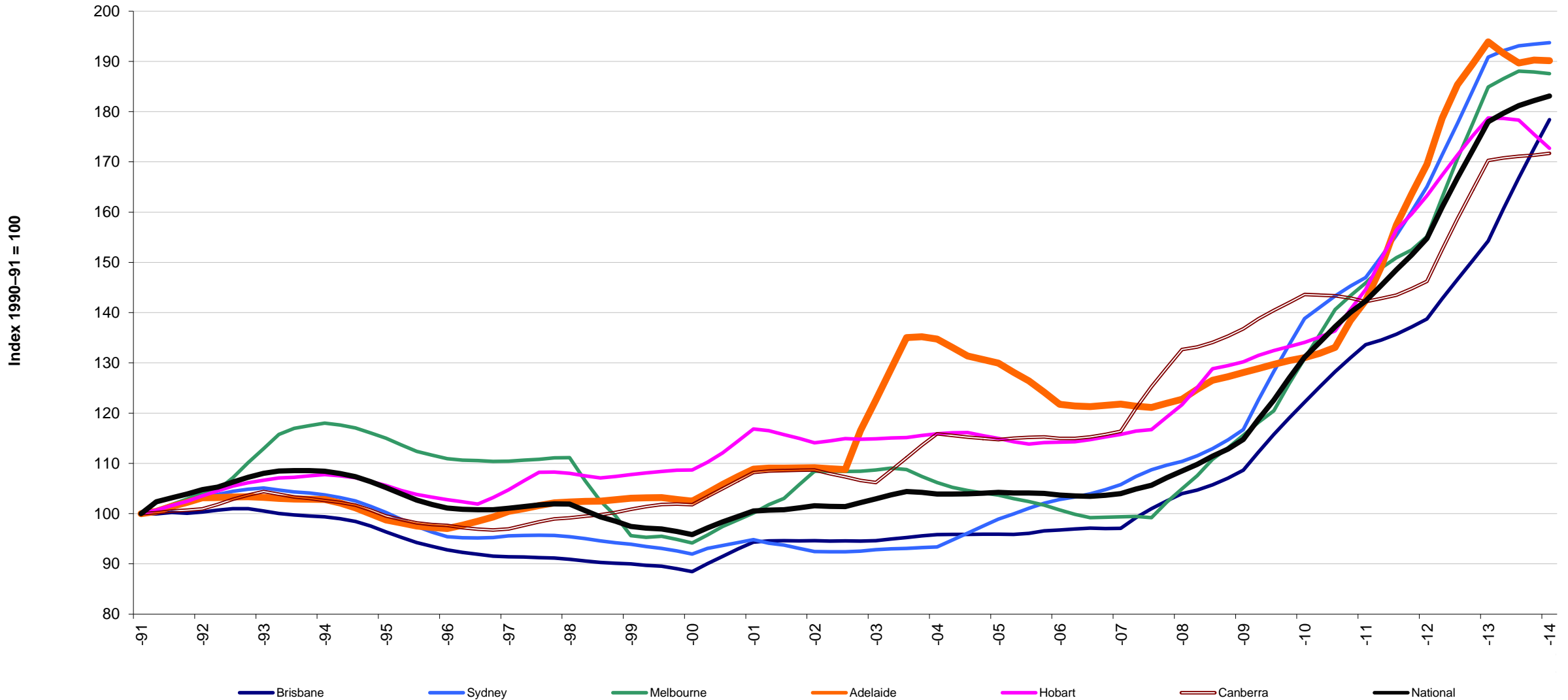


Scoping SAPN Tariff Structures Statement

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Context Electricity price indexes for Australian jurisdictions, 1990-91 = 100



Key Sections of a TSS

1. Statement of definitions and terminology
2. Baselines, including data
3. Stakeholder and Consumer Engagement processes
4. Pricing principles
5. Year 1 TSS
6. Application of pricing principles for the TSS period

1. Statement of definitions and terminology

- Demand tariff
- Capacity tariff
- Use charges
- Supply charge
- Network access
- Tariff
- Customer segments
- Peak demand
- Time of use pricing
- Peak, off peak, shoulder and any other time based pricing
- Meters and meter access
- 3rd party access and responsibilities
- Cross subsidy
- Long term / short term
- System losses of electricity
- Household, small business, large business

2. Baselines, including data

- Date set giving best available data for
 - prices,
 - usage costs
 - supply costs etcwithin and between customer classes: distribution and 'central tendency' data
- The baseline should also set out other regulatory requirements that impact on end tariffs, eg NECF, Office of Technical Regulator requirements, SAIFI, SAIDI, SA requirements re service standards and anything else that may impact on the prices customers end up paying.
- Statements about likely imbalances in current arrangements, eg potential / likely cross subsidies within and between customer classes
- Current situation, forecasts and anticipated challenges

