

PRELIMINARY REVENUE PROPOSAL OVERVIEW

We are playing our part to reduce energy costs for South Australians.

Customers have told us they expect affordability, reliability and choice.

ElectraNet's Preliminary Revenue Proposal:

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

Electricity customers stand to benefit in the first year of the coming regulatory period with the indicative forecasts contained in our Preliminary Revenue Proposal giving rise to an expected annual saving of around \$19 for the average South Australian residential household, and \$38 for small businesses¹.

1. Based on ESCOSA published data on average residential and small business electricity usage

2. Based on projected energy consumption as per the 2016 National Energy Forecast Report published by the Australian Energy Market Operator (neutral case)

3. Transmission costs typically account for less than 10% of the average household electricity bill

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

5. Trend expenditure allowance refers to the projected expenditure allowance from the current regulatory period.

Indicative Forecasts

Electricity Transmission Prices

↓ 13%

drop in indicative transmission price in the first year of the 2019-2023 regulatory period to around 2.5c/kWh.²

↓ \$19 & \$38

in annual savings for the average residential household³ and small business customer respectively



Maximum Allowable Revenue

↓ 14%

lower in the first year of the 2019-2023 regulatory period at \$306m⁴



Capital Expenditure

↓ 46%

lower than anticipated expenditure in the 2014-2018 regulatory period at \$407m

Operating Expenditure

↓ 10%

lower than trend expenditure allowance from the 2014-2018 regulatory period at \$434m⁵



Rate of Return

7.5% ↓ to 5.75%

in the 2014-2018 regulatory period

indicative rate based on current market data

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.

ElectraNet has used reasonable endeavours to ensure that the information contained in this information sheet is accurate at the time of writing. It must be noted however that this information contains estimates and projected information calculated based on information and factors that may change including but not limited to key assumptions underpinning the forecasted expenditure. ElectraNet and its officers give no warranties and accept no liability for any loss or damage incurred in reliance on this information. This information sheet is intended to be used to seek feedback from customers and stakeholders and must be read in conjunction with the full Preliminary Revenue Proposal (PRP) document. The PRP is not an early submission of ElectraNet's formal revenue proposal to the Australian Energy Regulator.