

# CONSUMER ENGAGEMENT

## ElectraNet is committed to genuine engagement with electricity consumers.

We want to understand the views and priorities of our customers and other South Australian electricity consumers. This information will be reflected in our business plans and future revenue proposals, to ensure they meet the long term needs of consumers.

To get involved or find out further information about our consumer engagement program, visit [electranet.com.au](http://electranet.com.au), or call us on 1800 243 853.

**We will work with consumers to provide meaningful opportunities for input to improve the value of electricity transmission services in South Australia.**

## Our consumer engagement principles

### CLEAR, ACCURATE & TIMELY COMMUNICATION

- Engage where a legitimate opportunity exists to participate in planning and decision making processes that may affect consumers.
- Ensure that all communication is clear and in plain English and where possible avoid industry jargon so that any person can understand.
- Make information available in a timely manner and set realistic timeframes for consumer activities.
- Investigate the use of a number of methods to communicate with consumers, and seek to determine how consumers prefer to be engaged with our activities.
- Recognise that the cost of consumer engagement is borne by the consumer, and conduct engagement in a cost effective manner.

### ACCESSIBLE & INCLUSIVE

- Make the engagement processes accessible by providing a variety of reasonable ways for stakeholders and consumers to participate.
- Actively encourage participation in engagement processes and provide adequate time and information for consumers and stakeholders.
- Seek representative participation, recognising the differing views and preferences of consumers and stakeholder groups.
- Recognise and respect the fact that consumers and stakeholders bring their own values, opinions and experiences which may differ from ours.
- Exercise flexibility in approaching consumer engagement, recognising that different models and strategies will be required to suit different circumstances and consumer and stakeholder preferences.

### TRANSPARENT

- Ensure engagement processes are conducted with integrity and will withstand scrutiny.
- Clearly state the methods and timeframes for consumers and stakeholders to participate in the engagement processes and ensure these provide reasonable access.
- Clearly define from the beginning what is and isn't negotiable and the role of consumers and stakeholders throughout the life of engagement activities and processes.

### MEASUREABLE

- Seek feedback on our engagement activities and publish the results in a timely manner.
- Outline how we considered stakeholder and consumer input and how this input has influenced business practices and decisions.
- Provide evidence that we have included a representative cross section of stakeholders and consumers in our engagement activities.
- Regularly review our engagement processes in accordance with international best practices.

# REGULATORY FRAMEWORK

## South Australia's electricity transmission network is part of the National Electricity Market (NEM).

The NEM is overseen by three main market institutions:

- The Australian Energy Market Commission (AEMC), responsible for rule making and market development
- The Australian Energy Regulator (AER), responsible for economic regulation and rule enforcement
- The Australian Energy Market Operator (AEMO), responsible for market and power system operation

These institutions are responsible to the Council of Australian Governments (COAG) through the Energy Council, which comprises the federal, state and territory energy ministers. The Energy Council is responsible for setting the policy and regulatory framework for the NEM.

The NEM operates within the framework of the National Electricity Rules, under joint legislation enacted by the participating States and Territories.

There is a strong governance structure in place that separates these distinct functions and provides for independent decision-making with clear accountabilities and objectives, together with appropriate checks and balances.

The Australian Energy Regulator independently sets the regulated revenue of transmission businesses, because they are monopoly service providers.

Every five years, ElectraNet submits a revenue proposal to the AER, which outlines the program of work and forecast revenue required to maintain and operate a safe, reliable and efficient network.

We are implementing an engagement program that will help us understand the views and priorities of our customers and other South Australian electricity consumers. This information will be reflected in our business plans and future revenue proposals, to ensure they meet the long term needs of consumers.

**ElectraNet's South Australian transmission network is part of the National Electricity Market, one of the world's longest interconnected power systems, joining five regions across a distance of approximately 5,000 km from end-to-end and supplying over 9 million customers.**

The AER uses a range of evidence to review and assess the revenue proposal, including historic trends of past costs, benchmarking against comparable businesses and expert advice. The AER also consults with consumers and other interested stakeholders and considers their views when making the decision, which sets the maximum revenue we can recover from our customers.

