

SA Power Networks Regulatory Proposal Engagement 2025-30

Focussed conversation – Property

Workshop – 11 November 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.'



Overview of the day

9.00	ARRIVAL AND COFFEE/TEA
9.00-9.15am	1. Welcome and Introductions
9.15-10.15am	2. Background info and Building capability
10.15-10.30am	MORNING TEA
10.30-12.00pm	3. Assessment plan and proposed projects
12.00-12.30pm	4. Investment Scenarios and Options
12.30-12.45pm	5. Recommendation to People's Panel and Next Steps
1.00pm	6. Lunch and close

Workshop invitees

- Community Advisory Board Members / Asset Condition and Risk
 - Kelvin Trimper
 - Doug Strain
- Department of Energy & Mining
 - Chris Leverington
- KPMG (external consultant)
 - Onuma Carmody – Engineering, Assets and Project Delivery
 - Matthew Spano – Property and Environmental Services

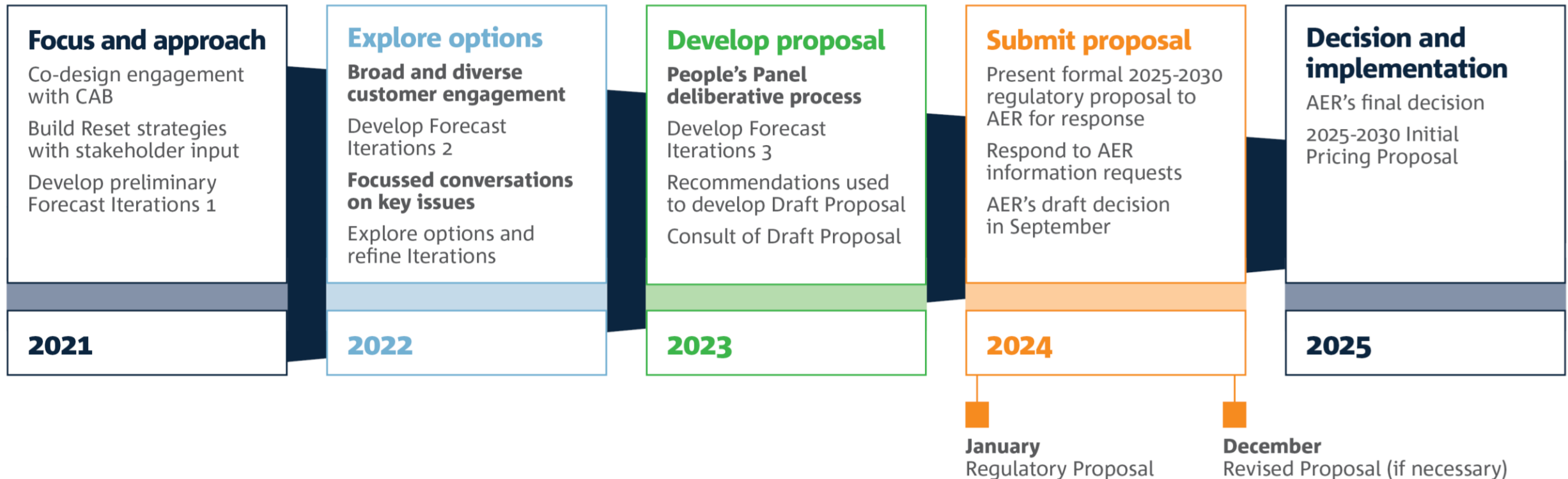
SA Power Networks staff presenting and listening:

- Tim McCullough - Property and Facilities Manager
 - Anna Lebedev - Reset Strategy
 - Glenn Clarke - Fleet & Property Business Performance Lead
 - Alex Lewis - Reset Engagement Manager
-
- Bruno Coelho - Manager Regulatory Strategy
 - Liz Renton - Business Analysis & Readiness Capability Manager

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



Recommendation to People’s Panel

- The People’s Panel is a group of customers ‘representative’ of the South Australian community – approx. 50 people
- Outcomes of each focussed conversation feed into People’s Panel
- Panel to consider ‘what services the community thinks are needed and that they want - that they are prepared to pay for’
- Template for focussed conversation ‘input’ to the People’s Panel process

Scenario	Basic	Maintain	New Value
Vulnerable Customers			✓
Energy Transition		✓	
Customer Experience	✓		
Repex			✓
Reliability			
Resilience		✓	
CBD		✓	
Vegetation Management	✓		
IT		✓	

Illustrative

Purpose of focussed conversations

The key objective of the **focussed conversations engagement** is to:

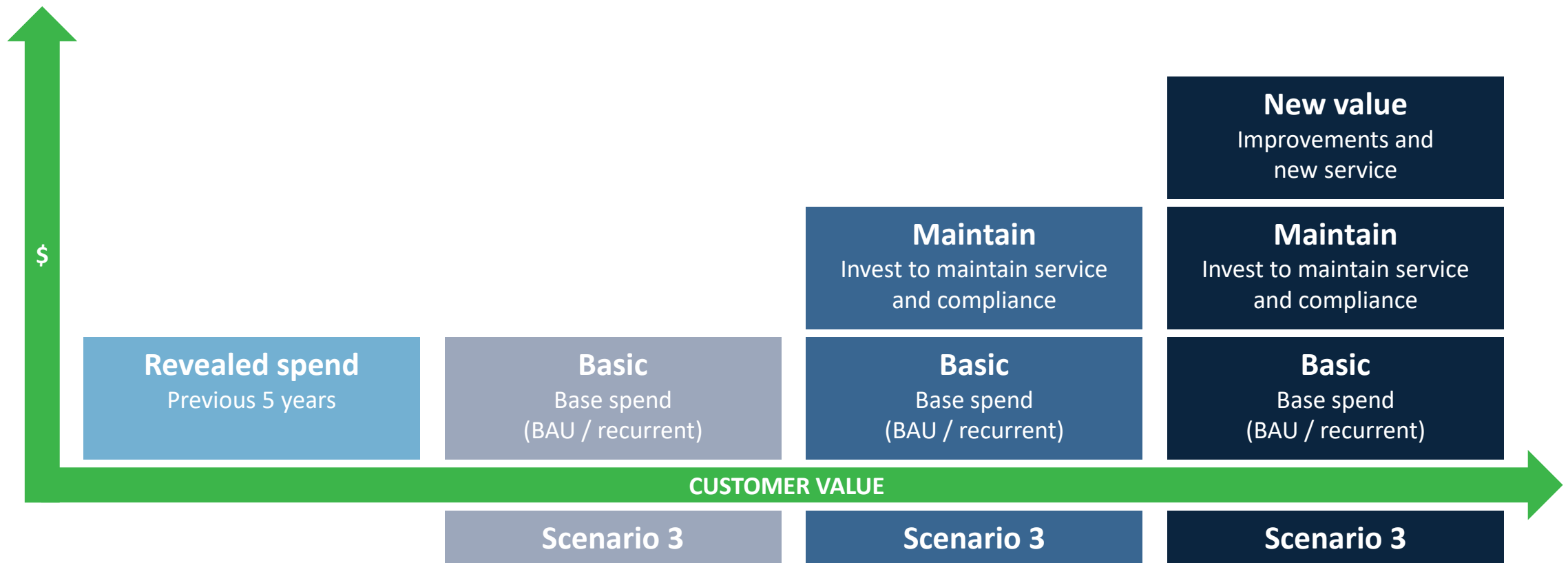
- Engage on identified priority topics and facilitate focused engagement activities
- Narrow options on service outcomes and potential expenditure
- Create a report, using a standard template for key input into Stage 4 engagement
- Recommendation for each topic to deliberative People's Panel

This focussed conversation

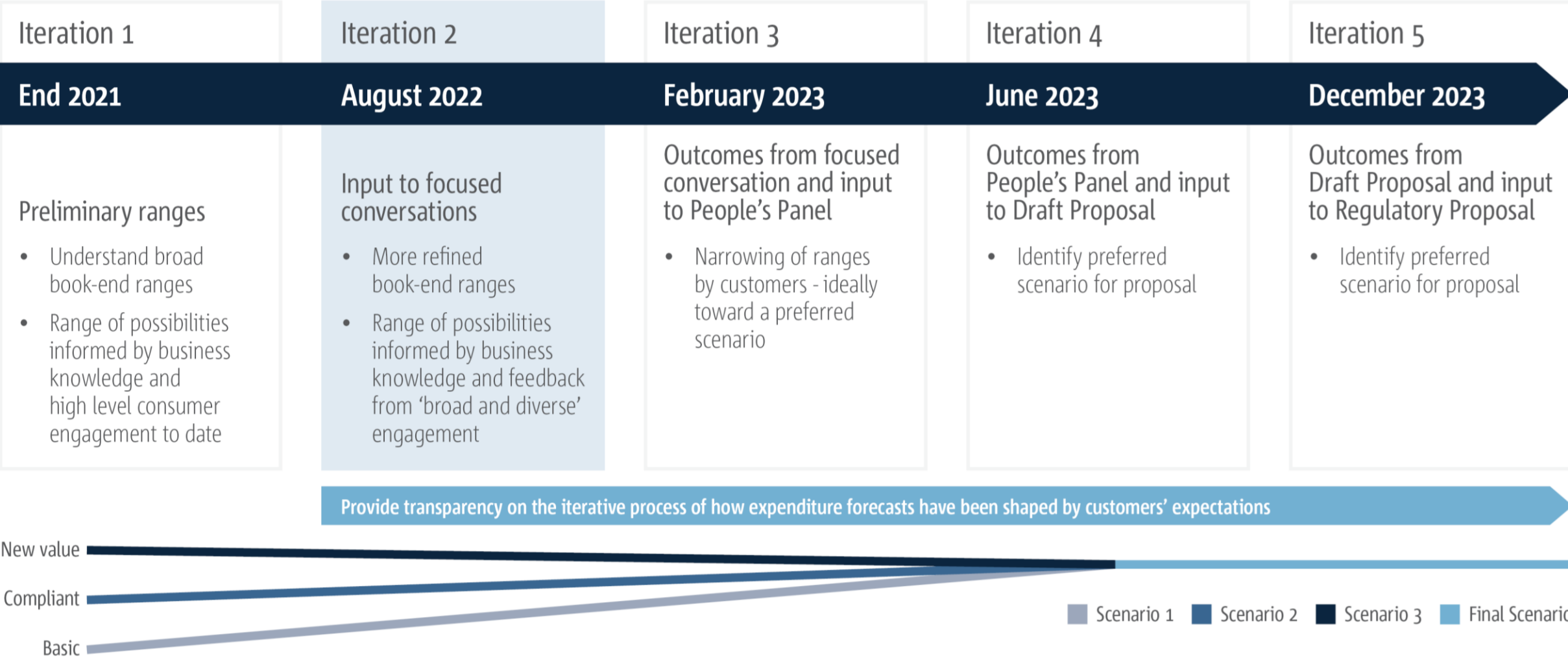
- Is our methodology supported?
- Are the scenarios considered appropriate?
- What scenario is supported by stakeholders and why?
- Do you support our long-term program?
- Has the right information been provided to make the decisions?

Forecasting service outcomes and expenditure

- Follow **AER assessment** approach
- **Evidence to customers** on likely service outcomes gained/ lost under different spend paths
- Show what's needed to **maintain vs improve** customer outcomes
- Provide **transparency** on how we align expenditure to customer expectations (heard vis engagement and research)
- **Note:** the three scenarios are not binding –we will explore if customers preferences lay between the three scenarios

