



Supporting Document 20.6 - Related Party Transaction Overview

2025-30 Regulatory Proposal

January 2024



Empowering South Australia

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1 Overview

Division 4 of Part 3 of the National Electricity Law (SA) (**NEL**) requires SA Power Networks to report on information the AER requires when making its Regulatory Determination. The Australian Energy Regulator (**AER**) issued its final Reset Regulatory Information Notice (**Reset RIN**)¹ for SA Power Networks on 11 October 2023.

In accordance with section 4.15 of the Reset RIN, SA Power Networks is required to report specifically on related party transactions. Related parties are defined in the Reset RIN as an entity who during the previous, current or future regulatory control period (**RCP**):

- Had, has or is expected to have control or significant influence over SA Power Networks;
- Was, is or is expected to be subject to control or significant influence from SA Power Networks;
- Was, is or is expected to be controlled by the same entity that controlled, controls or is expected to control SA Power Networks;
- Was, is or is expected to be controlled by the same entity that significantly influenced, influences or is expected to influence SA Power Networks; or
- Was, is or is expected to be significantly influenced by the same entity that controlled, controls or is expected to control SA Power Networks.

This definition excludes entities that would be related solely due to normal dealings such as:

- Financial institutions,
- Fund managers,
- Trade unions,
- Statutory authorities,
- Government departments, or
- Local governments.

In relation to the reporting required for SA Power Networks' related parties, the Reset RIN requires us to:

- Identify and describe all entities which are a related party and contribute to the provision of distribution services, or have the capacity to determine outcomes about SA Power Networks' financial and operating policies;²
- Provide a diagram of the organisation structure depicting the relationships between the related party and SA Power Networks;³
- Identify:⁴
 - All the arrangements or contracts currently or expected to be in place between SA Power Networks and the identified related party directly or indirectly for the provision of distributions services;
 - The services that are the subject of each arrangement or contract.
- For each service identified as the subject of each arrangement or contract SA Power Networks is required to provide:⁵
 - A description of the process undertaken to procure the service; and
 - Supporting documents including requests for tender, tender submissions, internal committee papers evaluating the tenders, and contracts between SA Power Networks and the related party.
- Explain:⁶
 - Why the service is subject of an arrangement or contract instead of being undertaken by SA Power Networks;

¹ AER, Final 2025-30 Reset RIN for SA Power Networks, October 2023

² Reset RIN s 4.15.1

³ Reset RIN s 4.15.2

⁴ Reset RIN s 4.15.3

⁵ Reset RIN s 4.15.4 (a)

⁶ Reset RIN s 4.15.1 (b)

- Whether the services were provided under a stand-alone contract or part of a broader operational agreement (or similar);
- If the services were procured on a genuinely competitive basis and if not why not; and
- Whether the service (or any component thereof) was further outsourced to another provider by the related party.

SA Power Networks has also provided the value of the related party contracts in addition to the information above, which we believe will assist the AER in understanding the materiality of the services provided SA Power Networks' related party.

2 Identify and describe related party entities

2.1 Related parties of SA Power Networks that contribute to the provision of distribution services

It is noted that Enerven Energy Infrastructure Pty Ltd (Enerven) is a related party of SA Power Networks within the Reset RIN definitions as Enerven is controlled and will continue to be controlled by the SA Power Networks Partnership which also control SA Power Networks.

Enerven was incorporated from 1 January 2018 to meet the legal separation requirements of the AER's Ringfencing Guideline (Guideline). Enerven provides electrical infrastructure and telecommunications services throughout Australia won through competitive tenders. Enerven's electrical infrastructure services include designing, building, commissioning, and maintaining High Voltage and Low Voltage electrical infrastructure. These services were previously provided by SA Power Networks' internal Construction and Maintenance Services (**CaMS**) group, prior to legal separation to meet Guideline requirements.