## How transmission revenues are set

Transmission revenues are set using a 'building block' approach which establishes the efficient benchmark costs involved in managing the network.

### OPERATING EXPENDITURE

- Labour costs
- Maintenance expenses
- Corporate expenses

### RETURN ON CAPITAL

- The allowed rate of return on the regulatory asset base

### RETURN OF CAPITAL

- Allowance for the depreciation of assets

### TAX ALLOWANCE

- Estimated corporate income tax liabilities

### INCENTIVE SCHEMES

- Increases or decreases to revenue according to performance against set incentive schemes



# ELECTRICITY PRICING

## We are a big part of your electricity supply, but a small part of your bill.

Electricity bills are made up of the different costs incurred at each stage of the electricity supply chain.

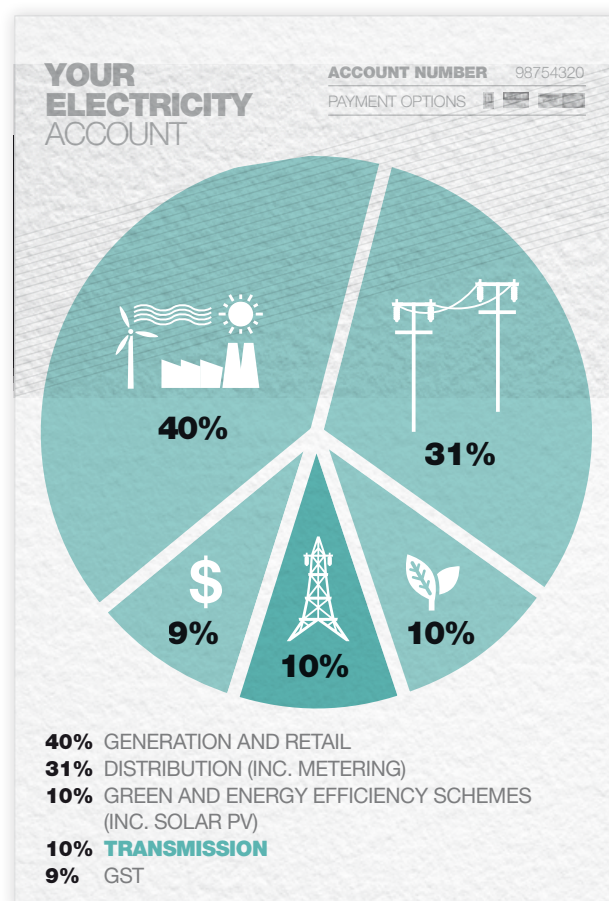
For most households and businesses, this includes the cost of generation, transportation (through both the transmission and distribution networks) and retail services. It also includes other charges like the cost of government green and energy efficiency schemes (including the solar PV Feed in Tariff).

The Australian Energy Regulator (AER) independently reviews our costs and investment plans and sets the maximum revenue we are allowed to earn for the services we provide. Transmission prices are then set to recover this revenue from customers using a methodology approved by the AER.

To find out further information about transmission prices, visit [electranet.com.au](http://electranet.com.au).

**While a relatively small part of the overall cost, ElectraNet is committed to keeping our component of electricity bills as low as possible, while maintaining a safe and reliable supply.**

## The typical 2015/16 South Australian residential electricity account



Source: SA Power Networks

# KEEPING THE LIGHTS ON

## ElectraNet delivers safe and reliable high-voltage electricity transmission services, to meet the demand for power.

Reliability of electricity supply refers to the availability of electricity when required by our customers and consumers. This is generally measured by how often and for how long customers receive supply without experiencing planned and unplanned outages.

There are many causes of planned and unplanned outages which lead to loss of supply. Planned outages are typically needed to undertake maintenance or construction work on the network. Unplanned outages can be the result of equipment failure or damage to powerlines during storms or bushfires.

Our network is made up of over 5,600 circuit kilometres of transmission lines that operate at voltages of 275 kV, 132 kV and 66 kV, approximately 30kms of underground 275 kV cable, as well as 89 high-voltage substations with modern centralised monitoring, control and switching facilities.