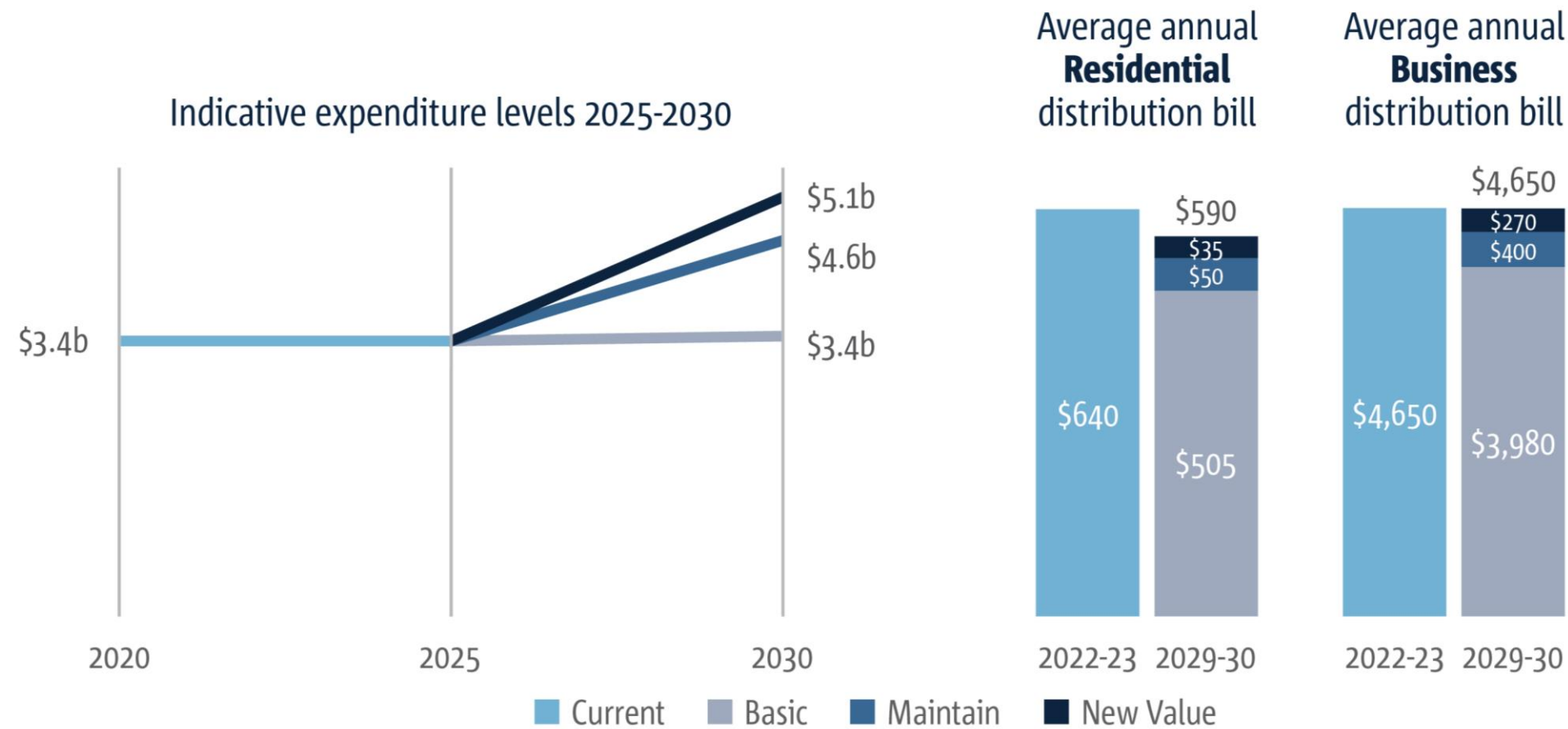


Forecasting service outcomes and expenditure for 2025-30



Forecast total and annual average distribution bills (\$2025) – iteration 2

The average residential bill will be lower in 2029-30 than 2022-23 under all scenarios.



The numbers supplied are forecasts and will be updated due to stakeholder input and external market influences over time. Our final numbers will be provided in our 2025-30 Regulatory Proposal to be lodged with the AER in January 2024.

Property 2025-30



Property Portfolio and locations

Property Portfolio

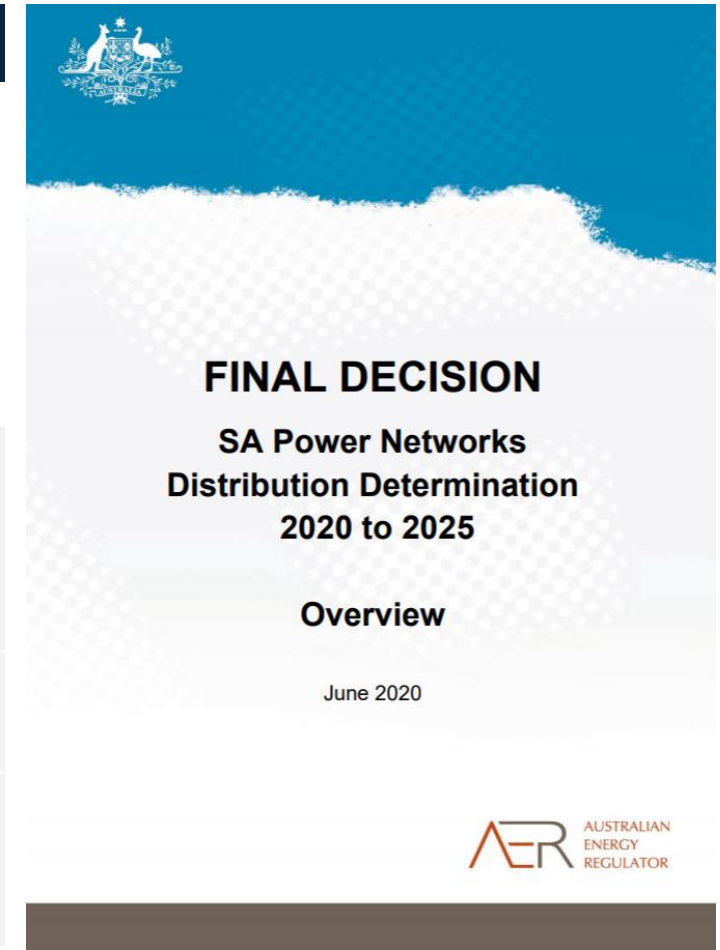
Property type	Owned	Leased	Total
Office	2	2	4
Industrial	5	0	5
Depots	29	2	31
Training centres	0	2	2
Car park	1	0	1
Total	37	6	43

SAPN Property Locations

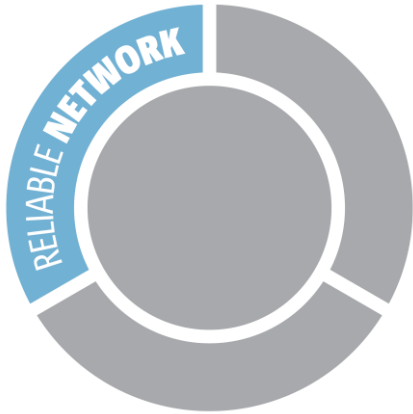


2020-25 Property Submission Recap

What we heard		How we responded
CCP and customers	No formalised Asset Management or lifecycle approach to Property Assets (<i>CCP and customers</i>)	Adoption of Building Industry good practice asset management principles, systems and processes, including property asset lifecycle analysis
	Application of Network Asset Management principles to Property Assets (<i>CCP and customers</i>)	
AER	Project Classification and forecast timing confusion (<i>AER</i>)	Application of non-network ICT methodology to classify projects/capex. Timing informed by improved property asset condition data and lifecycle analysis
	Bottom up forecast missing (<i>AER</i>)	Improved property asset data to inform property capex forecasting
	Business case length, complexity and ambiguous content (<i>AER</i>)	Refreshed approach to Business Case preparation, informed by clear methodology



Background and methodology



A reliable, resilient
and safe network



Customer experience,
choice and empowerment



Affordable and
equitable energy supply



Enabling clean energy and
unlocking future value for our state

Property Strategy Goal

A fit-for-purpose, safe and compliant portfolio of property assets that effectively and efficiently meets the needs of our people and our customers

Building Capability

Program of works undertaken since to address AER and Customer Panel concerns

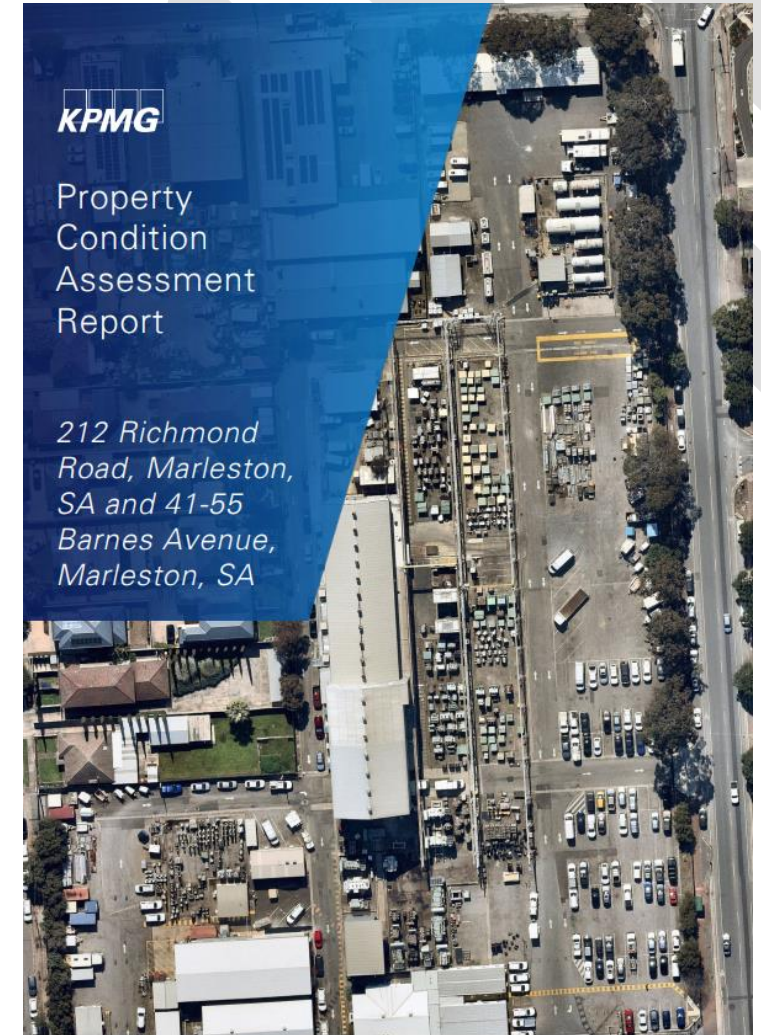


Building Capability – Detailed Asset Condition Reports

All properties in the portfolio independently assessed by qualified engineering and building services subject matter experts

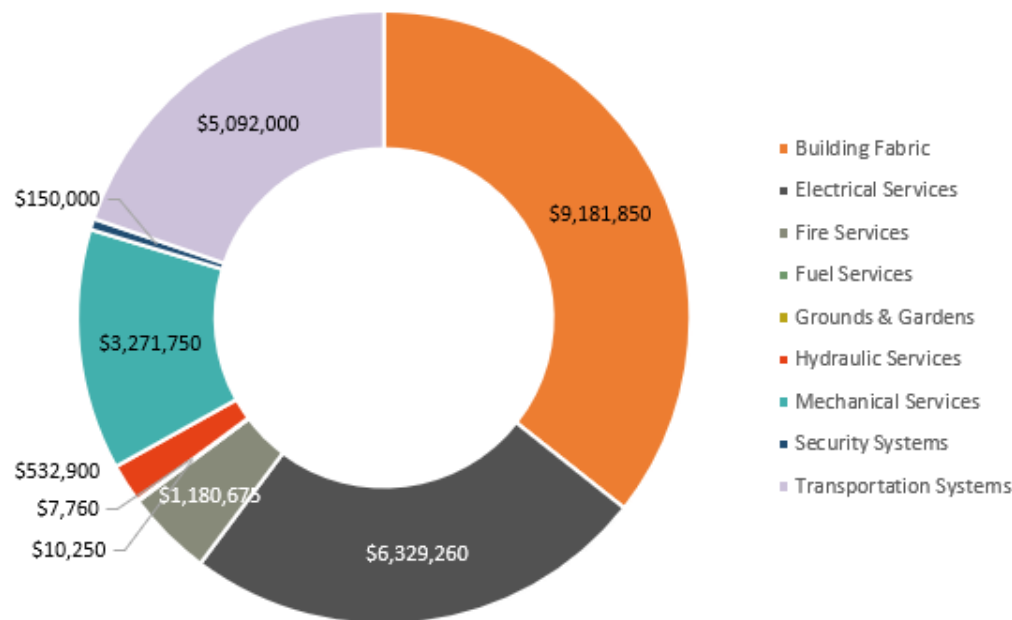
(Institute of Public Works Engineering Australasia (IPWEA) Building Condition and Performance Assessment Guidelines – Buildings Practice Note 3 v2 2016)

- Building Structure and Fabric
- Mechanical Services
- Electrical Services
- Fire Protection Services
- Hydraulic Services
- Vertical Transportation Services
- Building Compliance
- External facades from ground level.
- External inspection of the roof areas.
- External Hard Stand Areas (Concrete/Bitumen)



Building Capability – Detailed Asset Condition Reports

- Asset System Condition Ratings and Asset Replacement Values (examples from an Industrial site below).



