Reset Advisory Group Meeting

21 May 2025

SA Power Networks

Empowering South Australia



Acknowledgement of Country



Empowering South Australia, 2023
by **Presten Warren** (b. 2000)

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 Elders past and present, and acknowledge that these are living cultures.

2. Regulatory Reform Update

AER - LV Visibility Program

ECA - Integrated Distribution System Planning

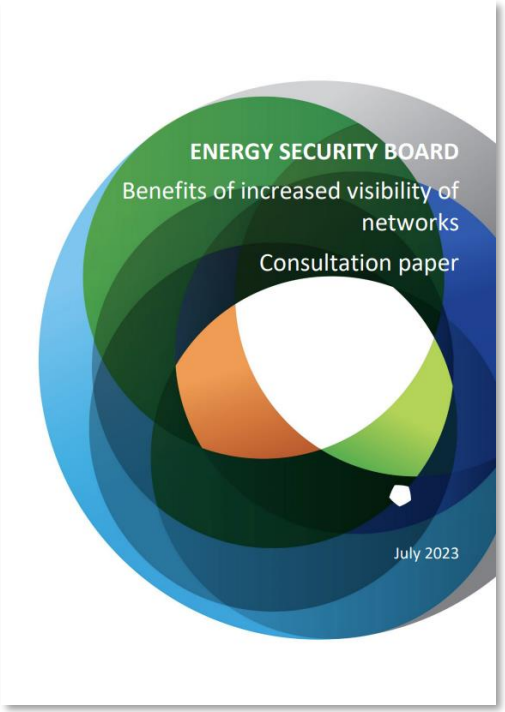
AER - Policy-Led Sandboxing

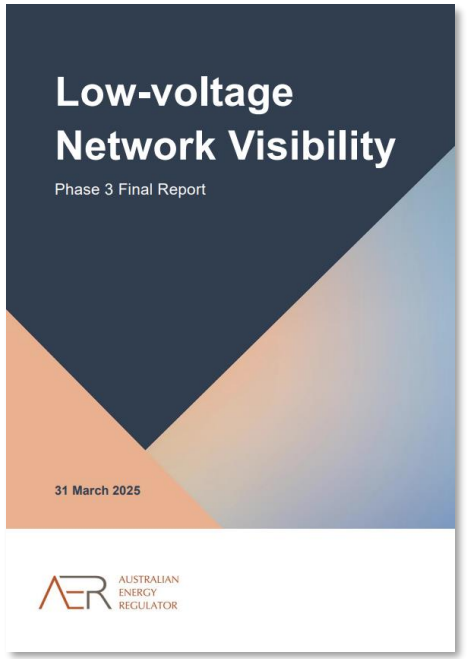
- Liam Mallamo

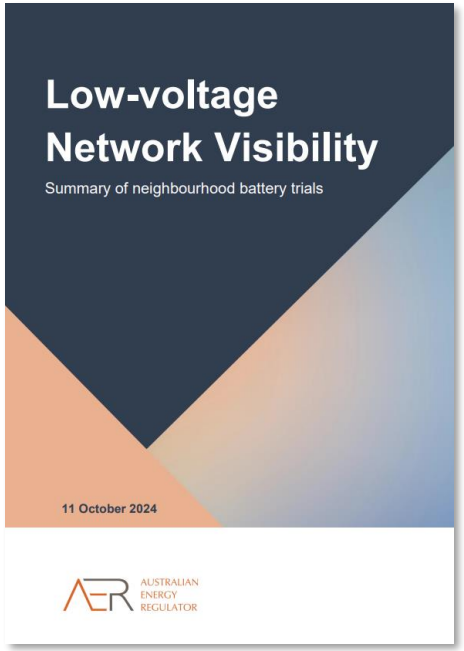


AER - LV Network Visibility Program

- In 2023 the Energy Security Board (ESB) Data Strategy tasked the AER to improve third-party access to network data through the *Low-voltage Network Visibility* project.
- **Phase 1** defined the network data that is required by stakeholders making DER planning decisions
- **Phase 2** tested the challenges and value in delivering the data sets identified in *Phase 1* through a real-world trial supporting the installation of community scale batteries in Victoria
- **Phase 3** proposes a pathway for the ongoing delivery of priority datasets to the market, informed by *Phases 1* and *2*







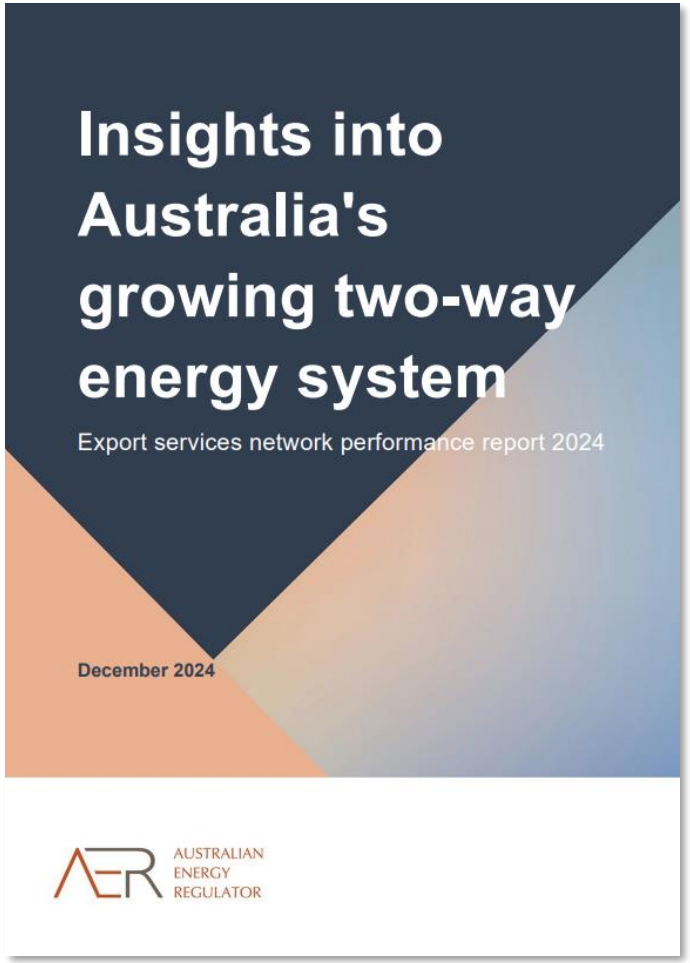
What did the AER recommend?

