

Consumer Advisory Panel Meeting

23 February 2021

Meeting Agenda

Consumer Advisory Panel

Date	Tuesday, 23 February 2021, 3pm to 4pm	
Location	ElectraNet Office: East Terrace and Microsoft Teams	
Item	Agenda Item <i>Responsible Person</i>	Time Allocated
1.	Welcome <i>Rainer Korte, Group Executive Asset Management</i>	5 min
2.	Confirmation of Meeting Notes from CAP Meeting 19 November 2020	
3.	CAP Update <i>Chris Hanna, Senior Advisor Government & Stakeholder Relations</i>	15 min
4.	Project EnergyConnect Update <i>Rainer Korte, Group Executive Asset Management</i>	10 min
5.	Revenue Reset and Network Vision Update <i>Simon Appleby, Manager Regulation & Investment Planning</i>	15 min
7.	Other Matters <i>Rainer Korte, Group Executive Asset Management</i>	10 min
8.	Wrap up and next steps <i>Rainer Korte, Group Executive Asset Management</i>	5 min
8.	Next Meeting: 8 April 2021	

Consumer Advisory Panel – Update

Chris Hanna, Senior Advisor Government & Stakeholder Relations

Consumer Advisory Panel – Update

Outcomes of recent review:

- Minimal changes to CAP Charter
- Changes to Membership
 - New additions: Shelley Ashe (ECA), Vikram Kenjle (Adelaide University), Mark Sutton (OCA)
 - Concluding Membership: Tim Kelly (Conservation Council), Peter Dobney (EUAA), Sue Avery (COTA)
 - Environmental matters dealt with outside CAP process
 - Exploring option for further members to be added (e.g. EUAA representative)

Consumer Advisory Panel – Update

- Other suggestions
 - Ensure enough time for meetings and discussion, schedule meetings for longer than needed
 - Chairperson should not be from within group
 - Independent Facilitator not essential but was effective – aspects could be replicated (e.g. meeting follow up)
 - Ensure meetings are arranged with enough notice and papers provided in advance, allowing time to review
 - Important for ElectraNet to be very clear on what is being sought from CAP members – specific and relevant to consumers

Consumer Advisory Panel – Update

- ElectraNet site visit for CAP members would be worthwhile
- Expenses to participate may be available upon request (e.g. car parking costs)
- Sitting fees to be considered on a case-by-case basis where needed to enable effective engagement on CAP

Project EnergyConnect Update

Rainer Korte, Group Executive Asset Management

Project EnergyConnect Update

Contingent Project Application and Financeability Rule Change

On 18 December 2020, the AER issued a Preliminary Position on the Contingent Project Applications of ElectraNet and TransGrid:

- The AER largely accepted ElectraNet's Application, with a minor reduction to the proposed capital expenditure forecast (of around 2.5%)
- AER requires the Boards of ElectraNet and TransGrid to commit to proceed with the Project (given concerns raised over financeability) before it will make a final Contingent Project Determination
- The AER's Preliminary Position noted ElectraNet's obligation to satisfy itself there has been no material change in circumstances in the economic case for the project considering recent market developments

On 4 February 2021, the AEMC published a draft determination proposing not to approve the financeability Rule change proposals submitted by ElectraNet and TransGrid, concluding that there is no barrier in the regulatory framework to the financeability of ISP projects such as Project EnergyConnect. A final decision is due by 8 April 2021.

Project EnergyConnect Update

Material Change in Circumstances

- The National Electricity Rules require the RIT-T to be reapplied if there has been a material change in circumstances such that the preferred option identified in the RIT-T is no longer the preferred option
- The AER's Preliminary Position noted several recent policy and market developments that were not reflected in the 2020 ISP that may increase or decrease the net benefits of the project, including:
 - The NSW Government Roadmap and Electricity Infrastructure Bill 2020
 - Proposed 1,000 MW of gas generation in the Hunter Valley by April 2021
 - Victorian Government announcements over the creation of new REZs and tendering of a new battery service
 - The passage of legislation for the Tasmanian Renewable Energy Target
 - AGL's announcement of the development of a 250MW battery at Torrens Island by 2024
- ElectraNet has considered these and other recent developments and their potential impact on the economic case for PEC in a review of the economic assessment