System	Building 1	Building 2	Building 3	Building 4	Building 5	Building 6	Building 7	Building 8
Structure	Fair	Fair	Fair	Fair	Fair	Fair	Fair	Fair
Roof Areas	Fair	Fair	Fair	Fair	Very Poor	Fair	Fair	Fair
Façade	Fair	Fair	Fair	Fair	Poor / Very Poor	Fair	Fair	Fair
Internal Areas	Fair	Poor	Fair	Fair	Fair	Fair	Fair / Poor	Fair / Poor
External Areas	Fair	Poor / Very Poor	Poor / Very Poor	Poor / Very Poor	Poor / Very Poor	Fair	Poor / Very Poor	Poor / Very Poor
Mechanical Services	Fair	Fair/Poor	Fair	NA	Poor	Fair	Fair/Poor	Fair/Poor
Electrical Services	Good/Fair	Fair	Fair	Poor	Fair/Poor	Fair	Fair	Fair
Fire Protection Services	Fair	Fair	Fair	Fair/Poor	Fair/Poor	Fair	Fair	Fair/Poor
Hydraulic Services	Fair	Fair	Fair	NA	NA	Fair	Fair	Fair
Vertical Transportation Services	NA	NA	Good/Fair	NA	NA	NA	NA	NA

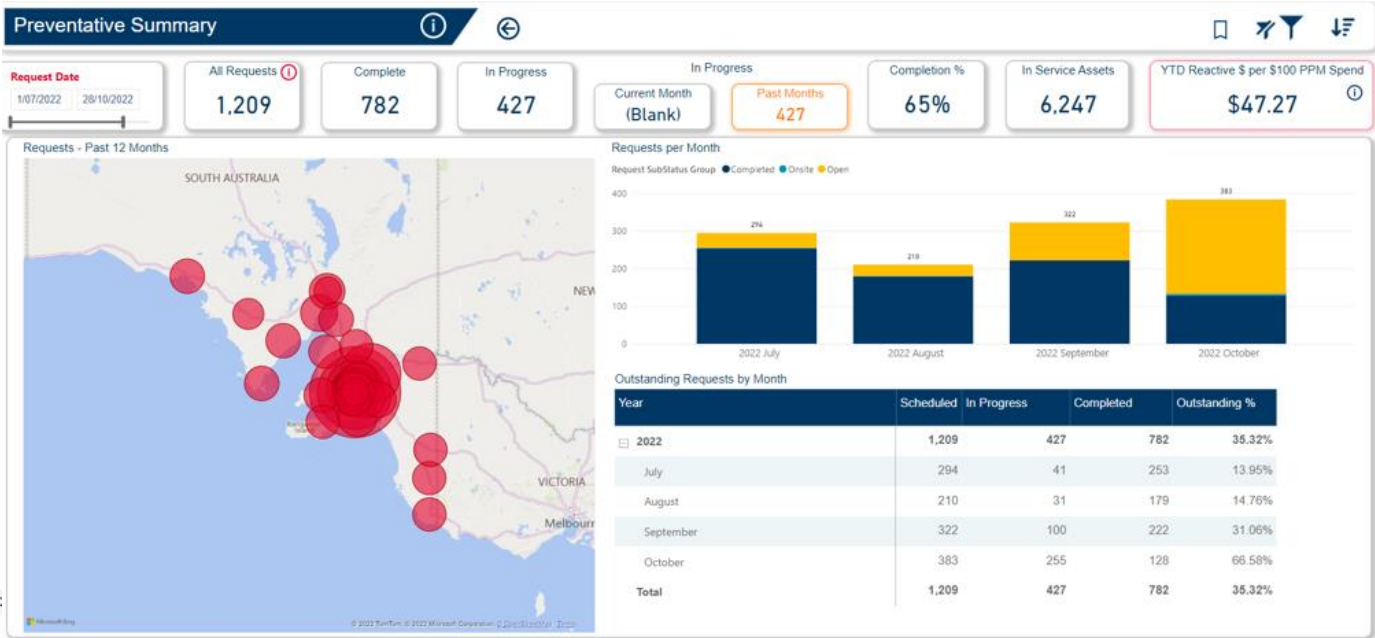
Building Capability – Master Asset Register

- All Property assets in a maintenance, replacement and renewal schedule according to their class and type and includes criticality rating.

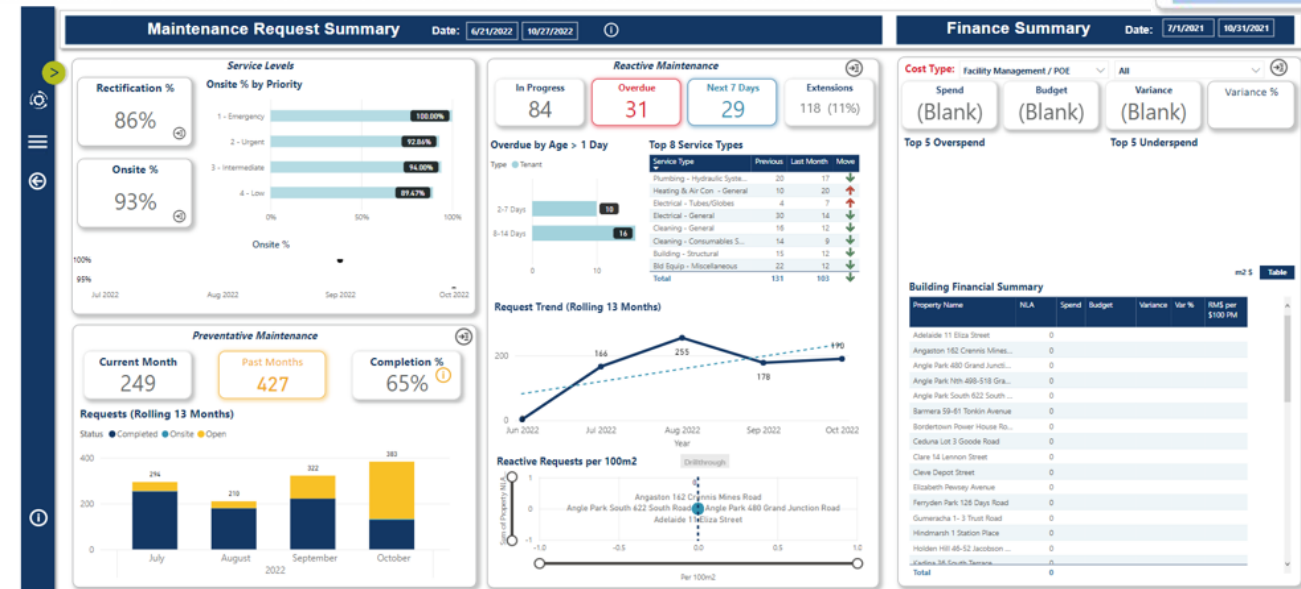
REF	Site ID	Site Address	Location	System	Subsystem	Asset	AssetCode	Qty	Unit	Unit Cost (\$)	Manufacturer	Model	Capacity	Capacity Unit	Installation Year	Effective Life (yrs)	Effective Life Extension (yrs) (see Note 1)	Replacement Year	Remaining Life	Condition (1 = very poor, 5 = excellent)	Owner	Date of Condition Rating (mm/yy)	Comments	Unit Qty	Unit Cost (\$)	Criticality	2023	2024	
AR12281	MTB31A	31 Alexandrina Road, Mt Barker	Building 1	Electrical Services	Electrical Distribution	Distribution board	LPDG	1	no.	25,000	B E Switchcraft	200A	72 pole		2012	30		2042	20	3	SAPN	03-22	DB Office w/ ESS & NESS chassis	25,000			-	-	
AR12289	MTB31A	31 Alexandrina Road, Mt Barker	Building 1	Electrical Services	Electrical Distribution	Distribution board	LPDG	1	no.	15,000	B E Switchcraft	100A	38 pole		2012	30		2042	20	3	SAPN	03-22	DB Garage	15,000			-	-	
AR12294	MTB31A	31 Alexandrina Road, Mt Barker	Building 1	Electrical Services	Electrical Distribution	Distribution board	LPDG	1	no.	15,000	Schneider Electric	160A	38 pole		2012	30		2042	20	3	SAPN	03-22	DB Workshop	15,000			-	-	
AR12296	MTB31A	31 Alexandrina Road, Mt Barker	Building 1	Electrical Services	Electrical Distribution	Distribution board	LPDG	1	no.	1,500	Clipsal		6 pole		2018	30		2048	24	3	SAPN	03-22		1,500			-	-	
AR12300	MTB31A	31 Alexandrina Road, Mt Barker	Building 4	Electrical Services	Electrical Distribution	Distribution board	LPDG	1	no.	2,500	le grand		9 pole		2018	30		2048	24	3	SAPN	03-22	DB Carpark	2,500			-	-	
AR12314	MTB31A	31 Alexandrina Road, Mt Barker	Building 2	Electrical Services	Electrical Distribution	Distribution board	LPDG	1	no.	20,000	B E Switchcraft	100A	48 pole		2012	30		2042	20	3	SAPN	03-22	DB 2	20,000			-	-	
AR12339	MTB31A	31 Alexandrina Road, Mt Barker	Building 1	Electrical Services	Electrical Distribution	Distribution board	LPDG	1	no.	10,000	SolarTune				2018	30		2048	24	3	SAPN	03-22	Solar DB	10,000			-	-	
AR12283	MTB31A	31 Alexandrina Road, Mt Barker	Building 1	Electrical Services	Emergency & Exit Light	Emergency light	LPEL	22	no.	300					2012	20		2032	10	3	SAPN	03-22		6,800			-	-	
AR12316	MTB31A	31 Alexandrina Road, Mt Barker	Building 2	Electrical Services	Emergency & Exit Light	Emergency light	LPEL	8	no.	300					2012	20		2032	10	3	SAPN	03-22		2,400			-	-	
AR12282	MTB31A	31 Alexandrina Road, Mt Barker	Building 1	Electrical Services	Emergency & Exit Light	Emergency exit sign	LPEX	6	no.	500					2012	20		2032	10	3	SAPN	03-22		3,000			-	-	
AR12315	MTB31A	31 Alexandrina Road, Mt Barker	Building 2	Electrical Services	Emergency & Exit Light	Emergency exit sign	LPEX	2	no.	500					2012	20		2032	10	3	SAPN	03-22		1,000			-	-	
AR12301	MTB31A	31 Alexandrina Road, Mt Barker	Grounds	Electrical Services	Emergency Power	Generator - Standby	LPGN	1	no.	150,000	F G Wilson	P220 HE	220 kVA		2008	30		2038	14	3	OTHER	03-22		150,000			-	-	
AR12329	MTB31A	31 Alexandrina Road, Mt Barker	Grounds	Electrical Services	Lighting - External	Floodlight, external	LPED	4	no.	850					2012	20		2032	10	2	SAPN	03-22		3,400			-	-	
AR12286	MTB31A	31 Alexandrina Road, Mt Barker	Building 1	Electrical Services	Lighting - External	Surface Mounted, external	LPEX	28	no.	500					2012	20		2032	10	3	SAPN	03-22		14,000			-	-	
AR12334	MTB31A	31 Alexandrina Road, Mt Barker	Building 4	Electrical Services	Lighting - External	Surface Mounted, external	LPEX	6	no.	750					2012	20		2032	10	3	SAPN	03-22	carport	4,500			-	-	
AR12274	MTB31A	31 Alexandrina Road, Mt Barker	Building 1	Electrical Services	Lighting - Internal	Troffer, internal	LPIT	60	no.	100		2xT5			2012	25		2037	15	3	SAPN	03-22		6,000			-	-	
AR12273	MTB31A	31 Alexandrina Road, Mt Barker	Building 1	Electrical Services	Lighting - Internal	Surface Mounted, internal	LPSM	44	no.	350					2012	25		2037	15	3	SAPN	03-22		15,400			-	-	
AR12307	MTB31A	31 Alexandrina Road, Mt Barker	Building 2	Electrical Services	Lighting - Internal	Surface Mounted, internal	LPSM	16	no.	350					2012	25		2037	15	3	SAPN	03-22		5,600			-	-	
AR12331	MTB31A	31 Alexandrina Road, Mt Barker	Building 3	Electrical Services	Lighting - Internal	Surface Mounted, internal	LPSM	2	no.	500					1990	25		2015	-7	1	SAPN	03-22	shed	1,000		1,000	-	-	
AR12302	MTB31A	31 Alexandrina Road, Mt Barker	Grounds	Electrical Services	Electrical Distribution	Main switchboard	MSMB	1	no.	75,000	LAI Industries	830A			1991	40		2051	29	3	SAPN	03-22	incl metering & ATS	75,000			-	-	
AR12325	MTB31A	31 Alexandrina Road, Mt Barker	Building 1	Electrical Services	Communications System	IDF	CMSW	1	Item	2,000	Telecom				2010	25		2051	-7	2	SAPN	03-22		1,000		1,000	-	-	
AR12324	MTB31A	31 Alexandrina Road, Mt Barker	Building 1	Electrical Services	Communications System	MDF	CMTI	1	Item	5,000	TE	Incoming fibre			2012	30		2042	20	3	SAPN	03-22		5,000			-	-	
AR12279	MTB31A	31 Alexandrina Road, Mt Barker	Building 1	Electrical Services	Communications System	Communications rack	CMTS	3	no.	3,500					2012	20		2032	10	3	SAPN	03-22		10,500			-	-	
AR12312	MTB31A	31 Alexandrina Road, Mt Barker	Building 2	Electrical Services	Communications System	Communications rack	CMTS	1	no.	3,500					2012	20		2032	10	3	SAPN	03-22		3,500			-	-	
AR12287	MTB31A	31 Alexandrina Road, Mt Barker	Building 1	Electrical Services	Security System	External motion sensor beam	LPLC	1	Item	20,000					2016	15		2031	9	3	SAPN	03-22		20,000			-	-	
AR12330	MTB31A	31 Alexandrina Road, Mt Barker	Grounds	Electrical Services	Lighting - External	Pole mounted	LPPO	2	no.	3,000					1990	25		2015	-7	2	SAPN	03-22		6,000		6,000	-	-	
AR12284	MTB31A	31 Alexandrina Road, Mt Barker	Building 1	Security Systems	CCTV System	External Camera	SCCE	1	no.	2,500	Hikvision				2015	10		2025	3	3	SAPN	03-22		2,500			-	-	
AR12297	MTB31A	31 Alexandrina Road, Mt Barker	Grounds	Security Systems	CCTV System	External Camera	SCCE	3	no.	3,500	HikVision PTZ				2015	10		2025	3	3	SAPN	03-22		10,500			-	-	
AR12326	MTB31A	31 Alexandrina Road, Mt Barker	Building 1	Electrical Services	Security System	Public address system	CMINAM	1	Item	5,000	Redback				2012	15		2027	5	3	SAPN	03-22		5,000			-	-	
AR12285	MTB31A	31 Alexandrina Road, Mt Barker	Building 1	Security Systems	CCTV System	Internal Camera	SCCI	1	Item	15,000					2015	10		2025	3	3	SAPN	03-22		15,000			-	-	
AR12292	MTB31A	31 Alexandrina Road, Mt Barker	Building 1	Electrical Services	Security System	Intruder detection	SCDE	1	Item	20,000	Gallagher				2016	15		2031	9	3	SAPN	03-22	w/ fire alarm monitoring	20,000			-	-	
AR12293	MTB31A	31 Alexandrina Road, Mt Barker	Building 2	Electrical Services	Security System	Intruder detection	SCDE	1	Item	5,000	Gallagher				2016	15		2031	9	3	SAPN	03-22	w/ fire alarm monitoring	5,000			-	-	
AR12291	MTB31A	31 Alexandrina Road, Mt Barker	Building 1	Electrical Services	Security System	Access control	SCPR	1	Item	10,000	Gallagher				2016	15		2031	9	3	SAPN	03-22		10,000			-	-	
AR12317	MTB31A	31 Alexandrina Road, Mt Barker	Building 2	Electrical Services	Security System	Access control	SCPR	1	Item	5,000	Gallagher				2016	15		2031	9	3	SAPN	03-22		5,000			-	-	
AR12320	MTB31A	31 Alexandrina Road, Mt Barker	Grounds	Electrical Services	DC Power System	Solar PV Inverter	LPSI	3	no.	6,500	Fronius	Symo 20.0-3-M	20 kW		2016	20		2036	14	3	SAPN	03-22		19,500			-	-	
AR12321	MTB31A	31 Alexandrina Road, Mt Barker	Grounds	Electrical Services	DC Power System	Solar PV Inverter	LPSI	1	no.	3,500	Fronius	Symo 5.0-3-M	5 kW		2016	20		2036	14	3	SAPN	03-22		3,500			-	-	
AR12299	MTB31A	31 Alexandrina Road, Mt Barker	Building 1	Electrical Services	DC Power System	Solar PV Panel	LPSP	280	no.	405					2016	20		2036	14	3	SAPN	03-22		113,400			-	-	
AR12276	MTB31A	31 Alexandrina Road, Mt Barker	Building 1	Fire Services	Fire Alarm System	Smoke / heat detector	FPDS	17	no.	400					2012	15		2027	5	3	SAPN	03-22		6,800			-	-	
AR12309	MTB31A	31 Alexandrina Road, Mt Barker	Building 2	Fire Services	Fire Alarm System	Smoke / heat detector	FPDS	7	no.	350					2012	15		2027	5	3	SAPN	03-22		2,450			-	-	
AR12277	MTB31A	31 Alexandrina Road, Mt Barker	Building 1	Fire Services	Hose Reel System	Fire hose reel	FPHN	4	no.	1,000					2012	30		2042	20	3	SAPN	03-22		4,000			-	-	
AR12310	MTB31A	31 Alexandrina Road, Mt Barker	Building 2	Fire Services	Hose Reel System	Fire hose reel	FPHN	1	no.	1,000					2012	30		2042	20	3	SAPN	03-22		1,000			-	-	
AR12280	MTB31A	31 Alexandrina Road, Mt Barker	Building 1	Fire Services	Fire Alarm System	Occupant warning speaker	FFSP	4	no.	250					2012	15		2027	5	3	SAPN	03-22		250			-	-	
AR12313	MTB31A	31 Alexandrina Road, Mt Barker	Building 2	Fire Services	Fire Alarm System	Occupant warning speaker	FFSP	1	no.	250					2012	15		2027	5	3	SAPN	03-22		250			-	-	
AR12275	MTB31A	31 Alexandrina Road, Mt Barker	Building 1	Fire Services	Portable Fire Equipment	Fire Extinguisher	FFPE	16	no.	275					2012	10		2022	0	3	SAPN	03-22		4,400		4,400	-	-	
AR12308	MTB31A	31 Alexandrina Road, Mt Barker	Building 2	Fire Services	Portable Fire Equipment	Fire Extinguisher	FFPE	3	no.	300					2012	10		2022	0	3	SAPN	03-22		900		900	-	-	
AR12268	MTB31A	31 Alexandrina Road, Mt Barker	Building 1	Hydraulic Services	Sanitaryware	Fixtures & Fittings	FUBT	11	Item	500					2012	20		2032	10	2	SAPN	03-22		5,500			-	-	
AR12266	MTB31A	31 Alexandrina Road, Mt Barker	Building 1	Building Fabric	Internal	Floor Covering - Carpet	FFCA	145	m2	90					2012	10		2022	0	3	SAPN	03-22		13,050		13,050	-	-	
AR12270	MTB31A	31 Alexandrina Road, Mt Barker	Building 2	Building Fabric	Internal	Floor Covering - Carpet	FFCA	80	m2	90					2012	10		2022	0	3	SAPN	03-22		7,200		7,200	-	-	
AR12267	MTB31A	31 Alexandrina Road, Mt Barker	Building 1	Building Fabric	Internal	Floor Covering - Vinyl	FFVY	615	m2	110					2012	17		2029	7	3	SAPN	03-22		67,650			-	-	
AR12271	MTB31A	31 Alexandrina Road, Mt Barker	Building 2	Building Fabric	Internal	Floor Covering - Vinyl	FFVY	80	m2	110					2012	17		2029	7	3	SAPN	03-22		8,800			-	-	
AR12337	MTB31A	31 Alexandrina Road, Mt Barker	Grounds	Hydraulic Services	Water System	Backflow prevention	BFPV	2	no.	1,000					2012	20		2032	10	3	SAPN	03-22	at fire hose reel isolation valve box	2,000			-	-	
AR12278	MTB31A	31 Alexandrina Road, Mt Barker	Building 1	Hydraulic Services	Water System	Chilled/boiling water unit	WSBW	2	no.	3,800	Boiling Billy				2012	10		2022	0	3	SAPN	03-22		7,600		7,600	-	-	
AR12286	MTB31A	31 Alexandrina Road, Mt Barker	Building 1	Hydraulic Services	Water System	Chilled/boiling water unit	WSBW	1	no.	1,000	Billi Ultra	Ultra 1600	16 L		2016	10		2026	4	3	SAPN	03-22	Boiling water only	1,000			-	-	
AR12298	MTB31A	31 Alexandrina Road, Mt Barker	Grounds	Hydraulic Services	Domestic Cold Water	Pumps - Booster	WSWP	1	no.	7,000					2012	20		2032	10	3	SAPN	03-22	Rainwater	7,000			-	-	
AR12311	MTB31A	31 Alexandrina Road, Mt Barker	Building 2	Hydraulic Services	Domestic Hot Water	Electric Instantaneous	WSHE	1	no.	3,500	Billi				2012	12		2024	2	3	SAPN	03-22		3,500			3,500	-	-
AR12332	MTB31A	31 Alexandrina Road, Mt Barker	Grounds	Hydraulic Services	Water System	Tank - Plastic or fibreglass	WSTP	1	no.	3,500	Master Tanks				2000	40		2040	18	3	SAPN	03-22		3,500			-	-	
AR12333	MTB31A	31 Alexandrina Road, Mt Barker	Grounds	Hydraulic Services	Water System	Tank - Plastic or fibreglass	WSTP	1																					