Support changes to the National Electricity Rules to ensure DNSPs publish key information that they possess

- Energy Consumers Australia (ECA) has actioned this through the *Integrated Distribution System Planning* rule change
- More on this later!

Publish network performance metrics as reputational incentives for DNSPs to facilitate the connection of DER

- The *Export Services Performance Report* has been published for the past 2 years
- It covers the number of customers using export services, the level of access they are provided by DNSPs and the volume of export curtailment
- This has been largely optional to date, but will form part of our regulatory obligations from 2025 onwards



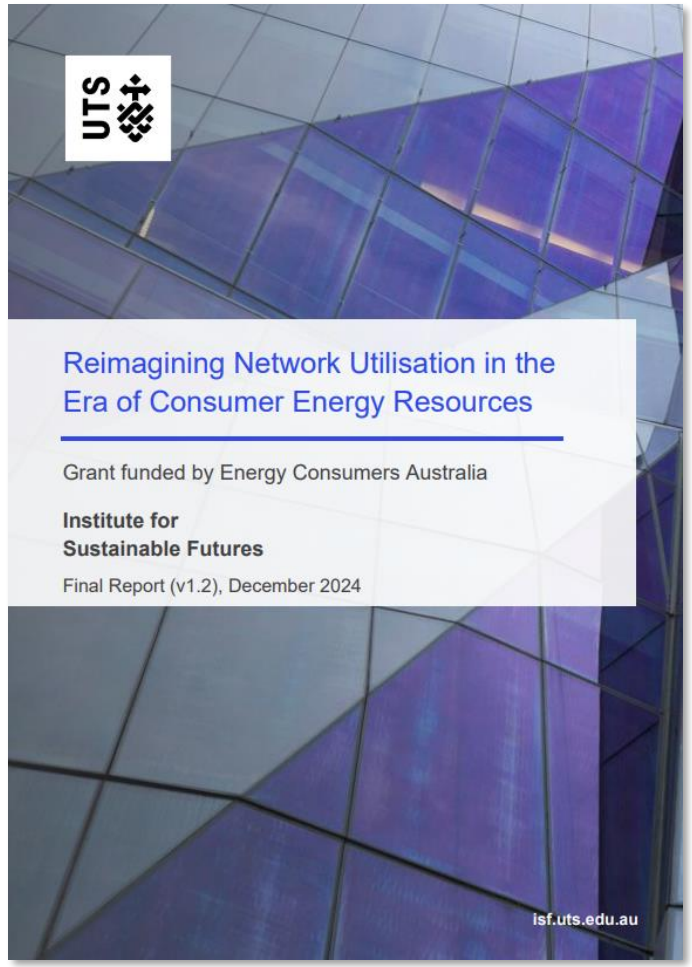
What did the AER recommend?

Investigate if new incentive arrangements are needed to align DNSP actions with consumer outcomes

- The AER offers DNSPs an opt-in export service incentive scheme
  - No DNSP has yet taken this scheme up. We are considering it for our 2025 – 2030 period.
- The AER is conducting a review of network utilisation metrics, in-line with a recent ECA-funded report by the Institute for Sustainable Futures

Encourage innovation in data sharing within the regulatory framework through policy-led sandboxing

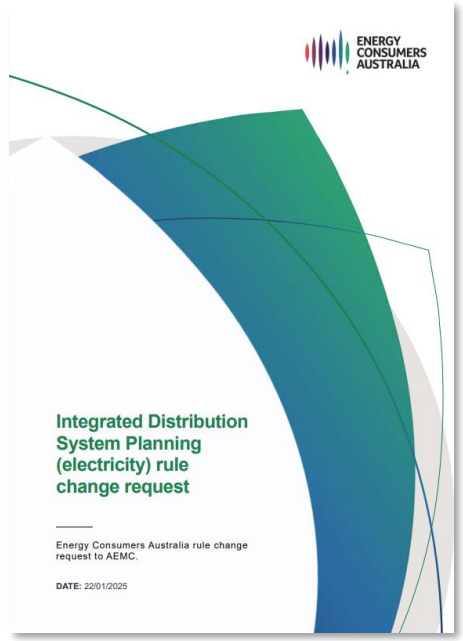
- The AER has since published a paper on policy-led sandboxing to target innovation efforts
- More on this later!



ECA – Integrated Distribution System Planning

- ECA's rule change request proposes to replace the Distribution Annual Planning Report (DAPR) with a biennial *Integrated Distribution System Plan.*

- For more information, reach out to Dr Michael Dello-Iacovo *Executive Manager, Advocacy & Policy* - michael.d@energyconsumersaustralia.com.au



Improve data collection

- Collect more data more frequently
- Collect data at greater granularity, at least down to the low-voltage transformer
- Include projections of rooftop solar, household and community batteries, electric vehicles, and electrification.

Improve planning

- 20-year projection horizon with a 5-10-year action
- Create CER hosting capacity maps to support uptake
- Collect the data needed to improve network utilisation
- Increase resilience by identifying communities at risk of long-duration outages

Increase transparency

- Publicise data, methodology, calculations and outputs of IDSP
- Make it easier for community groups and third parties to understand the benefits and costs of CER projects
- Ensure customers receive all the information and insight their smart meters help enable