4. Pricing Principles

- Cost reflective
- Affordability
- Forecasts
- Efficiency of DNSP operation
- Long run marginal cost, what it might mean and how it might be applied
- Fairness / equity
- Transparency
- Desirable / prescribed cross subsidies, eg postage stamp pricing
- Inequitable cross subsidies, eg Air Conditioning – big systems
- Carbon neutrality

Note inherent and potential conflicts between principles

5. Year 1 TSS

- Type of pricing structure (eg capacity tariff)
- Daily pricing periods (peak, off peak, other)
- Per kwh prices
- Solar PV prices and returns
- Hardship tariff
- Peak pricing
- Seasonal variations, eg summer prices
- Air conditioner pricing
- Regional pricing
- Access pricing for new connections, including rural and remote
- Business and household prices for all of the above
- Connection / reconnection fees
- Schedule of all ancillary fees and charges

6. Application of pricing principles for the TSS period.

- Ongoing customer engagement
- Changes to base year prices, on (CPI – X) basis
- Transitional issues

3. Consumer Engagement

We are anticipating a process that includes the following elements:

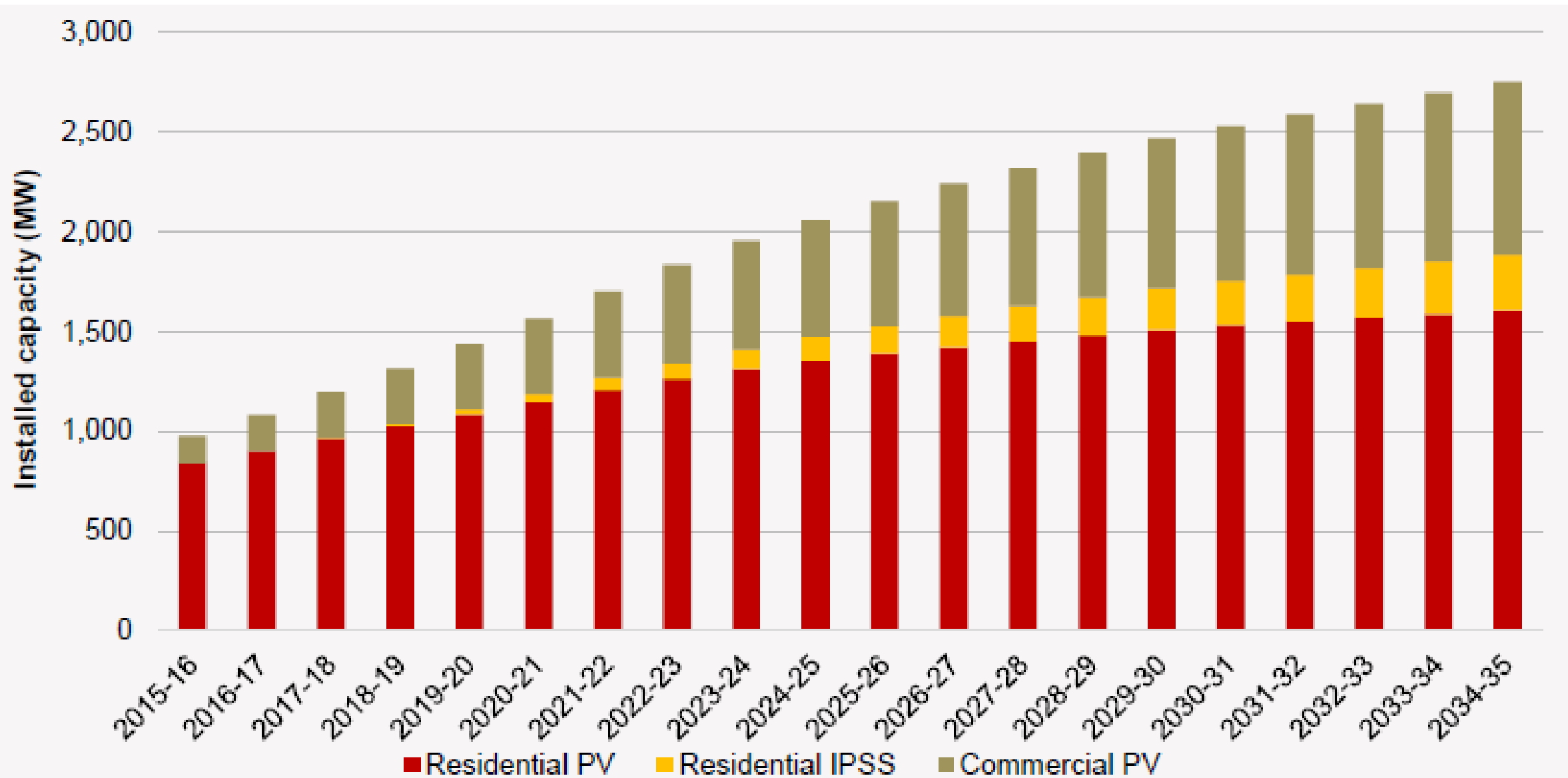
1. Shared scoping of the range of issues to be included in the TSS document to be submitted to the AER
2. Identification of 'difficult' (for varying reasons) issues and agreement about processes to work on them, including deliberative processes and negotiation
3. Shared understanding between SAPN and stakeholders about the issues identified, with SAPN documenting all issues identified and documenting the advice received and accepted / applied and why? Also advice rejected / not applied to TSS and reasons why?
4. Processes for periodic review, including annual adjustments

