

We recognise the traditional owners of the land we meet on: The Kurna people.



Students  
from  
Kurna  
Plains  
school,  
Elizabeth









JAY  
WEATHERILL?

ELON MUSK?!

WAIT... THIS IS NOT  
WHAT IT LOOKS LIKE,  
ELON!

THIS IS JUST THE  
COMPANY CAR!

I'M ACTUALLY A RICH,  
AGILE, INNOVATOR!!

JUST LIKE  
YOU!!!



HOPE  
14.3.17

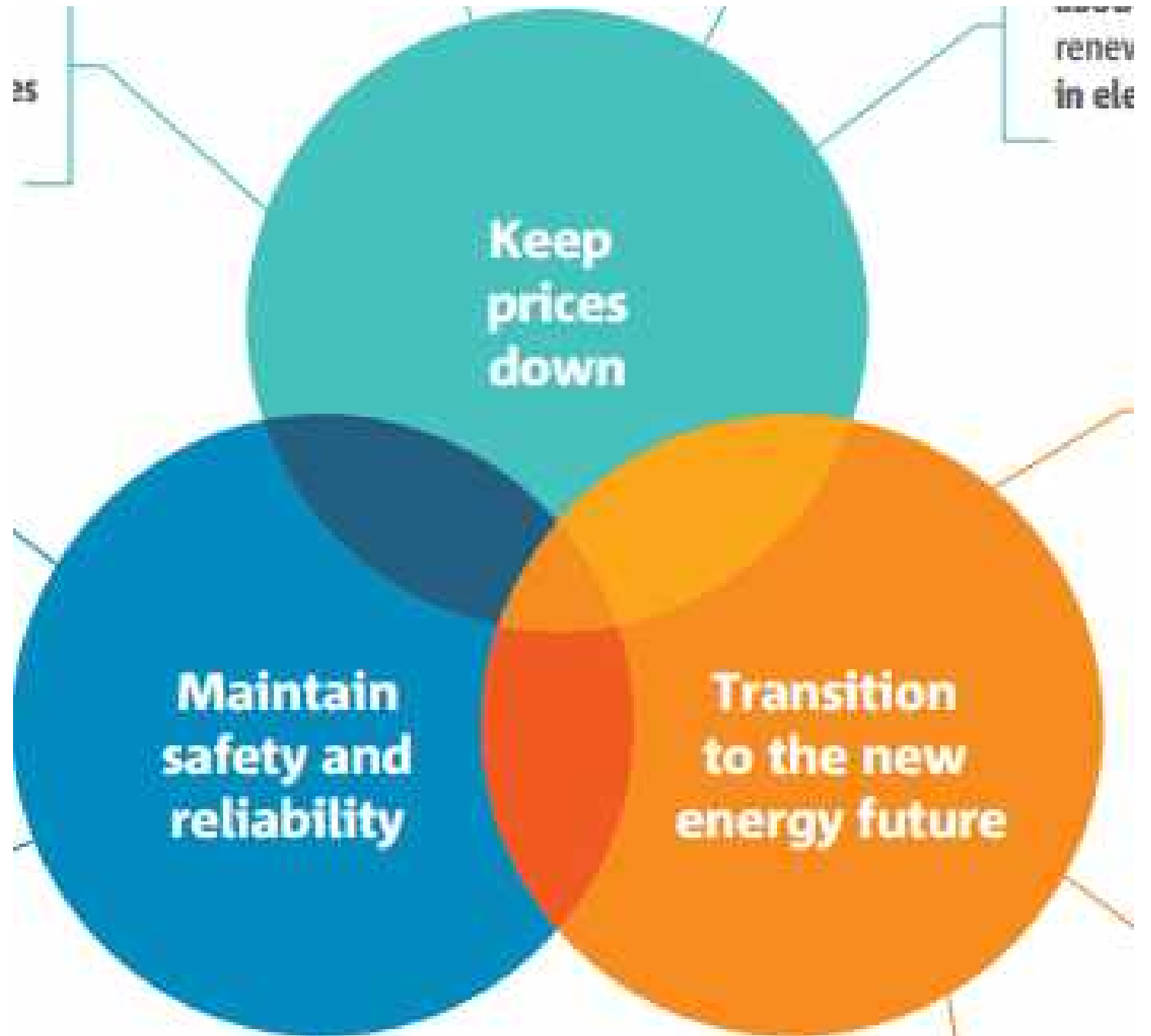
# ENERGY POLICIES ...