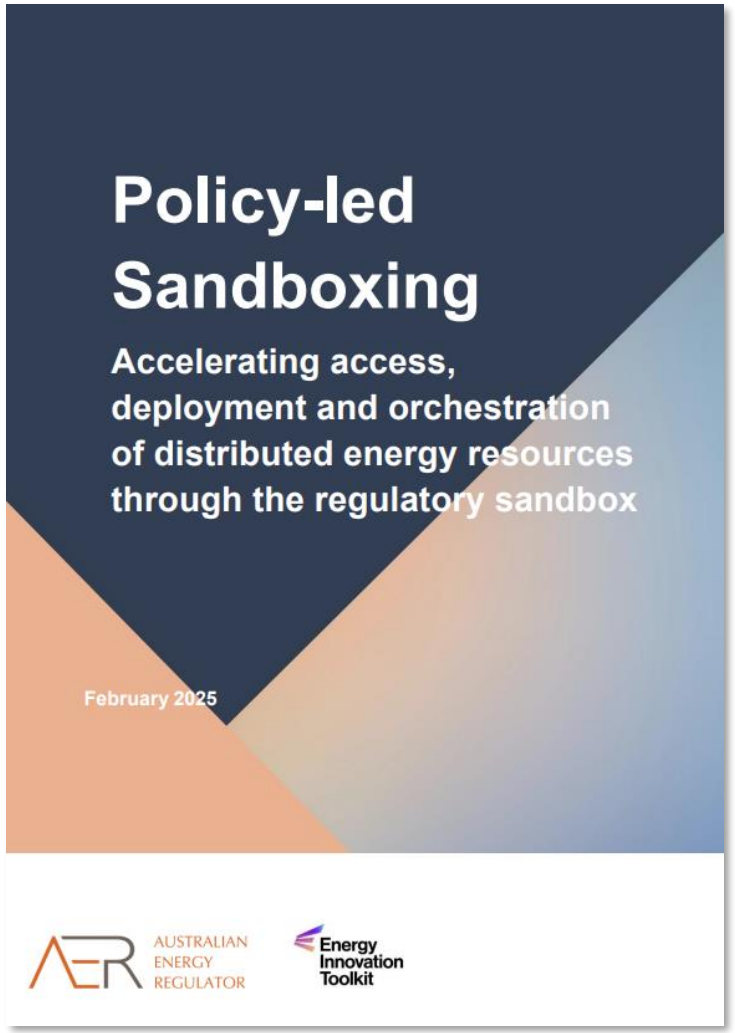
AER – Policy-led Sandboxing

The AER has re-focused their efforts in the *Energy Innovation Toolkit* on accelerating the benefits of CER deployment, seeking to answer:

1. What types of relationships (between distributors, retailers, co-operatives, embedded networks, third parties and customers) and/or ownership models for DER/CER could better enable access to, and deployment and orchestration of, DER/CER?

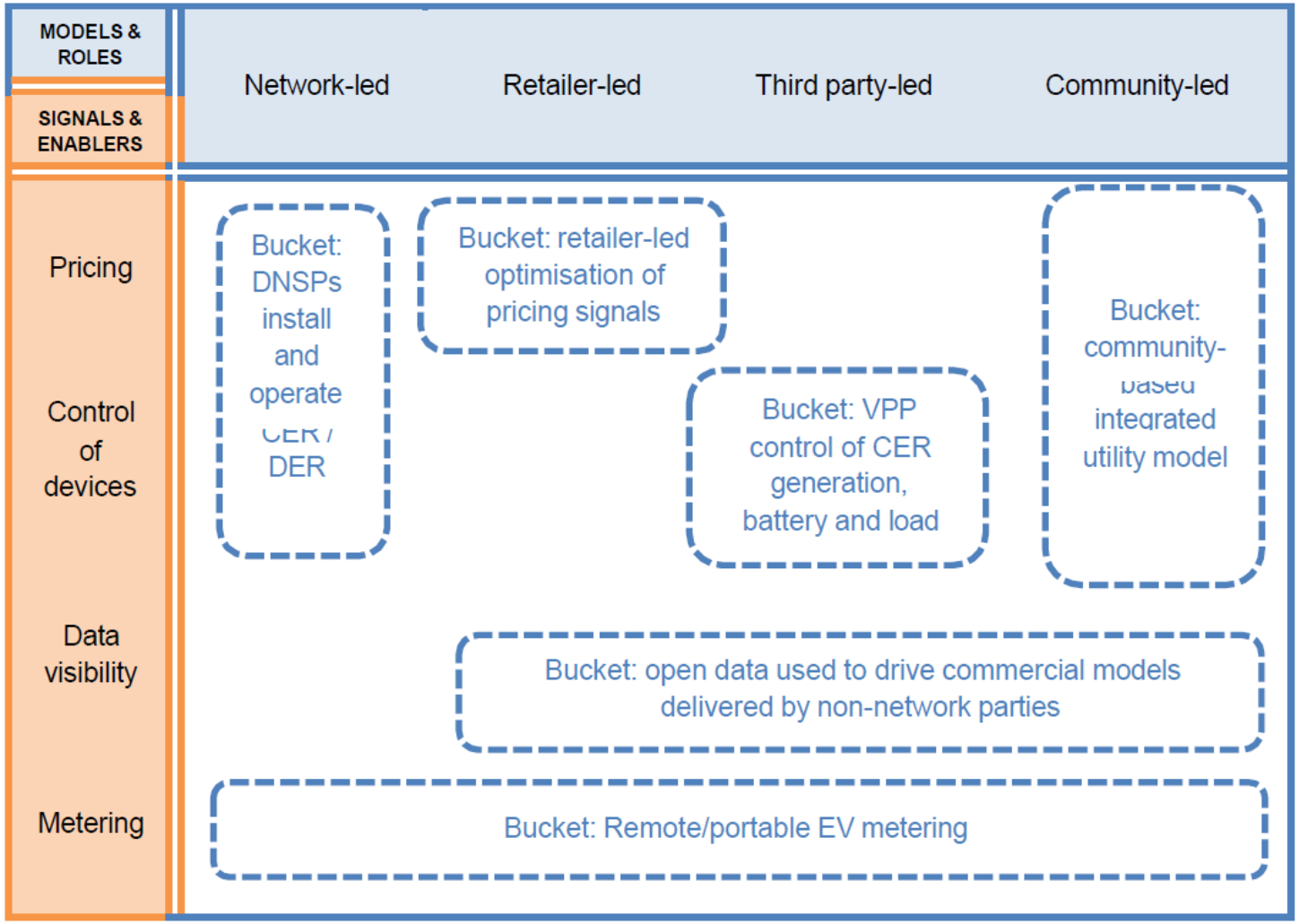
2. How might the benefits of deployment and orchestration of DER/CER be valued, and that value accrued and distributed, to deliver a least-cost energy system? What role could a Distribution System Operator play?

