

SA Power Networks Regulatory Proposal Engagement 2025-30

Focussed conversation – Tariff Design and Tariff Assignment

Workshop 2 – 24 August 2022



Empowering South Australia

Acknowledgement of Country

'I would like to begin by acknowledging the multiple Traditional Owners of the lands that host the South Australian electricity grid.'

I would also like to pay my respects to Elders past and present and acknowledge that these are living cultures by paying respect to emerging leaders.'



Housekeeping

Diverse group of stakeholders, keen to hear all voices

Online session

- Questions, comments in chat function
- Raise hand if want to speak ()
- Cameras on preferable (particularly when asking a question)
- Session will be recorded

Parking Bay

- We'll use the chat function to capture 'parked' items

Follow up

- Discussion summary will be circulated post-workshop
- Offline chats welcome (SA Power Networks staff)
- Workshop series scheduled

Stakeholder Invitees

Members of the Tariff Working Group and others:

- SA Power Networks Community Advisory Board + Reset Sub-Committee
- Australian Energy Regulator (AER)
- Essential Services Commission of SA (ESCoSA)
- Central Irrigation Trust
- Energy & Water Ombudsman SA (EWOSA)
- SA Wine Industry Association
- Uniting Care Wesley Bowden
- SA Small Business Commissioner
- Dept. Energy & Mining
- Yates Electrical
- Electric Vehicle Council
- Business SA
- Pangolin Associates
- The Energy Project
- Energyplex
- Smart Energy
- Sun Energy
- AER's CCP30 representatives

** 'Catch up' session scheduled 31/8 for people unable to attend today*

SA Power Networks staff presenting and listening:

- Helen White – Revenue & Pricing Manager
 - James Bennett – Manager Regulation
 - Dan Popping – Head of Stakeholder Engagement
 - Sophie McRae – Head of Customer Operations
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- Jessica Vonthethoff – Executive General Manager Customer & Community / Chair – Tariff Working Group
 - Richard Sibly – Head of Regulation
 - Joe Caruso – Major Customer Manager
 - Martin Coelho – Billing & Credit Manager
 - David Woods – Industry & Retailer Relationship Manager
 - Amanda Hudson – Customer Consultation Lead

Overview – Focussed Conversation

10.30-10.45am	Welcome and introduction • Welcome • Recap: Workshop 1 • Overview: Workshop 2
10.45am-12.05pm	CONSULT – Default Tariff Structures Tariff Design • Default Options Analysis & Discussion: RTOU (Residential Time of Use) • Retail Offer Analysis & Discussion: RTOU, CL (Controlled Load) • Small Business Definition
12.05 – 12.15pm	Break
12.15-12.40pm	CONSULT – Tariff Assignment Role of SA Power Networks in Tariff Assignment
12.40-12.50pm	CONSULT – Cost Allocation • Residential vs Business • Fixed vs Variable
12.50-1pm	Wrap up & Close

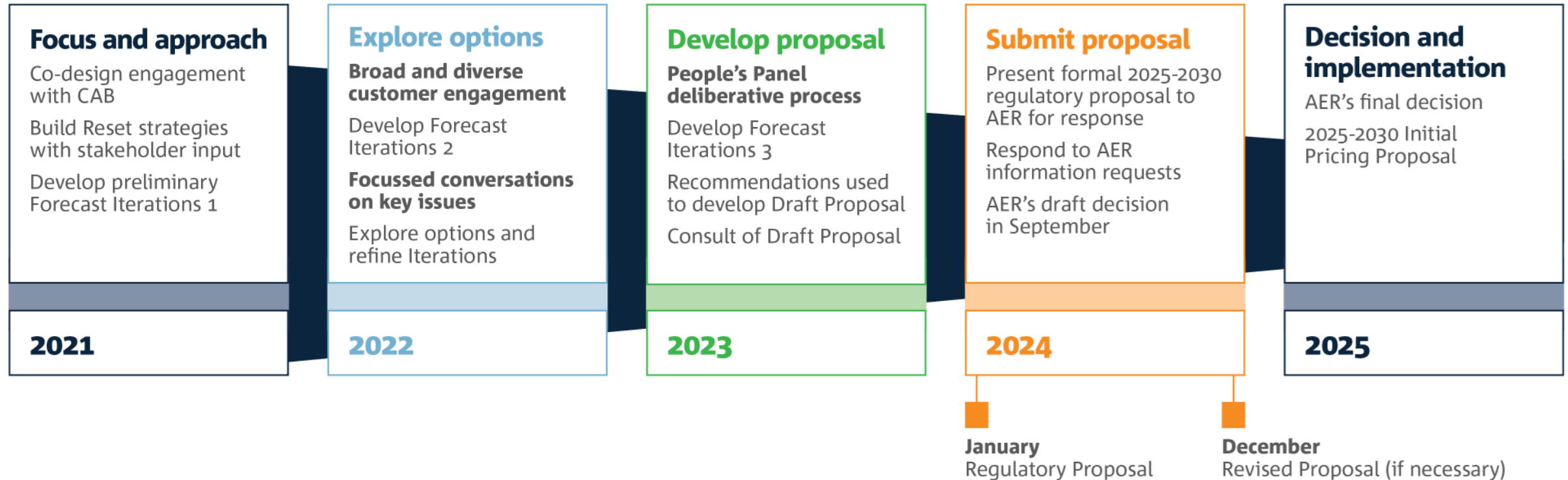
Recap - Reset



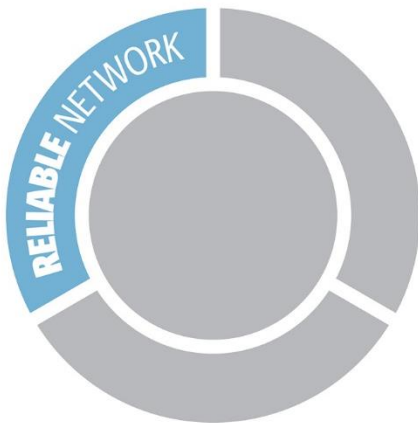
The Price Reset process

As a monopoly service provider, our prices are approved by an independent regulator

In building our **Regulatory Proposal** we engage deeply with customers and the community



Our reset engagement will be structured around four key themes



A reliable, resilient
and safe network



Customer experience,
choice and empowerment

Today's session is the second
in a series focussed on:

