

Meeting Minutes

Consumer Advisory Panel Meeting #28

Date:	Monday, 17 April 2023, 9am to 11:30am
Meeting Purpose:	Align the CAP and ElectraNet on operating principles and practices and define the CAP's current priorities. Develop the CAP's understanding of ElectraNet's Annual Business Planning process.
Attendance:	Refer Attachment 2

1. Welcome

Leanne Muffet, Independent Facilitator, opened the meeting, acknowledged Traditional Owners, and summarised the agenda.

The Meeting notes from CAP meeting 27 held on 27 October 2022 were endorsed by the CAP. Action items were reviewed and accepted by the CAP.

New members, Georgina Morris from SACOSS, Kendall Crowe (replacing Jordan Smith) from Business SA, and Andrew Richards from Energy Users Association Australia (EUAA), were introduced and welcomed to the CAP.

Jodie van Deventer informed the CAP that her role at Australian Industry Group (AiG) has changed to Chief Operating Officer and she will no longer be participating in the CAP. AiG will nominate a suitable alternative representative moving forward.

Action Items (from previous meeting):

1. Add social licence to the agenda for future CAP meetings – Work in progress
2. ElectraNet to recognise and show its understanding of adverse price impacts of affordability in revised revenue proposal – A statement was made in the Revised Revenue Proposal.
3. ElectraNet to provide information on updated cyber security standards – An updated Cyber Security standard was released in late 2022 as approved by Ministers.
4. Provide the CAP with the latest inertia services estimates for the Revised Revenue Proposal when available – material was provided to the CAP in the Revised Revenue Proposal.
5. Follow up materials to be shared with the CAP following the meeting – Completed.
6. ElectraNet to send Revised Revenue Proposal once finalised – Completed.
7. CAP to submit response to ElectraNet's Revised Revenue Proposal – Completed.
8. Amend 2023 schedule to bring forward the DMIAM program – on CAP agenda for this meeting.

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2. General Updates

Simon Appleby, Head of Corporate Affairs, introduced new CAP members and acknowledged Jodie van Deventer's departure. Simon provided an update on the Revised Revenue Proposal, with the following key points:

- The Revised Revenue Proposal was lodged in December following close engagement on the key issues identified by the CAP.
- Three submissions were received – CAP, AER Consumer Challenge Panel (CCP2025) and the SA Government.
- ElectraNet is expecting the AER's final decision on the Revised Revenue Proposal on 28 April 2023 and will convey the outcomes to the CAP.
- The CAP asked if the Weighted Average Cost of Capital (WACC) is likely to change in the final decision. ElectraNet confirmed it would not, noting that:
 - The AER updated its Rate of Return Instrument in February and the Rate of Return (RoR) it published will apply.
 - The RoR placeholder estimate in ElectraNet's Revised Revenue Proposal was extremely close to the AER's published Instrument.
- In response to a question from the CAP, ElectraNet confirmed the following contingent projects were included in the Revised Revenue Proposal:
 - A Power Quality Management project, where the required solution was not sufficiently clear at the time of the Revised Revenue Proposal.
 - Eyre Peninsula Line Upgrade Project to cater for the need to service any significant new loads that connect on the Eyre Peninsula.
 - It was also noted that any other project AEMO deems as actionable in a future Integrated System Plan (ISP) would automatically become a contingent project.
- It was noted that contingent projects remain of ongoing interest to the CAP. In response to a question from the CAP, ElectraNet confirmed that the EP line upgrade would only be triggered by new demand, not new generation.

3. CAP Operating Framework

For the benefit of new members, Chris Hanna, Senior Adviser Government and Stakeholder Relations, provided a brief history of ElectraNet's CAP and its recent activities:

- The CAP was established in 2015.
- For the last 2-3 years, engagement has focused on ElectraNet's Revenue Proposal for 2018-2023.
- ElectraNet was the first Transmission Network Service Provider (TNSP) to develop a preliminary revenue proposal for early engagement – leading to ElectraNet winning the inaugural Energy Consumer's Australia Consumer Engagement award in 2017.
- The CAP was reappointed in 2021 in preparation for engagement for the 2023-2028 Revenue Proposal and formed a Working Group to engage in detail in its development.