3. Which model(s) for access to, and deployment and orchestration of, DER/CER build consumer trust and social licence for mass adoption and orchestration of DER/CER?



AER – Policy-led Sandboxing

- The AER has developed 6 priority ‘buckets’ in which they want to see innovation projects
- A set of principles has also been developed, against which project proposals can be tested
- The principles focus on ensuring that innovation projects are scalable and deliver genuine benefits to all consumers
- We have proposed two projects from our Innovation Fund – *Shared Market Flexibility* and the *Local Flexibility Marketplace*



3. Reset Regulatory Proposal Update

- 3.1 Final Determination Update - Richard Sibly
- 3.2 COO Reflections on the Regulatory Determination – Mark Vincent



Introduction

- The AER published its Final Decision on our 2025-30 Distribution Determination on 30 April 2025.
- This determination establishes, for the 1 July 2025 - 30 June 2030 period, SAPN's:
    - Distribution services classifications – SCS, ACS
    - Annual capital expenditure allowances (in real $2025 terms)
    - Annual operating expenditure allowances (in real $2025 terms)
    - Annual allowed revenue requirement (in nominal terms)
    - Our distribution tariff structures including new flexible consumption tariffs and new export tariffs
    - Our charges for Alternative Control Services
    - Applicable incentive schemes
    - Permissible cost pass-through events (no change from current)
    - Updated Connection Policy
    - Metering services arrangements



2025-30 Revenue and Expenditure*

	SAPN's Revised Proposal	AER Final Decision
Revenue (Main SCS – excl. metering)	$5,168 million	$5,207 million
Operating Expenditure (excl. debt raising costs)	$2,023 million	$2,023 million
Capital Expenditure (after disposals)	$2,338 million	$2,257 million

*Revenue expressed in nominal terms and expenditure expressed in $2025 terms

Real Annual Distribution Bills

	Revised Proposal	AER Final Decision
Real Residential Customer Distribution Bills in 2029/30 (based on annual consumption of 4,000kWh) Compares to 2024/25 Default Market Offer of $613	$570	$576
Real Small Business Customer Distribution Bills in 2029/30 (based on annual consumption of 10,000kWh) Compares to 2024/25 Default Market Offer of $1,466	$1,362	$1,376

Nominal Annual Distribution Bills

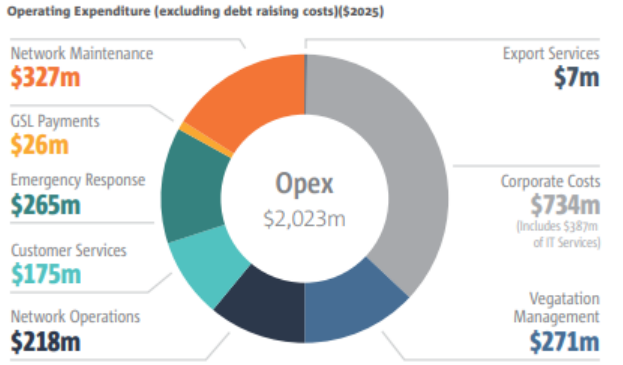
	Revised Proposal	AER Final Decision
Residential Customer Distribution Bills in 2029/30 (based on annual consumption of 4,000kWh) Compares to 2024/25 Default Market Offer of $613	$656	$658
Small Business Customer Distribution Bills in 2029/30 (based on annual consumption of 10,000kWh) Compares to 2024/25 Default Market Offer of $1,466	$1,568	$1,574

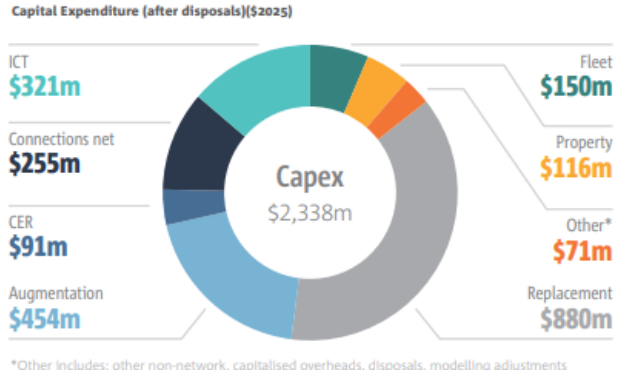
Funding outcomes

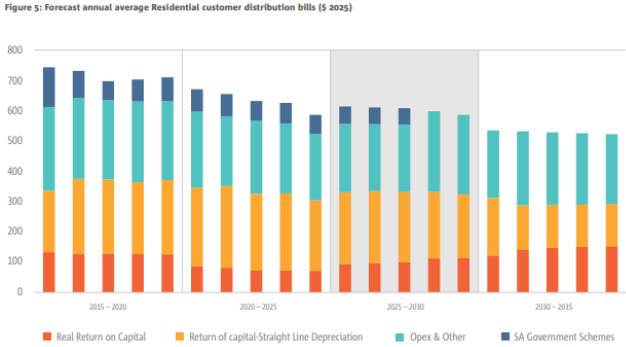
The AER's Final Decision:-

- accepted our revised proposed opex
- accepted 97% of our revised proposed capex proposal but made $81m cuts to capex, including in two areas:
  - $37m reduction in Augex-capacity – the AER adopted lower ESOO 2024 demand forecasts
  - $33m reduction Augex-reliability – the AER cited network performance had steadily improved over time (excluding in the CBD) and other programs will contribute to maintaining network performance.
- accepted the $20m Innovation Fund
- adopted our proposed revenue smoothing profile – keeping prices as low as possible
- accepted our TSS (which introduces flexible demand tariffs and new export tariffs from 1 July 2025)

What we proposed





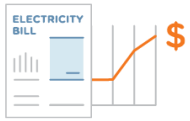


With this funding we will deliver these outcomes for customers



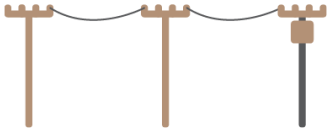
Customer experience, choice and empowerment

- Digital enhancements to improve customer service
- Refined connection policy to encourage flexible connections and support a two-way network