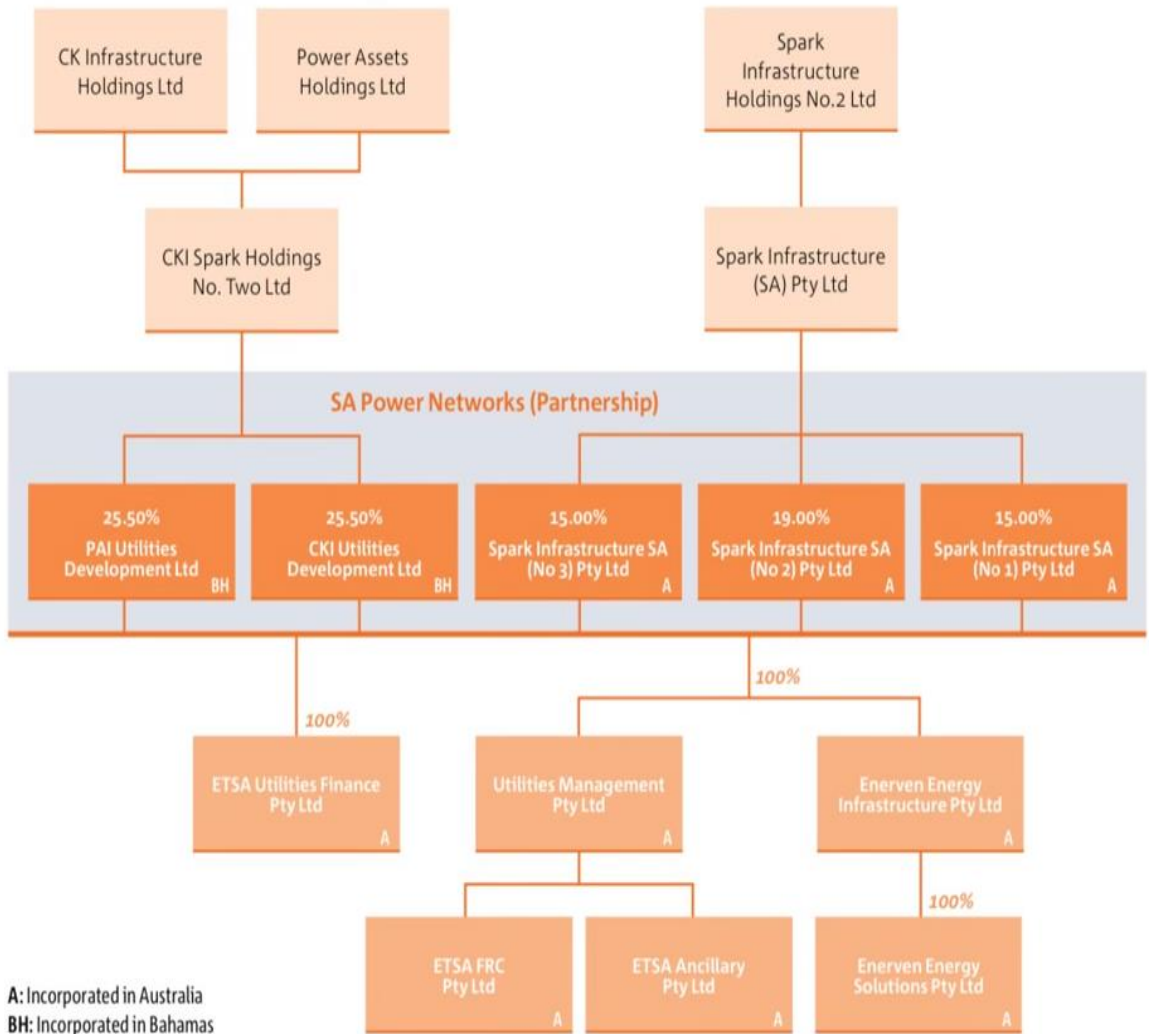
Enerven has agreements in place to provide some discrete work for the provision of regulated distribution services for SA Power Networks.

