Highly Confidential

People's Panel
Updated (Iteration 3) Forecasts

10 February 2023

Richard Sibly, Head of Regulation

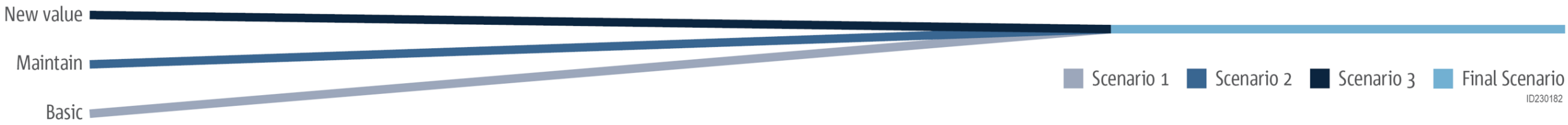
SA Power Networks



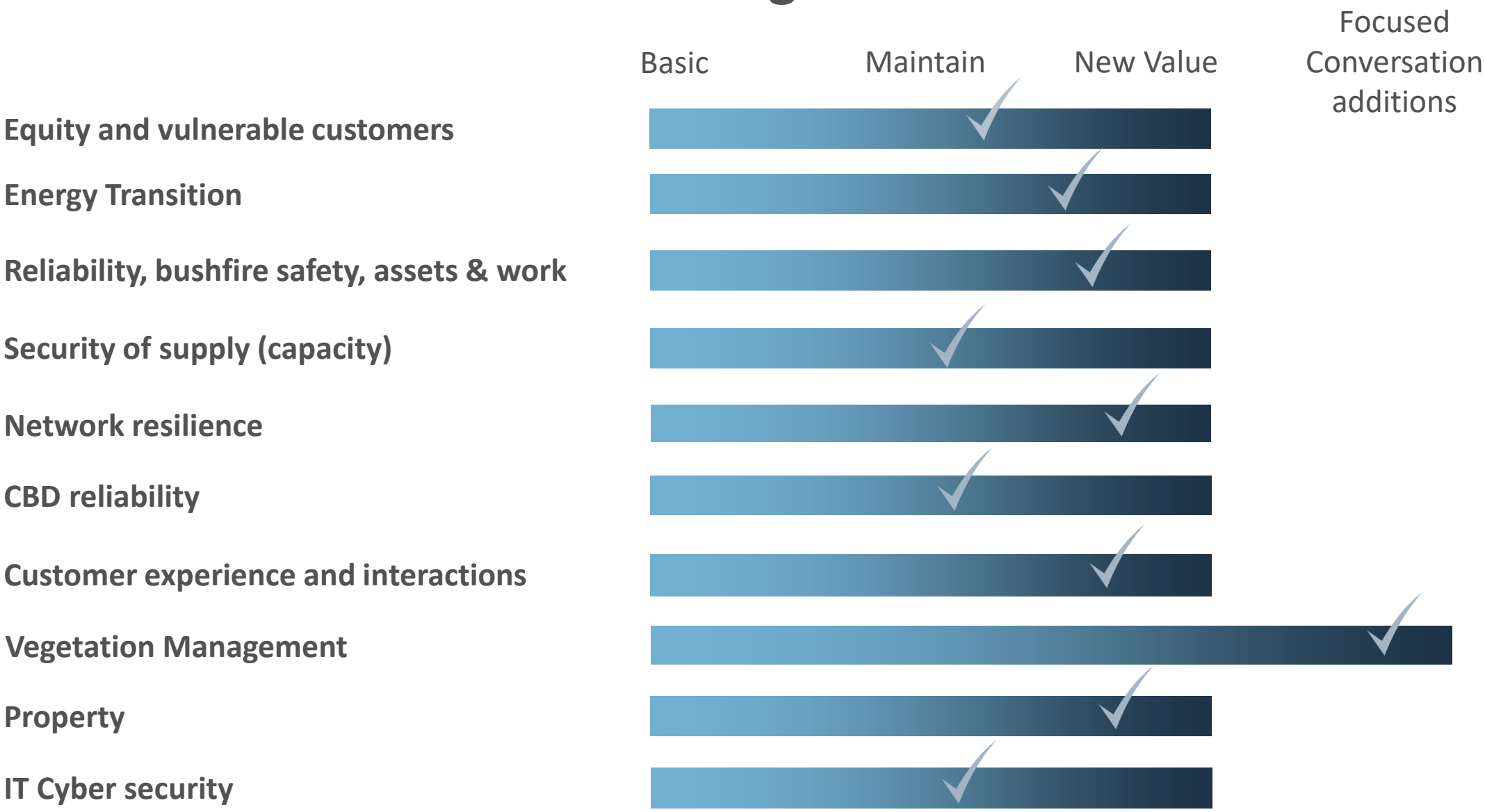
We are forecasting expenditure iteratively and transparently

