

## PRELIMINARY REVENUE PROPOSAL STAKEHOLDER FORUM

On 12 August 2021 ElectraNet held a public forum to provide stakeholders including customers, industry, and other interested parties a briefing on ElectraNet’s Network Vision for the South Australian electricity transmission network and its 2024-2028 Preliminary Revenue Proposal (PRP).

An opportunity for questions was provided both before and during the session. The following provides a record of the issues raised and responses provided. A record of external attendees is also attached.

Question	Response
<p>What is the impact of the major investments in the current regulatory period - Project EnergyConnect, the interconnector between SA and NSW, and the Main Grid System Strength project (synchronous condensers) – the required investment for system strength and inertia supporting the energy transition? What is the customer impact over the next five-year regulatory period?</p>	<p>The estimated 5 per cent increase in transmission prices, equivalent to an \$11 increase in annual household electricity bills is primarily driven by the investment in these two AEMO Integrated System Plan (ISP) projects in the current regulatory period which increase the Regulated Asset Base (RAB) together with a relatively minor impact from externally driven increases in operating expenditure costs.</p> <p>Annual revenue would be approximately \$30m (or 8%) lower in the coming regulatory period if these two investments weren’t required to support the energy transition. However, this transmission cost increase is more than offset by projected electricity price reductions, with Project EnergyConnect expected to drive down annual electricity bills by \$100 per household in net terms.</p> <p style="text-align: right;"><i>Refer Preliminary Revenue Proposal, p5 &amp; p41</i></p>
<p>The \$529 million in renewal capex – how does that compare with the previous regulatory control period? Is this a decrease/ increase? How much of what is proposed is needed in the next period or could be deferred?</p>	<p>The total value of replacement and refurbishment expenditure is forecast to fall by approximately \$88m (or 15%) in the coming regulatory period.</p> <p>The condition of South Australia’s transmission network is the dominant driver of our capital investment requirements over the coming period. ElectraNet continues to apply a risk-based approach to replacement and refurbishment on the network, always looking for the opportunity to defer investments where possible.</p> <p>Consequently, we do not propose to rebuild any substations or transmission lines in the coming period. Instead, the focus of our preliminary capital program is on replacing individual assets based on condition and risk.</p> <p>We have detailed our governance framework for replacement decision-making to the Consumer Advisory Panel Working Group is reviewing the PRP in detail. Our risk-based approach is consistent with the AER’s guidelines for replacement decision making. The process involves quantifying or monetising the likelihood and impact of asset failure and applying a cost-benefit analysis to assess available options. Key risks considered include safety, equipment damage, environmental damage, and loss of customer supply.</p> <p>In each of those assessments, we consider all feasible options: do nothing, replacement, and delaying action beyond the next five-year period. Wherever possible we seek to sustainably defer replacement, and where replacement is the most economic option, we have included the project in our preliminary capital program.</p> <p style="text-align: right;"><i>Refer Preliminary Revenue Proposal, p24</i></p>

## Next Steps

- Further stakeholder briefings and roundtables to be held subject to interest, Aug-Sep 2021
- Written feedback on Preliminary Revenue Proposal due 10 Sep 2021
- Ongoing stakeholder engagement and deep dive engagement workshops to Oct 2021
- Publication of customer engagement outcomes report and Revenue Proposal Jan 2022

FORUM ATTENDEES	
Name	Organisation
Aidan Lawlor	Smart Wires Inc
Becky Punshon	AEMO
Carl Badenhorst	Aurecon
Greg Zooeff	Nyrstar
Hulusi Ozdemir	GHD
Jacqui Jones	TasNetworks
James Mecca	Oz Minerals
John Howland	TransGrid
Jordan Ferrari	Clean Energy Council
Marino Bolzon	DEM, SA Government
Mejlina Tjoa	Orora Limited
Ric Darley	Aurecon
Sally McMahon	Spark Infrastructure
Scott Lancaster	TasNetworks
Shariq Khan	Hitashi
Stephanie McDougall	TransGrid
Yu Chan	FRV
Adam Petersen	AER
Melissssa Jones	Oz Minerals

23 August 2021