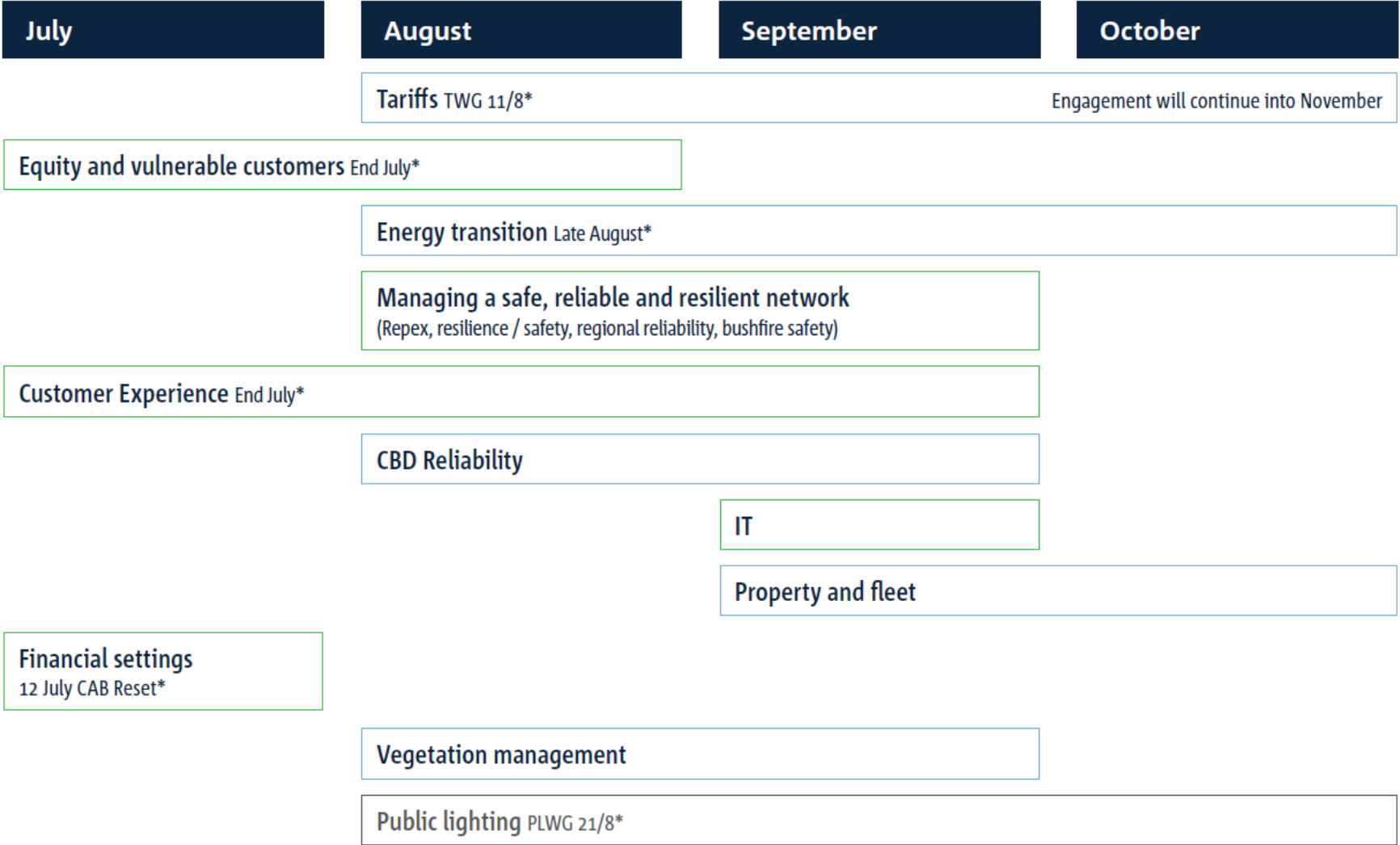


**Affordable and
equitable energy supply**



Enabling clean energy
and unlocking future
value for our state

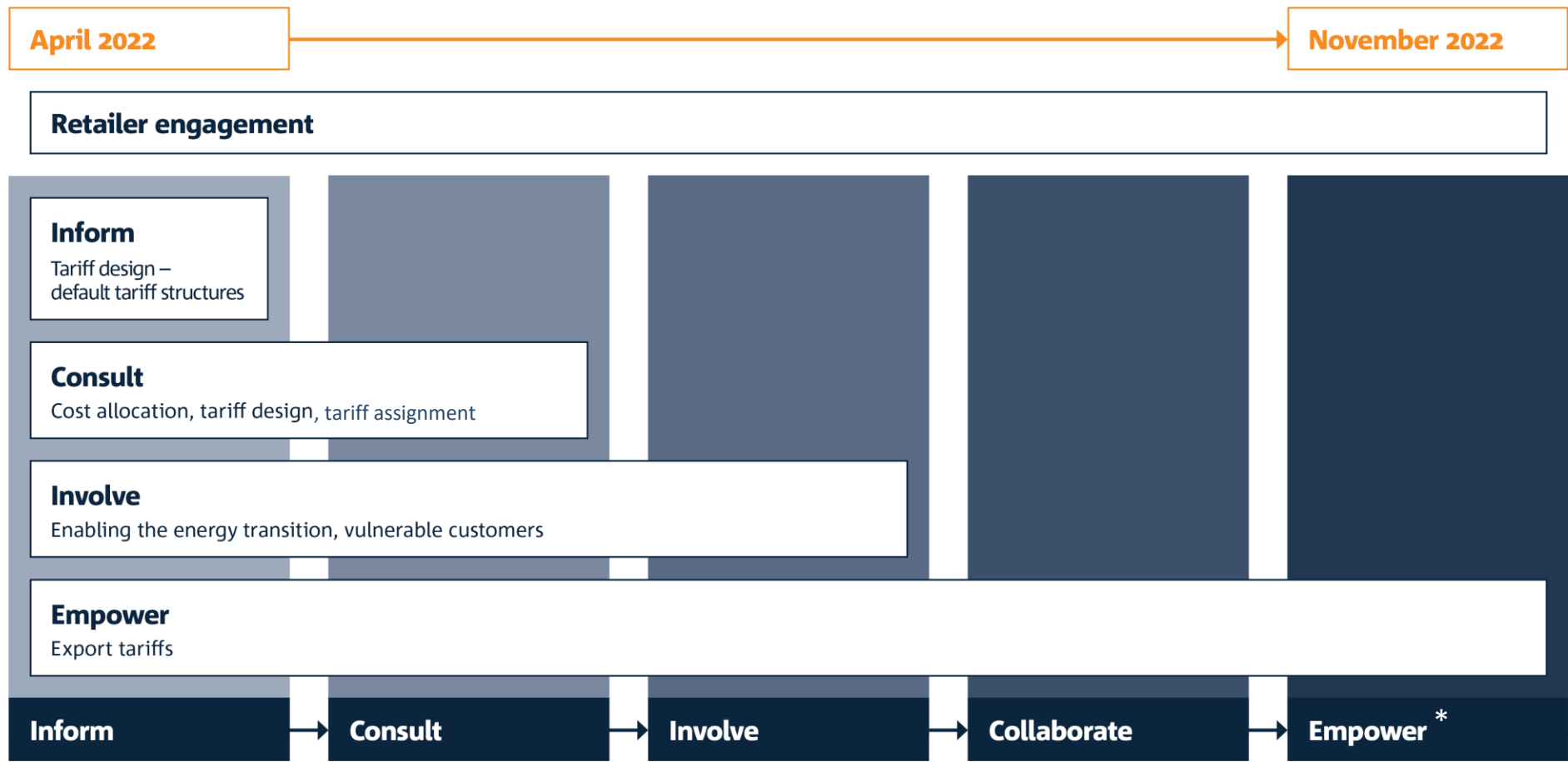
Focussed Conversations timeframe



* Engagement start date

Levels of Reset Engagement

- 2025-2030 represents SA Power Networks' third TSS iteration
- Strong baseline to work from with our customers and stakeholders



* Deliberative process (People’s Panel) to take place in 2023

2025-2030 Reset Engagement: Background

Five year regulatory period

Customer and Stakeholder Engagement

Revenue Determination (RD)

Approved by the Australian Energy Regulator (AER)
Adjusted annually for CPI, Incentive Schemes and Cost of Debt
Overall amount of revenue SAPN can recover from customers

Tariff Structure Statement (TSS)

Describes the tariff classes and structures, policies and procedures for assigning customers to tariffs, tariff charging parameters, and how the revenue will be recovered

Annual Pricing Proposal (APP)

Details the proposed prices for the agreed tariff structures to take effect at the commencement of each regulatory year - 1 July

Year 1

Year 2

Year 3

Year 4

Year 5

2025-2030 Reset Engagement: Background

What is a TSS?