An outage on the transmission network can cause wide-spread disruption to the supply of electricity. As a result, the transmission network is designed to provide a high level of reliability with few outages.

The Essential Services Commission of South Australia is the independent regulator that sets the reliability standards for South Australia's electricity transmission network. We plan and operate the network to meet these standards within the National Electricity Rules.

## Leading causes of unplanned transmission outages

<b>1 IN 3</b>	<b>EQUIPMENT FAILURE</b>	
<b>1 IN 4</b>	<b>STORM &amp; WIND EVENTS</b>	
<b>1 IN 6</b>	<b>WILDLIFE, VEHICLES &amp; VANDALISM</b>	
<b>1 IN 7</b>	<b>LIGHTNING</b>	
<b>1 IN 200</b>	<b>TREES OR OTHER VEGETATION</b>	



# VALUE OF THE GRID

## The electricity market is changing.

Slower economic growth across global, national and state economies, the rapid uptake of rooftop solar photovoltaic (PV) systems and the application of energy efficiency measures are all contributing to a reduction in energy consumed from the traditional electricity network, or grid.

But the grid still needs to be there; able to cater for peaks in usage (demand) and to provide secure, reliable and stable power supply.

Our network will continue to evolve to meet the changing needs of consumers and reflect new technologies and supply options at both large and small scale, such as rooftop solar installations combined with battery storage.

**We all expect electricity to be available when we turn on a switch. Planning ahead means we can cater to the needs of the future, while providing the electricity you need now.**

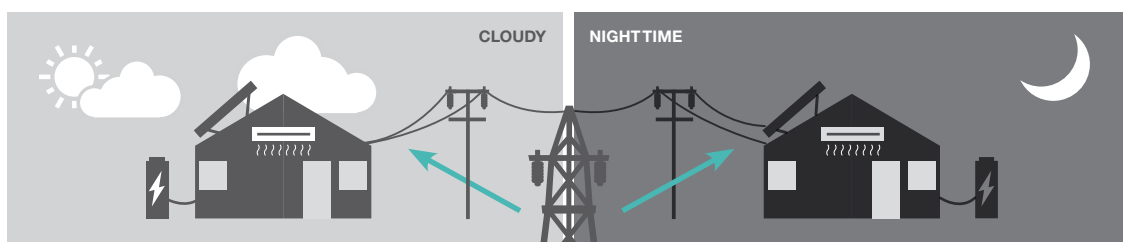
We will also continue to provide benefits to consumers who choose to adopt new energy technologies in their homes or businesses, providing back-up supply when needed and allowing excess power to be sold into the electricity grid, for a cheaper overall solution than a stand alone power system.

ElectraNet is planning for the future – preparing the network for the changing ways that electricity will be generated and consumed.

## The grid is there for you

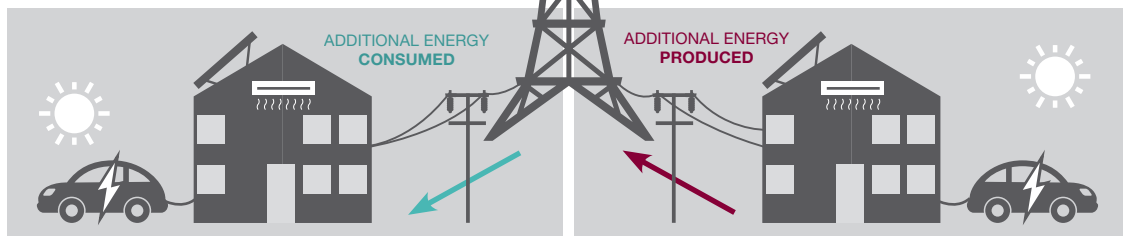
### BACK UP SERVICES...

To provide reliable power at night or when it is cloudy.



### AND MARKET ACCESS...

Enabling consumers to sell their power into the grid.



### PLUS...

**Startup power services** supporting appliances like air conditioners which increase energy load by up to 4 or 5 times when they start.

**Balancing services** that instantaneously adapt to the customers' changing demand throughout the day – which can be difficult for a rooftop solar system that isn't connected to the grid.

**Power quality services** that protect the safe and reliable operation of home and business appliances.