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- ElectraNet submitted its Revenue Proposal for 2023-2028 in January 2021. A number of improvement opportunities to the engagement approach were also identified, including re-introducing an Independent Facilitator for the CAP (refer [Seed Advisory Report](#), Feb 2022).
- ElectraNet appointed Leanne Muffet as Independent Facilitator and worked with her from July to September 2022 to reconstitute the CAP, developing new Terms of Reference and appointing new Members.
- From September to December 2022, the reformed CAP focused on intensive engagement with ElectraNet in the development of the Revised Revenue Proposal.

Workshop

Leanne Muffet led a workshoped process to explore the CAP's expectations for the coming 12 months to 5 years.

This work built on survey findings aggregated from a CAP survey and focused on the following matters:

- Determining CAP's operating principles and practices
- Identifying the most important relationships and infrastructure issues to the CAP and ElectraNet:
 - Over the coming 12 months
 - Over 5 years

The Five (5) operating principles agreed to by the CAP were:

1. Trust
2. Respect
3. Transparency
4. Candour
5. Inclusivity

The outcomes from this workshop session including priority issues identified by the CAP are contained in Attachment 1.

4. Engagement in ElectraNet's Annual Planning

ElectraNet Annual Planning Cycle

Rainer Korte, Chief Operating Officer, introduced this item by highlighting the learnings from engagement on the Revenue Proposal. ElectraNet proposed that one way of ensuring consumer representatives are taken on the journey and that there is transparency is for the CAP to be more involved on an ongoing basis over the five-year regulatory period.

Key points discussed were as follows:

- ElectraNet regularly reviews the future requirements for network services to identify potential issues, including demand trends, electric vehicles, hydrogen, etc into the future, and network developments that may be required.
- ElectraNet must also manage the existing network, with most transmission line assets having a 55-year life and major substations and plant having a 40-50+ year life. It is

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important to optimally manage infrastructure and apply a risk-based approach to ensure best value from those assets.

- There are two main streams of planning activities for ElectraNet:
 - Network development – managing the capability of the network to meet future customer needs.
 - Asset Management – managing asset condition and performance over its lifecycle to maintain customer service requirements.
- This planning process comes together as part of a Transmission Annual Planning Report (TAPR) that ElectraNet must publish annually, which provides a 10-year outlook covering current capacity and emerging limitations of the network.
- The Revenue Proposal is a five-yearly process which establishes the maximum revenue ElectraNet can recover from customers, within which ElectraNet must manage and operate the network on an ongoing basis through its annual planning processes.
- ElectraNet is proposing two annual touch points for engagement with the CAP:
 - First around April/ May on the change drivers in the network and emerging investments needed, for input and feedback.
 - Second in August/ September on the outcomes of the annual planning process seeking input on a draft TAPR before it is finalised.
- CAP asked the extent to which the inputs and assumptions are consistent with the ISP.
 - ElectraNet confirmed that it starts with ISP assumptions and only varies from them if there is a strong evidenced-based reason to do so (i.e. where new or better information is available).
- It was noted AEMO is currently consulting on the 2024 ISP inputs and assumptions to seek input from stakeholders and Transmission Network Service Providers. ElectraNet is seeing changes coming in the market, especially increases in demand, and it will share what it is seeing with AEMO as part of this process.

Rainer gave an overview of ElectraNet's capital program for 2023-2028:

- Network capital projects comprise mainly replacement and refurbishment projects to ensure the assets we have are doing their job. The asset management program determines the need for these projects.
- The AER is expected to fully accept ElectraNet's capital program in its final decision, consistent with the draft decision.
- In response to changing needs since the AER Draft Decision in September, ElectraNet faces several new requirements that were not included in the original capital program. These include recent current transformer failures, tower failures due to weather events, and the need to install a reactor to manage voltage control issues.
- ElectraNet is seeking to engage with the CAP on the ongoing changes in the capital program over time.
- The CAP asked how ElectraNet is consulted on the broader land use plans by the Government.
 - ElectraNet confirmed it works closely with the planning agencies within the SA Government on land use planning.

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The CAP confirmed that it wishes to engage with ElectraNet through the course of its planning cycle on an ongoing basis.

Network Planning Outlook

Brad Harrison, Network Planning Manager, provided an overview of the changing network planning outlook and signs of increasing customer demand. The key drivers identified were:

- ElectraNet is hearing directly from twelve existing and new customers seeking to increase load.
- To achieve a 100% net-zero carbon economy, electrification is expected to be much higher than AEMO expects in its 'step change' scenario.
- ESG is another driver for attracting investment in SA, given we are so close to 100% net renewable energy generation.
- As demand has been flat over the past 10 years, the number of customers now seeking to connect to the network is unprecedented in the past 10 years or more.