- A TSS describes the tariff classes and structures, policies and procedures for assigning customers to tariffs and tariff charging parameters.
 - Residential | Small Business | LV Large Business | HV Large Business | Major Customers
 - Meter Type
 - Supply Charge | Usage kW | Demand kVA
 - Consumption | Export
 - Location does not restrict tariff choice
- The AERs decision to approve or not approve a TSS is binding.
- The TSS covers a 5 year period. The AER considered the benefits of customer certainty outweighed the benefits of flexibility.
- Departures from the TSS can not occur unless the TSS process is recommenced which is not considered favourably by the AER due to the lengthy administrative process. New tariffs can be trialled within the 5 year period through trial tariffs.

2025-2030 Reset Engagement: Background

What is an Annual Pricing Proposal?

- An Annual Pricing Proposal (APP) outlines the proposed prices to take effect at the commencement of each regulatory year.
- The structure of the tariffs set out in the APP must match those approved by the AER in the TSS.
- The APP is the annual implementation of the TSS, and accounts for annual changes e.g. CPI and incentives.
- The AER will approve the APP if it complies with the National Electricity Rules and TSS.
- Public lighting, legacy metering and ancillary network services pricing forms part of Alternative Control Services pricing.

Today's Focussed Conversation



Purpose: Today's Focussed Conversation

- Today's Focussed Conversation (workshop) is the second in a series of Tariffs-related Reset discussions:



Outcomes of today's workshop 2:

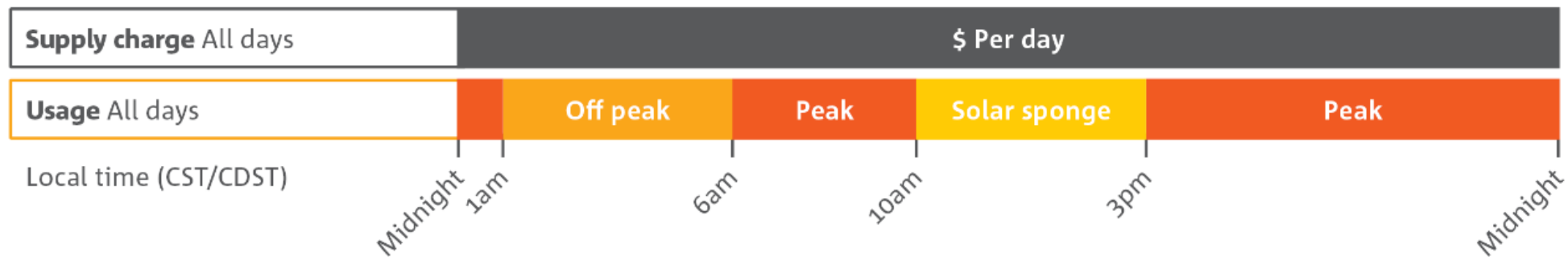
- Endorse the existing residential default interval meter tariff or endorse an alternate option presented
- Understand the definition of Small Business and its implications on tariffs
- Understand the role of SA Power Networks in tariff assignment
- Endorse the proposed cost allocation: Residential v Business | Fixed v Variable

Tariff Design – Residential Time of Use (RTOU)

What we heard from Workshop 1

- The Peak tariff window is not a true peak as it represents 14 hours
- Whilst the data shows the outcomes are the same on average for a customer regardless of whether they are on RTOU or Residential Single Rate (RSR) has covid skewed the data with people working from home?
- Should there be greater incentives for RTOU so that there is not the same outcome on average for RTOU and RSR?
- Customers who are outside of the home during the day and do not have time delayed appliances can not benefit as they would have to stay up till 1am to access a cheaper Off Peak price and could not access Solar Sponge.

RTOU | Residential Time of Use

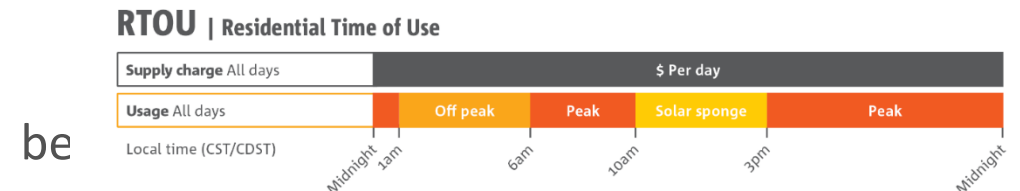


Tariff Design – Residential Time of Use (RTOU)

- SA Power Networks considers a residential default tariff should:
 - Be structured and priced in such a way that it is appropriate for the majority of customers in the tariff class
 - Not have strong/sharp pricing signals, instead these should be included in opt in tariff options
 - Encourage load shifting to the middle of the day or overnight to maximise the utilisation of the network
 - Be simple for greater customer understanding

Tariff Design – Residential Time of Use (RTOU)

- RTOU was deliberately designed to provide on average the same outcome as RSR if a customer was not able to change their behaviour – e.g. shift load to 10am – 3pm
- Usage data has shown in the first two years of this Regulatory Control Period (RCP) that this has been achieved for customers on average.
- Whilst Covid-19 has increased residential usage, in this ‘living with Covid’ stage of the pandemic it is expected that working from home part time will continue.
- RTOU 14 hours of Peak at 125% of Residential Single Rate (RSR) is not a strong Peak signal and could be considered to be a Shoulder window in nature.
- The Off Peak window overnight provides an opportunity for load such as hot water, washing machines, dishwashers and EV charging.
- Alternate RTOU time windows and pricing signals have



Options Analysis – Residential Time of Use (RTOU)

TOU Usage Component			
Peak	Shoulder	Off-Peak	Solar Sponge

Hour Ending SA Local Time																							
1:00	2:00	3:00	4:00	5:00	6:00	7:00	8:00	9:00	10:00	11:00	12:00	13:00	14:00	15:00	16:00	17:00	18:00	19:00	20:00	21:00	22:00	23:00	0:00