Iteration 1	Iteration 2	Iteration 3	Iteration 4	Iteration 5
End 2021	**August 2022**	**February 2023**	**June 2023**	**December 2023**
Preliminary ranges • Understand broad book-end ranges • Range of possibilities informed by business knowledge and high level consumer engagement to date	Input to focused conversations • More refined book-end ranges • Range of possibilities informed by business knowledge and feedback from 'broad and diverse' engagement	Outcomes from focused conversation and input to People's Panel • Narrowing of ranges by customers - ideally toward a preferred scenario	Outcomes from People's Panel and input to Draft Proposal • Identify preferred scenario for proposal	Outcomes from Draft Proposal and input to Regulatory Proposal • Identify preferred scenario for proposal

Provide transparency on the iterative process of how expenditure forecasts have been shaped by customers' expectations

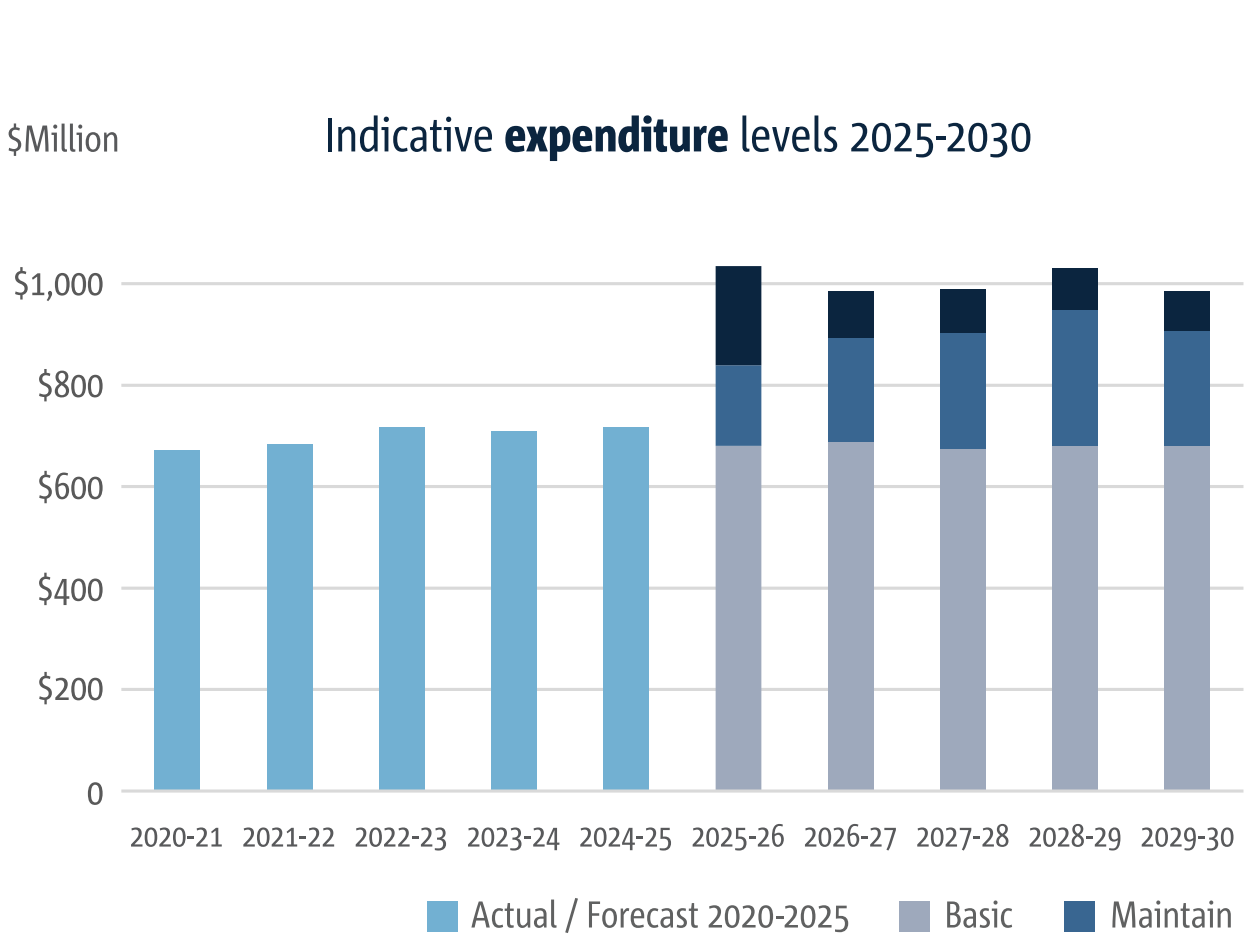


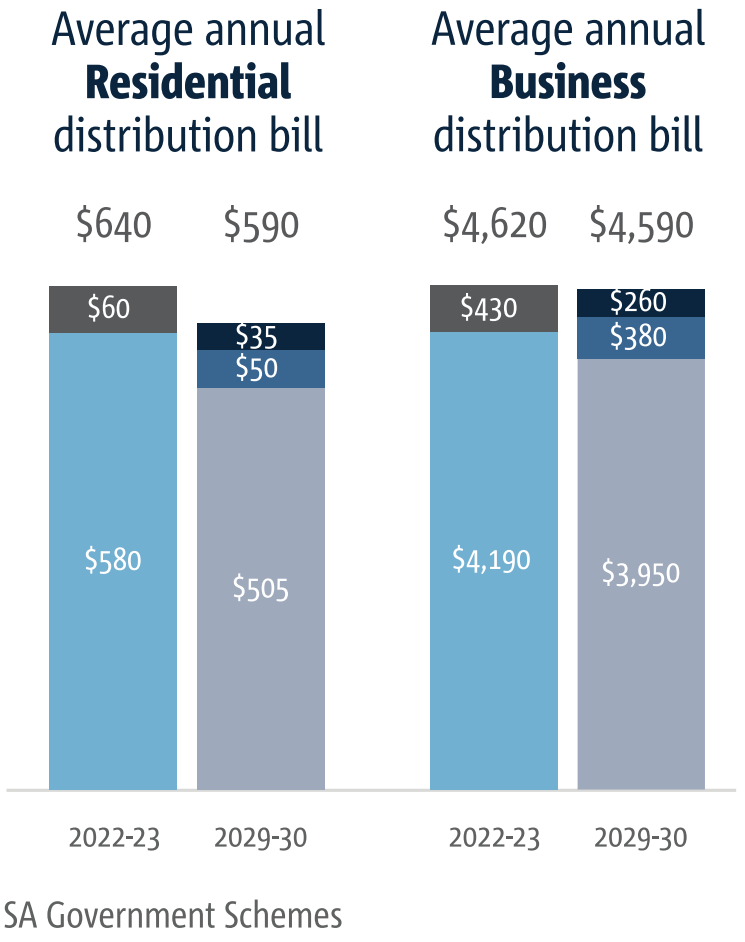
The service levels recommended through Focused Conversations