Building Capability – Master Asset Register & Maintenance Plans

- All Property assets in a maintenance, replacement and renewal schedule according to their class and type.
- Bottom up, short- and long-term financial forecasting capabilities.
- Greater visibility over asset failure risk.
- Includes asset criticality ratings.

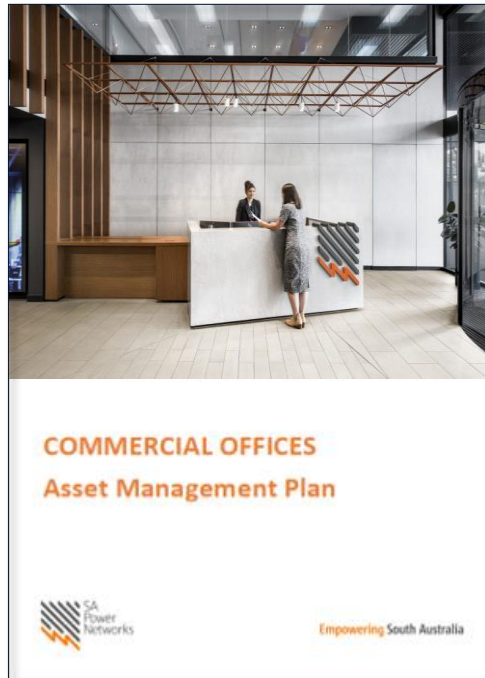


Dashboard



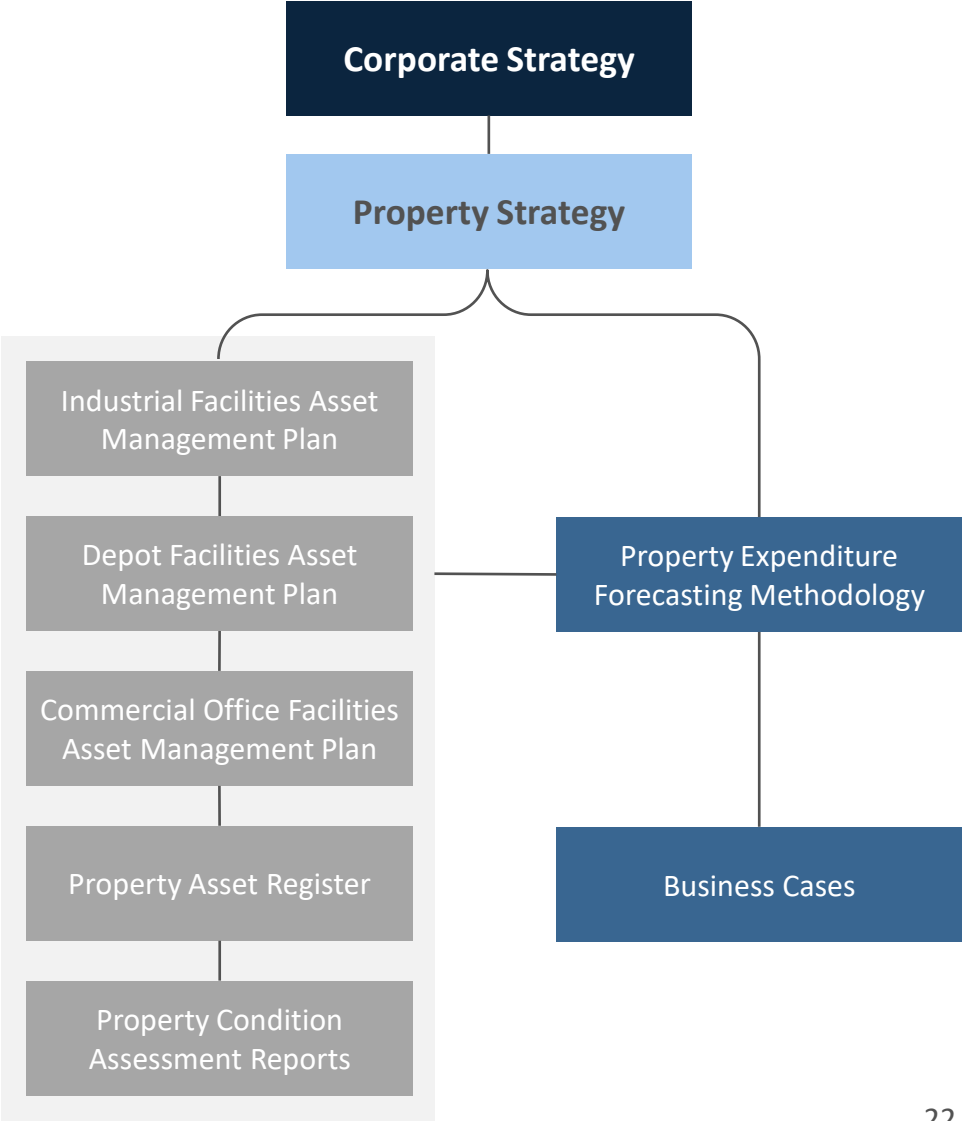
Building Capability – Portfolio Asset Management Plans (AMP's)

- Tailored for specific property types in the portfolio: Commercial Office Buildings, Industrial Facilities and Operational Works Depots.
- Formalised Asset Lifecycle Management Plans with a replacement and renewal cycle according to age, condition, remaining useful life, criticality and compliance.
- Developed to ensure that SA Power Networks building assets are developed, operated, maintained, and renewed in the most cost effective and sustainable way.