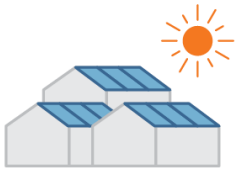
Affordable and equitable energy supply

- Distribution bills decrease by 6% in real terms by 2029/30.
- New solar export tariffs avoid costs for customers locked out from solar



A reliable, resilient and safe network

- Improvements in bushfire risk
- Reliability and resilience improvements to worst-served customers
- Cyber security resilience maintained
- Maintain network safety & reliability
  - Network asset replacement
  - Maintain underlying reliability
  - CBD reliability
  - Augex capacity



Enabling clean energy and unlocking future value for our state

- Network upgrades to support continued solar take-up
- New connection options and incentives for electric vehicles and smart appliances
- New Innovation Fund exploring initiatives which increase resilience, sustainability and unlock value for customers

Engagement on Final Determination

- Email sent to CAF, RAG and Advisory Groups on outcomes of Final Determination and AER Media Statement
- CEO All Staff email/ The Bulletin
- Holding Statement prepared for media
- Latest News on Talking Power website
- Article in Talking Power newsletter – 6 May
- Agenda item on 7 May CAF meeting and 21 May RAG meeting

Next steps

- Briefings to key stakeholders
- Finalise 2025/26 pricing
- Continue to engage with the CAF & RAG on implementation
- Innovation Fund and Innovation Advisory Group
- 2025 Reset PIR

Morning Tea Break





4. Innovation Advisory Group Update

- Alex Lewis



Innovation Advisory Group update

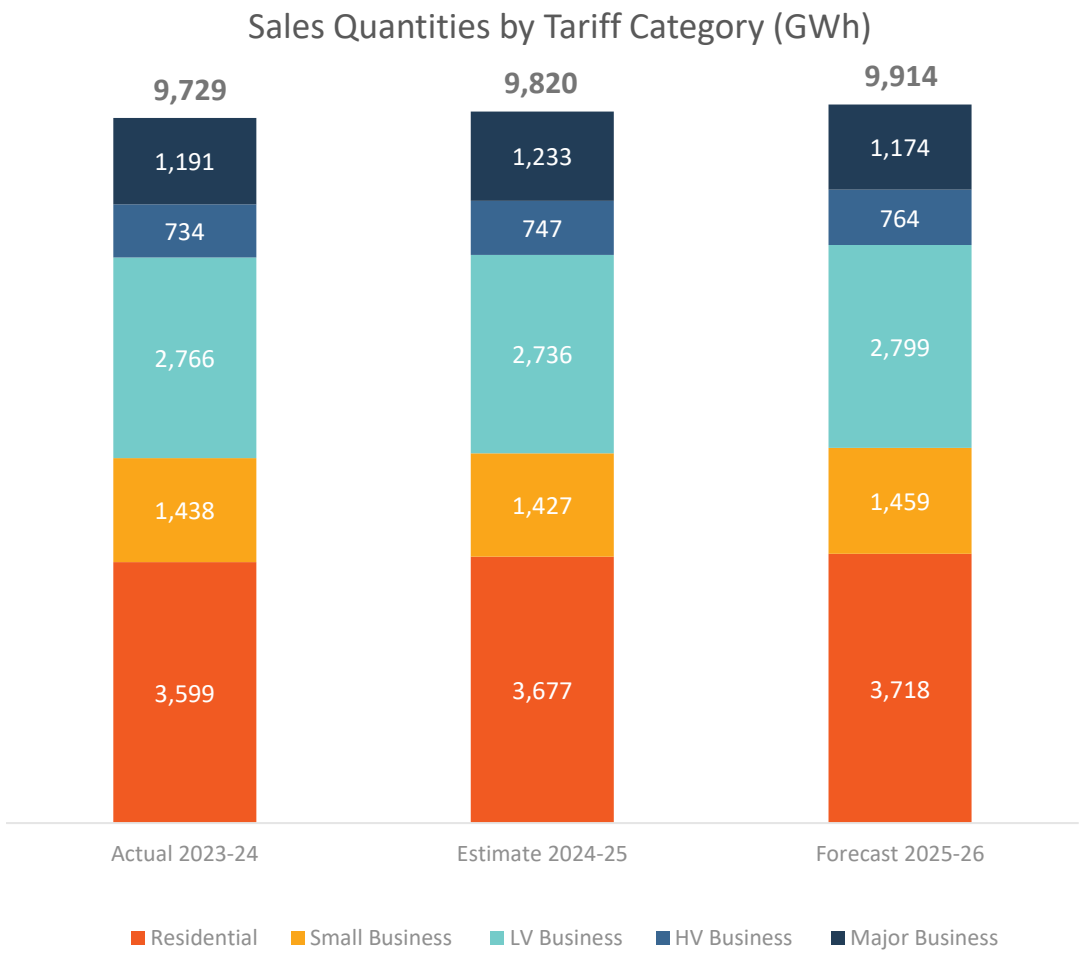
- EOI process ran in March and selection in April
- First meeting scheduled for Mon 26 May 1.00-3.00pm
- Each group has dedicated Innovation Manager – Asset Ops/ Customer/ Future Networks

Advisory Group	Member
Connections	Mark Yates
Tariffs	Mark Yates
Regional & Remote	Chris Marsden
Asset Condition & Risk	Michael Lee/ Adam Davidson
Vulnerable Customers	Andrew Stock
Reset	Adam Davidson/ Chris Marsden
Consumer Energy Resources	Emily Gadaleta
Consumer Energy Resources	Ed Chan
Vegetation Management	Ian Seccafien