SA Power Networks does not consider CKI/HEI Electricity Distribution Services Pty Ltd (CHED Services) who are a wholly owned subsidiary of CKI/HEI Electricity Distribution Holdings (Australia) Pty Ltd a related party as defined by the Reset RIN definitions. CHED Services provide some Call Centre services to SA Power Networks but are not controlled or influenced by the SA Power Networks Partnership but are merely another company owned by one of the shareholders.

3 Organisational Structure

SA Power Networks is required to provide a diagram of our organisational structure which is shown below in figure 1.

Figure 1. SA Power Networks corporate structure



4 Contracts between SA Power Networks and Enerven

Table 1 describes the various current contracts between SA Power Networks and Enerven for distribution services, and provides the following details as required in the Reset RIN:⁷

- A description of the process undertaken to procure the service under arrangement or contract;
- A list of the supporting documents including requests for tender, tender submissions, internal committee papers evaluating the tenders, and contracts between SA Power Networks and Enerven which are provided as Supporting Documents 20.6.1 to 20.6.4– Related Parties
- Why the service is undertaken by Enerven rather than SA Power Networks;
- Whether the services were provided under a stand-alone contract or part of a broader operational agreement (or similar);
- If the services were procured on a genuinely competitive basis and if not why not;
- Whether the service (or any component thereof) was further outsourced to another provider by Enerven;
- The contract period and likelihood of extension; and
- The value of the contract.

The contracts with Enerven as listed below are on arms length terms which are detailed in the supporting documentation contracts.

Table 1. Contracts or Arrangement for distributions services between SA Power Networks and Enerven

Contract	Description of process to procure the service	Supporting documentation	Why the service is undertaken by Enerven	Whether the service is a stand-alone contract or part of a broader operational agreement	If the services were procured on a genuinely competitive basis and if not, why not	Whether the service was further outsourced by Enerven	Contract Period and likelihood of extension	Contract Value (\$)
QT3480 Agreement Brown Boveri Inspections – to provide asset patrol inspections. ⁸	Sole source tender	<ul style="list-style-type: none"> • Enerven Engagement Matrix • QT3480 procurement recommendation • QT3480 contract documentation and schedule 	SA Power Networks has a highly skilled workforce to meet its Distribution Network obligations. Whilst internal resources are primarily responsible, contractors are used to augment capability and capacity.	This service is provided under the supply of services agreement QT3480.	Sole source tender undertaken due to lack of market capability.	These services have not been further outsourced.	10/06/2022 to 1/06/2024 with potential for extension	██████████
QT3480 Amendment Ground Level Transformer (GLTF) Inspections– to provide asset patrol inspections.	Sole source tender	<ul style="list-style-type: none"> • Enerven Engagement Matrix • GLTF procurement recommendation • Contract extension recommendation 	SA Power Networks has a highly skilled workforce to meet its Distribution Network obligations. Whilst internal resources are primarily responsible, contractors are used to augment capability and capacity.	This is an amendment of the supply of services agreement - QT3480, which originally only provided services for Brown Boveri Inspections but has since been amended to include ground level transformer inspections.	Sole sourced tender undertaken due to lack of market capability.	These services have not been further outsourced.	3/08/2022 to 31/12/2023 this amendment is not expected to be extended.	██████████
QT3480 Amendment Gladstone Feeder Drone Patrols– to provide asset patrol inspections.	Sole source tender	<ul style="list-style-type: none"> • Enerven Engagement Matrix • Gladstone procurement recommendation • Gladstone patrols contract amendment 	SA Power Networks has a highly skilled workforce to meet its Distribution Network obligations. Whilst internal resources are primarily responsible, contractors are used to augment capability and capacity.	This is an amendment of the supply of services agreement - QT3480, which originally only provided services for Brown Boveri Inspections but has since been amended to include Gladstone Feeder Drone Patrols.	Sole source tender undertaken due to lack of market capability and the non-performance of the incumbent supplier.	These services have not been further outsourced.	20/10/2022 to 31/12/2023 this amendment is not expected to be extended.	██████████

⁷ Reset RIN s 4.15.4

⁸ An agreement identified as QT3480 was originally set up for Enerven to provide inspection services of Brown Boveri assets installed on our network. However, this agreement has been amended to include other asset inspection services as listed. The amendments for each of different services have been included in the supporting documentation in addition to the overarching QT3480 contract.