Other Focused Conversations included: Public Lighting and Tariffs

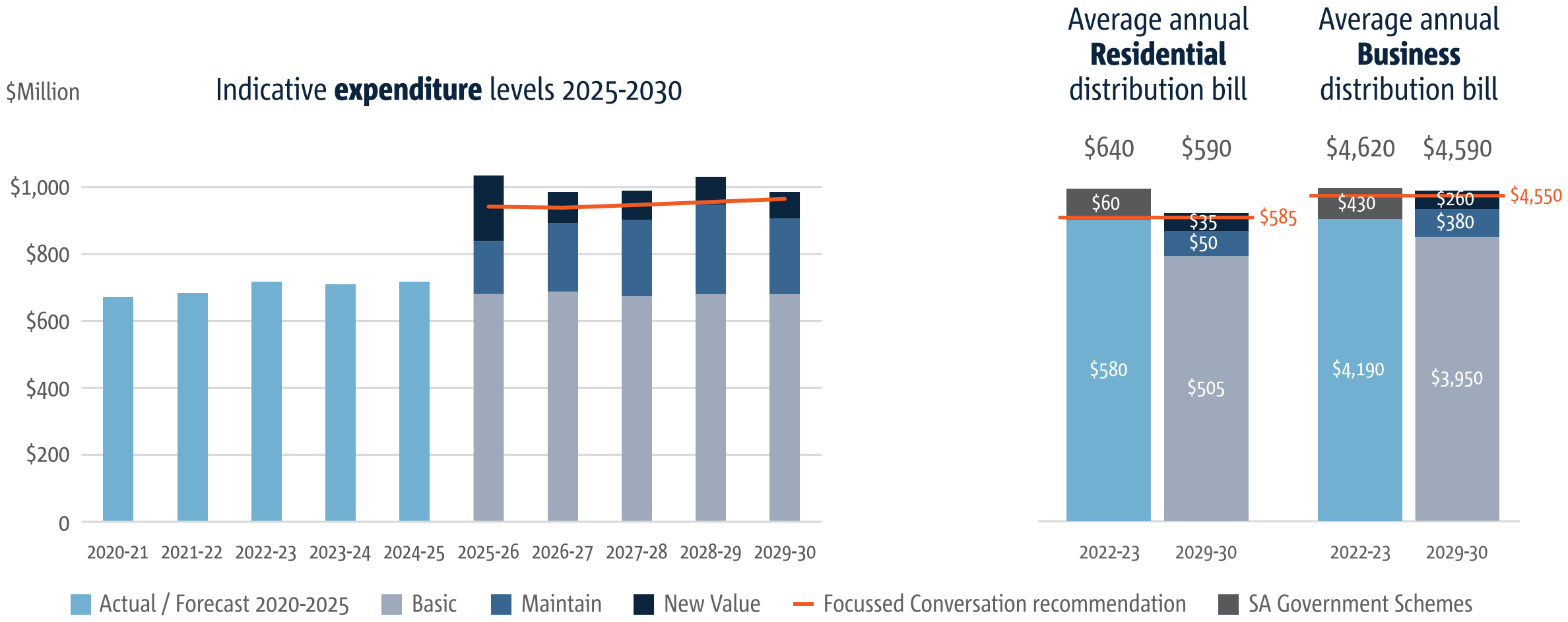
Recap: FC expenditure and bill impact scenarios ($2025)





The numbers above are forecasts which will be progressively updated throughout the Reset process in response to