Building Capability – Long term Property Strategy

National Electricity Objective (NEO) Property supporting the business to meet the NEO		
Goal	A fit-for-purpose, safe and compliant portfolio of property assets that effectively and efficiently meets the needs of our people and our customers	
Understand Property Portfolio Needs	Meeting the Needs of the Business We assess how our property portfolio will meet the current and future needs of the business	Understanding our Property Assets We have the data and systems required to take a strategic approach to property portfolio planning and delivery
Property Portfolio Planning and Execution	Property Management, Maintenance and Renewal We apply good practice asset management principles to manage, maintain and renew our property assets	Strategic Project Planning and Delivery We have a strong basis for strategic investments, ensuring that they achieve project objectives and offer value for money
	Long Term Property Strategy Road Map We identify the current and future programs of asset replacement, building renewal and strategic projects required to deliver on our Goal	

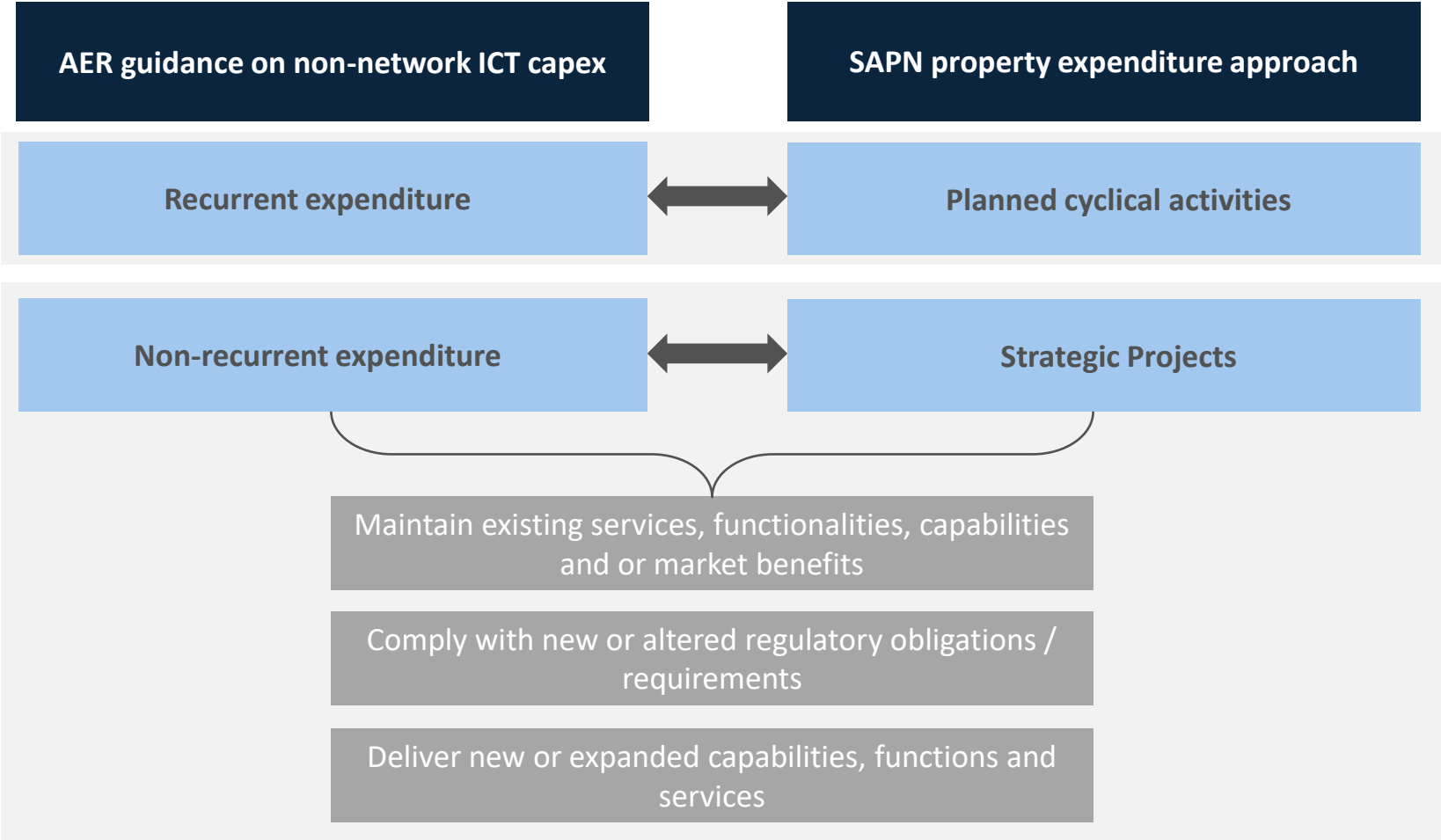


Property Proposed Approach 2025-2030

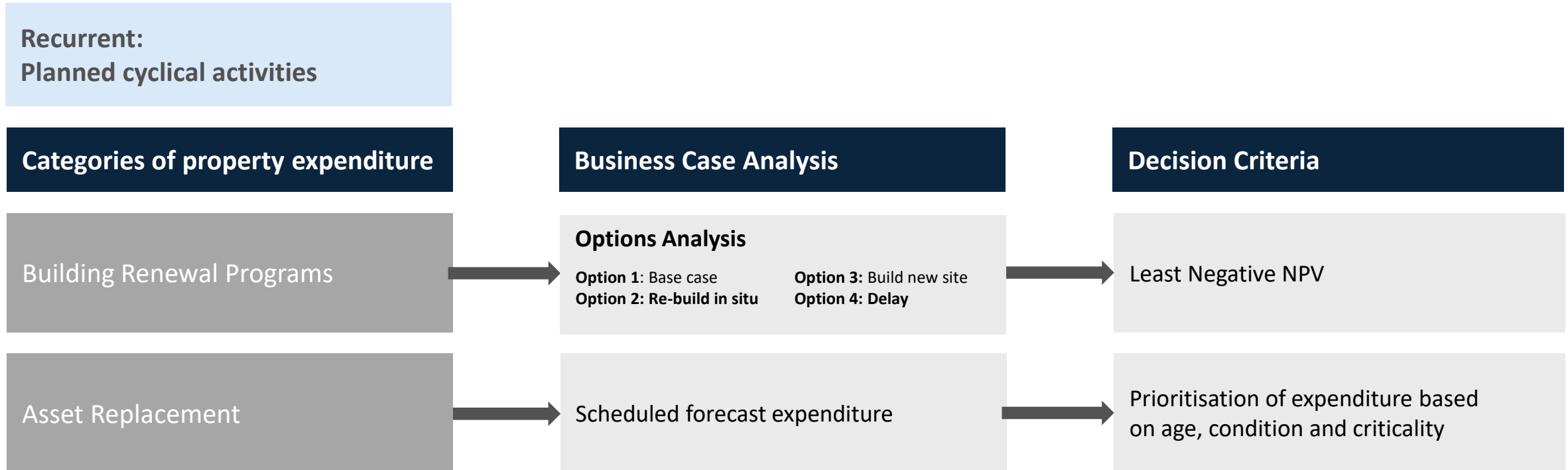
Strengthen alignment with the AER Non-Network ICT assessment framework from a Property perspective

Adopting a data driven, logical, planned and cost-effective program of asset replacement and asset renewal projects

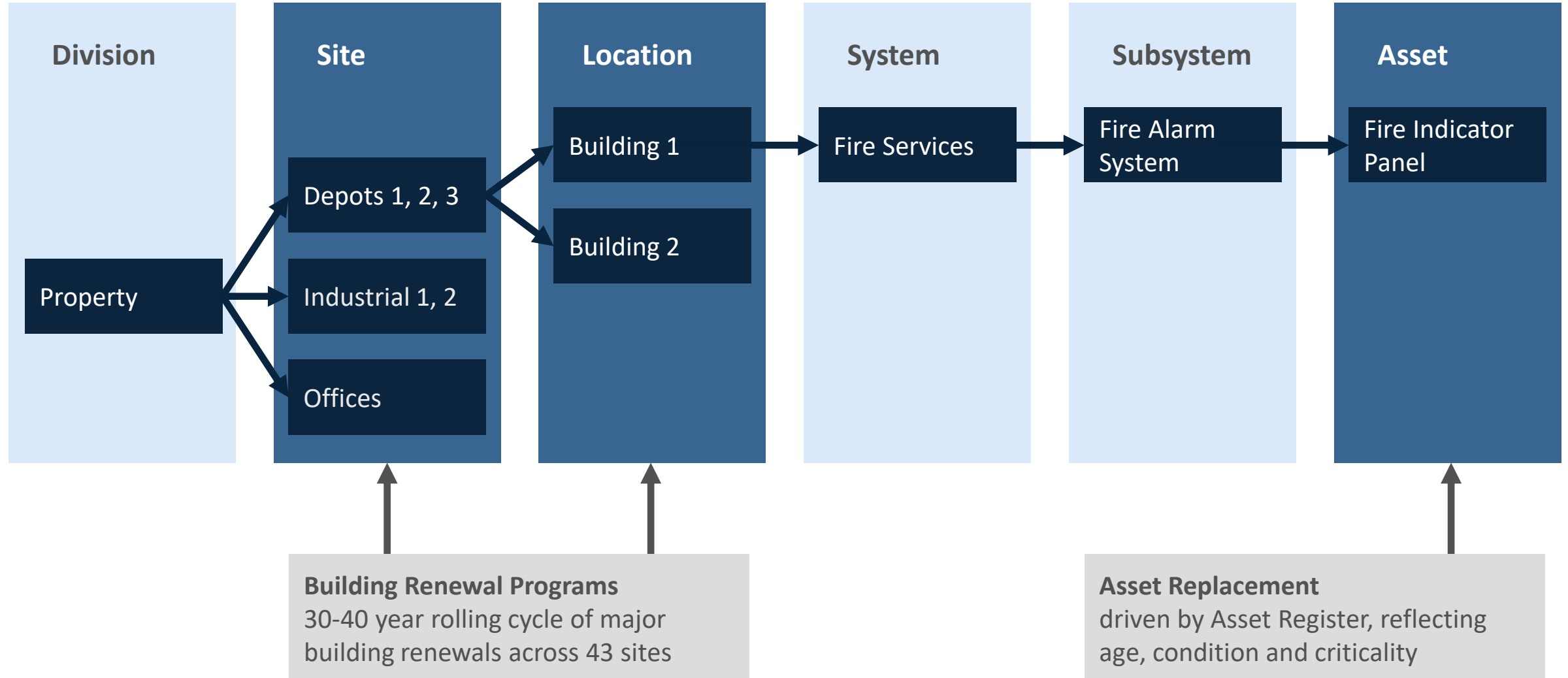
Forecast costs and benefits and options analysis



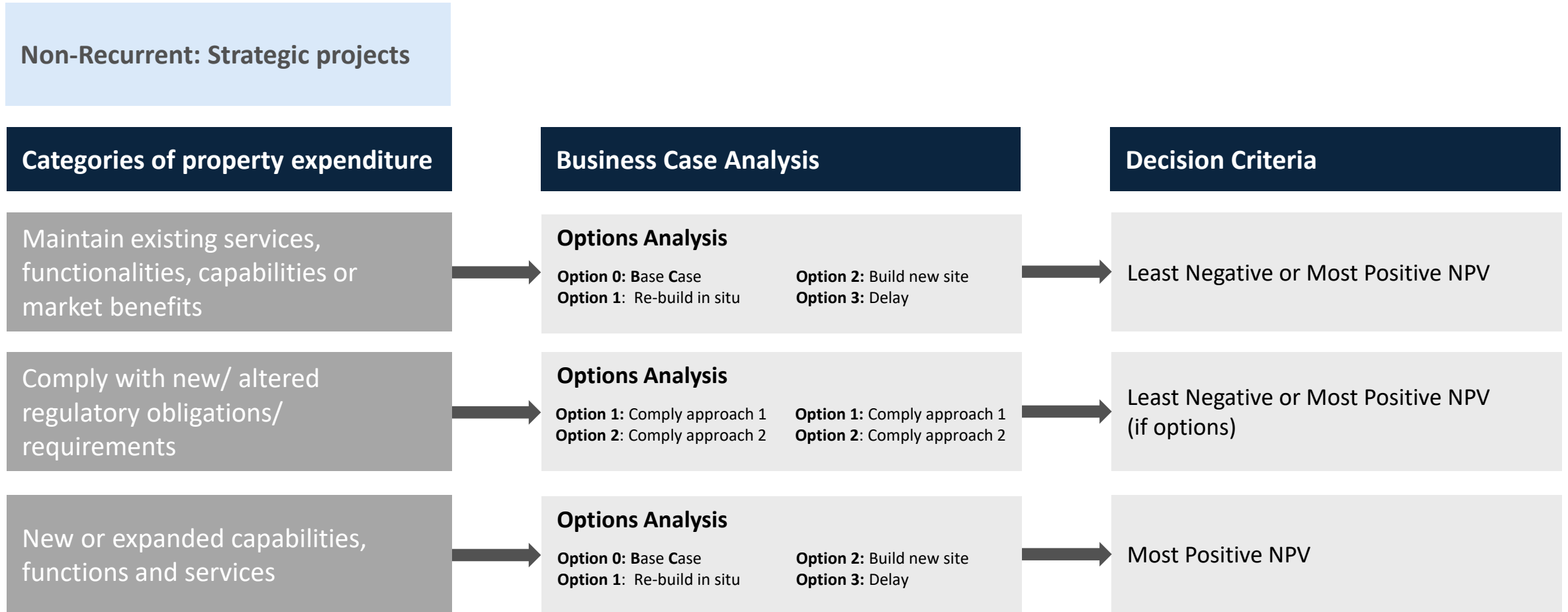
Proposed Assessment Methodology – Recurrent Expenditure



