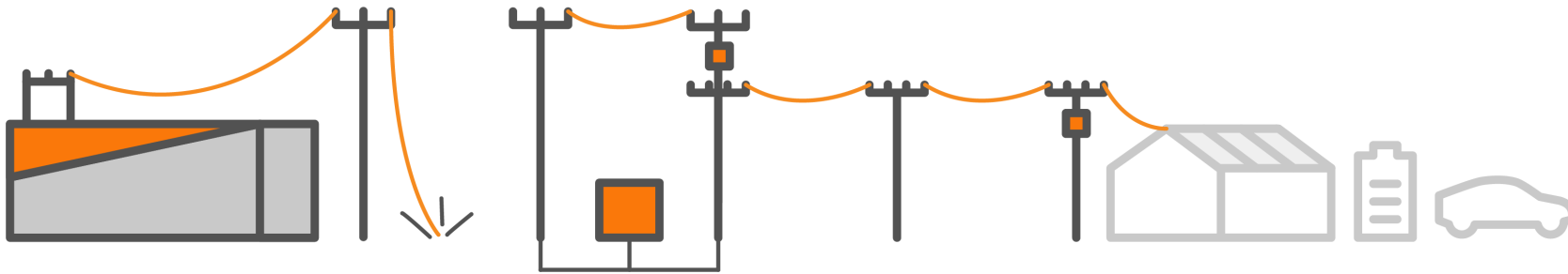
What causes power outages and safety risks?

- Faults on our network may result from:
- **External impacts: lightning, vegetation, animals, cars, etc.**
- Asset failures: eg. rusty wire failing and falling to the ground
- Electrical overload: demand growth



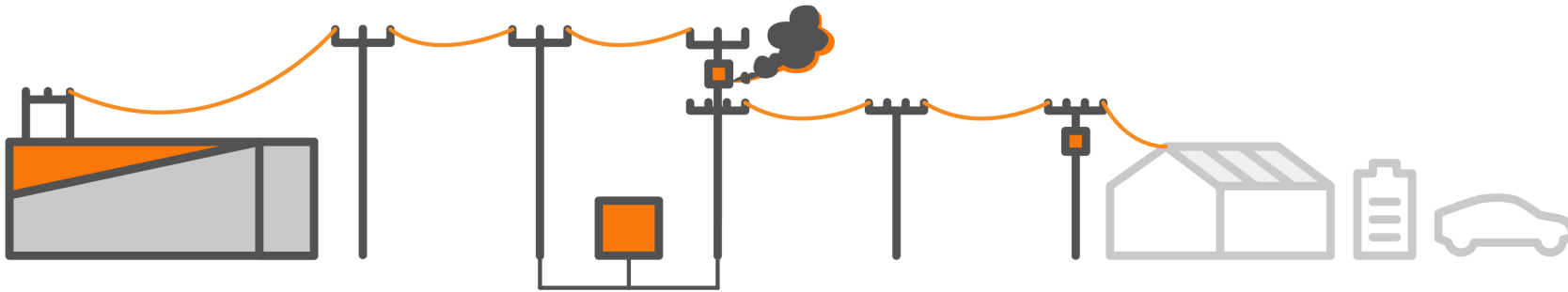
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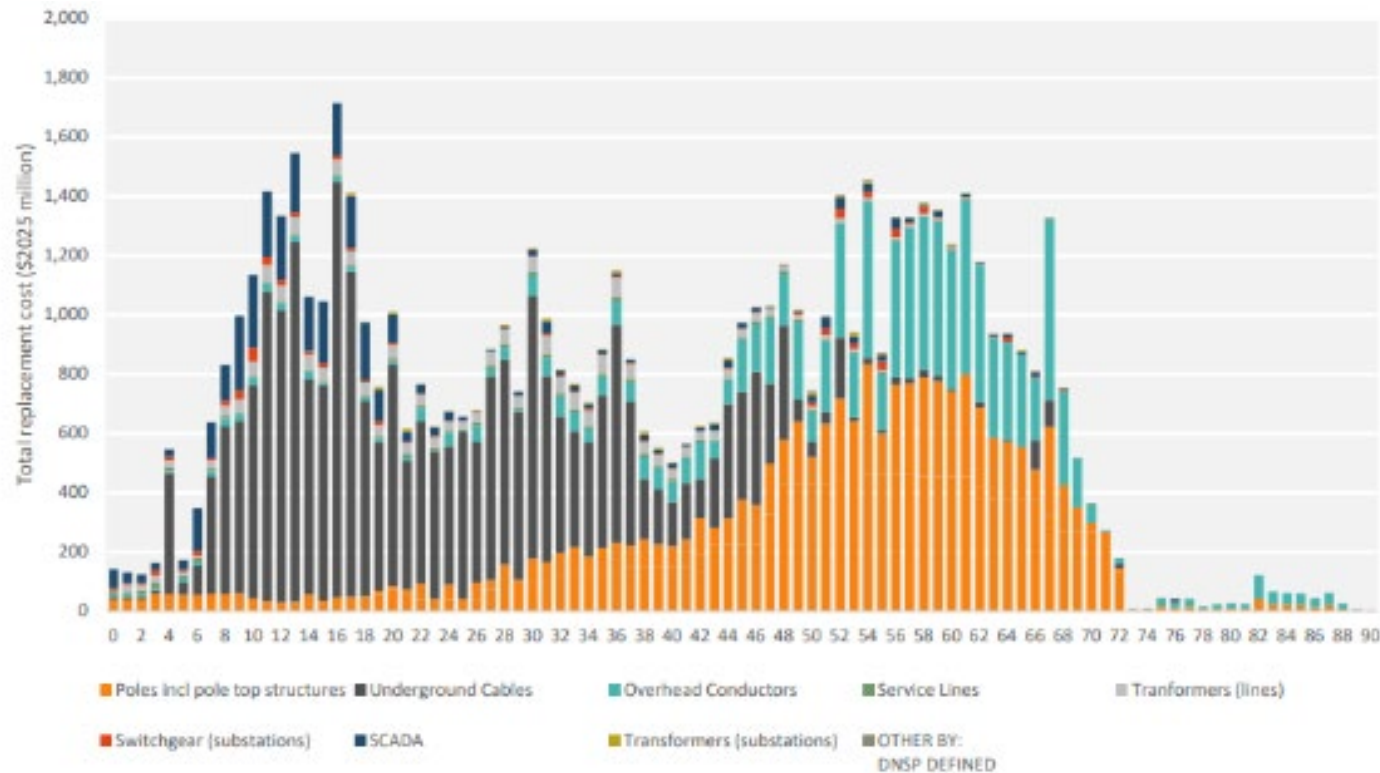