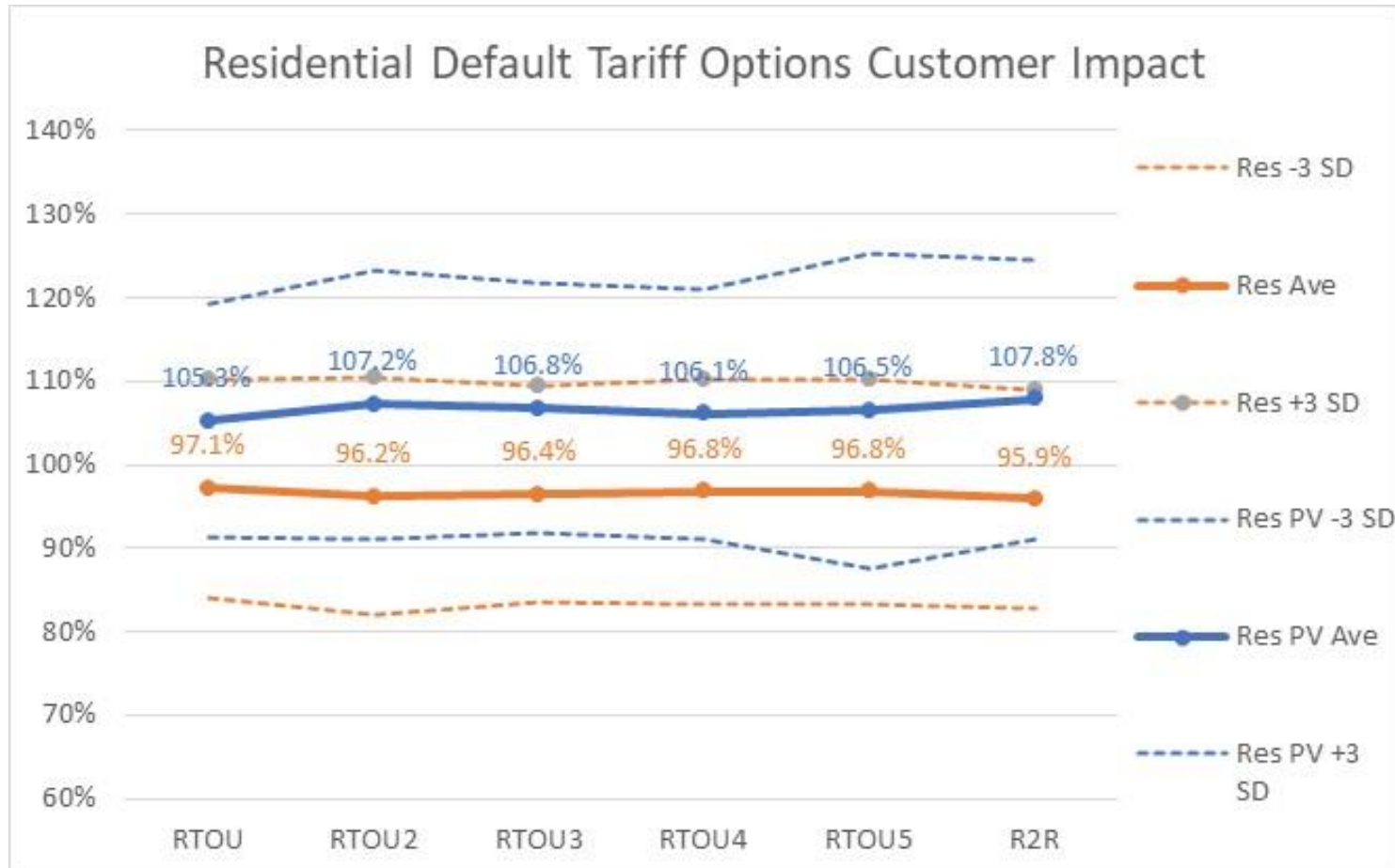
RTOU	Component Hours/Day	14	5	5																				
	Price vs SR	125.0%	50.0%	25.0%																				
		Res	Res + PV																					
	Average Std Deviation	97.1% 4.3%	105.3% 4.6%																					
RTOU2	Component Hours/Day	14	4	6																				
	Price vs SR	129.4%	50.0%	25.0%																				
		Res	Res + PV																					
	Average Std Deviation	96.2% 4.7%	107.2% 5.4%																					
RTOU3	Component Hours/Day	14	4	6																				
	Price vs SR	126.3%	60.0%	30.0%																				
		Res	Res + PV																					
	Average Std Deviation	96.4% 4.3%	106.8% 5.0%																					
RTOU4	Component Hours/Day	14	4	6																				
	Price vs SR	128.9%	35.0%	35.0%																				
		Res	Res + PV																					
	Average Std Deviation	96.8% 4.5%	106.1% 5.0%																					
RTOU5	Component Hours/Day	10	8	6																				
	Price vs SR	145.2%	65.0%	25.0%																				
		Res	Res + PV																					
	Average Std Deviation	96.8% 4.5%	106.5% 6.3%																					
R2R 6hr	Component Hours/Day	18		6																				
	Price vs SR	118.5%		25.0%																				
		Res	Res + PV																					
	Average Std Deviation	95.9% 4.4%	107.8% 5.6%																					

Options Analysis – Residential Time of Use (RTOU)

- When evaluating the RTOU options consideration should be given to:
 - TOU pricing is always compared to the Single Rate (SR) – 100%
 - If the Average outcome <100% the customer is a ‘winner’ compared to SR
 - If the Average outcome >100% the customer is a ‘loser’ compared to SR
 - The Standard Deviation (SD)* and what is the difference of SD between solar and non solar customers?
 - A customer with solar is not going to get the same tariff benefit as a person without solar because they will be consuming their own solar in the Solar Sponge window and therefore not incurring any tariff.
 - Shifting load into the Solar Sponge window 5-6 hours is a key network objective
 - Off Peak of 4-5 hours is the other optimum time window at which the network is least constrained and the wholesale market has low prices
 - As a default tariff it needs to be appropriate for the majority of customers in the tariff class

*SD is a statistical term which is used to quantify the amount of variation in the data set. In this option analysis, what percentage of ‘winners’ and ‘losers’ is there on the proposed tariff structure compared to the average outcome. The larger the percentage the greater the number of both ‘winners’ and ‘losers’.

Options Analysis – Residential Time of Use (RTOU)



- For each RTOU default option the graph shows the customer impact, i.e. the average outcome, the ‘winners’ and ‘losers’ to +/- 3 Standard Deviations for customers with and without Solar (PV)
- Sample of ~1,200 residential customers in both with and without PV.
- **The current RTOU has the smallest amount of ‘winners’ and losers’**

Discussion | Questions | Comments | Observations



Questions for consideration:

- *Should SA Power Networks maintain the current RTOU default tariff structure in 2025-30?*
- *What option would better address the majority of customer and stakeholders needs whilst balancing the needs of the distribution network?*

Options Analysis (Slide 20):

- It seems that by increasing the time Solar Sponge is available to non-solar customers, it is penalising PV (solar) customers more. It's also likely to drive electric vehicle (EV) owners to not worry about when they charge as the off peak is being reduced.
- All options tend to increase the Solar Sponge and the average rate that solar customers will be charged relative to today (if they choose to be on this tariff) and therefore decrease what non-solar customers will be charged. Will going this way be of more benefit to non-solar households?
- Four hours may not give you enough time to charge an EV – so if one of the things you want to do is encourage people to charge overnight, reducing the off-peak period is not going to encourage them to do this?
- Retailers don't have to charge in this way in their retail tariffs – so how is SA Power Networks going to communicate this to them?^
- Given customers are likely not energy experts, how will you communicate and articulate this to the average customer?^
- The last option has the easiest message to convey with two time windows.
- Are there seasonal differences e.g. even solar owners might be accessing the grid in winter if they are home?
- The default TOU tariff should not explicitly advantage EV owners and existing solar owners who are unlikely to represent average incomes of customers in SA in the period 2025-30 and already benefit from lower use of the network. Other opt-in tariffs could better fit these users' needs.
- It is difficult to choose a specific model 'on the fly' like this.
- Does SA Power Networks have a preference based on

optimising parameters such as shifting load to maximise network utilisation and equity over the 2025-30 period? Is the 'vener' of a feed-in tariff for solar put over these tariffs?