stakeholder feedback, updated assumptions and latest market data (inflation and forward market rates).
Final estimates will be provided in our 2025-30 Regulatory Proposal to be lodged with the AER in January 2024.

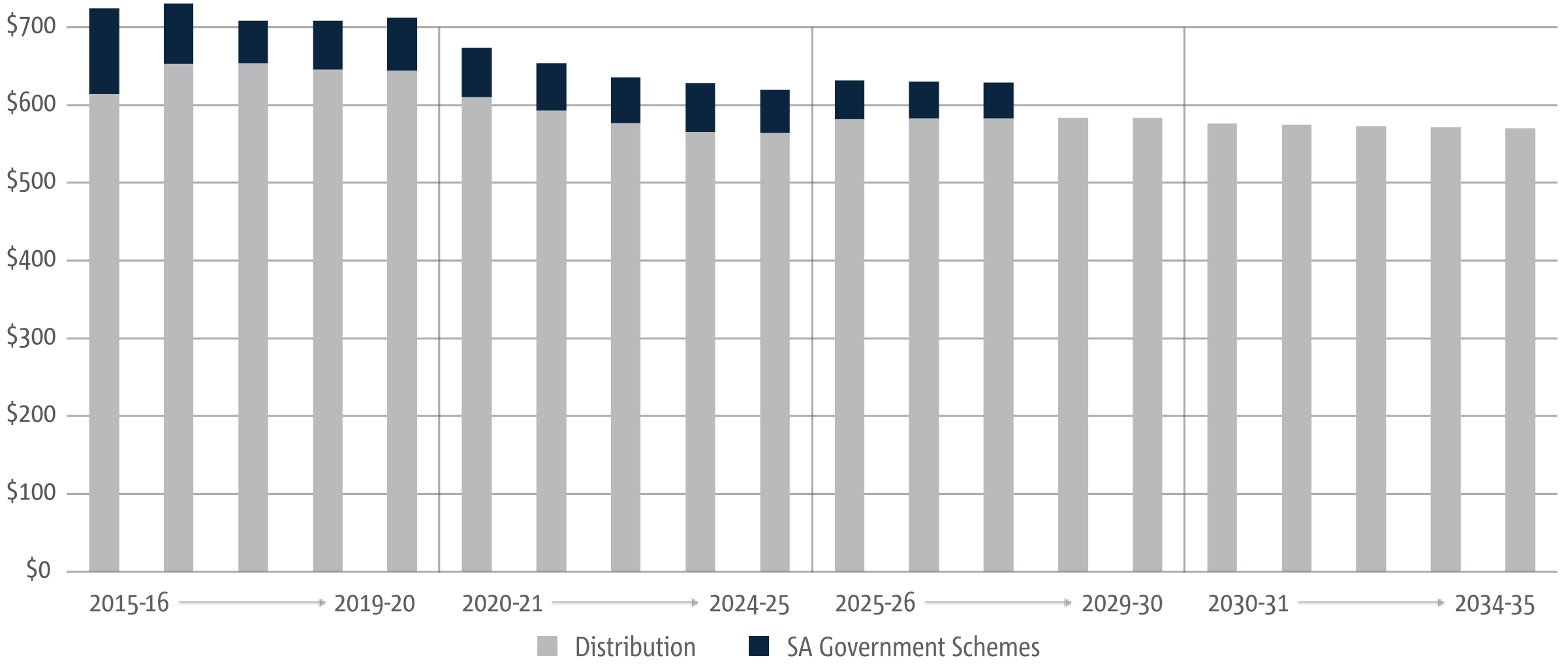
FC Recommendations ($2025)



