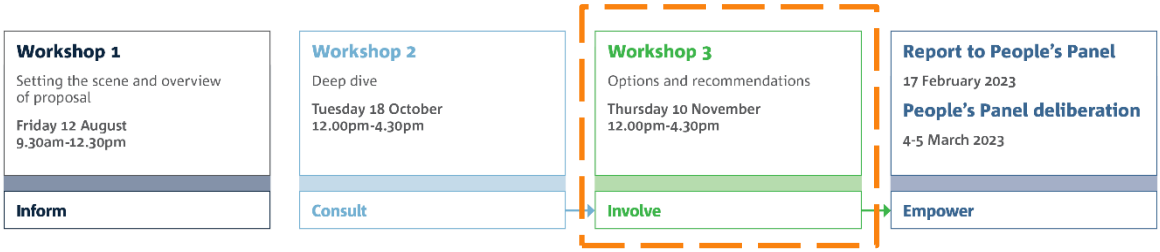
# Agenda and Overview
# Reset 2025-30: Energy Transition Workshop 3

**Date:** Thursday 10 November 2022
**Time:** 12pm-4.30pm
**Venue:** Rydges Adelaide, 1 South Terrace, Adelaide

| Time | Item |
|---|---|
| **12-12.30pm** | **Arrival, lunch (optional)** |
| **12.30-12.45pm** | **Welcome and Introductions**<br>• Welcome and Acknowledgement of Country<br>• Overview of today<br>• Reset process |
| **12.45-1pm** | **Refresh: Energy Transition topic** |
| **1-2.30pm** | **Enabling Clean Energy**<br>• Recap – what we heard in Workshop 2<br>• DER integration expenditure – proposed options<br>• Discuss and vote on preferred option |
| **2.30-2.45pm** | **Break** |
| **2:45–4.15pm** | **Enabling Electric Vehicles**<br>• Recap – what we heard in Workshop 2<br>• EV expenditure and fleet transition – proposed options<br>• Discuss and vote on preferred option |
| **4.15pm** | **Wrap up**<br>• Final questions, comments?<br>• Next steps, close |

## Focussed Conversation Overview

This Focussed Conversation (workshop) is the third and final in the Energy Transition stream in Reset 2025-30 engagement, focussing on what SA Power Networks needs to do to continue to support South Australia's transition to a clean energy future.




## Purpose

The purpose of this workshop is for participants to:

- Conclude discussion on the key topics discussed in Focussed Conversation #2:
    - Learn more about the options we are considering for investment in 2025-30
    - Address questions captured in Focussed Conversation #2
    - Consider the likely customer bill impacts of each of the options proposed
- Discuss and seek consensus on which of the proposed options is preferred by the group.

The output of this workshop and the preferred options will be carried through into the final report and recommendations for the deliberative People's Panel early next year. The People's Panel will consider the recommended options in this area in the context of the overall expenditure proposal, and weigh the relative merits of expenditure in each topic area against the others, in order to provide advice to SA Power Networks on the complete package of work proposed for the 2025-30 regulatory period.

## Background: the Energy Transition

As South Australia's electricity distribution network operator, SA Power Networks has a key role to play in supporting and enabling the energy transition that is already well underway. South Australia leads the nation with the highest uptake of rooftop solar per capita, and more than 63% of the State's energy needs were met by renewables by 2021.

The way we plan, build and operate the network is changing as the grid evolves into an increasingly distributed, two-way energy system. We are developing innovative solutions to help manage our network, enable more solar, and facilitate new energy services, while also making sure we continue to provide a safe, reliable and affordable network to act as a solid foundation for the new energy future.

As we move to an electrified future, the challenge for SA Power Networks is to support our customers' changing energy needs while keeping costs down, which means maximising the opportunity to get the most out of the existing network capacity as well as making targeted investments to upgrade to ensure we can continue to deliver the level of service our customers want and expect.

## Recap – Focussed Conversation #2

In Focussed Conversation #2 (18 October) we began with a recap of the changing energy system in South Australia, the key role our network plays in enabling the transition to renewable energy and a low-carbon economy, and our vision of the future.

The main part of the workshop was a 'deep dive' on our plans for 2025-30 period in two of the three topic areas identified in Workshop #1:

- Enabling Clean Energy
    - We provided more detail on what we may need to do to continue to support the uptake of rooftop solar and other Customer Energy Resources (CER). As part of this discussion we outlined some of the technical challenges we face, e.g. in managing network voltage, and how we can address them, e.g. through Enhanced Voltage Management.
    - We provided details of the approach we take to forecasting the impact on our network of future levels of solar and other CER, and how we use these forecasts to build up our proposed 2025-30 work program.
    - We also outlined how we intend to apply the principles set out by the Australian Energy Regulator (AER) in its *DER Integration Expenditure Guidance Note*, which is the key guideline for us in developing our proposal for this kind of expenditure.
    - We discussed the different investment scenarios we are considering, from the perspectives of (a) the level of service we could deliver to solar customers in future under each option and (b) what that may cost, and the implication for tariffs
    - We sought the initial views of the group on what might be a preferred approach
- Enabling the Electric Vehicle (EV) Transition
    - We provided further detail on two aspects of our proposal: (a) how we propose to support 'smart' EV chargers on the network, and (b) how we should go about transitioning our own vehicle fleet to EVs over time.