5. Sale trends update & outcomes for pricing 2025-26



2025-26 Quantities



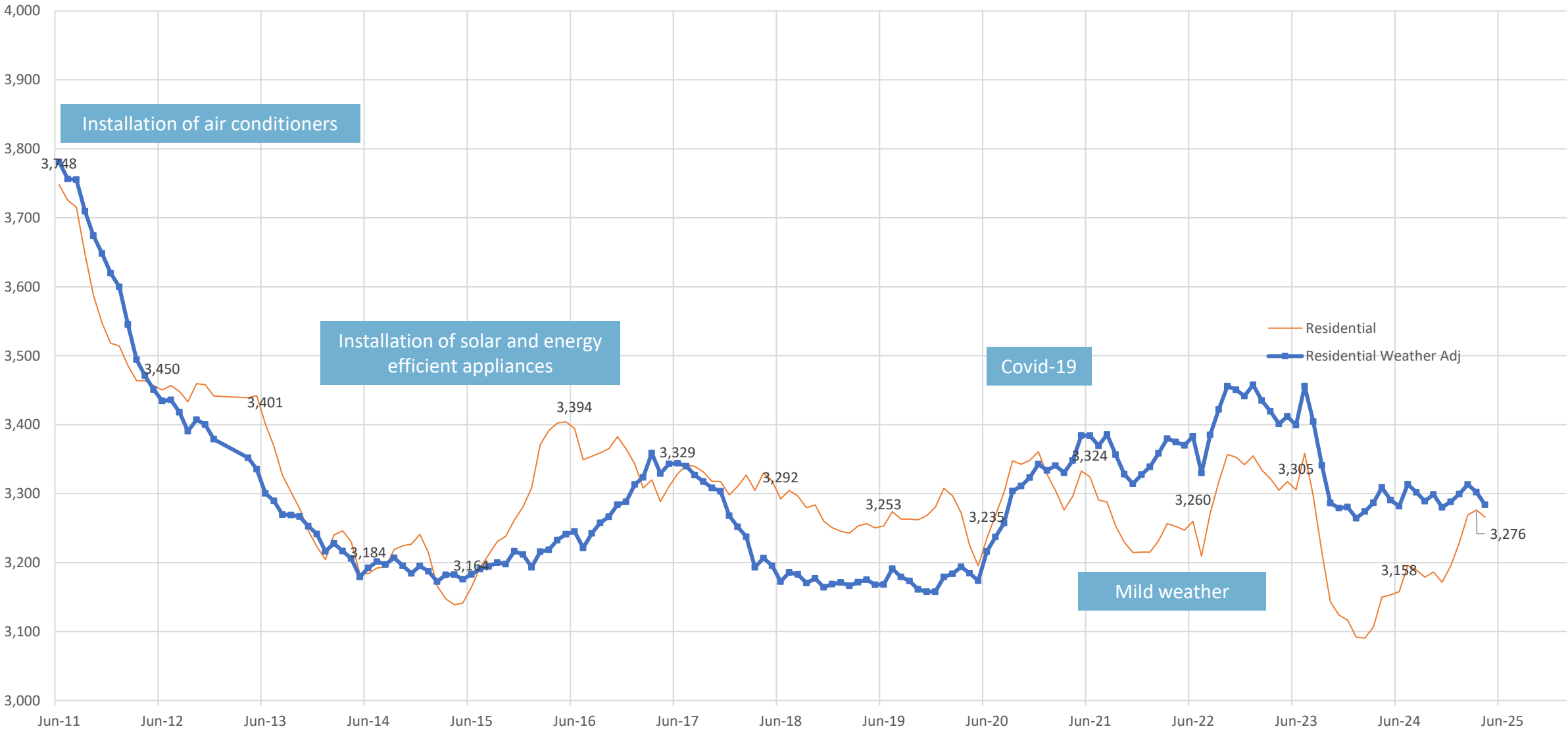
2024-25

- No changes from 2024-25 Forecast which is expected to achieve $0 over/under recovery position
- Weather has been trending back 'normal' with a hot summer
- 26 days >35◦C compared to 14 in 2023-24
- Major Customers:
  - OneSteel arc furnace offline for several months in 2024-25 lowered sales volumes in this segment
  - Increased SA Water Desalination Plant ramped up from December 2024 has partially offset lower sales from OneSteel
  - Major Customers represent ~12% of quantities but only ~5.5% of revenue recoveries due to lower distribution prices at the Zone Substation and Sub Transmission connection points of the network.