THE SA GOVERNMENT'S



THE FEDERAL GOVERNMENT'S

# SAPN: Balancing Competing Objectives





# Tectonic Plates, Earthquakes, and Volcanoes

Plate Boundaries

Volcanoes

Earthquakes



*Energy's  
Tectonic Plates*

Reliable

Sustainable

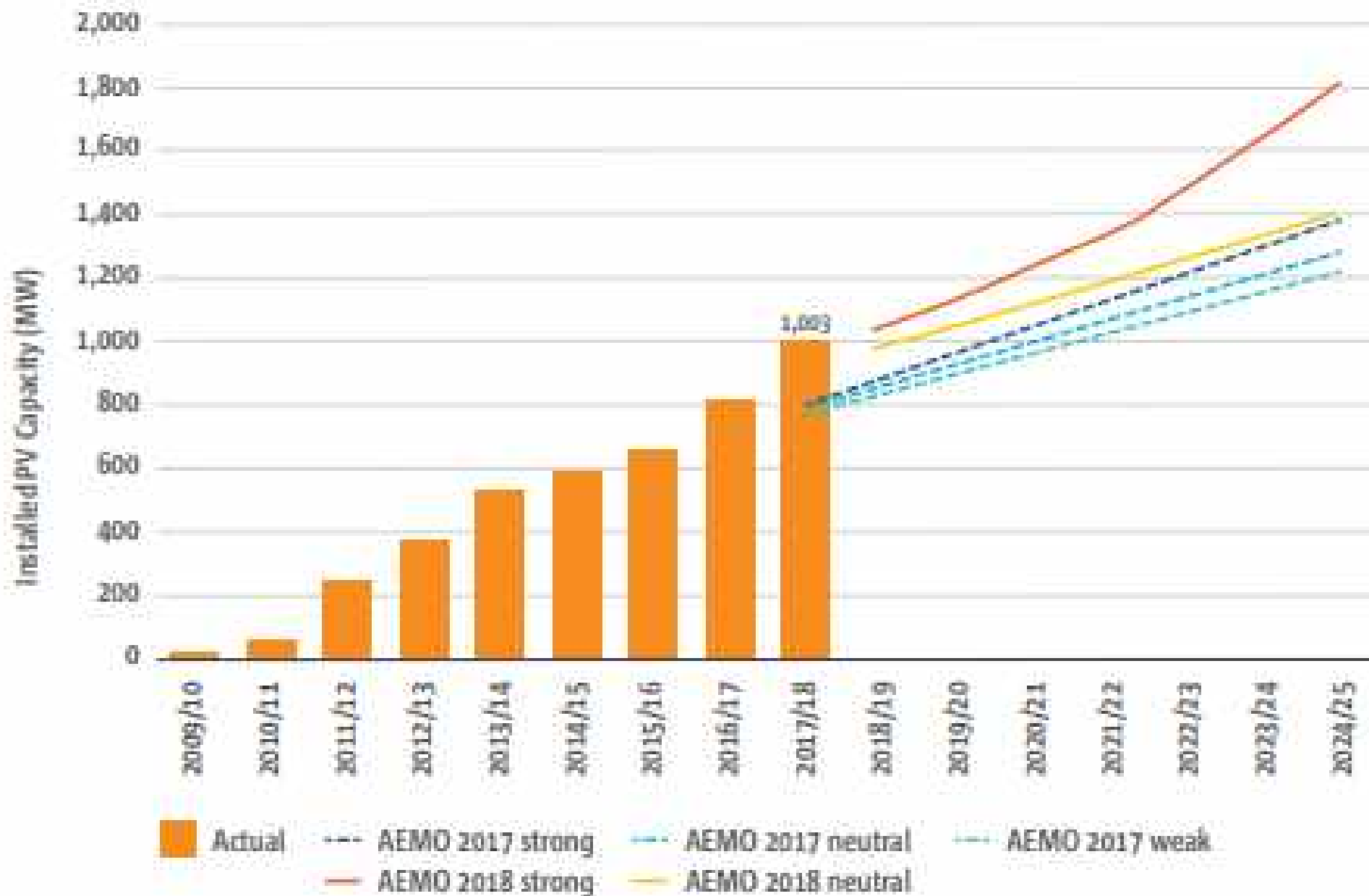
Affordable

*We focus on where the plates collide*

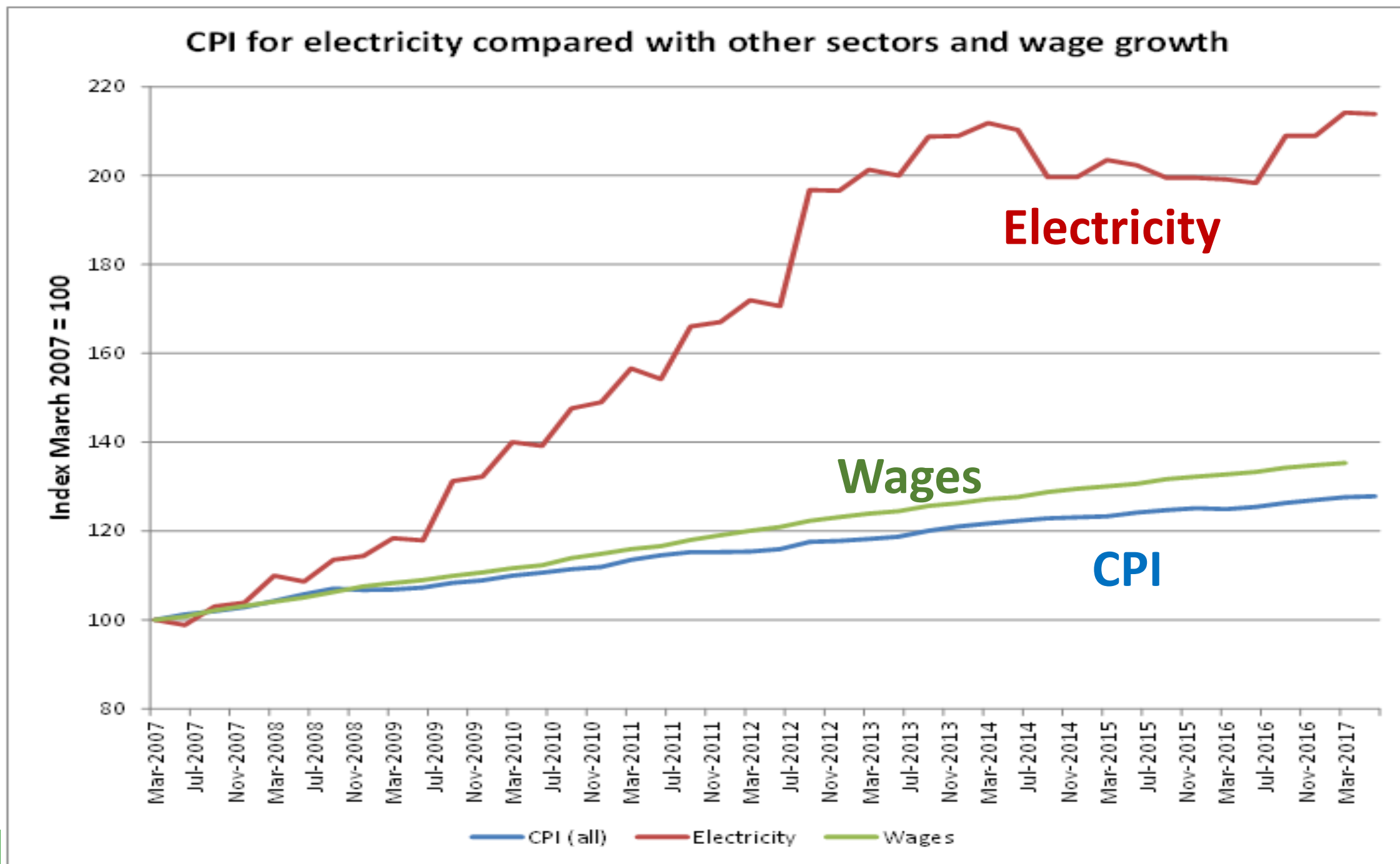


# PV uptake

Figure 1.5: Installed solar capacity and future forecasts (AEMO<sup>9</sup>)