Brad presented three options to address future network constraints:

1. Mid North Expansion (Southern) and South East Expansion (Stage 1)
 - AEMO has identified the need for developments by 2029, which could be brought forward by increased demand.
 2. Mid North (Northern) REZ
 - This option would assist in developing some of the best renewable energy resources and allow SA to remain 100% renewable energy, while unlocking mining loads and supporting hydrogen and renewable growth.
 3. Eyre Peninsula (EP) Grid and South East REZ
 - EP Grid – load driven and would support hydrogen development
 - South East (SE) REZ - unlocks further renewables and greater interconnection.
- These potential developments are identified in ElectraNet's 2022 Transmission Annual Planning Report and some in AEMO's 2022 ISP, with varying timelines depending on scenarios.
 - ElectraNet's planning process is trying to determine what demand is coming and what generation is needed at the appropriate time to inform AEMOs 2024 ISP.

ACTION ITEM: CAP recommended we have a future briefing(s) on:

- The ISP – current scenario planning, AEMO could be invited to attend and provide that briefing.
- State Hydrogen strategy – inviting Office of Hydrogen Power South Australia (OHPSA)

Members agreed that the next revenue reset process should be a business-as-usual event based on ongoing engagement through the annual planning cycle. The TAPR is a good starting point for this engagement.

The following points were discussed:

- The CAP questioned under what scenario will interconnection with other states be required, and whether hydrogen (assuming it is like storage, and can capture spilled renewable energy) would diminish the need for additional transmission or interconnection?

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- ElectraNet stated that the planning outlook does not assume the need for greater interconnection, but these are on the table as options. As an example, AEMO is considering a REZ in Broken Hill in NSW going back to Sydney. Additional interconnection with NSW would be low-cost if that were to go ahead. ElectraNet and AEMO both see the need for greater storage, which is being factored into the network planning outlook.
- Reflecting on how large demand could be by 2050, even under a modest scenario, this could see demand double and further interconnection could be a part of that future.
- The Mid North (Southern) and (Northern) REZ options are likely to be needed irrespective of hydrogen development. The much larger expansions such as EP Grid will be much more correlated to hydrogen development.
- The CAP commented that if hydrogen is being used as a storage method, there is an argument that domestic consumers should play a role paying for it. This is different to hydrogen superpower scenario, which implies a large export industry, which domestic consumers should not play a role in paying for international export businesses. The question of who pays also applies to interconnection.
- The Leigh Creek and Roxby Downs REZs are not included in the immediate options being considered. While Leigh Creek has a large potential wind and solar resource, given this lies in the northern Flinders Ranges, it is not where ElectraNet believes the attention should be focused given likely planning and environmental sensitivities.
- AEMO will be releasing its *Transmission Expansion Options Report* in late April. ElectraNet will providing feedback into that process through an update to the TAPR which it will be looking to release in May.
- Once the Draft ISP is released in December 2023, the CAP (and ElectraNet) will have the opportunity to review and provide further input as AEMO works towards its final ISP in June 2024.
- The CAP asked if there will be an opportunity for joint SAPN/ElectraNet briefing to give the CAP confidence that what goes into the ISP process is a realistic and holistic approach.
- The CAP commented that there is a view that the ISP is not sufficiently capturing distribution level considerations (i.e. the ISP is not granular enough to pick up solar, EV, or batteries) that could impact the broader transmission plan.

ACTION ITEM: ElectraNet to invite SAPN to brief the CAP on what they see as realistic inputs to the ISP to ensure the assumptions are consistent between transmission/distribution including understanding the joint planning process.

ACTION ITEM: ElectraNet to share a draft of the TAPR Update with CAP Members together with the key questions to be put to stakeholders and seek further input on this prior to the next CAP meeting.

- The CAP noted that the issue of transmission lines crossing private land is gathering momentum in other states. In the future, ElectraNet may have to remunerate land holders (particularly in rural and regional areas where there are impacts on production). NSW and VIC are already remunerating landholders. Is ElectraNet aware of any developments in SA?
 - ElectraNet noted this is a big issue in the eastern states, and that geography is a key factor. With previous/ existing projects there hasn't been any major issues

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in SA given the remoteness of these lines, with 800km of new transmission lines built in the last 5 years.

- CAP commented that SA landholders will start to compare remuneration between jurisdictions and action may be required.

