

Property Focussed Conversation

1. Recommended Service Outcome/ Investment Option

The workshop participants are recommending to the People's Panel that SA Power Networks should invest to enable service provision in Scenario 2, Maintain plus the Transformer Workshop and Storage upgrade as a strategic project.

2. Recommended Option: Scenario 2 – Maintain plus the Transformer Workshop and Storage upgrade as a strategic project

The recommended investment option includes the building renewal program and asset replacements, along with the transformer and storage workshop as a strategic project. This includes the following works:

- Asset Replacement/ Routine Maintenance
 - Asset Register Replacements and Break-Fix Replacements (recurring program)
- Targeted Building Renewal Projects
 - Elizabeth Depot Renewal
 - Ceduna Depot Renewal
 - Cleve Depot Renewal
 - Morphett Vale Depot Renewal
 - Victor Harbor Depot Renewal
 - Murray Bridge Depot Renewal
 - Port Augusta Depot Renewal
 - Mt Barker Depot Renewal
- Fleet Workshop
 - Marleston North
 - Marleston South (Sheds/Hardstand)
 - Angle Park North (Pole Construction)
 - Keswick Office Fit-out Refurbishment
- Electric Vehicle Site Upgrades
- Strategic Project – Transformer and Storage Workshop
 - A fit for purpose facility to manage expected demand
- Assets at or beyond end of life and in poor condition and performance.
- Comply with obligations and requirements.

Total preferred investment over 5-year period (2025-30) \$105.3 Million.

This investment comprises **\$78.2 Million** for Asset Replacement, Depot Renewal and EV Uplift programs and **\$27.2 Million** for the Transformer Workshop strategic project.

3. Why recommending this option?

Workshop participants recommended this Investment Option over the other Investment Options because stakeholders felt it was the level of investment required over the next 5 years to ensure SA Power Networks meets building compliance and undertakes renewal projects to ensure its property assets are fit for purpose, safe and compliant.

The transformer workshop and storage project was supported as a strategic project as it is critical to the role of SA Power Networks and the implications of not upgrading are too critical in terms of customer impacts and reduced service levels.

4. The high-level impact on the customer’s bill of this investment option

The following indicative bill impacts for residential and business customers for the for the 2025-30 period for property are:

	Residential (average \$ annual)	Business (average \$ annual)
Scenario 2 Maintain	\$3.20	\$24.80
Scenario 2 Maintain (Strategic Project) – Transformer Workshop	\$1.10	\$8.65
TOTAL	\$4.30	\$33.45
Total distribution bill	\$505-\$590	\$3,980-\$4,650

The numbers shown are forecast estimates and will be periodically updated in response stakeholder input and external market influences. Final estimates will be provided in our 2025-30 Regulatory Proposal to be lodged with the AER in January 2024.

5. Why the other options were not supported and have not been recommended.

Scenario	Discussion on this option
Scenario 1 – Basic	- Asset Replacement/ Routine Maintenance - Asset Register Replacements and Break-Fix Replacements - This option was not supported as it does not allow SA Power Networks to meet its building compliance and property upgrade requirements and provide facilities that are fit for purpose to operate the network
Scenario 3 – New Value	- New or expanded Depot capability and adaptable to changes in delivery models (new repex depot) - New SMAS/Transmission Depot - Stakeholders did not support the two additional new value projects as they did not feel there was enough information or a business case at this stage that supported the investment. - In relation to the new repex depot

6. Areas of contention, key discussion points or concern

In arriving at the recommendation, the Focussed Conversation explored the following key questions, contentious issues and divergent views:

Cost escalations	• The challenges of the current market and geo-political environment creating significant cost implications. This makes forecasting projects difficult and increases project risks.
Transformer Workshop and Storage upgrade	• The need for the upgrade of the transformer workshop to achieve compliance, manage the condition (currently poor) and ensure its criticality to the business was understood by stakeholders was highlighted. The strategic importance of this project to the ongoing viability of the business was noted. • Stakeholders questioned whether the Government has a role to play given the significance of the site for state and economic development.

7. The People’s Panel may choose to interview key staff, stakeholders, or subject matter experts from the Focused Conversation or request to speak to the Peoples Panel in 2023

Alex Lewis	Manager Reset Engagement, SA Power Networks	Author of this document
Doug Strain	Community representative, Community Advisory Board and Chair, Asset Condition and Risk CAB Sub-committee	Workshops – information presented and outcomes Customer engagement and process
Kelvin Trimper, AM	Deputy Chair, Community Advisory Board, Chair, Reset CAB Sub-Committee and Member Asset Condition and Risk CAB Sub-Committee	Workshops – information presented and outcomes Customer engagement and process
Tim McCullough	Property and Facilities Manager	Scenarios, expenditure forecasts, scope of work

8. The following external stakeholders were part of the Focussed Conversation

Name	Position / Organisation	Workshop 1
Kelvin Trimper	Deputy Chair, Community Advisory Board, Chair, Reset CAB Sub-Committee and Member Asset Condition and Risk CAB Sub-Committee	✓
Doug Strain	Community representative, Community Advisory Board and Chair, Asset Condition and Risk CAB Sub-Committee	✓
Chris Leverington	Technical Regulation Branch, Department of Energy and Mining	✓
Onuma Carmody	Engineering, Assets and Project Delivery, KPMG (external consultant)	✓
Matthew Spano	Property and Environmental Services, KPMG (external consultant)	✓