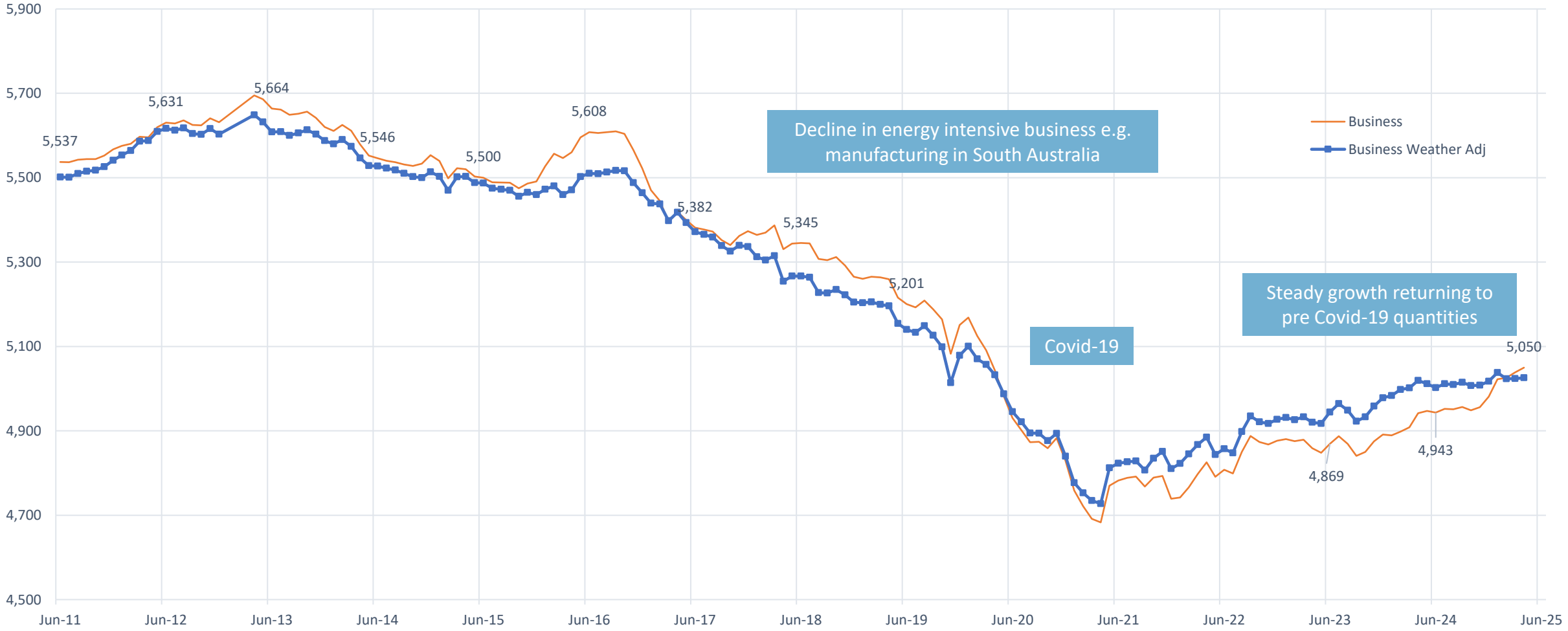
2025-26

- Based on most recent 12 months of billing data and 'normal' weather

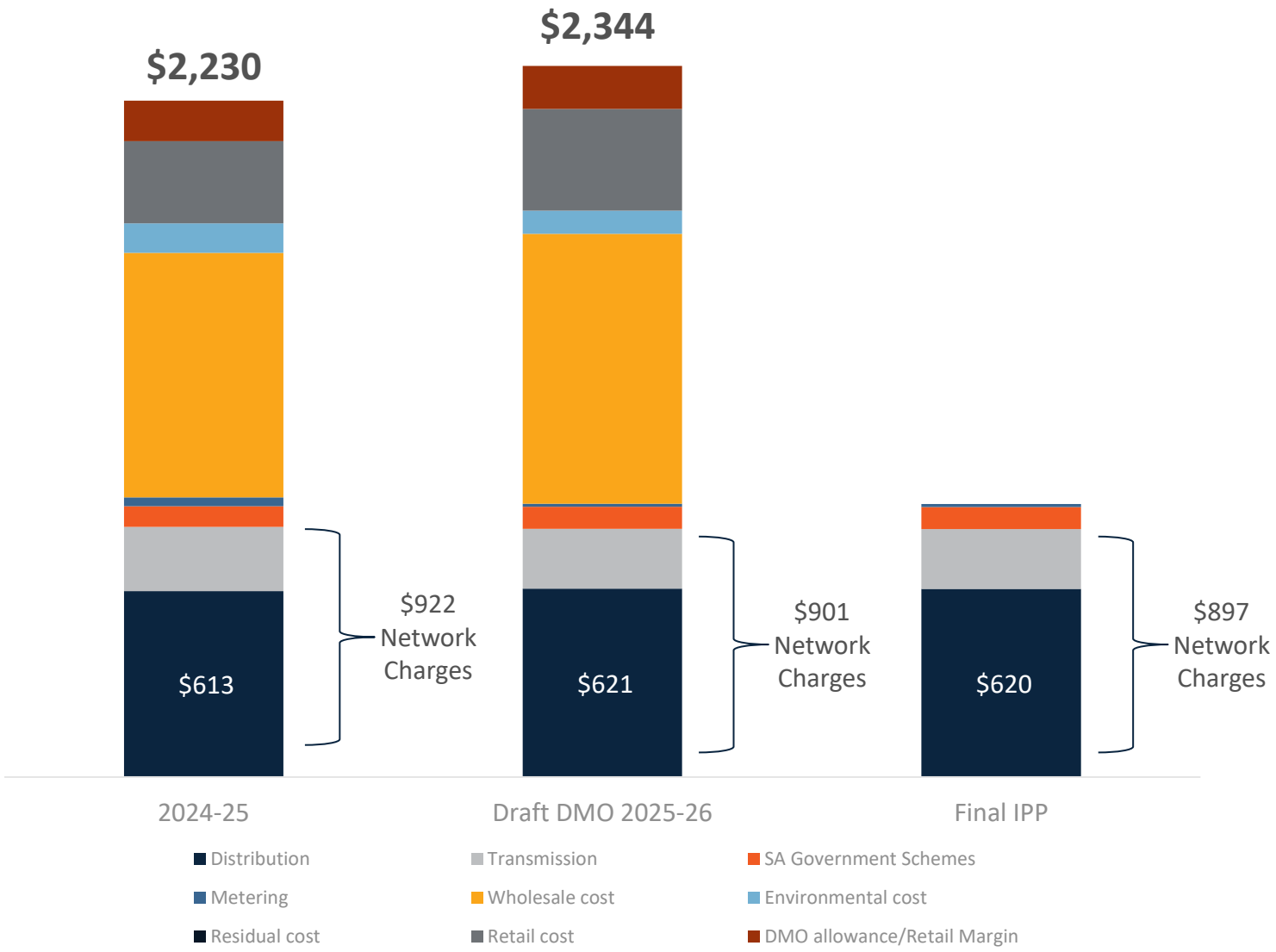
Residential (excl Controlled Load) 12 Month Rolling Billings |GWh