Property asset hierarchy, renewal and replacement cycles



Proposed Assessment Methodology – Non-recurrent Expenditure

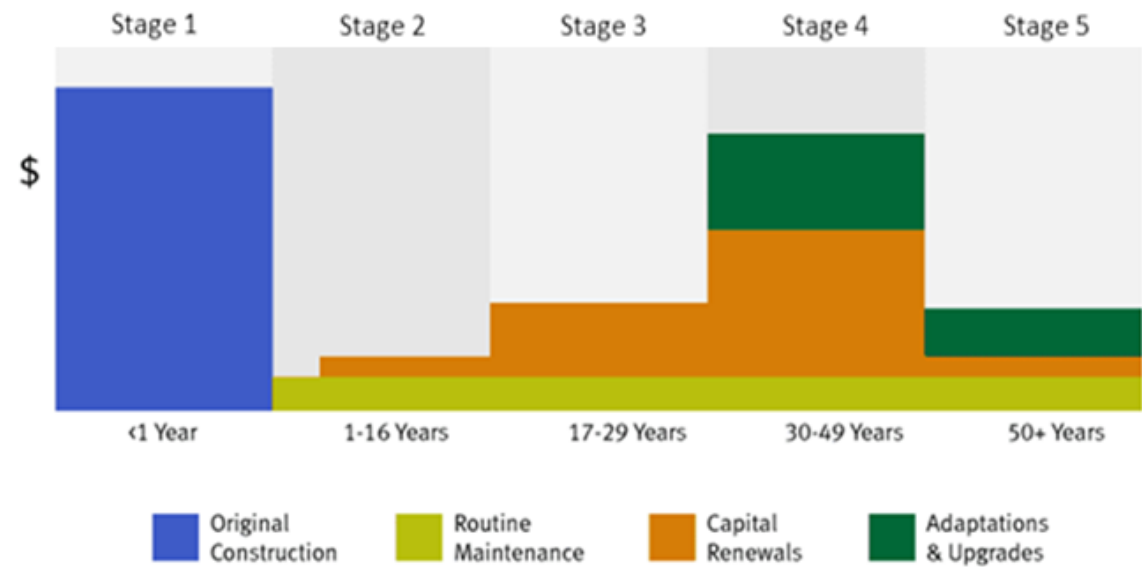


Property – Main Drivers of Property Expenditure

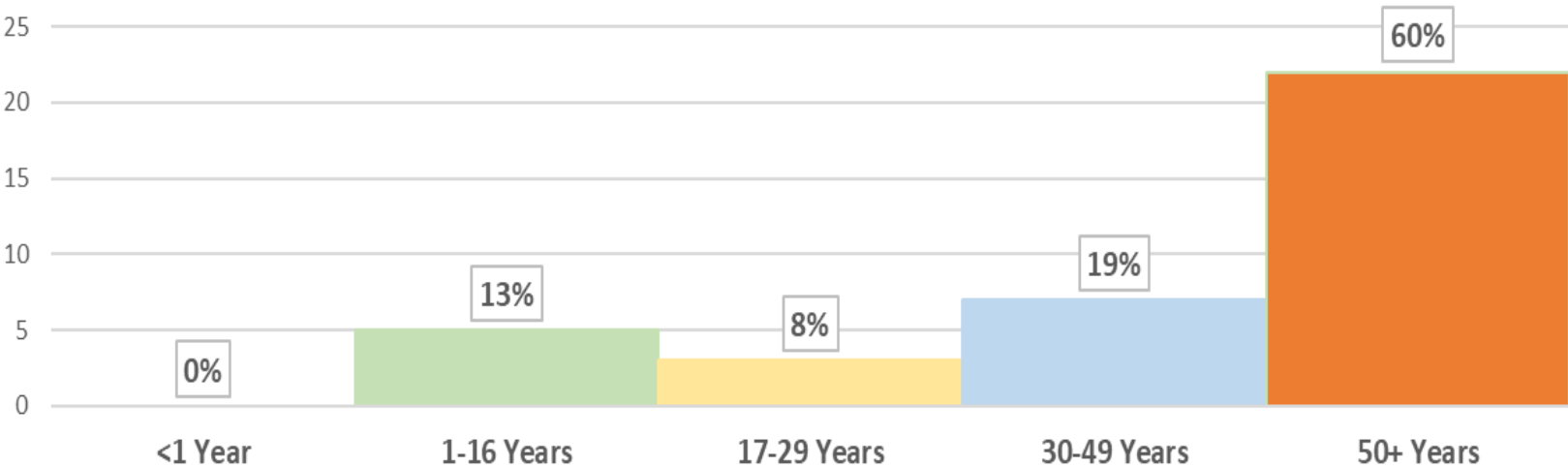
		Driver	Description
MAINTAIN SERVICE		Age	As assets age, they generally require increasing levels of maintenance over time, until they are replaced.
		Condition	Poor condition of assets reduces the ability of property to support the supply of distribution services. Asset condition may need to be improved through additional maintenance expenditure to increase its performance.
		Risk	Assets that pose unacceptable levels of risk to continued supply of electricity require expenditure to reduce the risk to acceptable levels.
		Safety	Property that is congested, poorly laid-out or no longer fit for purpose, introduces safety risks to staff and potentially damages materials. Expenditure may be required to address safety concerns or rectify issues.
		Security	Security improvements may be required from time to time to address identified vulnerabilities. For example, increased theft of equipment has been recently reported across the depots. Implementing measures to reduce theft introduces additional security costs.
		Inflation in input costs	Increased costs of labour and materials increase expenditure forecasts.
COMPLIANCE		Critical infrastructure obligations	As a critical infrastructure provider, SA Power Networks may need to implement a higher degree of physical and cyber security across its distribution network if required as part of its critical infrastructure obligations.
		Legislative	Currently there is no legislation impacting property expenditure. There may be new legislation or changes to building codes or other regulations, such as related to emissions reductions or climate change adaption.
		Environment and sustainability	As part of climate change resilience planning, we need to ensure assets remain functional and accessible in adverse climate/weather events.
STRATEGIC		Support for changing business operations	Changes to business operations, for example, merging of business units, shift to hybrid work, or efficiency-driven business process changes, often require property support such as site reallocations, refurbishments or technological improvements.
		Support for REPEX uplift	Risk-driven increases in network asset replacements and refurbishments and increases in demand for electricity connections across the network drive the need for new or expanded depots to support both construction and ongoing maintenance of the distribution network.
		The views of customers	Underpinning all expenditure decisions are the voices of our customers. In our decisions about property expenditure, we address the identified needs and plan for reliability of supply to customers.