5. Next Steps

Simon Appleby provided an update on the following matters:

Demand Management Innovation Allowance Mechanism

The DMIAM was supported by the previous CAP in the Revenue Proposal and the AER approved that proposal.

- DMIAM is an incentive mechanism that provides funding to explore innovative ways to use demand more effectively to save on network costs.
- ElectraNet proposes the CAP be involved in developing/reviewing those proposals.
- An independent engineer is also required to be involved.

Action Item: Include DMIAM on upcoming CAP Agenda and engage to determine how the CAP can be involved in the process.

Meeting Schedule

The schedule for the remainder of 2023 will be as follows:

- **CAP Meeting 29: Thursday 25 May 2023 (9:30am to 12:30pm)**
 - ElectraNet TAPR Update
 - AEMO ISP Briefing
 - SAPN ISP Briefing
 - Demand Management Innovation Allowance Mechanism
- **CAP Meeting 30: Thursday 24 August 2023 (9:30am to 12:30pm)**
 - Draft TAPR consultation
- **CAP Meeting 31: Thursday 9 November 2023 (9:30am to 12:30pm)**

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Action Items

Item	Action	Responsible
1	CAP recommended we have a future briefing(s) on: <ul style="list-style-type: none"> • the ISP – current scenario planning, AEMO could be invited to attend and provide that briefing. • State Hydrogen strategy – inviting Office of Hydrogen Power South Australia (OHPSA) 	CH/LM
2	ElectraNet to invite SAPN to brief the CAP on what they see as realistic inputs to the ISP to ensure the assumptions are consistent between transmission/distribution including understanding the joint planning process	CH/LM
3	ElectraNet to share a draft of the TAPR Update with CAP Members together with the key questions to be put to stakeholders and seek further input on this prior to the next CAP meeting.	SA
4	Include DMIAM on upcoming CAP Agenda and engage to determine how the CAP can be involved in the process.	CH/LM

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ATTACHMENT 1

Workshop notes

CONSUMER + / OR RELATIONSHIP ISSUES	
*Coming 12 Months	*Coming 5 years
<i>NOTE from CAP members:</i> includes a stakeholders EG: host communities	
<ul style="list-style-type: none"> • Prepare for debate about future of large scale grids • ✓✓✓✓✓ Energy transition story: explaining impacts + the why + complexity + costs • ✓✓ Create (and communicate) the <u>short story</u> with costs + benefits • Social licence: <ul style="list-style-type: none"> ○ Cost of landowner access ○ Community support for energy spend increase • Environmental, Social + Governance (ESG) strategies internal and external <ul style="list-style-type: none"> ○ e.g. Reconciliation Action Plan (RAP) • ✓ Cost to industrial customers • Engagement on hydrogen development • Cost risk balance and need to invest now • Electrification and implications 	<ul style="list-style-type: none"> • Early engagement with potential host communities re: new infrastructure • ✓✓ Create (and communicate) the <u>long story</u> with costs + benefits • Affordability and equity - underpins all decisions and or engagement • Understand ongoing costs to industrial users to pay for the infrastructure • Understand sustainability of infrastructure if industrial users create own supply (i.e.: go off grid) ... what are the implications for grid load?

INVESTMENT + / Or INFRASTRUCTURE	
*Coming 12 Months	*Coming 5 years
<ul style="list-style-type: none"> • ✓✓✓ Energy transition road map (at the least cost) • ✓ Cybersecurity • Upper Eyre Peninsula • Desal plant (Northern Water Project) • ✓✓ Storage- grid level: emerging technologies • PEC + rising environmental impact • ✓✓ Minimising costs to end customers • Equity for customers and community • Coordinate with distribution (SAPN) • ✓ Social licence + landowner compensation (host communities as well?) • Timely + effective transmission investment (and risk of delayed / underinvestment) • Joint CAP meeting with SAPN Consumer Advisory Board 	<ul style="list-style-type: none"> • ✓✓✓✓✓ ISP – AEMO... • Regional Energy Zones (REZ) • Customer Energy Resources (CER) • Electric Vehicle coordination • Demand