There's not huge differences between the options so it comes back to key principles: would vulnerable customers be better off, are we maximising the Solar Sponge? Will be interesting to see how this interfaces with feed-in tariffs and what the numbers become if you have PV (solar) Do you expect more load shifting into the Solar Sponge period in the last option? Solar in winter may not provide for total self-consumption, so have you noticed any seasonal differences?

Who is accountable to make sure this is delivered to the end user?^

There is discussion about whether retailers pass on network tariffs, which also blends into question whether tariff is default or opt-in or not. EWOSA's experience (when customers complain about default tariffs) is that retailers say they have no choice because they have to pass it on. What do you see as the customer benefit for this TOU – there might be proportions of customers who do benefit, but what about those who don't – what is being done or can be done for those customers?*

If would be good if the notes from today could include SA Power Networks' preference.

The hybrid between solar and off-peak sends the wrong message.

Solar has to stand on its own and given we're going to be increasing the amount of solar in the State, maintaining around 25% encourages people to keep doing solar and maximising the benefits of that.

SUMMARY

- No strong position for one option vs another.
- Concern that tariffs must maximise opportunities for solar customers (and opportunity to explore additional one hour of solar).
- Continued concern/frustration around perception of retailers not passing tariff pricing signals on to customers, and how tariff information is communicated to customers.

RESET ACTIONS – SA Power Networks

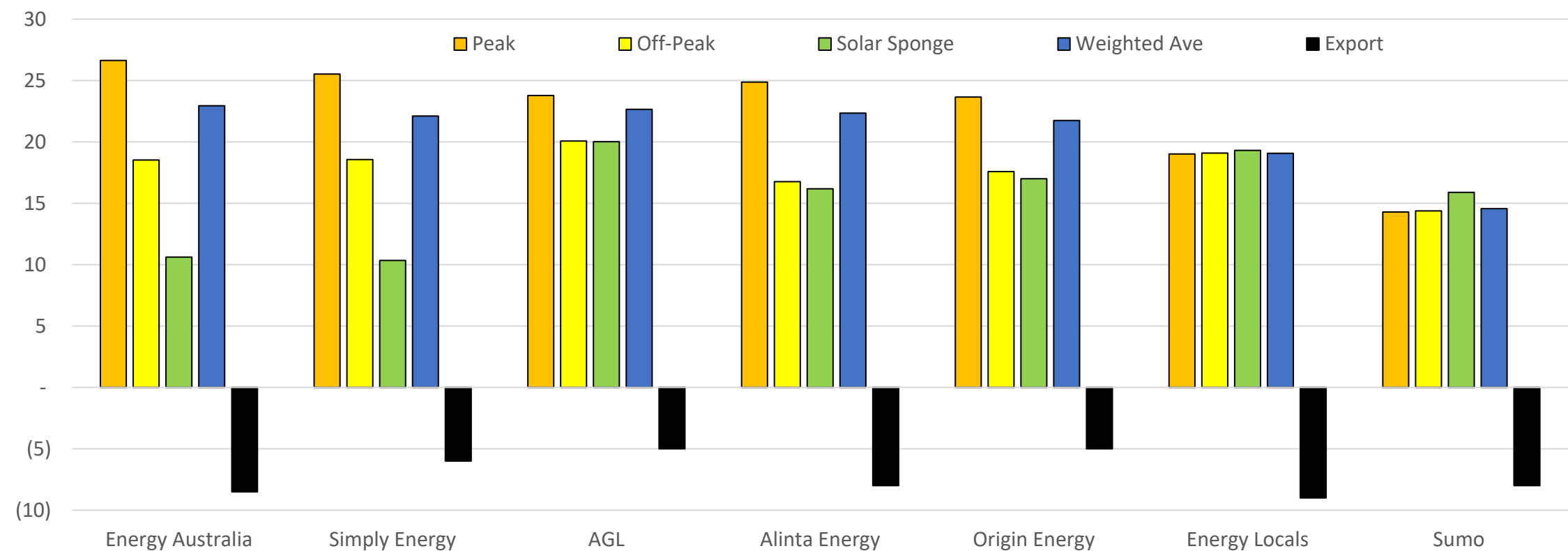
- SA Power Networks to keep existing RTOU default tariff offer after considering benefits of an increase in the Solar Sponge window.

*Reset matter for consideration/discussion in future workshop

^BAU matter for response by SA Power Networks

Retail Offer Analysis – Residential Time of Use (RTOU)

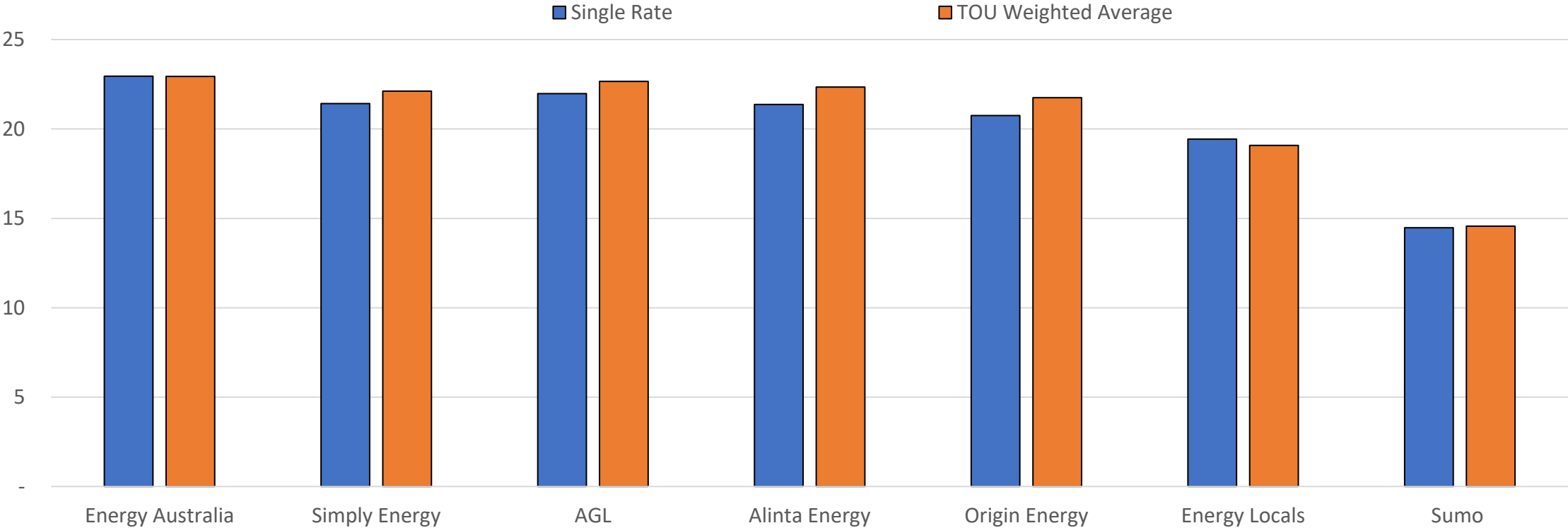
- 2022-23 Non network charges* – c/kWh
- Weighted Average assumes: 70% Peak | 14% Off Peak | 16 % Solar Sponge