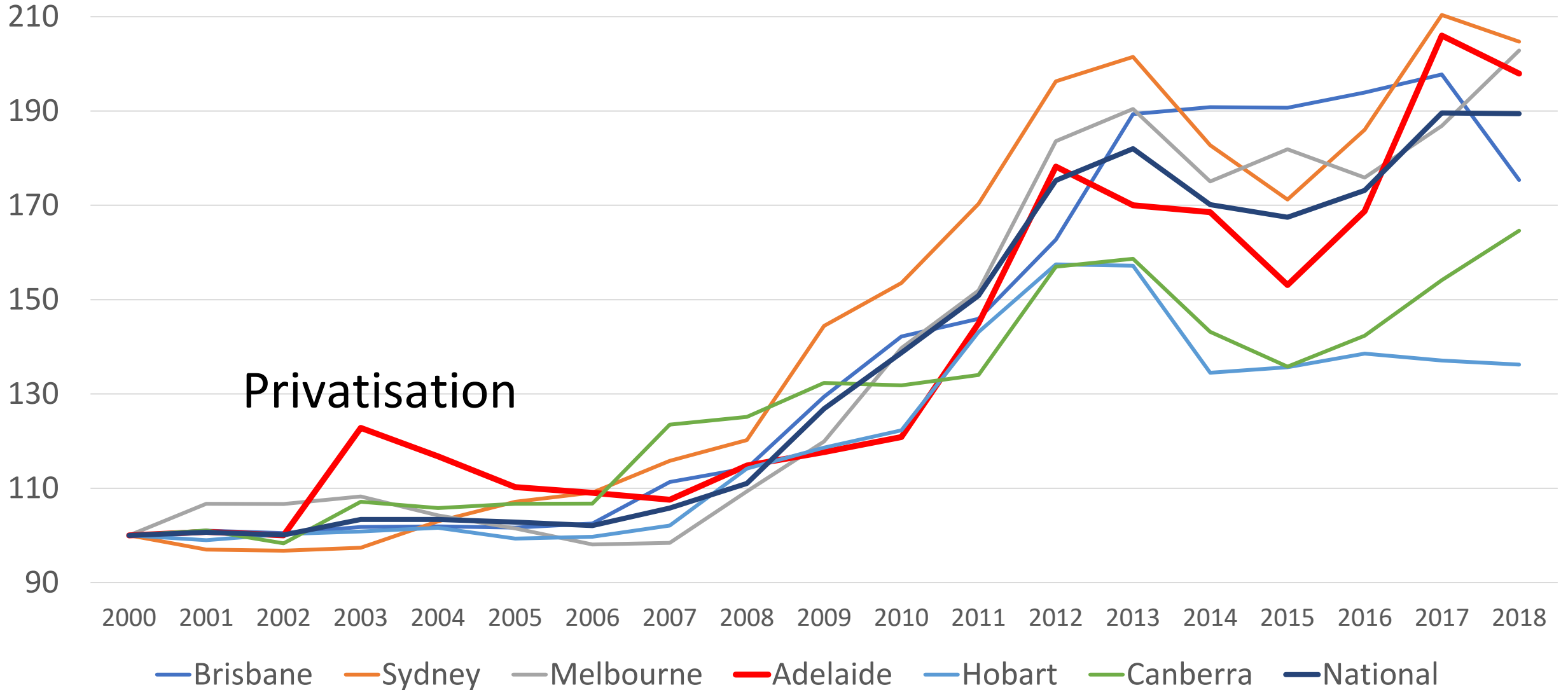
ACCC





# Electricity Price Changes, SA in red

Electricity Retail Price Index, 2000 - 2018, AER



# ACCC – Achievable Savings

Table 3.1 ACCC average annual residential bill savings by 2020-21 by State

Achievable savings (\$ per annum)

Region	2017-18 Bill	Networks	Wholesale	Enviro	Retail	Reduction	2020-21 Bill	% Reduction
Victoria	1,457	39	192	34	26	291	1,166	20
NSW	1,697	174	155	43	37	409	1,288	24
South East Queensland	1,703	147	192	18	62	419	1,284	25
South Australia	1,727	13	227	89	42	371	1,356	21
Tasmania	1,979	113	226	75	—	414	1,490	21