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Average Distribution + SA Government Schemes Residential bills over time – FC Recommendation

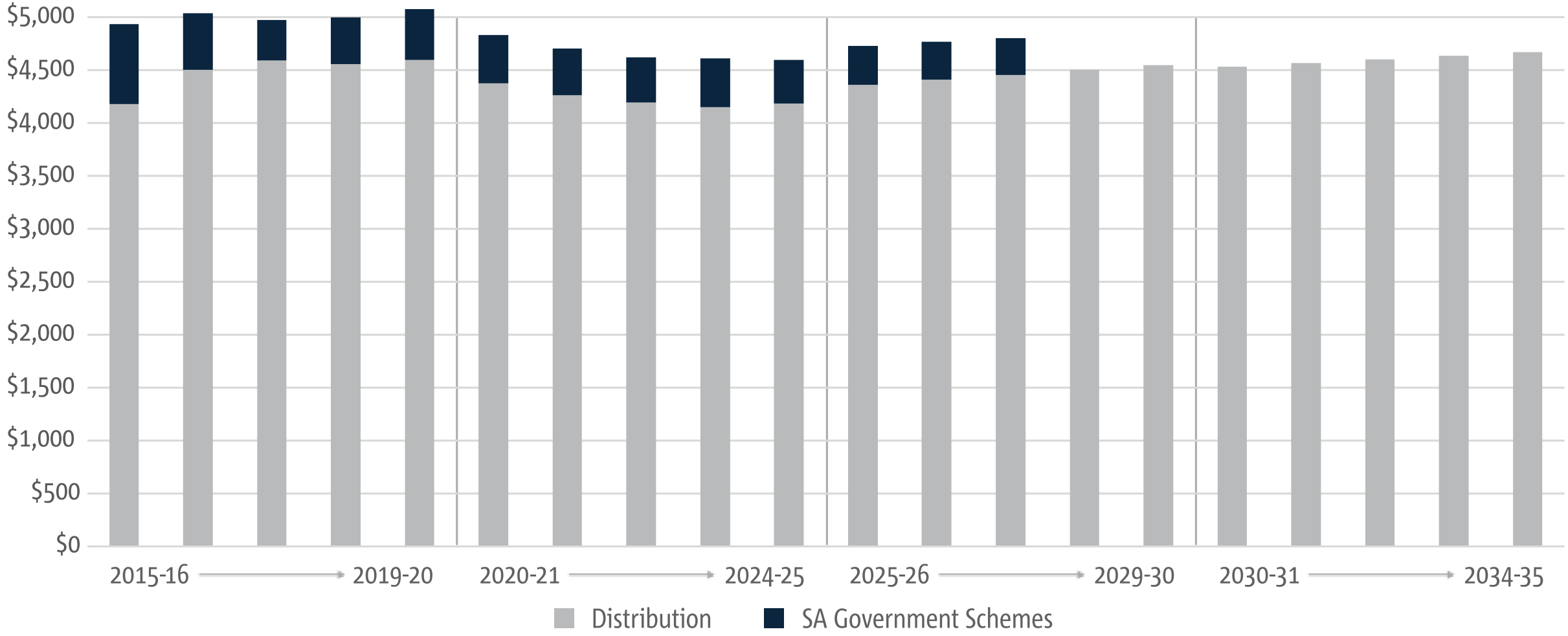
($2025)