*Wholesale energy, retail, environmental and AEMO directions costs. Calculated as Retail Offer (incl GST) less Network Tariff (incl GST). Usage only, excludes Supply Charge

Retail Offer Analysis – Residential Time of Use v Single Rate

- 2022-23 Non network charges* – c/kWh
- Weighted Average assumes: 70% Peak | 14% Off Peak | 16 % Solar Sponge



*Wholesale energy, retail, environmental and AEMO directions costs. Calculated as Retail Offer (incl GST) less Network Tariff (incl GST). Usage only, excludes Supply Charge

Retail Offer Analysis – Controlled Load

- There are retail offers for all combinations of tariffs:
 - Single Rate (SR) usage with Time of Use (ToU) controlled load – Simply
 - ToU usage with SR controlled load – AGL
 - SR usage with SR controlled load
 - ToU usage with ToU controlled load

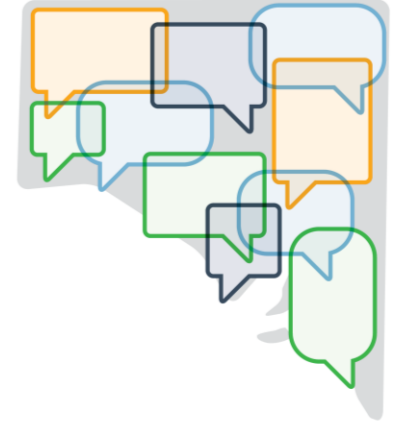
		AGL			Origin		Energy Australia		Alinta		Simply		
		Basic	TOU-OPCL	TOU-CL	Basic	TOU-CL	Basic	Basic	Standing	Standing	Basics	Basics	Basics
Supply	cents/day	103.60	103.60	104.60	96.57	95.14	92.95	105.05	101.79	101.79	109.79	109.79	113.63
Single Rate	cents/kWh	36.54	37.22	37.22	37.17	38.21	37.52	37.51	36.67	37.66	35.98	35.98	36.68
TOU	Peak		42.26	42.26				45.12		44.23			44.00
	Shoulder		27.48	27.48				25.94		24.66			25.96
	Solar Sponge		23.71	23.71				14.32		20.28			14.04
OPCL	cents/kWh	20.10	20.10	20.50	19.68	19.68	20.00	21.29	20.09	20.09	20.00	21.19	21.19
CL TOU	Peak			42.26				45.12				44.00	44.00
	Shoulder			22.24				25.94				25.96	25.96
	Solar Sponge			17.90				14.32				14.04	14.04
Export	cents/kWh	- 5.00 -	5.00 -	5.00	- 5.00 -	5.00	- 8.50	-8.5	- 8.00 -	8.00	- 6.00 -	6.00 -	6.00
Block 2	> 4000 kWh				40.18						37.63	37.63	

Weighted Average | 70% Peak | 14% Off Peak | 16% Solar Sponge

Assume 60% Off Peak 40% Solar Sponge

*Numbers which are shaded have been calculated to enable a comparison between ToU and SR

Discussion | Questions | Comments | Observations



Questions for consideration:

- *Is there additional Retailer analysis that would be of interest to enhance your overall understanding of Residential retail offers?*
- Is there awareness at political level of that SA Power Networks is doing all of this work on pricing signals for environmental, social benefits but there isn't reflective pricing to reflect this? Seems that there is room for advocacy in this area?^
- There is no advantage for South Australians to reflect renewables in the bill.
- It would be great to have a local retailer.

SUMMARY

- There was no decision required in this part of the discussion.

Business As Usual Actions – SA Power Networks

- Analyse iO Energy offerings in SA
- Advise if there are any retailers willing to absorb the risk of having a RTOU Controlled Load on a Single Rate – Simply Energy offer a single rate consumption with a Time of Use Controlled Load.

*Reset matter for consideration/discussion in future workshop
^BAU matter for response by SA Power Networks

Small Business Definition

What we heard from Workshop 1

- Does Small Business have to be defined as <160MWh p.a.?
- Other distribution network service providers have different definitions of Small Business:
 - <40 MWh p.a.
 - <100 MWh p.a.
- Can cheaper prices be accessed by smaller customers?
- Can customers access an unbundled retail bill if the small business usage threshold is reduced?

Small Business Definition

- Small Business is < 160MWh as defined by *National Energy Retail Law (Local Provisions) Regulations 2013* under the *National Energy Retail Law (South Australia) Act 2011*

	< 40 MWh p.a.		> 40-100MWh p.a.		>100 MWh p.a.		Total	
BSR B2R	70,722	70%	2,448	2%	183	-	73,353	72%
SBTOU SBTOUD SBD	23,938	24%	2,700	3%	1,119	1%	27,757	28%
Total	94,660	94%	5,148	5%	1,302	1%	101,110	100%

- Only 6% of Small Business customers have usage >40MWh of which 2% are on single rate/two rate tariffs
- 30-40% of NMIs are for customers with more than 2 NMIs e.g. Telcos can have >100 NMIs
- > 60% of NMIs are a single NMI customer
- Based on the current profile of Small Business customers, noting that we are not forecasting business growth nor business decline.

Small Business Definition

Tariff sub class to access pricing differential

- Each sub-class has a mix of type 6 and interval meters
- Each sub-class needs similar tariffs
- Legislative change is required to change the definition of small business in the market. The TSS can't change that definition by itself.
- Creating a sub tariff class for customers with <40MWh p.a. to access a price differential from those 6% of Small Business customers >40MWh <160 MWh p.a. may not deliver meaningful retail price outcomes given similar network prices, subject to retail offer structures.
- Any outcome derived would be at the behest of the Retailer and what pricing structures they elect to pass on. This tariff class would be considered as Small Business without legislative change and there is no obligation (apart from market competition) for a Retailer to adopt or develop an unbundled retail offer.

Small Business Definition

Tariff threshold reclass to access an unbundled retail bill

- Creating a tariff class which classifies all customers >40MWh p.a. as Large Business customers would only impact 6% of customers of which currently 4% access cost reflective tariff structures.
- MSATS – Market Settlement and Transfer Solution which is operated by the Australian Energy Market Operator classifies transactions in accordance with the legislative definition.
- Retailers receive market transaction information based on the legislative business definition which then identifies which customers should have unbundled bills i.e. Large Business customers.
- Without legislative change there is no impetus for a retailer to provide an unbundled bill for this new defined Large Business customer.
- The unbundling of retail bills for Large Business customers is Retailer/Market convention. It is not a requirement under the National Energy Consumer Framework.