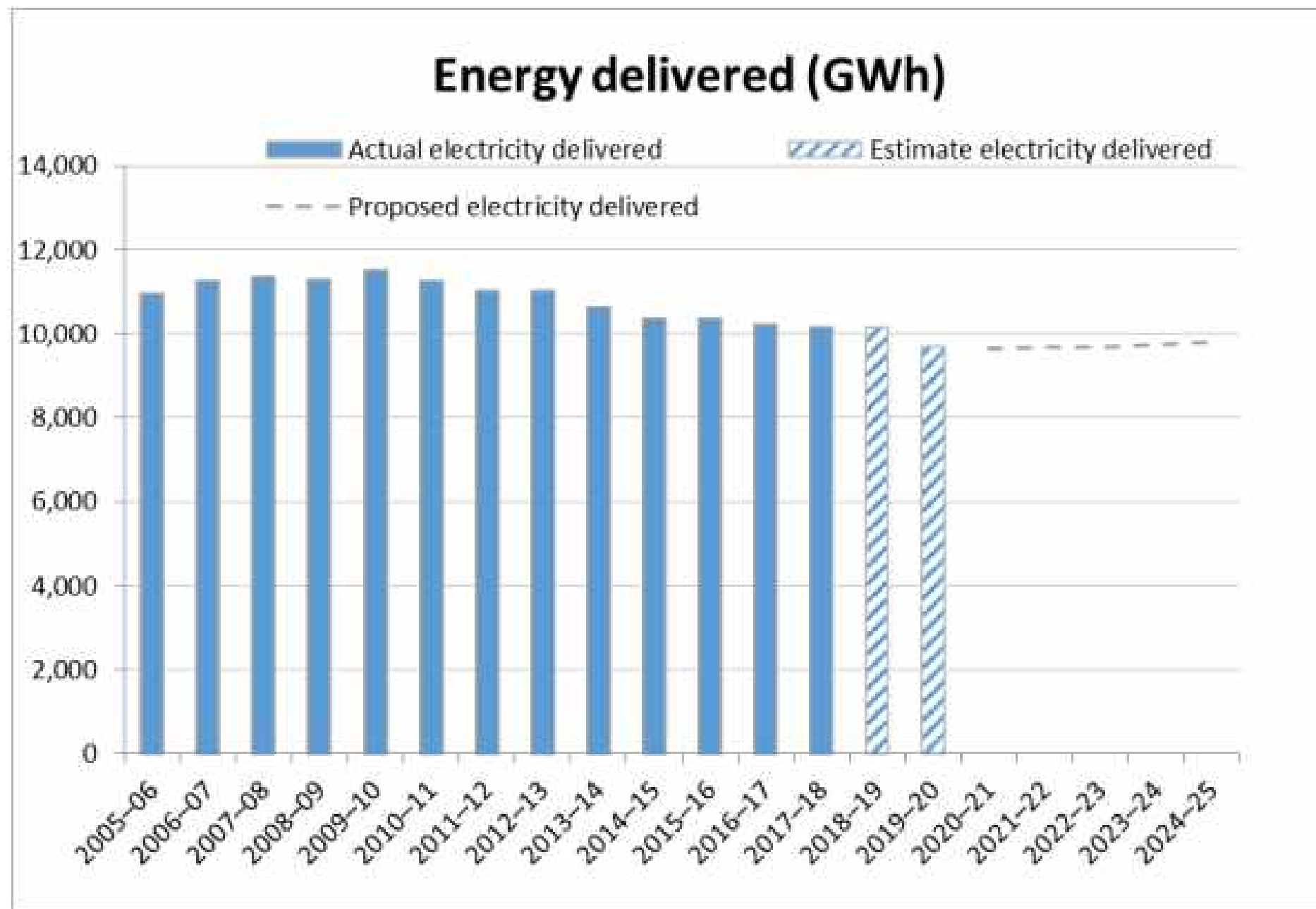


# ACCC Prompted Observations

- Prices still rising for SA consumers. Electricity bills still #1 presenting issue for Financial Counselling (and other) clients
- SAPN not the main source of ACCC identifies savings, but still needs to understand customer pain
- SAPN not expected to be the source of main electricity price reductions, but still expected to do the best that they can

# Actual and forecast energy delivered

Lower demand than in the past, should be some benefits for consumers.

