

# INFORMATION SHEET

# REVISED REVENUE PROPOSAL SUMMARY

DECEMBER 2017

**We are playing our part to reduce energy costs for South Australians while supporting safety, reliability and security of supply.**

Customers have told us they expect affordability, reliability and choice. ElectraNet's revised Revenue Proposal:

- delivers additional transmission price reductions for customers
- maintains safe, secure and reliable transmission services, while managing the growing challenges of a changing generation mix
- supports emerging supply choices for customers.

Overall, our revised revenue forecast remains within around 1% of the AER's Draft Decision.

## Our forecasts

### Electricity Transmission Prices

↓ **12%**

drop in the indicative transmission price in 2018-19 to around 2.46c/kWh



↓ **\$20 & \$41**

in annual savings from the transmission component of the average residential bill of \$172 and small business customer bill of \$345 in 2018-19 respectively

### Capital Expenditure



↓ **39%**

lower than anticipated expenditure in the 2013-14 to 2017-18 regulatory period at \$461m

### Maximum Allowable Revenue



↓ **12%**

lower in 2018-19 at \$306m

### Rate of Return

↓ **to 5.75%**

from 7.50% in the 2013-14 to 2017-18 regulatory period based on current market data



### Operating Expenditure

↓ **9%**

lower than trend expenditure allowance from the 2013-14 to 2017-18 regulatory period at \$453m

The revenue and price figures above are presented in nominal terms (including inflation) while expenditure figures are presented in real terms (\$2017-18) (excluding inflation). All figures relate to financial years. The detailed assumptions underlying these forecasts are explained in our revised Revenue Proposal. These projections do not include the potential for contingent projects, which are subject to separate approval by the Australian Energy Regulator.

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## Summary

**Our revised Revenue Proposal continues to balance safety, security, reliability and affordability**

**We are accepting and applying the AER's Draft Decision**

- Our updated revenue forecast remains within around 1% of the AER's Draft Decision

**Our plans respond to the latest developments**

- South Australia remains at the forefront of global change in the energy sector
- Customer feedback continues to shape our plans and priorities

**Our revised Revenue Proposal delivers a reduction in transmission prices of 12%**

- Transmission represents a small and declining share of electricity costs for customers
- We are working hard to drive down prices for customers while focusing on reliability

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

- Our reduced capital program remains focused on the safety, security and reliability our customers expect
- We are pursuing further opportunities to drive down energy costs through contingent projects

**We continue our drive for operating efficiency, while addressing new obligations**

- We are responding to new obligations emerging following our Revenue Proposal
- We are proposing targeted and measured updates to our operating expenditure

**We continue to apply accepted methods to the financial revenue building blocks**

**Our revised Revenue Proposal explains how we have applied the AER's Draft Decision and how you can engage further in this process**