Tariff Design – Business Default tariffs

What we heard from Workshop 1

- Why are there no Solar Sponge signals in business tariffs?
- What options are there for tenants who pay an electricity contribution to their landlord?
- The analysis required to provide a considered response on these queries means that we will be hosting a separate workshop for Business stakeholders and customers.
- All participants in our workshops are welcome however this proposed session will specifically focus on Business and as such we appreciate that this is not of interest to all.

Discussion | Questions | Comments | Observations



- SA Power Networks provides the classifications (to determine whether businesses are small or large).
- 94% of all customers are less than 40MWh and SA Power Networks are going to treat them the same as the other 6%? SA Power Networks should still do something for customers under the 40MWh threshold.
- What advantages/disadvantages would be gained for businesses if the threshold was under 100MWh or even lower?
- Maybe we should keep that option open (under 40MWh)
- About half of wineries are under about 80MWh
- Some businesses do have equipment used similar to domestic (e.g. in peak periods) so wouldn't you want them to change their behaviour and use in the middle of the day when power is cheapest?
- Small business probably doesn't have the same ability to change their behaviour to the same extent as the residential customer, but ultimately you want them to change their

behaviour

SUMMARY

- Query around threshold limits for small business and what pricing differential can be achieved.
- Business will be discussed further in a separate meeting due to time constraints in this session.

RESET ACTIONS – SA Power Networks N

- Hold separate workshop for Business stakeholders, open for all stakeholders to attend.

*Reset matter for consideration/discussion in future workshop
^BAU matter for response by SA Power Networks

Break



Role of SA Power Networks in Tariff Assignment

Proposal: As SA Power Networks has access to the meter data for all sites within South Australia, we could:

- Analyse meter data on a monthly basis
- Identify the most suitable and cost reflective tariff for that site; and,
- Change the tariff to that option each month.

Considering this proposal, we have made the following assumptions:

- SA Power Networks would need to analyse the meter data for the month to determine the most appropriate tariff. This could only occur after the month has finished (i.e. May would be assessed in June).
- After analysis, SA Power Networks would need to conduct a retrospective tariff change before the site is billed on the 9th of the following month.

Challenges and Limitations of Application

Specific customer groups would be prevented from participating in this proposed process:

- **Small Market Customers (<160MWh)**

Under the National Energy Retail Rules (NERR) (Part 2 – Division 7, Section 46), a retailer must provide notice to a customer of any variation in the tariff at least five business days before the change affects the customer.

Retrospective tariff changes could not be conducted without placing retailers in breach of the NERR.

- **Contractual Obligations**

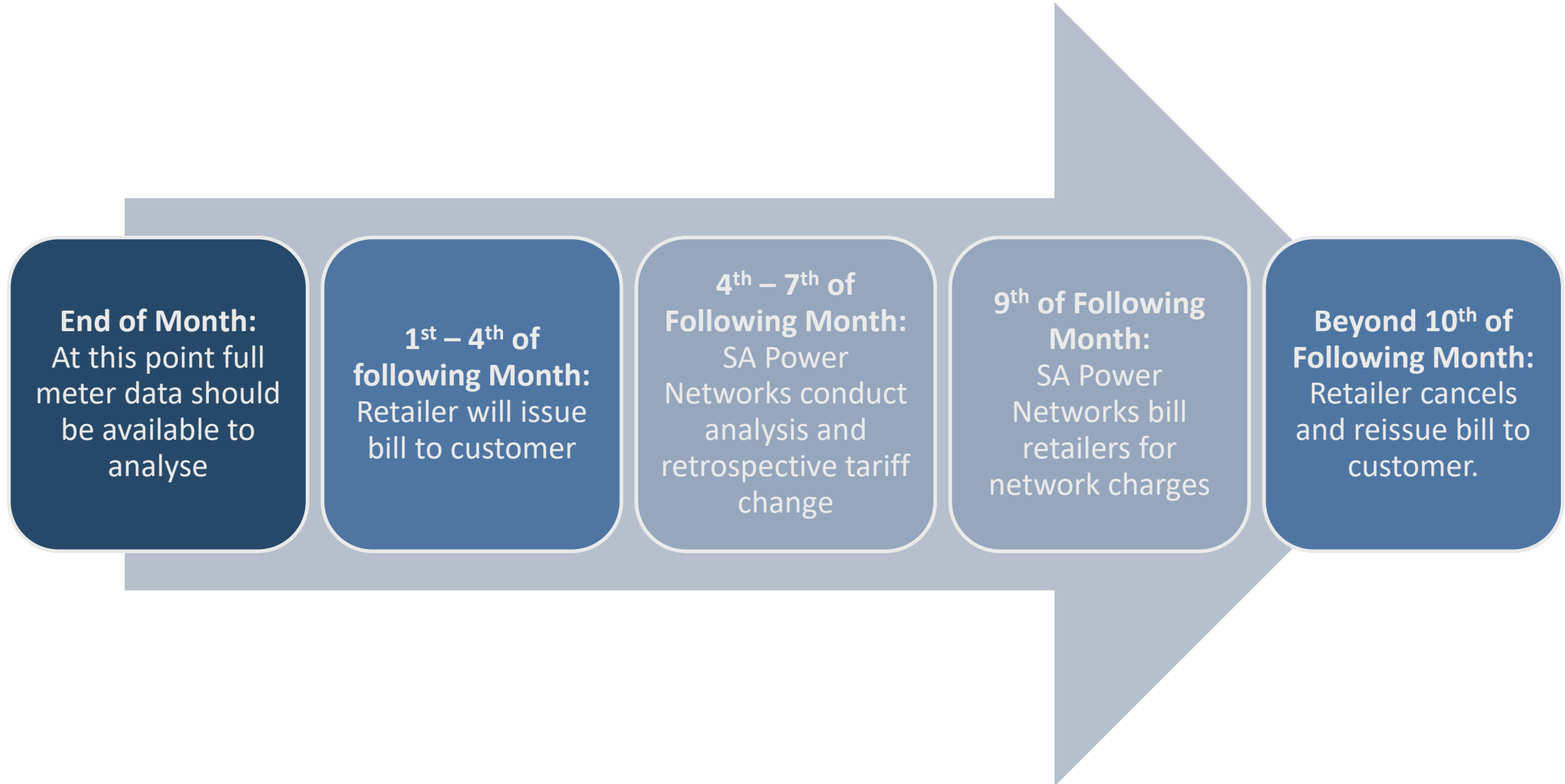
There is nothing within the National Electricity Rules (NER) or the NERR which require a retailer to offer a Small Market Customer a contract which reflects the network tariff or pricing conditions. All Small Market Customers are subject to a retail offer as provided by their retailer of choice.

Any change in network tariff may not have a flow on effect to the end customer.

Challenges and Limitations of Application cont.

- With the exclusion of Small Market Customers, this proposal would be limited to Large Market Customers (>160MWh) only. There are approximately 4,900 Large Market Customers in SA.
- We have engaged with several Retailers who account for almost 70% of the Large Market Customer base and were informed that this is not something they would support for the following reasons:
 - Most retailers issue their billing close to the first of the month. If a retrospective tariff change was conducted, this would require them to cancel and reissue the invoice they had sent based on the revised charges.
 - The billing cycles could be adjusted until after SA Power Networks had performed the analysis; however, during this transition Retailers raised concern at impacts for their organisations

Challenges and Limitations of Application cont.