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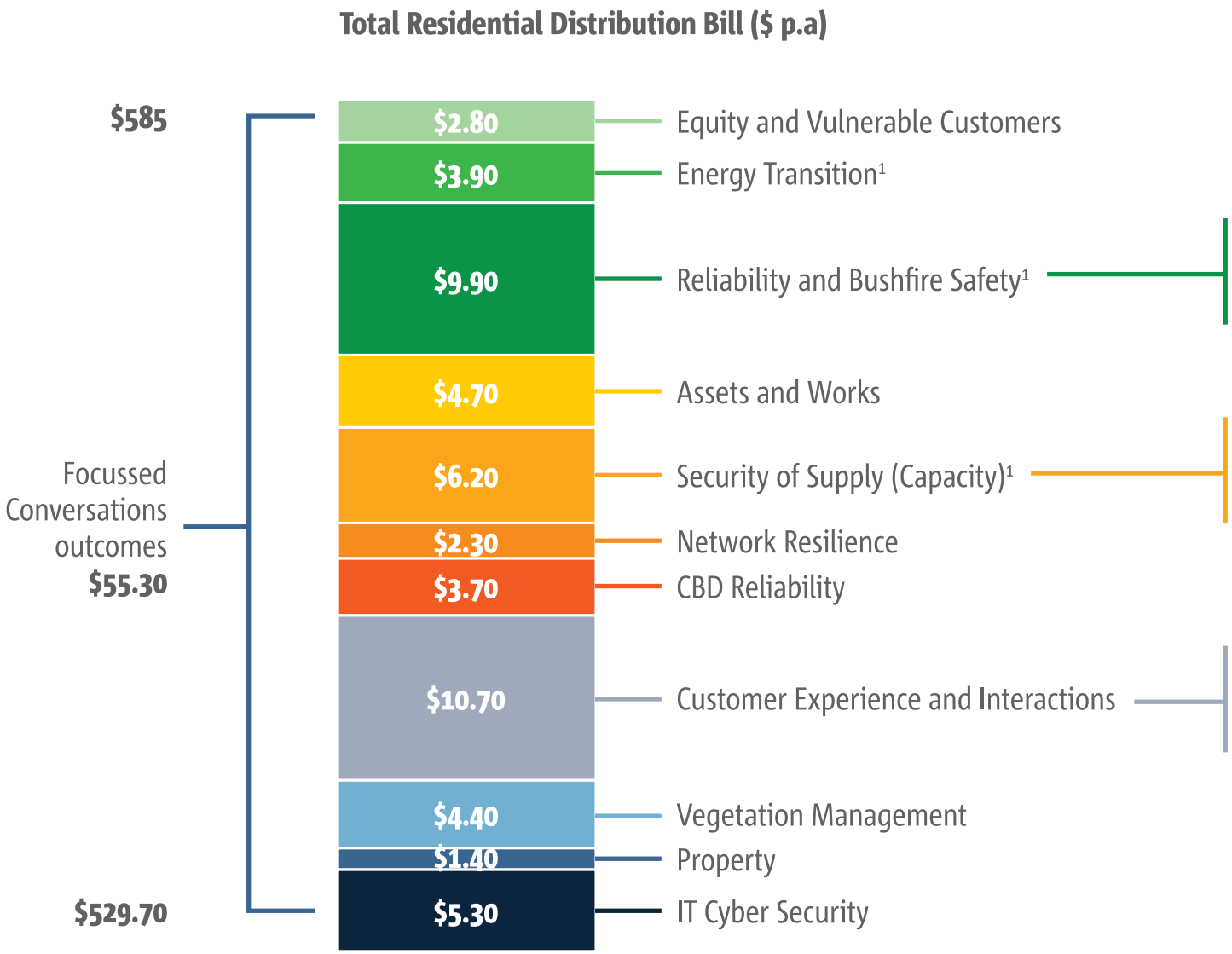
Average Distribution + SA Government Schemes Business bills over time – FC Recommendation

($2025)



The numbers above are forecasts which will be progressively updated throughout the Reset process in response to stakeholder feedback, updated assumptions and latest market data (inflation and forward market rates). Final estimates will be provided in our 2025-30 Regulatory Proposal to be lodged with the AER in January 2024.