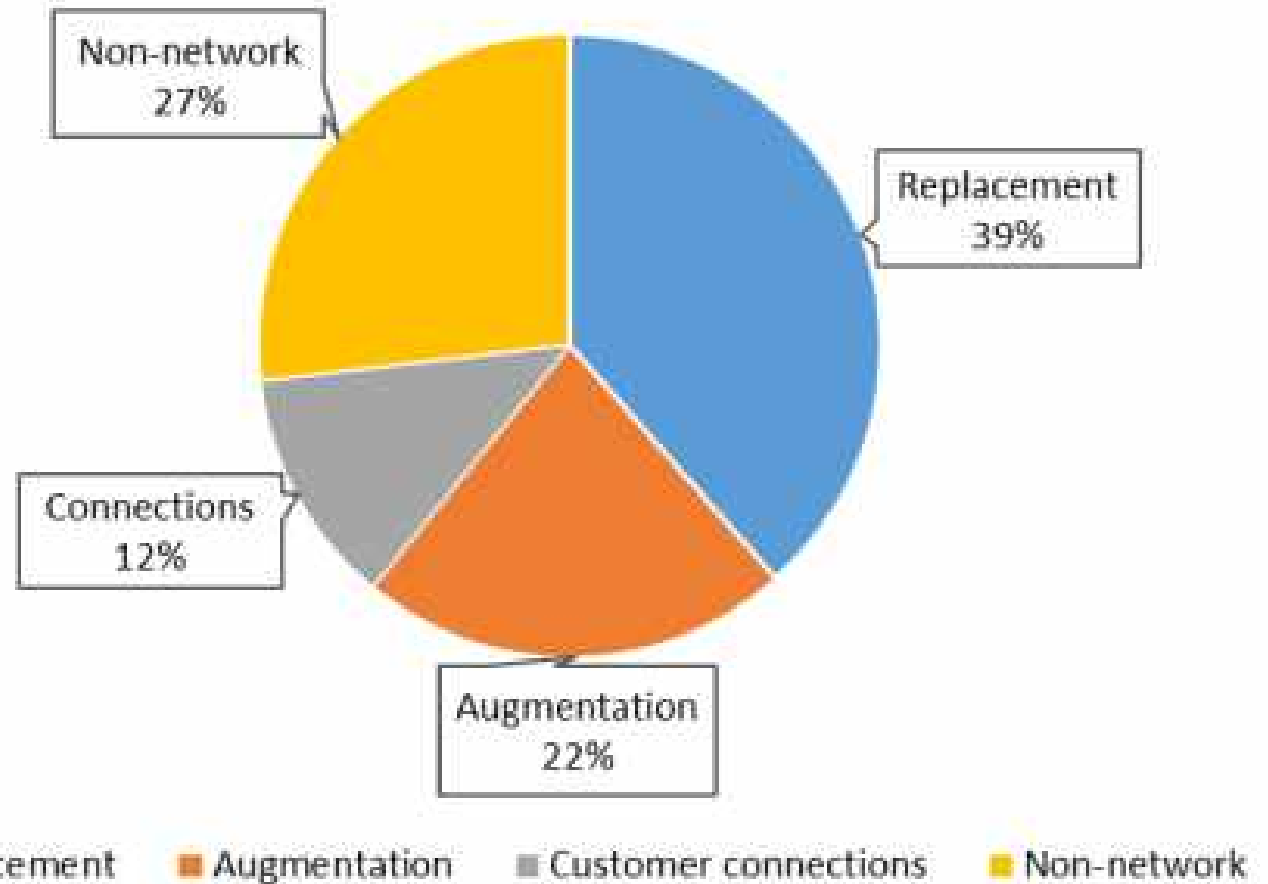


Source: SA Power Networks, *Economic benchmarking RINs*, SA Power Networks, *2020-25 reset RIN*.



# Capex

## Proposed capital expenditure by purpose 2020-2025



Source: AER analysis; SA Power Networks, *Regulatory Proposal Attachment 5*.