Top 3 Drivers: Age of Buildings and Property Assets

Lifecycle of a Commercial Building

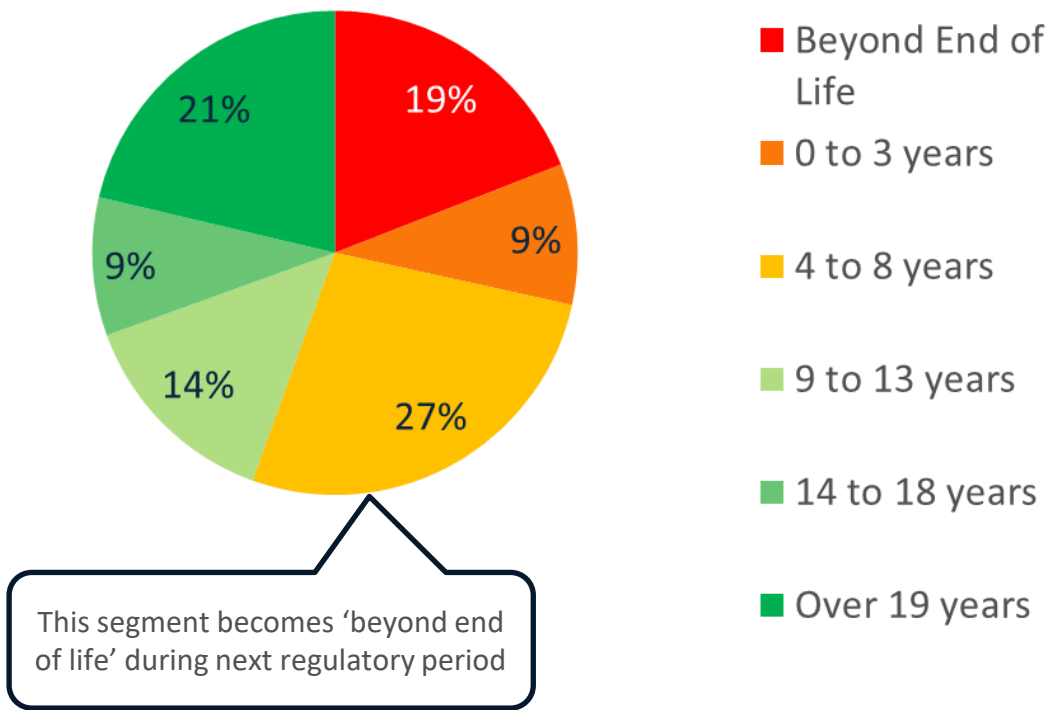


SAPN Property Age Profile

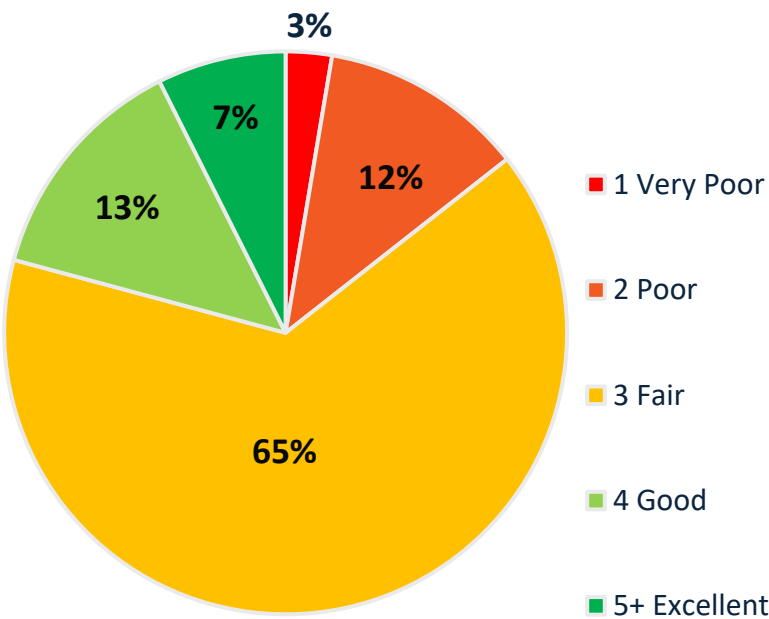


Top 3 Drivers: Condition of Buildings and Property Assets

SAPN Asset Replacement Cost by **Remaining Life**

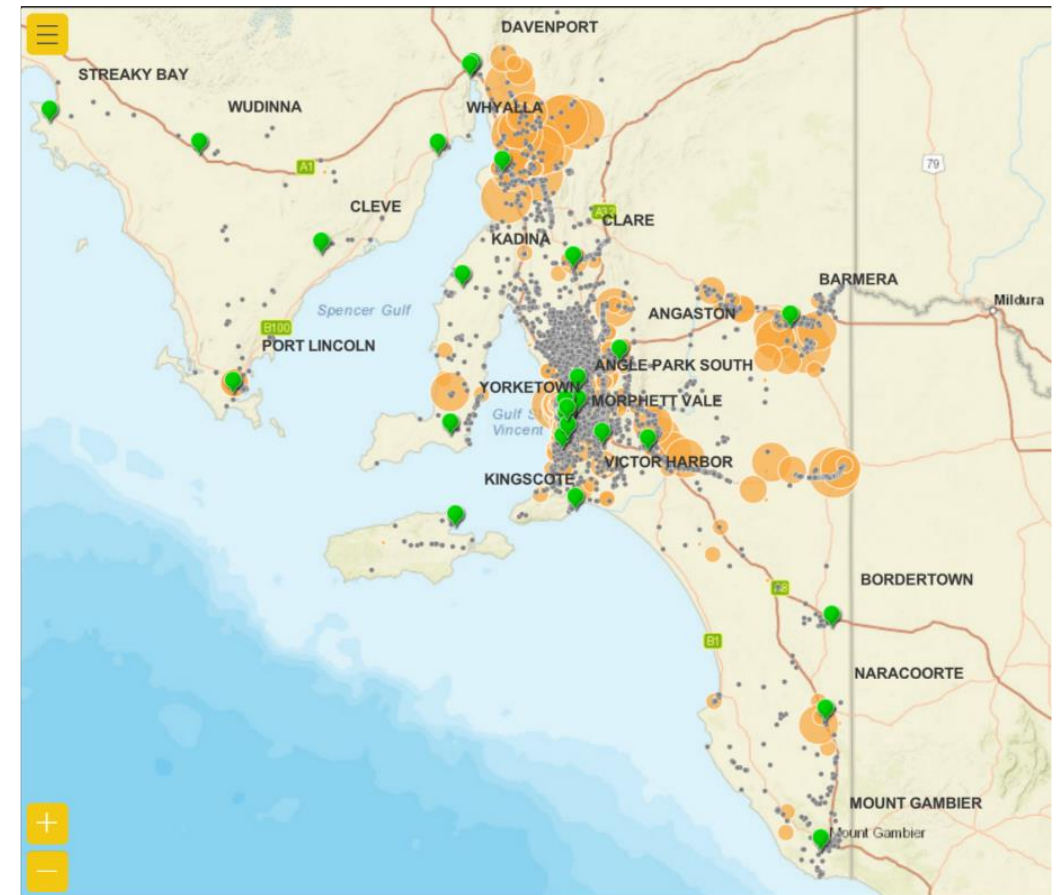
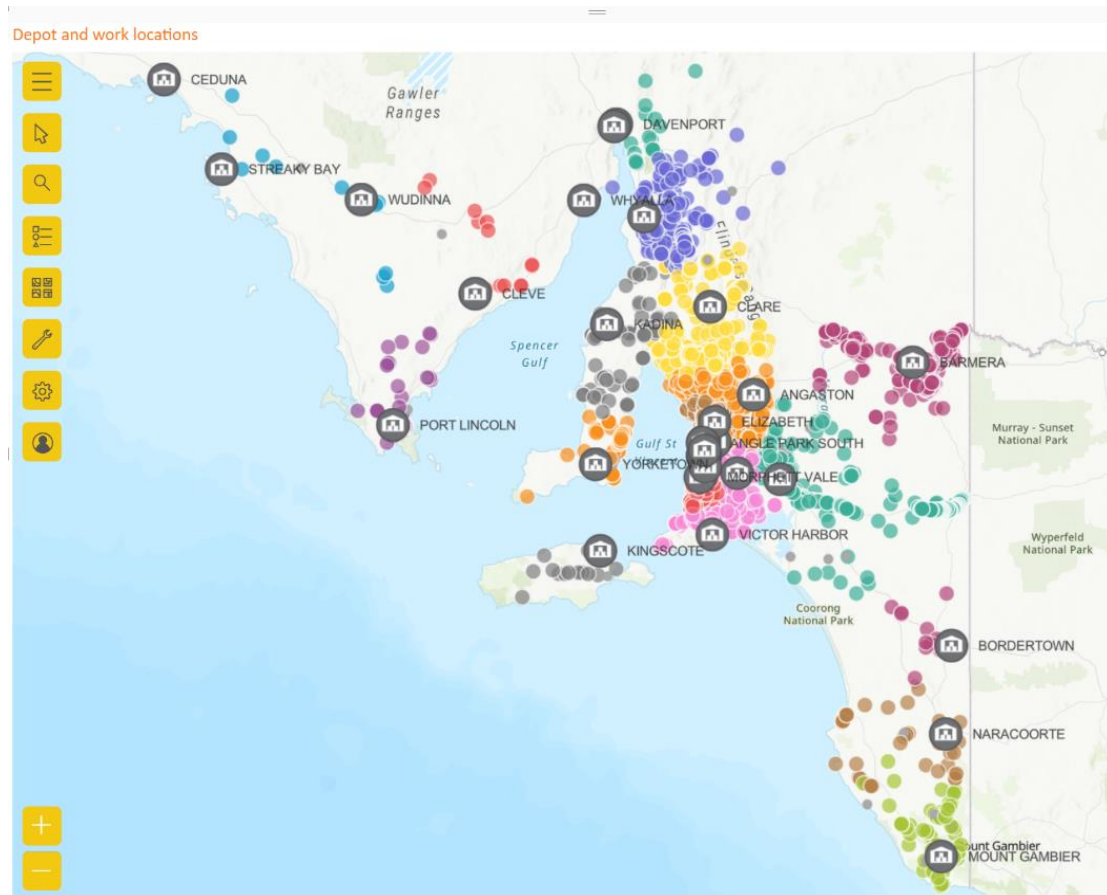


SAPN Asset Replacement Cost by **Condition**



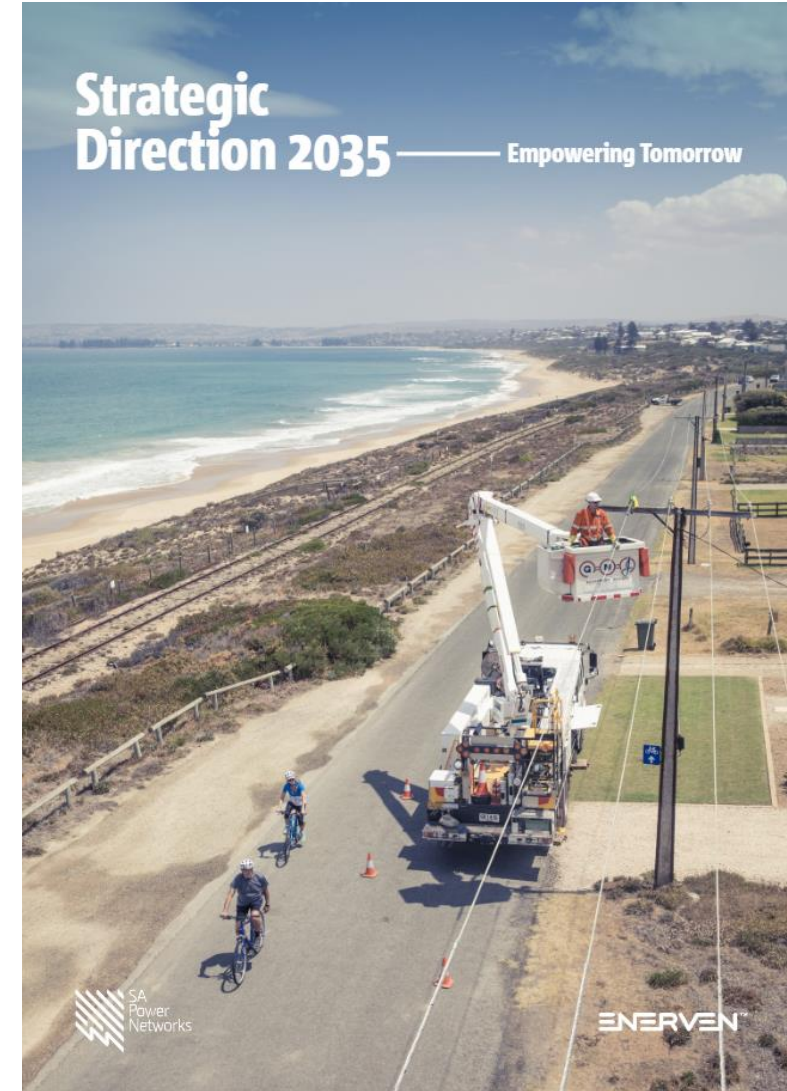
Top 3 Drivers: REPEX Uplift Support

- Geographical data-driven prioritisation of replacement and renewal works based on ROI and forecast sequencing of REPEX works.
- New or expanded Depot capability and adaptable to changes in delivery models



Key Drivers: Support for changing business operations

- Changing or consolidation of business units and work groups
- Operational efficiency improvements
- Business process changes
- Shift to hybrid work

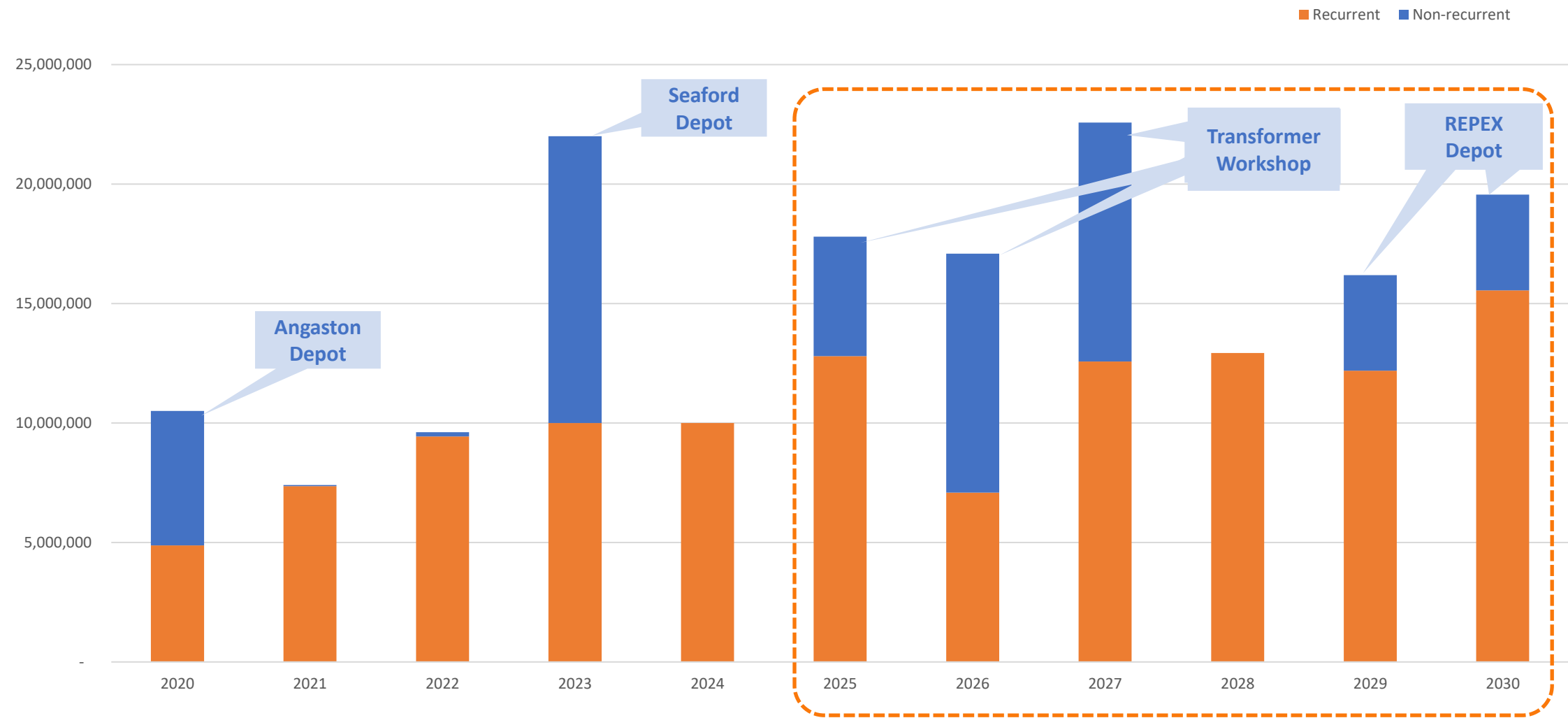


Property Capex Project Forecast

	2020 – July 2025	AER Regulatory Periods 2025 - 2030	2030 – 2035
Strategic Projects	Seafood Depot Angaston Depot	Transformer Workshop Facility REPEX Depot	
Building Renewal Projects	Streaky Bay Depot Renewal Yorketown Depot Renewal Mt Gambier Depot Renewal Barmera Depot Renewal St Mary’s Depot Renewal Clare Depot Renewal Bordertown Depot Renewal Angle Park North Renewal Fleet Workshop Renewal Marleston North Renewal Marleston South Renewal NOC Renewal (Stage 1) Keswick Office Fit-out Refurbishment Angle Park Training Renewal Davenport Training Centre Renewal	Elizabeth Depot Renewal SMAS/Transmission Depot Electric Vehicle Chargers 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	Holden Hill Depot Renewal Kadina Depot Renewal Kingscote Depot Renewal Kurralta Park Depot Renewal Naracoorte Depot Renewal Port Lincoln Depot Renewal Port Pirie Depot Renewal Wingfield Depot Renewal Wudinna Depot Renewal Whyalla Depot Renewal Angle Park South (Substation Property Maintenance) Marleston North Hindmarsh Office Fit-out Refurbishment NOC Augmentation (Stage 2)
Asset Replacements / Routine Maintenance	Asset Register Replacements and Break-Fix Replacements		

Recurrent vs non-recurrent property expenditure (Calendar Years)

Annual Property Expenditure (Historic and Forecast \$2022)



Non-recurrent - Strategic Project

Transformer workshop and storage

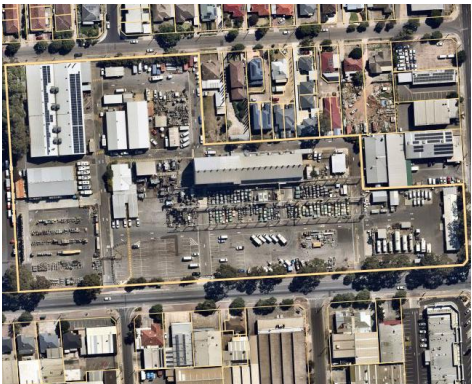
Sub-category

Identified need

Maintain existing services, functionality and capability

- 1. A fit for purpose facility to manage expected demand for standard control services. Assets at or beyond end of life and in poor condition and performance. Outdoor space to access and store transformer spares.
- 2. Comply with obligations and requirements for provision of standard control service: Repairs required to address poor site condition.
- 3. Efficiencies in operating from improved site layout for handling transformers and co-locate oil containment at a single site.