Project EnergyConnect Update

Review of Economic Assessment

- The assessment considers whether recent developments could result in a material change of circumstances that may lead to the preferred option no longer being the preferred option
- The conclusion of the assessment is that overall the recent policy and other changes considered are likely to have a positive impact on the modelled benefits of PEC and, therefore, it is not reasonably likely that there has been a “material change of circumstances”

Firm changes (could be included in a RIT-T assessment)

Potential change in circumstances	Assessed impact on benefits	Planning status - Firm
NSW Government's Roadmap	Positive 0-\$50m	Legislated
Tasmanian Government's Renewable Energy Target	Positive 0-\$50m	Legislation presented to Tasmania parliament
AEMO's IASR updated gas price assumption	Positive 0-\$50m	Draft subject to consultation
AER's preliminary position on CPAs	Positive \$140m	Published
OVERALL	Positive \$140-\$290m	

Non-firm changes (could not be included in a RIT-T assessment)

Potential change in circumstances	Assessed impact on benefits	Planning Status – Non-firm
Federal Government support of Hunter Valley GPG	Zero	Publicly announced
AGL battery	Negative \$50m to Zero	Publicly announced
Coal prices	Positive 0-\$50m	Preliminary
SA Government's Climate Change Action Plan 2021-25	Large >\$100m	Elements of the Plan in various stages of deployment however most significant elements to the benefits of PEC are insufficiently advanced to be considered.
OVERALL	Positive \$50m to >\$150m	

Project EnergyConnect Update

Economic Assessments to Date

- Cost benefit analysis for Project EnergyConnect
 - Project Assessment Draft Report (PADR) – June 2018
 - Project Assessment Conclusions Report – February 2019
 - Additional modelling and sensitivity analysis – January 2020
 - Updated Cost Benefit Analysis – September 2020
 - Review of economic assessment (DRAFT) – February 2021
- Each cost benefit analysis undertaken has Project EnergyConnect as the preferred option delivering positive net market benefits
- Separate independent reports into the broader economic benefits of PEC show significant additional savings to customers, both residential and businesses (small and large)