# Connections

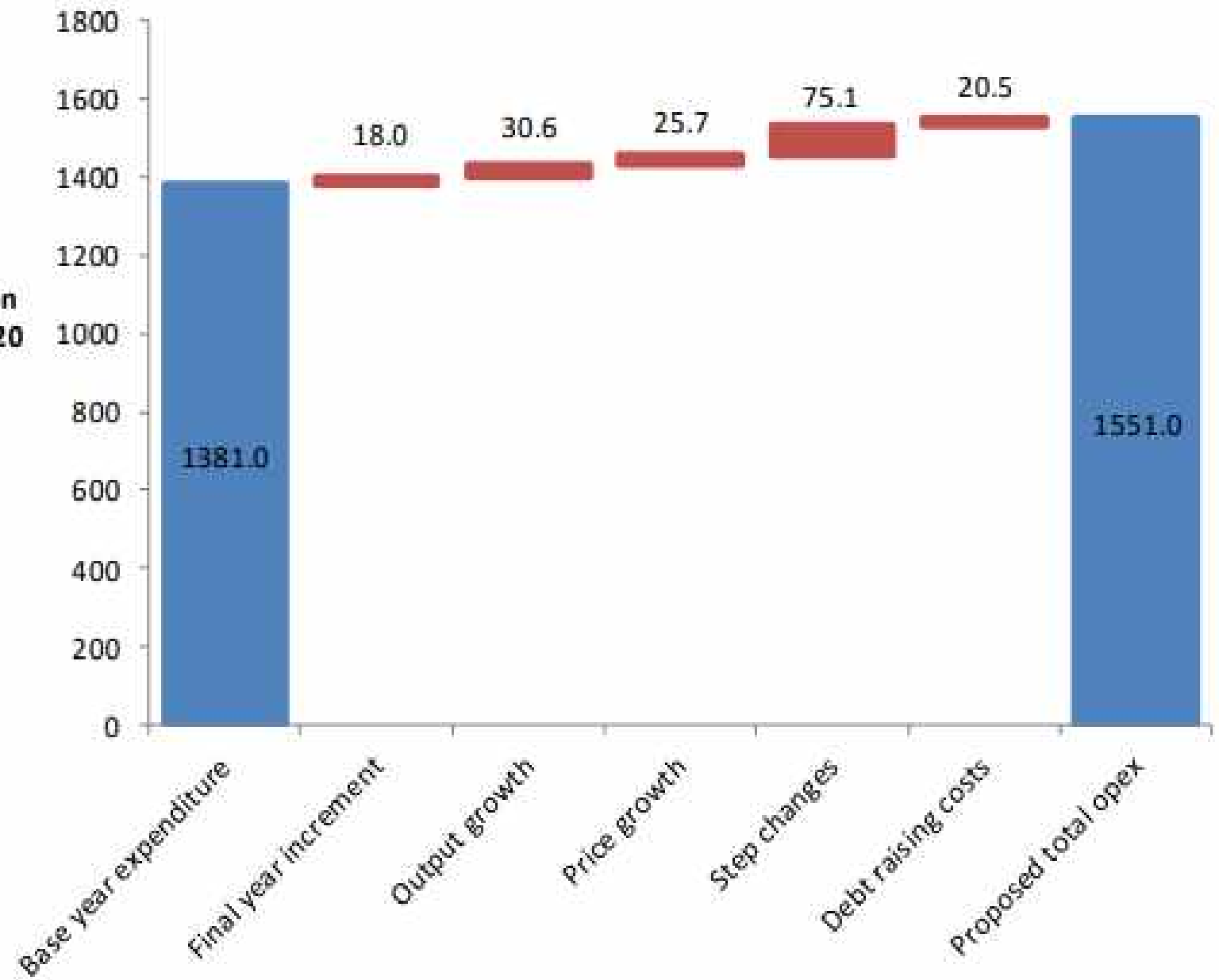
- 2015-20 is the first reg period using the NECF connection arrangements of Chapter 5A of the NER.
- Does not appear that any review of performance to date.
- SAPN has proposed a revised Customer Connection Policy (Attachment 16) and a capital expenditure program for connections of \$213m net of customer contributions (\$563m gross, Attachment 5).
- Changes to the classification and process are proposed – See Issues Paper 8.4
- Connections costs: proposal > current period > draft plan
- But ... no evidence of stakeholder engagement on connection issues



# Opex



\$million  
2019–20



Source: AER analysis; SA Power Networks, 2020–25 Reset RIN.

# Opex, Proposed Step Changes

	2020–21	2021–22	2022–23	2023–24	2024–25	Total
Cable and Conductor minor repair	14.2	13.5	13.5	13.5	13.5	68.2
Critical Infrastructure Compliance	2.4	2.4	2.4	2.4	2.4	12.1
Cloud transition— Hosting	1.0	1.2	1.6	1.7	1.8	7.2
Cloud transition— Scheduling	0.8	0.8	0.8	0.8	0.8	3.8
LV Management	–	0.4	0.9	1.1	1.3	3.8
GSL Reliability	(4.0)	(4.0)	(4.0)	(4.0)	(4.0)	(19.9)
<b>Total</b>	<b>14.3</b>	<b>14.3</b>	<b>15.3</b>	<b>15.5</b>	<b>15.8</b>	<b>75.1</b>

Source: SA Power Networks, 2020–25 Regulatory Proposal Attachment 6.

# Opex

More work needed:

- Productivity
- Step Changes
- IT





# TAX

This is the hard one!