What causes power outages & safety risks?

- Faults on our network may result from:
- External impacts: lightning, vegetation, animals, cars, etc.
- Asset failures: eg. rusty wire failing and falling to the ground
- **Electrical overload: demand growth**



These factors that influence our service levels are changing



External impacts and risk from climate change:

- Potential for more extreme weather events impacting our network

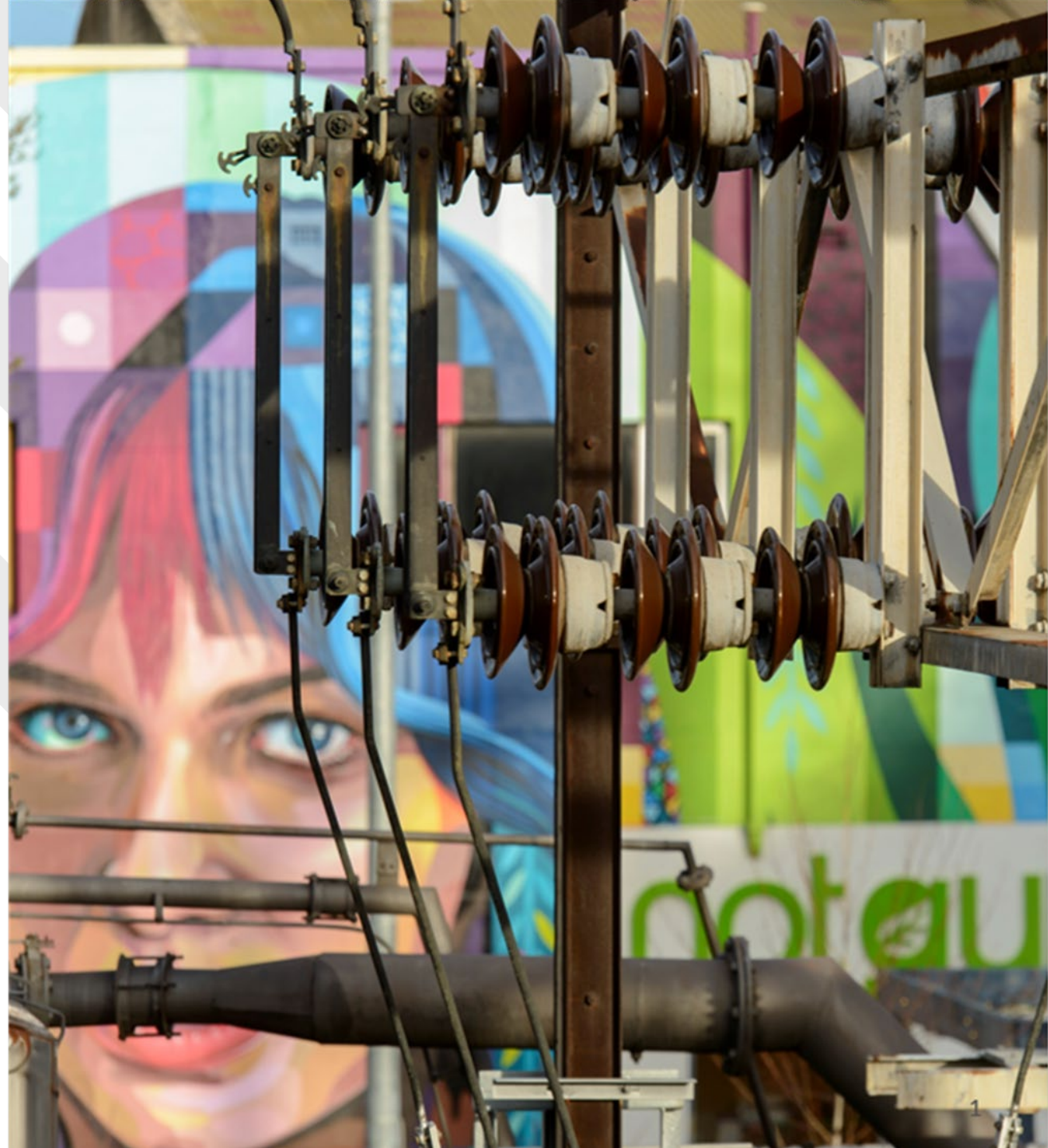
Ageing/deteriorating network assets:

- Much of the electricity network was constructed in the 1950's-1970's and these poles and wires will need to be replaced in coming decades.

Electric vehicles and other demands:

- Increasing demand on our network may require us to invest in additional capacity – or flexible arrangements to avoid the need.

6. Q&A session





Lunch

