

# INFORMATION SHEET

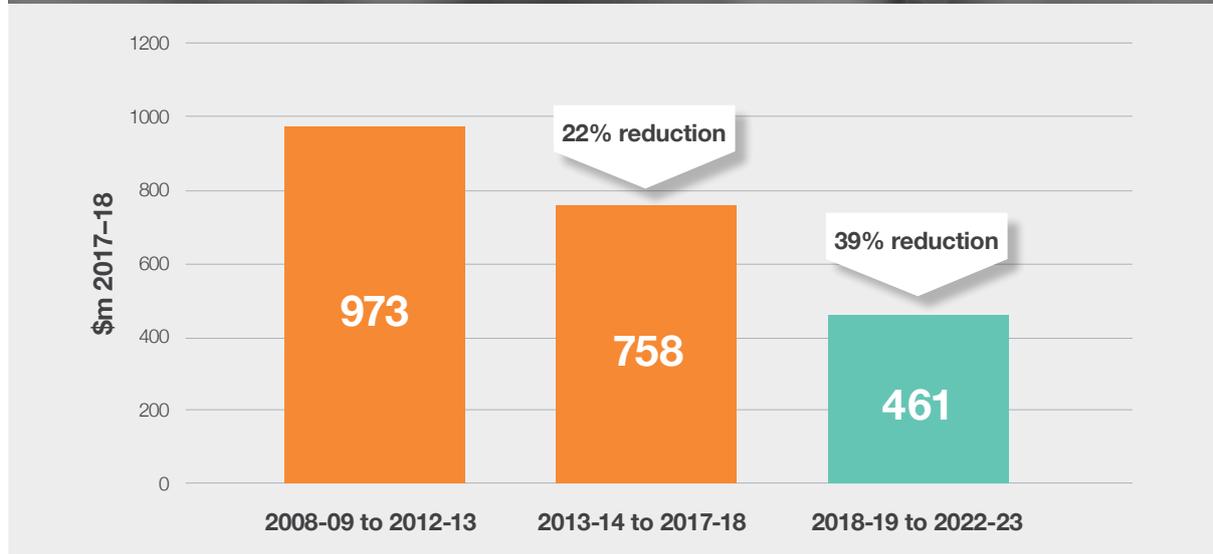
# CAPITAL EXPENDITURE PROGRAM

DECEMBER 2017

**We are delivering a 39% reduction in our capital program while investing in network safety, security and reliability.**

Our investment into the transmission network supports the safe, secure and reliable supply of electricity into the future. As demand growth has reduced, investment needs have fallen from average historical levels of \$150–\$200m p.a. down to an average level of \$80–\$100m p.a.

## Capital expenditure outlook

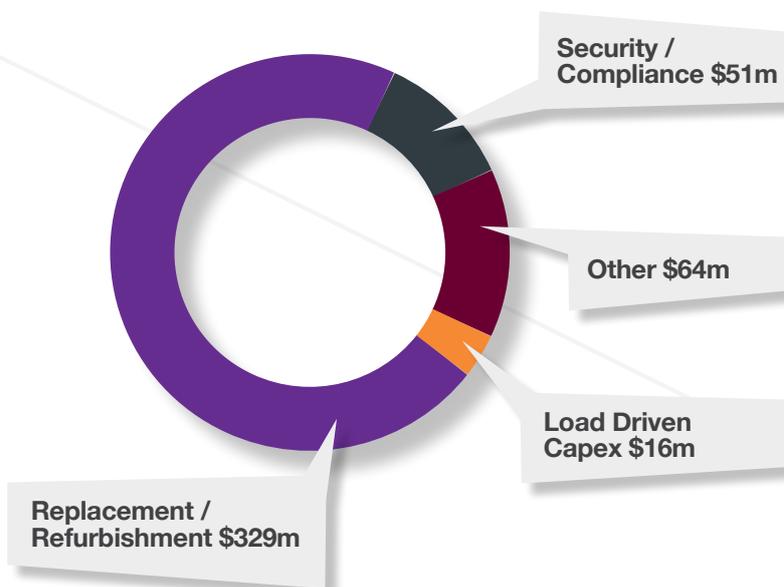


## Capital Expenditure Program 2018-19 to 2022-23

The majority of our capital investment program relates to risk-based asset replacement, major refurbishment works to extend asset life, and targeted projects to improve network security and resilience.