Business (excl Major) 12 Month Rolling Billings | GWh



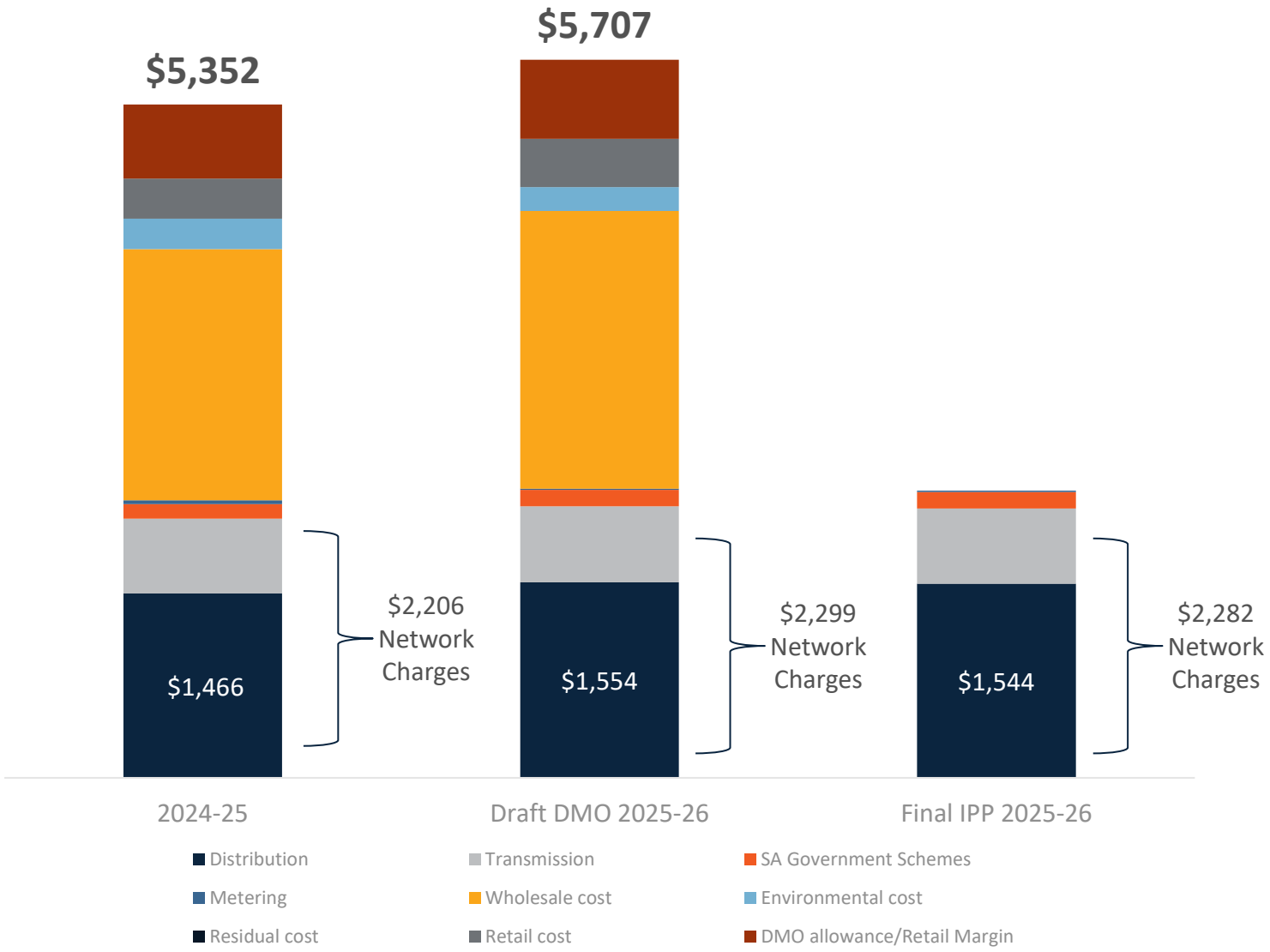
Residential Customer inc. GST 4,000kWh p.a. | $Nominal



Total Network Charges	Draft v Final Change $	Draft v Final Change %
Distribution	$ (1)	(0.1%)
Transmission	$ (3)	(1.6%)
SA Government Schemes	$ 0	0.2%
Metering	$ 0	1.6%
Total	**$ (4)**	**(0.4%)**

- Distribution for Final IPP 2025-26 is 26% of the 2025-26 Draft DMO.
- DMO does not include export charges/credits.

Small Business Customer inc. GST 10,000kWh p.a. | $Nominal



Total Network Charges	Draft v Final Change $	Draft v Final Change %
Distribution	$ (10)	(0.6%)
Transmission	$ (7)	(1.1%)
SA Government Schemes	$ (1)	(0.9)%
Metering	$ 0	1.6%
Total	**$ (17)**	**(0.8%)**

- Distribution for Final IPP 2025-26 is 27% of the 2025-26 Draft DMO.
- DMO does not include export charges/credits.

Tariff Structure Statement Implementation

Communications

Export Tariffs

- TAG Working group established to develop website information
- Fact sheets
- Animated explainer video
- Media FAQs
- Review of NSW DNSP experiences

General Tariffs

- Updated website
- Customer focused overview document

Flexible Tariffs

- Fact sheets
- FAQs
- Dedicated page on the website

Billing & Retailers

- SAP ISU system updates
- Billing team engagement
- Retailer roadshow
- Energy Masters trial tariff

6. Post implementation review – SAPN led and customer led



Customer led review of regulatory engagement to understand what an effective and efficient level of engagement is for regulatory resets

Objectives

- Identify similar or overlapping issues within recent consumer engagement processes in SA, Qld and NSW DNSP revenue determinations.
- Examine CCP 30's reports on SA and QLD consumer engagement process and identify any common themes and issues.
- Commence discussion on what constitutes effective and efficient consumer engagement for both consumer representatives and networks.
- Use SA Power Networks regulatory engagement program as a case study.
- Provide feedback to the AER for a review of its Better Resets Handbook to better manage expectations from consumer engagement.

Customer led review of regulatory engagement to understand what an effective and efficient level of engagement is for regulatory resets

- Wholehearted support for a cross jurisdictional review from consumer panels in Qld and NSW, key consumer advocates (NSW Justice & Equity).
- AER 'not supportive' of AER's Consumer Challenge Panel members Mike Swanston and Robyn Robinson participating in any review.
- AER currently reviewing CCP and other consultative group structure (term finishes 30/6/25).
- ECA not keen to support funding (despite providing verbal support for concept in March)
  - SAPN should fund given the scope of the application and look at how our engagement compared with other jurisdictions
  - Intent of program is to look at emerging issues across jurisdictions
  - SAPN was the largest funded project (CAB indep report) across the NEM and shouldn't be the recipient of the second most expensive project
  - While SAPN held in high regard, difficult to justify another SA based project
  - Seeking written response from ECA.

Customer led review of regulatory engagement to understand what an effective and efficient level of engagement is for regulatory resets

Options

- RAG/ Andrew consider if want to pursue
- RAG undertake parts themselves eg. facilitate workshop with other jurisdictions
- SAPN PIR include elements of customer led scope – being mindful that different reviews and different audiences
- Complete Stage 1 of our PIR and determine approach for further work / collaboration with stakeholders

7. Other Business

- CAF Update