Challenges

- Metering Changes
- New technologies
 - PV
 - Battery Storage
 - Electric Vehicles
- “Sunk Costs”
- PV tariffs (FiT)
- Hardship Tariffs
- Other

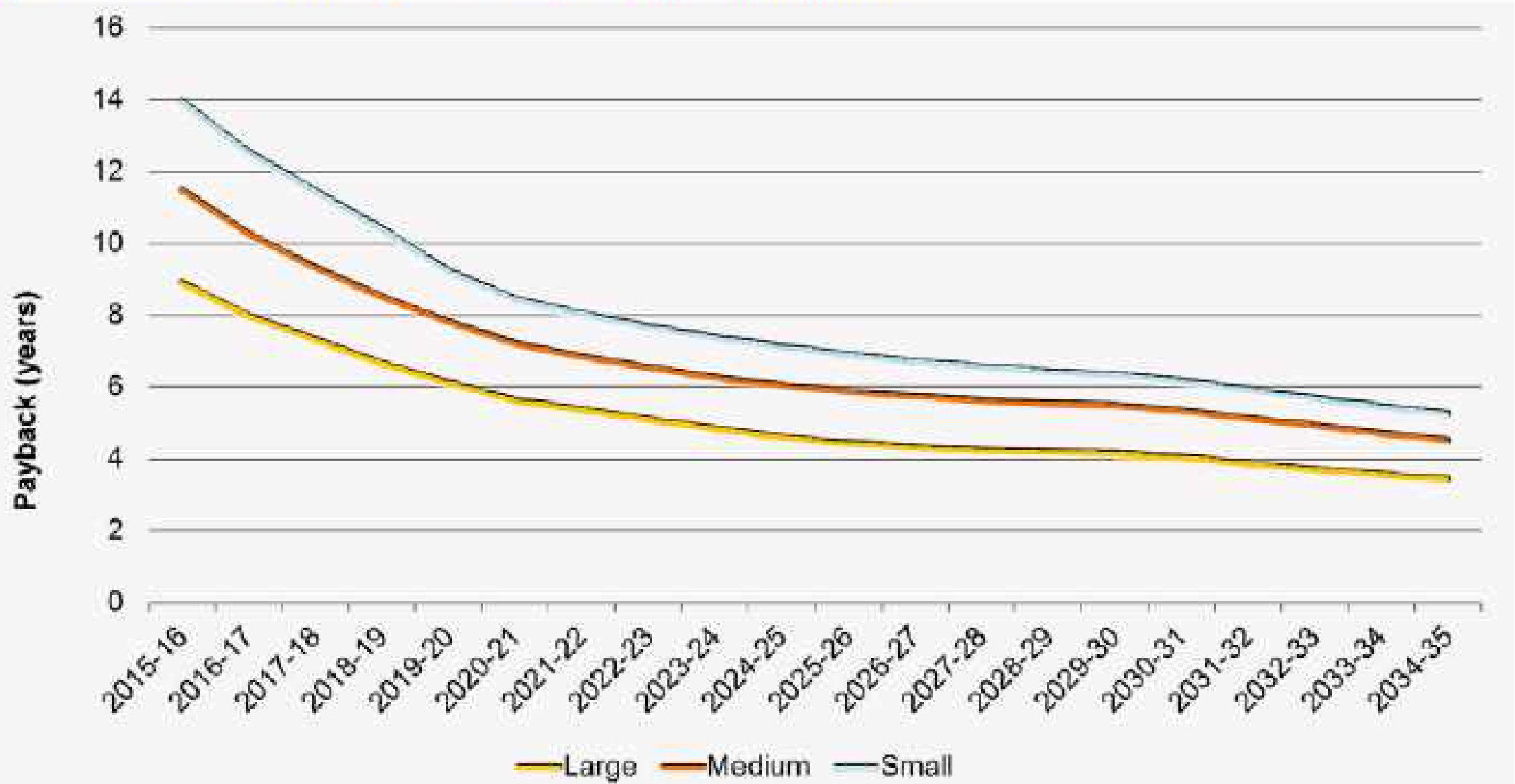
PV – Installed Capacity

Figure 21 Total installed capacity of rooftop PV and IPSS installations in South Australia



PV + Storage Payback

Figure 19 Estimated payback periods for IPSS in South Australia



South Australia may experience times of Minimum Demand