Customer bill impacts of Focussed Conversations recommendations



Example Customer outcomes

- Maintain regional reliability at current level
- Improve rural restoration times to achieve ESCOSA target
- Maintain current level of bushfire risk
- Arrest poor reliability in worst served areas & worst served customers

- Maintain current emergency back-up capability in the distribution network, maintain long-term security of supply to current standard

- New easy-to-use online portal and greater self-service capability, more proactive communications and improved visibility of service requests status
- New energy advisory service

1. Three topics where basic expenditure is included in the FC booklet

FC outcomes detail

Topic	Initiative	Incremental program cost per annum $Million	2025-30 Average bill increment $pa (2025)	
			Residential	Business
Equity & Vulnerable Customers	Community Energy Fund	1.2	0.70	5.50
	Vulnerable Customer Assistance Program	0.5	0.30	2.50
	Knock before you Disconnect	0.5	0.30	2.30
	Claims and Damages process	2.5	1.50	11.90
CBD Reliability	Distribution equipment replacement, substation equipment replacement, inspections, maintenance and some augmentation	-	-	-
	Planned 11,000V cable replacement	10.9	1.70	13.50
	Feeder automation & remote customer monitoring devices	5.8	1.80	14.00
	Planned 33,000V cable replacement	1.2	0.20	1.40

Note: Similar levels of forecast expenditure may have differing bill impacts, due to the type of expenditure involved

FC outcomes detail

Topic	Initiative	Incremental program cost per annum $Million	2025-30 Avg Bill increment $pa (2025)	
			Residential	Business
Energy Transition	Enabling distributed energy – export capacity – 95% service level (export customers only)	14.7	10.20* 3.40**	38.40* 26.7**
	Encouraging flexible loads	2.8	1.20	9.60
	Transitioning our vehicle fleet to electric vehicles (EVs)	-1.1	-0.70	-5.30
Reliability & Bushfire Safety	Replacement and Augmentation expenditure - Scenario 2 (excl CBD Reliability)	41.0	7.60	59.60
	Bushfire Replacement Expenditure	7.5	1.10	8.80
	Regional Reliability Improvement	3.3	0.50	4.00
	Worst Served Customers Reliability Improvement	3.2	0.50	4.00
	Public Safety Power Shutoff Reduction	0.8	0.20	1.80
Assets and Works	Assets and Works - Scenario 3 - New Value	8.9	4.70	36.80

Note: Similar levels of forecast expenditure may have differing bill impacts, due to the type of expenditure involved

*Export customers only
** if costs were allocated across all customers

FC outcomes detail

Topic	Initiative	Incremental program cost per annum $Million	2025-30 Avg Bill increment $pa (2025)	
			Residential	Business
Network – Resilience	New mobile generators	2.7	1.30	9.80
	Fund to co-fund community energy resilience projects	2.2	1.00	7.90
Network - Security of Supply (capacity)	Security of Supply - Scenario 2 – Maintain	36.8	6.20	48.50
Customer Experience & Interactions	Customer Service Measures and Incentives	-	-	-
	Energy Advisory Service	4.8	3.10	24.30
	Personalised and on Demand Services	10.6	7.60	59.80
	Connections Policy, Procedure and Charges	-	-	-
IT Cyber Security	Cyber Security Option 2 - Compliance	8.7	5.30	41.60

Note: Similar levels of forecast expenditure may have differing bill impacts, due to the type of expenditure involved

FC outcomes detail

Topic	Initiative	Incremental program cost per annum $Million	2025-30 Avg Bill increment $pa (2025)	
			Residential	Business
Property	Asset Replacement/ Routine Maintenance and Building Renewal Projects	1.5	0.3	2.30
	Transformer and Storage Workshop	5.4	1.10	8.60
Vegetation Management	Undergrounding in High Bushfire Risk Area	16.2	2.60	20.00
	Sapling removal program	1.0	0.60	4.80
	Woody weed removal program	2.0	1.20	9.50
Total FC outcomes		**$195.6 million**	**$55.30**	**$434.20**
Balance of totex/bill		**$754 million**	**$529.70**	**$4,115.80**
Total		**$949 million**	**$585.00**	**$4,550.00**