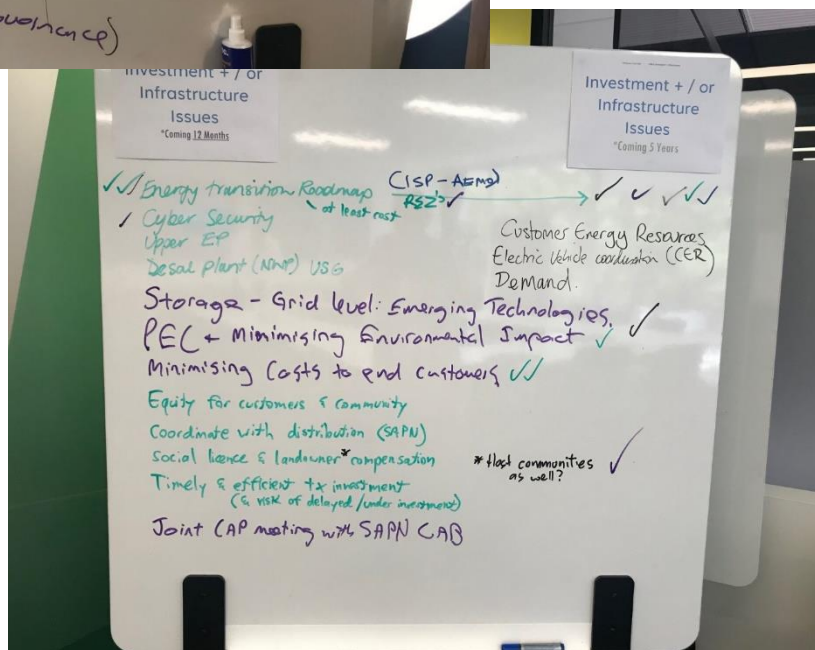
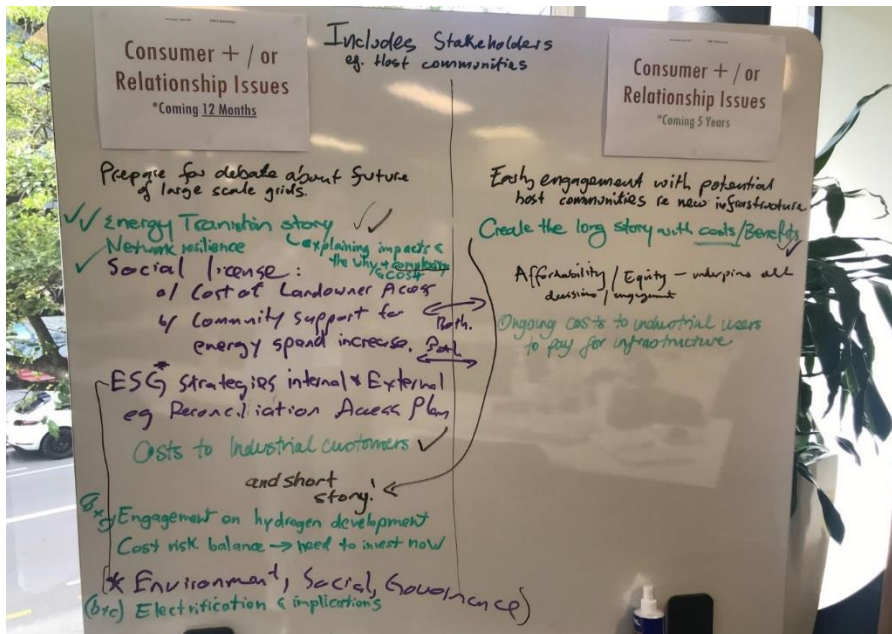
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Principles

The following are the top five principles that the CAP agreed on:

	PRINCIPLES	# votes
1.	TRUST	10
2.	RESPECT [people's time, expertise, perspectives, energy and effort]	9
3.	TRANSPARENCY [Transparency of process, influences and decisions, clarity]	8
4.	CANDOUR [Ability to speak freely / ask questions / challenge]	7
5.	INCLUSIVITY [Inclusivity, generosity + curiosity]	5

PHOTOS



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ATTACHMENT 2

ATTENDEES	
Name	Affiliation / Title
Members	
Andrew Richards	EUAA (online)
Georgina Morris	SACOSS
Greg McCarron	Central Irrigation Trust
Jodie van Deventer	Australian Industry Group
Kendall Crowe	Business SA (online)
Mark Henley	Consumer Representative
Mark Parnell	Environment Representative
Rebecca Knol	SACOME
Simon Maddocks	Primary Producers SA
Leanne Muffet	Independent Facilitator
ElectraNet Representatives	
Rainer Korte	Chief Operating Officer
Simon Appleby	Head of Corporate Affairs
Brad Harrison	Network Planning Manager
Chris Hanna	Senior Adviser Government and Stakeholder Relations
Apologies	
Vikram Kenjle	University of Adelaide