- New AER Guideline, this is good
- SAPN seems to have been impacted more than other db's?
- SAPN responses impact opex, capex, depreciation etc
- More thinking and discussion needed before revised revenue proposal



# SAPN Future Network Engagement – to December 2018

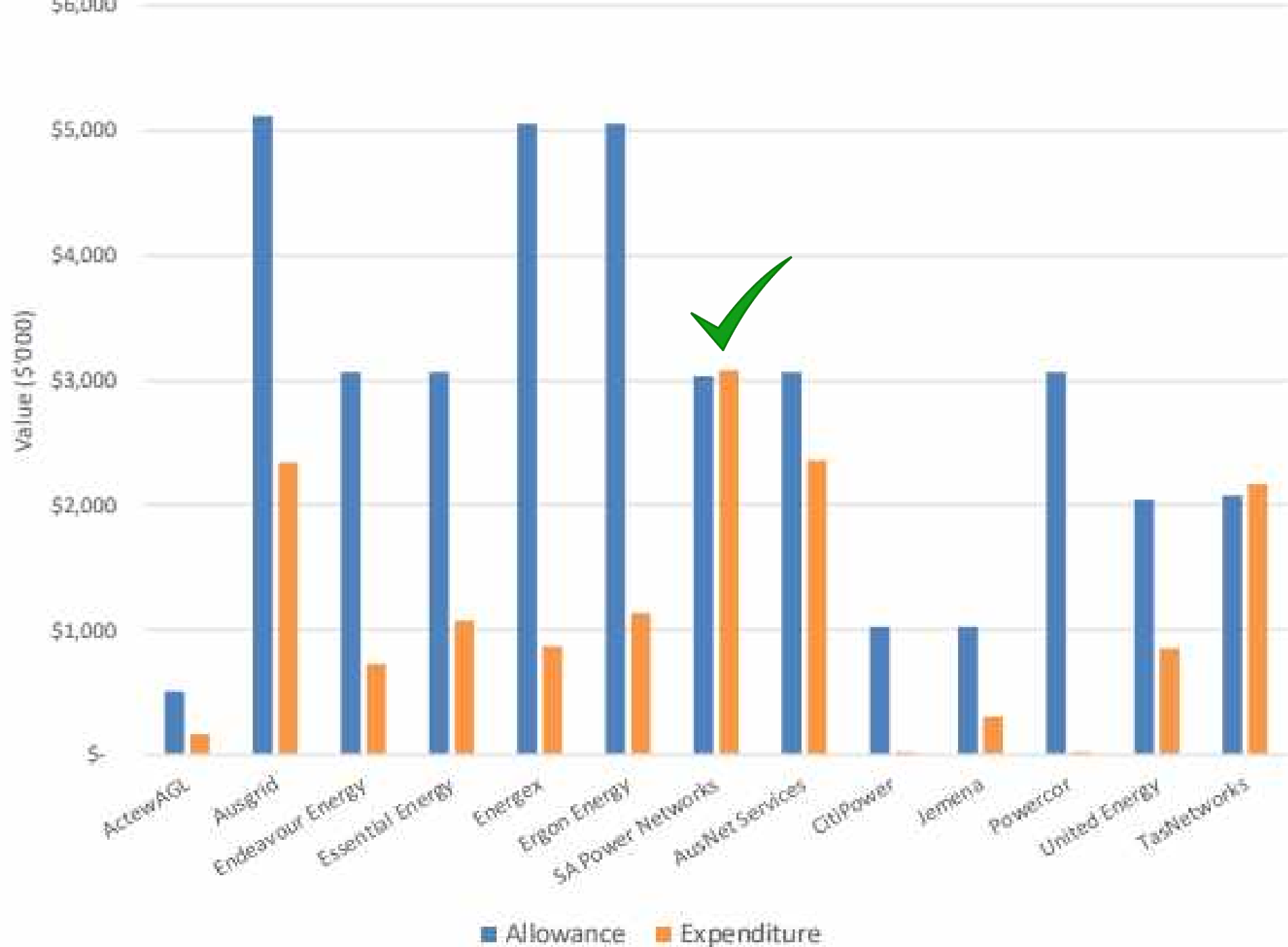
Figure 5.3: Future Network engagement



Need future, Future Network Engagement plan –  
shared challenges, Shared Solutions

# DMIA 2016/17.

*AER Data*





# Summary Response to SAPN Reg proposal

SAPN efforts to bring prices down appreciated, but can they do better still?

Seems to be room to move on:

- Opex productivity,
- IT,
- non-network capex,
- tax
- maybe connections,
- maybe tariffs



# SA Leading the World, no roadmap - shared solutions