Project EnergyConnect Update

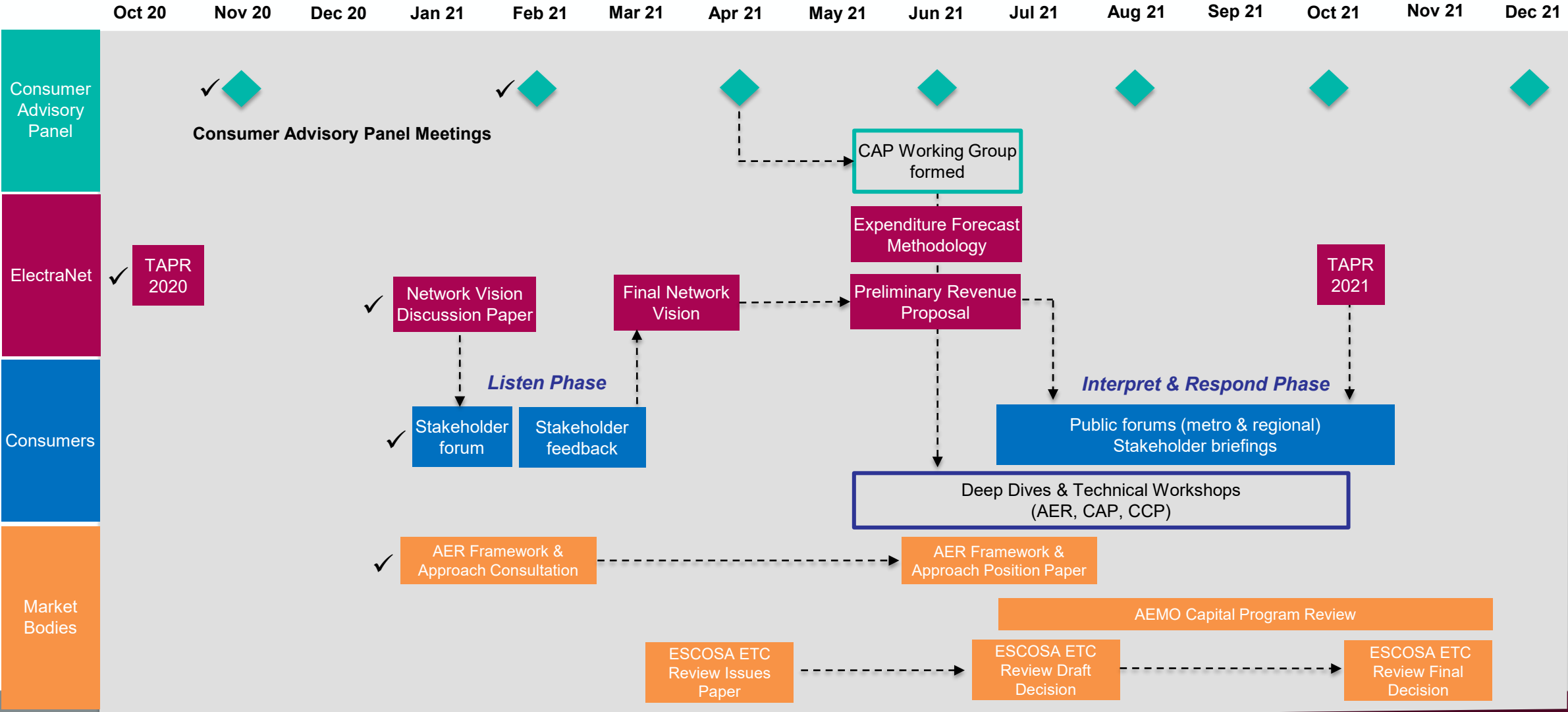
Next Steps

- The Boards of TransGrid and ElectraNet to consider a commitment to proceed with the project for the purposes of a final contingent project decision from the AER
- ElectraNet to conclude its review of the economic assessment of the project
- The AER to conclude its contingent project assessment and issue a final decision
- Early Works on the project continue under an Early Works Agreement with the South Australian Government

Revenue Reset and Network Vision

Simon Appleby, Manager Regulation & Investment Planning

Early Engagement Update



Network Vision Consultation

- Stakeholder Forum held 2 February 2021 and Discussion Paper released for consultation
- Around 50 stakeholders participated
- Presentation covered:
 - The role of the Network Vision
 - Key changes and developments
 - How this impacts on our directions & priorities
- Discussion forum (breakout rooms) considered:
 1. What is the role of the transmission network in providing services customers value into the future?
 2. What are the key trends and changes since the 2016 Network Vision that should be considered?
 3. What are the most important priorities for the transmission network over the coming 5-10 years?

Stakeholder Forum – Key Themes

1. What is the role of the transmission network in providing services customers value into the future?

- Responding to changing demand
- Harnessing solar PV, wind generation and Distributed Energy Resources
- Applying technology and innovating
- Meeting service reliability and resilience expectations
- Connecting Renewable Energy Zones

2. What are the key trends and changes since the 2016 Network Vision that should be considered?

- Impacts of hydrogen
- Applying new technology and innovating
- Cyber security
- The uptake of distributed energy resources
- Electric vehicle uptake
- Impact of State renewable targets
- Minimum demand impacts

Stakeholder Forum – Key Themes

3. What are the most important priorities for the transmission network over the coming 5-10 years?

- Consumer engagement
- Build flexibility into the network
- Sharing of risk
- Managing minimum demand
- Optimising assets
- Bringing down electricity prices
- Reliability and power quality
- Coordinate with SA Power Networks
- Affordability
- Careful transmission planning

Next Steps

- Network Vision Consultation commenced on 2 February 2021
- Network Vision submissions close 28 February 2021
- Final Network Vision update to be published April 2021
- Preliminary Revenue Proposal to be published in July 2021
- Consultation including public forums and stakeholder briefings from July to October 2021

Wrap up and Next Steps

Rainer Korte, Group Executive Asset Management

If you have any questions, please contact:

Chris Hanna

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