Note: Similar levels of forecast expenditure may have differing bill impacts, due to the type of expenditure involved

Current v Forecast expenditure comparison

Topic	Initiative	Total program cost per annum 2020-25 $million (2025)	Total program cost per annum 2025-30 $million (2025)	2025-30 Avg Bill portion $pa (2025)	
				Residential	Business
Equity & Vulnerable Customers	Community Energy Fund	0	1.2	0.70	5.50
	Vulnerable Customer Assistance Program	0	0.5	0.30	2.50
	Knock before you Disconnect	0	0.5	0.30	2.30
	Claims and Damages process	0	2.5	1.50	11.90
CBD Reliability	Scenario 2 - Maintain	6.3	6.3	1.00	7.80
	11,000V cable replacement	1.8	12.7	2.00	15.70
	Feeder automation & remote customer monitoring devices	-	5.8	1.80	14.00
	33,000V cable replacement	-	1.2	0.20	1.40

Current v Forecast expenditure comparison

Topic	Initiative	Total program cost per annum 2020-25 $million (2025)	Total program cost per annum 2025-30 $million (2025)	2025-30 Avg Bill portion $pa (2025)	
				Residential	Business
Energy Transition	Enabling distributed energy – export capacity – 95% service level	9.7	20.9	14.30*	54.00*
	Encouraging flexible loads	-	2.8	1.20	9.60
	Transitioning our vehicle fleet to electric vehicles (EVs)	-	-1.1	-0.70	-5.30
Network - Reliability & Bushfire Safety	Replacement and Augmentation expenditure - Scenario 2 (excl CBD)	154.4	185.4	32.20	252.20
	Additional Bushfire Replacement Expenditure	-	7.5	1.10	8.80
	Regional Reliability Improvement	-	3.3	0.50	4.00
	Worst Served Customers Reliability Improvement	3.5	3.2	0.50	4.00
	Public Safety Power Shutoff	-	0.8	0.20	1.80
Assets and Works	Invest in IT to increase efficiency through improved asset management	9.5	8.9	4.70	36.80

*Export customers only

Current v Forecast expenditure comparison

Topic	Initiative	Total program cost per annum 2020-25 $million (2025)	Total program cost per annum 2025-30 $million (2025)	2025-30 Avg Bill portion $pa (2025)	
				Residential	Business
Network – Resilience	New mobile generators	-	2.7	1.30	9.80
	Co-fund community energy resilience projects	-	2.2	1.00	7.90
*Network - Security of Supply	Security of Supply - Scenario 2 – Maintain	19.4	41.2	6.90	54.00
Customer Experience & Interactions	Customer Service Measures and Incentives	-	-	-	-
	Energy Advisory	-	4.8	3.10	24.30
	Personalised and on Demand Services [1]	4.4	10.6	7.60	59.80
	Connections Policy, Procedure and Charges	-	-	-	-
IT Cyber Security [2]	Cyber Security – Maintain/compliance	-	8.7	5.30	41.60

[1] Current period total expenditure ~$22m on REX portal and CRM implementation

[2] Current Cyber Security spend is 17.6m total capex and 5.5m opex pa with a bill impact of 5.88 Res and 46.10 bus. Proposed recurrent spend for 2025-30 is $4.8m total capex and $5.5m opex pa with a bill impact of $5.30 res and $41.60 bus.

Current v Forecast expenditure comparison

Topic	Initiative	Total program cost per annum 2020-25 $million (2025)	Total program cost per annum 2025-30 $million (2025)	2025-30 Avg Bill portion $pa (2025)	
				Residential	Business
Property	Building renewal program and asset replacement	10.6	15.7	3.10	24.80
	Transformer and Storage Workshop	-	5.4	1.10	8.60
Vegetation Management[3]	Undergrounding in High Bushfire Risk Area	-	16.2	2.60	20.00
	Sapling removal program	-	1.0	0.60	4.80
	Woody weed removal program	-	2.0	1.20	9.50
FC Topics total				**95.60**	**692.10**
Balance of Bill/exp				**489.40**	**3857.90**
Total				**585.00**	**4550.00**

[3](Tree trimming contractors current spend $42.1m pa with a bill impact $25.61 Res, $200.83 Bus. Proposed spend for 2025-30 same of $42.1m pa)


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