In each of these areas we discussed the different investment scenarios we are considering, and sought the group's initial views on what might be a preferred approach.

We also provided a short update on several other proposed initiatives under the topic of 'Empowering our Customers' such as proposed community energy fund and whether we could facilitate a 'solar for renters' scheme. These issues have been canvassed in detail in other Focussed Conversation streams.

Through our conversations on the two primary topics we captured initial opinions, questions and concerns to bring forward for our final discussion in Workshop #3.

## This Focussed Conversation

Focussed Conversation #3 is structured around the two primary topic areas discussed in the second workshop: *Enabling Clean Energy* and *Enabling the Electric Vehicle Transition.*

**Enabling Clean Energy**

As discussed in workshop #2, we will need to invest in upgrades and new systems to add 'upstream' capacity to the network to keep pace with the growth of solar in the 2025-30 period, but we want to do this as efficiently as possible. If we invest too much, customer bills will be impacted. If we invest too little and fail to maintain enough capacity in the network, solar customers will be limited in how much they can feed in at certain times.

In this workshop we will provide further detail on our three proposed investment scenarios, which have been refined based on input received in Workshop #1 and Workshop #2:

- Scenario 1 – minimal investment. In this scenario we would seek to avoid any investment in new network capacity and instead manage the impact of solar on the network in 2025-30 by reducing customer export limits to curtail exports into the network at times of congestion. This is the least-cost option but will result in some decline in service levels for solar customers over time.
- Scenario 2 – target an economic outcome. In this scenario we would seek to only make investments that have a net positive financial benefit according to specific market benefit measures like the AER's *Customer Export Curtailment Value* (CECV). This results in a modest expenditure program that targets the easiest and least-cost network improvements. Customer service levels will vary according to location under this approach. Because we cannot quantify all benefits solar customer receive, the risk of adopting this approach is that it may result in under-investment in the network and not deliver the service levels customers want. On the other hand, it has a lower cost to customers than if we were to seek to maintain higher and more consistent service levels across the network, which is what we consider in Scenario 3.
- Scenario 3 – target a consistent service level. In this scenario we would seek to maintain a consistent level of service for solar customers wherever they are on the network. We will consider a range of service levels and the potential bill impacts of these.

Through this discussion will also seek to respond to specific questions raised in Focussed Conversation #2.

Participants will be asked to consider the options proposed and form a view as to which option should be recommended to the People's Panel.

**Enabling the Electric Vehicle Transition**

Following from the 'deep dive' in Workshop #2 we will provide further details of our proposed approach to:

- Enable and encouraging smart charging
- Transitioning our own vehicle fleet to EVs over time

In this workshop we will focus primarily on our three proposed investment scenarios for our fleet transition, which have been refined based on input received in Workshop #1 and Workshop #2:

- Scenario 1 – business as usual. Continue to procure petrol and diesel vehicles through 2025-30. This provides a baseline based on historical expenditure to assess other options against.
- Scenario 2 – A cost-optimised transition. In this scenario we aim to phase-in electric vehicles by replacing internal combustion engine (ICE) vehicles with EVs only when the total cost of ownership of the equivalent EV is equal to or lower than replacement with another ICE vehicle. This is cost-neutral over the long term but has a minor cost impact in the 2025-30 period.
- Scenario 3 – An accelerated transition. In this scenario we prefer to replace an ICE vehicle with an EV if it is due for replacement towards the end of the 2025-30 period and a suitable EV is available, even if the total cost of ownership of the EV is not yet lower than replacing with another ICE. This accelerates the retirement of ICE vehicles from our fleet and yields a higher reduction in carbon emissions in 2025-30, but has a small impact on customer bills.

Through this discussion will also seek to respond to specific questions raised in Focussed Conversation #2.

Participants will be asked to consider the options proposed and form a view as to which option should be recommended to the People's Panel.

## Quick Links and pre-reading

Energy Transition Workshops 1 and 2 materials including agendas, session overviews, presentations, notes from discussions and video recordings are all available at our Talking Power website here.

## Next Steps

Following Focussed Conversation #3, we will ask you to vote on your preferred investment scenarios for our *Enabling Clean Energy* and *Enabling the Energy Transition* sub-topics. We will collate this information and share it with you later this year, and use it to form recommendations to the deliberative Panel for consideration in March 2023.