

18 July 2017

Revenue Determination Update

Consumer Advisory Panel

Simon Appleby
Senior Manager Regulation & Land Management

AER Issues Paper

- > Released 25 May 2017, highlighting key areas for consultation:
 - No specific issues raised in relation to opex forecast
 - Focus areas on capex forecast include network security investments, treatment of Eyre Peninsula refurbishment, and application of risk methodology to replacement forecast
 - Contingent project triggers and northern load driven projects
 - Treatment of gamma in light of recent Court decision
 - Early engagement approach, with the AER noting its support for the approach, and observing ElectraNet has been “*up front and open about its network plans, costs and impacts on consumers*”

AER Public Forum

- > Held 7 June 2017, featuring presentations from the AER, ElectraNet and Consumer Challenge Panel, followed by discussion time
- > Attendees included Consumer Advisory Panel members, government representatives and other network businesses
- > Key issues raised included:
 - Support for ElectraNet's early engagement program
 - Interest in the overall price path for customers
 - The potential impacts of contingent projects on prices

AER Review Process

- > ElectraNet continues to respond to requests for information as the AER reviews the Revenue Proposal
- > Engagement has focused on the capex forecast, including:
 - Economic cases and risk assessments for major network projects
 - Business IT program and alignment with strategy
 - Asset lives applied to line refurbishment capex
 - Contingent project justification
 - Clarification of capex model inputs
- > A range of further material provided on these topics has been released by the AER on its website

Public Submissions

- > Public submissions were sought by 7 July 2017
- > The AER has advised it has received submissions from:
 - Consumer Challenge Panel
 - Business SA
 - SACOME
 - Iron Road
 - South Australian Government
- > These are expected to be published by the AER shortly
- > Further submissions are expected in the coming days

Review of Submissions

- > The AER will assess these submissions under the Rules as input to its Draft Determination
- > ElectraNet will also review the issues raised in submissions and share its thoughts on these with the AER – we would welcome the Panel’s engagement in this process
- > Options include:
 - Circulate draft issues and response summary document for comment
 - Convene a Working Group meeting to discuss submissions
 - Convene a special Panel meeting to discuss submissions
- > For discussion

Timetable

Item	Due Date
Revenue Proposal lodged with AER	28 Mar 2017
Issues Paper released by AER	25 May 2017
AER Public Forum	7 Jun 2017
Consultation closes on Revenue Proposal	7 Jul 2017
AER to publish Draft Determination	End Oct 2017*
AER Public Forum	Nov 2017*
Deadline for Revised Proposal Submissions on Draft Determination due	2 Jan 2018*
Submissions on Revised Proposal due	29 Jan 2018*
AER to publish Final Determination	30 Apr 2018*

* Dates subject to change