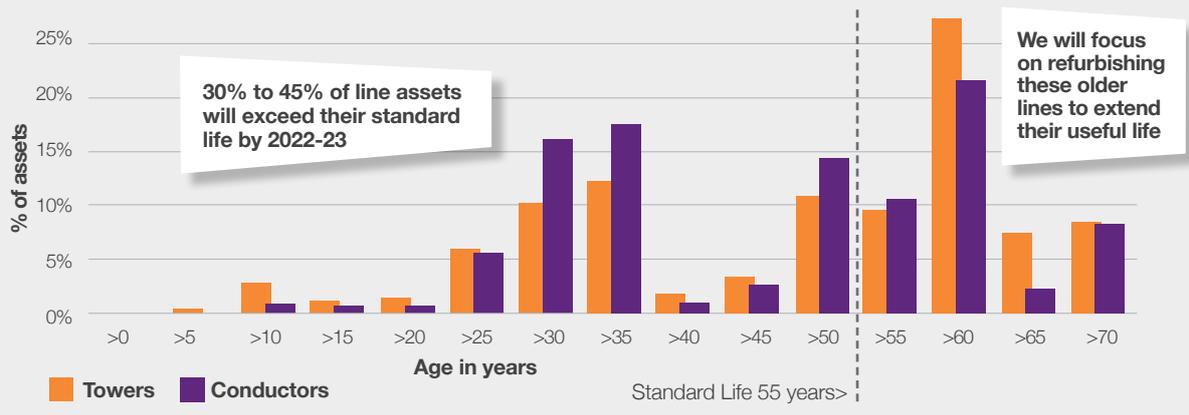
A key focus is replacing individual network assets to maintain safety and reliability rather than replacement of whole substations or transmission lines.

We carefully monitor the condition of our assets and apply a risk-based approach such that we only replace assets where it is cost effective to do so.



Does not include the potential for contingent projects, which are subject to a separate cost-benefit test and approval by the Australian Energy Regulator.

## Transmission line predicted asset age profile in 2023



More than 80% of the investment program relates to replacement, refurbishment and security / compliance projects. The remainder focuses on maintaining the systems and facilities needed to efficiently run the network. Below is a summary of the forecast capital program, including a breakdown by type and investment driver, compared to the current program.

## Capital Expenditure Program 2013–14 to 2022–23 (\$m 2017-18)

Category	2013–14 to 2017–18	2018–19 to 2022–23	Change	Comment
<b>Augmentation</b>	104	10	↓ 94	Minimal new load driven capital investment requirements in declining demand environment
<b>Connection</b>	40	6	↓ 34	
<b>Easement / Land</b>	26	0	↓ 26	
<b>Replacement</b>	350	167	↓ 183	Focus on component asset replacements with reduced need for large scale rebuilds - key expenditure drivers are to manage security, reliability and safety risk and contain escalating maintenance costs
<b>Refurbishment</b>	75	163	↑ 88	Key expenditure drivers are to extend the useful life of transmission lines and manage safety, reliability and fire start risk
<b>Security / Compliance</b>	73	51	↓ 22	Reduced requirements based on work undertaken in current period, with a focus on targeted network security measures
<b>Inventory / Spares</b>	14	11	↓ 3	Ongoing replenishment program
<b>Business IT</b>	62	47	↓ 15	Reduced program largely focused on ongoing replacement requirements
<b>Facilities</b>	14	6	↓ 8	Ongoing minor asset replacement
<b>Total</b>	<b>758</b>	<b>461</b>	<b>↓ 297</b>	<b>Reduction of 39%</b>

## We are investigating further opportunities to reduce energy costs through contingent projects

These include:

- construction of a new double-circuit 275 kV powerline between Cultana and Yudnarie, and a new 132 kV double-circuit powerline between Yadrarie and Port Lincoln to serve the Eyre Peninsula - this could replace a project in our approved forecast to replace components of the existing line
- exploring options to facilitate South Australia's energy transformation including consideration of a new interconnector and alternative non-network solutions
- investigating options to provide a minimum level of system security services in South Australia.

All contingent projects must satisfy a cost-benefit test and are subject to separate approval by the Australian Energy Regulator.