Marleston North



	Base case	Option 1	Option 2	Option 3
Option	Business as Usual. All assets at existing transformer workshop site to be replaced, maintained and renewed.	Re-develop in situ	Build at a new site Construct a modern fit for purpose transformer workshop at a new location	Delay
Costs	- Asset replacement and maintenance - Lost work time from equipment repairs - Additional mobile crange costs - Risk cost of lack repaired transformers - OH&S risks from on-site congestion - Environmental cost of multiple oil containment sites	- Temporary rental costs - Relocation costs - Demolish - New build cost - Site works and remediation - Ongoing congestion/ insufficient storage	- New land - New build cost	- Escalating replacement & maintenance - Risk of unmet reliability - Lost time from equipment repairs - OH&S risks from on-site congestion - Multiple oil containments - Inflation of input costs
Benefits		- Operational efficiency - Reliability - Lower OH&S risk - Oil containment at single site - Avoided asset replacement and maintenance	- Operational efficiency - Reliability - Lower OH&S risk - Oil containment at single site - Value of space released - Avoided asset replacement and maintenance	Discounted benefits in the future

Recurrent: Planned cyclical activity

Elizabeth Depot – Renewal In-situ

Elizabeth Depot



Sub-category

Building Renewal

Identified need

- 1. Require Safe and functionally operational hardstand.
- 2. Manage long-term program of depot renewal.

	Base Case	Option 1	Option 2	Option 3
Option	All assets at existing site to be replaced, maintained and renewed.	Re-develop in situ Space for new facility to be built whilst old facility in operation.	Build a new depot at a new site	Delay
Costs	• Refurbishment and asset replacement costs • Temporary accommodation costs (during renewal works) • OH&S risk	• Demolition and rebuild cost • Residual OH&S risk	• New land • New build cost	• Ongoing maintenance and replacement and escalating costs • Inflation in renewal costs • OH&S risk
Benefits		• Lower risk of OH&S, improved work conditions • Avoided maintenance and replacement • Option for storage	• Lower risk of OH&S, improved work conditions • Avoided maintenance and replacement • Option for storage • Land sale	• Discounted benefits in the future

Recurrent: Renewal Project

Mount Barker – Move and Re-build

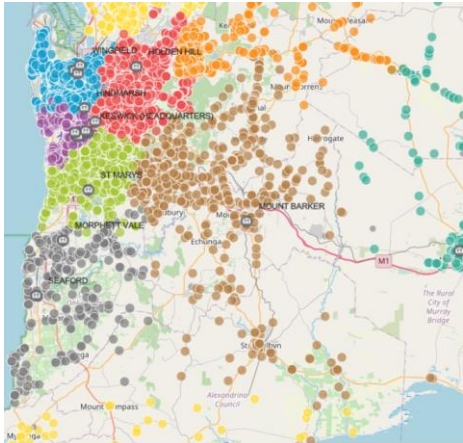
Sub-category

Building Renewal

Identified need

- 1. A fit for purpose facility to manage expected demand for standard control services. Customer demand is expected to exceed current capacity of field operations to serve.
- 2. Support the REPEX plans to meet expected demand for standard control services.
- 3. Well located in commercial site outside current residential land use.
- 4. Manage long-term program of depot renewal.

REPEX Depot Mapping



Mt Barker Depot



	Base Case	Option 1	Option 2	Option 3
Option	All assets at Mount Barker site to be replaced, maintained and renewed.	Re-develop in situ Knock down and re-build	Build a new depot at a new site	Delay
Costs	- Refurbishment and asset replacement costs - Temporary accommodation costs (during renewal works) - Risks to delivery of strategic REPEX program - OH&S risks from access and noise concerns due to residential location and on-site congestion	- Demolition and rebuild cost - Temporary accommodation costs (during rebuild) - Risks to delivery of strategic REPEX program - OH&S risks from access and noise concerns due to residential location and on-site congestion	- New land - New build cost	- Risk of unmet reliability - Not supporting Repex uplift- alternative needed - Continued OH&S congestion and access issues - Continued noise in residential zone - Ongoing maintenance and replacement and escalating costs - Inflation in renewal costs
Benefits			- Meet reliability for future demand - Reduce OH&S risk from access and noise - Land sale	Discounted benefits in the future

Nuriootpa to Angaston – Strategic Project Example

Depot Characteristics

Size: 4,370 sm

Built: 1954

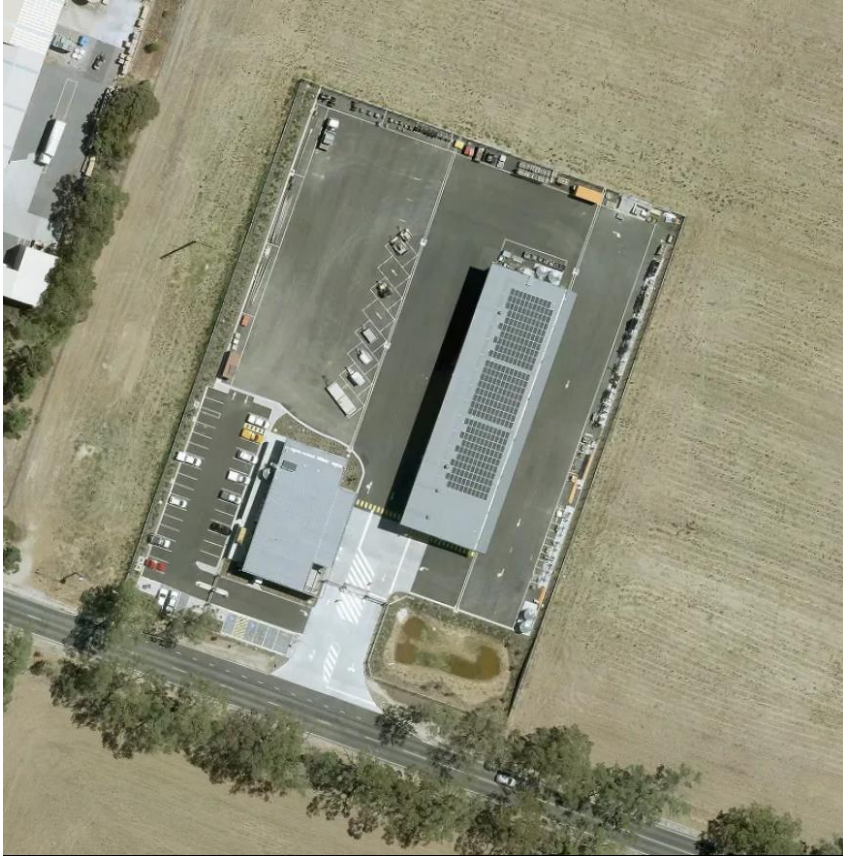
Age: 68yrs



Internal Use Only



Nuriootpa to Angaston – Strategic Project Example



Kadina Depot – Recurrent Renewal Project Example

Depot Characteristics

Size: 5,780 m²

Built: 1956

Age: 66yrs



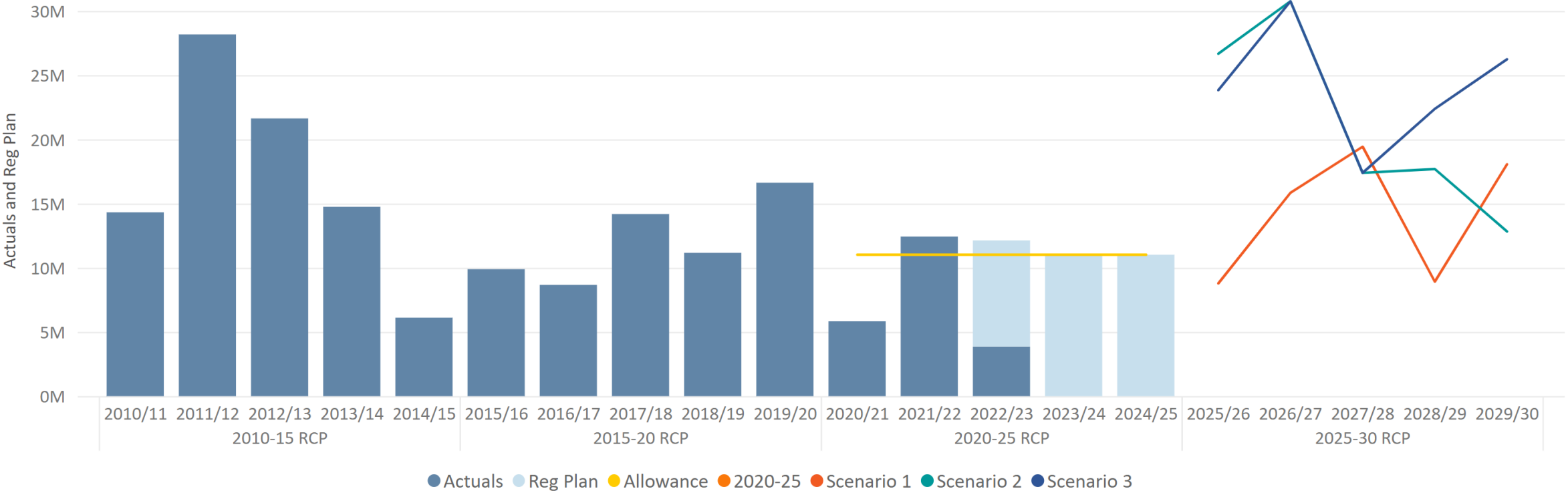
Kadina Depot – Recurrent Renewal Project Example



Property Investment Scenario Options (\$2025)

Property - \$ June 2025 excluding corporate overheads

↑ ↓ ⇅ ↻ ⌂ 🔍 📄 ...



Category	2020-25 Allowance	2020-25 Actuals + Reg Plan	Scenario 1	Scenario 2	Scenario 3
Property	55.1M	52.4M	71.0M	105.3M	120.6M

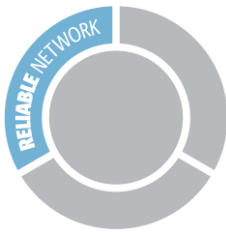
The high-level impact on the customer’s bill of the preferred Scenario 2 investment option (\$2025)

	Residential (average \$ annual)	Business (average \$ annual)
Scenario 2 Maintain	\$3.20	\$24.80
Scenario 3 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 supplied are forecasts and will be updated due to stakeholder input and external market influences over time.
Our final numbers will be provided in our 2025-30 Regulatory Proposal to be lodged with the AER in January 2024.

Next steps





Discussion on our approach

- **Do you support our approach and methodology?**
 - Recurrent Vs Strategic Expenditure split?
 - A cyclical program of building renewals and asset replacements?
- **Are we on the right track?**
 - Have we addressed the concerns and comments of the previous CCP/CAB?
- **Does our approach align with the property industry?**
 - Commercial building Asset Management and Lifecycle Analysis over 30-40 years?
 - Do you support longer term forecasting up to 30 years?
- **How do we manage cost escalations in the building/construction industry?**
 - Trade and Material challenges?
- **Do you have any further insights?**
- **Are there any gaps?**
- **Do you have any concerns? Are there any contentious issues?**

People’s Panel Recommendation Template

1. Recommended Service Outcome/Investment Option

We are recommending to the People’s Panel that SA Power Networks should invest to enable service provision commensurate with the following scenario

- Basic
- Compliant
- New Value

2. Our recommended option has the following features / inclusions

3. We are recommending this Option over the other Options because

- WHY1 (NOTE – outline the service / cost balance)
- WHY2 The customer impact of investment this option is expected to be
- WHY3
- WHY4
- WHY5

4. The high-level impact on the customer’s bill of this option is expected to be ...

This option will contribute approximately \$XX.XX pa to your electricity bill.

This option will contribute approximately \$XX.XX pa out of a total (residential) annual distribution bill currently estimated to be between (\$505 and \$590). For reference, the current average distribution bill is \$640 (2022-2023)

5. Briefly explain why the other options were not supported and have not been recommended.

Option	Rationale of why not supported
Option title	• 1 • 2
Option title	• 1 • 2



Empowering South Australia