Challenges and Limitations of Application cont.

- Automatic adjustment of the tariffs based off meter data removes customer choice and does not prompt any change in behaviour. Tariffs are designed to encourage certain usage behaviours.
- If the meter data provided by the MDP is substituted or incorrect, further adjustments would be required which would then require an additional change in tariff and rebilling.
- Retailer's want to be involved in the discussion with their customers around tariff options for Large Market Customers.

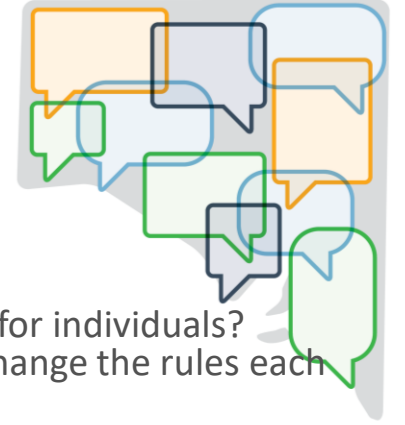
SA Power Networks' Position

- When reviewing this proposal and in consideration of the Rules and the feedback we have received, SA Power Networks does not believe this is a viable solution.
- In addition to matters outlined we note the following:
 - This system automation does not currently exist, significant capital expenditure would need to be invested into delivering this solution.
 - The resource required to automate this solution would deliver minimal benefit and does not align with our Tariff Structure Statement which creates tariffs to be applied for a 12-month period.
 - In the absence of automation, conducting this work manually would be resource intensive and is not practicable for us to consider.
 - Retrospective tariff changes would have implications on our daily transaction limits for MSATS – Market Settlement and Transfer Solution which is operated by the Australian Energy Market Operator.

Summary

- The technical feasibility of the process required to deliver the solution is not practical.
- The limitations under the Rules for Small Market Customers which restrict this proposal to Large Market Customers also adds further complexities. The feedback from key stakeholders regarding the issues this would cause on their end in addition to further issues for SA Power Networks.
- We note in general discussions with key stakeholders tariff analysis would be welcomed. This is being explored as a part of the Customer Experience & Interactions - Energy Advisory Focussed Conversation (13 September).

Discussion | Questions | Comments | Observations



- *Do you support SA Power Networks playing a role as a trusted provider of tariff analysis?*
- *Is there something that hasn't been addressed or discussed?*

- Has SA Power Networks undertaken a report assessment with retailers to see what they actually do with your tariffs?
- Why does SA Power Networks bill their NUOS on the 9th of each month?
- SA Power Networks sends out a lot of letters (reference to SBD/BD/HBD reassignment of obsolete tariff), in the current environment with smart meters we have the ability to get data every day. So changes might not have to be retrospective but could be a change once you've received final data at the end of the billing period – why couldn't a change be made then?
- It is up to the customer to engage the retailer to then engage the network to make a change, retailers don't have the motivation to change network tariffs as they just pass on the costs.
- Why couldn't the tariff be applied monthly given SA Power Networks has access to data on a daily basis. Some customers would be undercharged and some overcharged as SA Power Networks only reviews classification annually.
- As a regulated entity SA Power Networks would need to be careful about energy advice that recommends particular retailers.
- Energy made easy is not easy to navigate.
- It is how you present the information to customers that is easy to understand and meaningful to the end user.
- It is all about customer choice, why has it been so difficult for SA Power Networks to generate a portal or tariff calculator where customers could upload or request their data which would

- ultimately reflect the best financial outcome for individuals?
- You can't prompt people's behaviour if you change the rules each month.
- Question the upside in exploring this for customers, especially when the analysis of retailers highlights that there is a more fundamental issue of the offers not being reflected by the retailers.

SUMMARY

- Generally, the group seemed supportive of tariff analysis being considered further in the 'Energy Advisory' focussed conversation
- One stakeholder was strongly supportive of a monthly automated tariff reassignment service; other stakeholders were not sure this was a priority.

RESET ACTIONS – SA Power Networks

- Tariff optimisation will be considered as part of the Energy Advisory Focussed Conversation.

*Reset matter for consideration/discussion in future workshop
^BAU matter for response by SA Power Networks

Cost Allocation – Residential v Business | Fixed Vs Variable

What we heard from Workshop 1

- The group was comfortable with the proposed split between Residential and Business based on network data inputs to calculate the allocation e.g. NMIs, GWh, diversified demand etc.
- The group was comfortable with the continuation of annual increases to the fixed daily supply charge for Residential and Small Business customers in 2025-30.

Discussion | Questions | Comments | Observations



SA Power Networks is seeking endorsement to:

- *Continue the split between Residential and Business based on the key network metrics; and*
 - *Continue the annual increase daily supply charge for Residential and Small Business customers.*
-
- Where does the continual increase in fixed daily supply charge for Residential and Small Business customers end – noting that this position is to achieve cost reflectivity? Is the end point 100% fixed charge? The rationale should be included in the Tariff Structure Statement (TSS).
 - Do you think you'll be having an export daily fixed charge?*
 - The mandated PV FiT will run out shortly after 2025, so potentially we could have customers receiving a zero FiT for anything they give to the grid, but being charged to put it in. So potentially we need to consider some sort of mandated minimum feed in that retailers must pay that should be equal to or greater than any feed-in charge*
 - What are the trends – is residential usage as a percentage increasing? What are the long-term trends around impacts of solar and increased usage associated with electrification of the way we live?*
 - What impact has COVID had on residential surge?
 - Regarding solar – anything that is charged needs to be justified as per the AER export pricing guideline on a prospective basis

(you can't back charge).

SUMMARY

- The group did not oppose the existing split between Residential and Business on the basis that key network data was being considered and what the network would look like in terms of consumption in 2025-30.
- Concern that the fixed charge component will continue to increase beyond 2030 with no clearly defined end point.
- Queries regarding FiT which will be covered in export tariff workshops (Oct-Nov)

RESET ACTIONS – SA Power Networks

- Rationale for increasing supply charge for Residential and Small Business to be included in TSS including the direction for beyond 2030.
- Share AER guidelines for export pricing with group.

*Reset matter for consideration/discussion in future workshop

^BAU matter for response by SA Power Networks

Next Steps – Engagement

Date	Description
11 August 2022	• Default Tariff Structures, Cost Allocation / Tariff Design
19 August 2022	• Summary of workshop outputs and discussion to all invitees and attendees
Workshop 2 24 August 10.30am – 12pm	• Continuation of Cost Allocation / Tariff Design
By 31 August 2022	• Summary of Workshop 2 outputs and discussion
TBA	• Business tariff analysis to be shared with Business stakeholders and any other stakeholders who would like to participate
Workshop 3 14 September 9.30am – 1pm	Initial discussion: • Enabling the Energy Transition – Residential • Enabling the Energy Transition – Business
Workshop 4 28 September 9.30am – 1pm	Continuation & finalisation of: • Enabling the Energy Transition – Residential • Enabling the Energy Transition – Business
Workshops 5-8 October-November TBA	• Export Tariffs
People’s Panel Deliberation	• February – March 2023



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