Contract	Description of process to procure the service	Supporting documentation	Why the service is undertaken by Enerven	Whether the service is a stand-alone contract or part of a broader operational agreement	If the services were procured on a genuinely competitive basis and if not, why not	Whether the service was further outsourced by Enerven	Contract Period and likelihood of extension	Contract Value (\$)
QT3480 Amendment Beyond Visual Line of Sight (BVLoS) Remotely Piloted Aircraft (RPA) Trial Inspection Works– to provide asset patrol inspections	Sole source tender	<ul style="list-style-type: none"> Enerven Engagement Matrix BVLOS procurement recommendation BVLOS contract amendment 	SA Power Networks has a highly skilled workforce to meet its Distribution Network obligations. Whilst internal resources are primarily responsible, contractors are used to augment capability and capacity.	This is an amendment of the supply of services agreement - QT3480, which originally only provided services for Brown Boveri Inspections but has since been amended to include BVLOS RPA trial inspections works.	Sole source tender undertaken due to the relatively low value, and lack of market capability and capacity.	These services have not been further outsourced by Enerven.	20/10/2022 to 31/12/2023 this amendment is not expected to be extended.	██████████
QT3480 Amendment Drone Inspections– to provide asset patrol inspections	Sole source tender	<ul style="list-style-type: none"> Enerven Engagement Matrix Drone procurement recommendation Drone inspections contract amendment 	SA Power Networks has a highly skilled workforce to meet its Distribution Network obligations. Whilst internal resources are primarily responsible, contractors are used to augment capability and capacity.	This is an amendment of the supply of services agreement - QT3480, which originally only provided services for Brown Boveri Inspections but has since been amended to include drone inspections.	Sole source tender undertaken for the relatively low value based on market capability.	These services have not been further outsourced by Enerven.	3/08/2022 to 31/12/2023 this amendment is not expected to be extended.	██████████
QT3480 Amendment Riverland Bird Diverter Installation– to provide asset patrol inspections	Sole source tender	<ul style="list-style-type: none"> Enerven Engagement Matrix Riverland works procurement recommendation Riverland bird diverters inspections contract amendment 	SA Power Networks has a highly skilled workforce to meet its Distribution Network obligations. Whilst internal resources are primarily responsible, contractors are used to augment capability and capacity.	This is an amendment of the supply of services agreement - QT3480, which originally only provided services for Brown Boveri Inspections but has since been amended to include Riverland bird diverter installations	Sole source tender undertaken due lack of capability and urgency of the flood response.	These services have not been further outsourced by Enerven.	14/12/2022 to 31/03/2023 this amendment is not expected to be extended.	██████████
QT3480 Amendment Riverland Drone Lidar Mapping– to provide asset patrol inspections	Sole source tender	<ul style="list-style-type: none"> Enerven Engagement Matrix Riverland works procurement recommendation Riverland lidar mapping contract amendment 	SA Power Networks has a highly skilled workforce to meet its Distribution Network obligations. Whilst internal resources are primarily responsible, contractors are used to augment capability and capacity.	This is an amendment of the supply of services agreement - QT3480, which originally only provided services for Brown Boveri Inspections but has since been amended to include Riverland drone lidar mapping.	Sole source tender undertaken due lack of capability and urgency of the flood response.	These services have not been further outsourced by Enerven.	14/12/2022 to 31/03/2023 this amendment is not expected to be extended.	██████████

Contract	Description of process to procure the service	Supporting documentation	Why the service is undertaken by Enerven	Whether the service is a stand-alone contract or part of a broader operational agreement	If the services were procured on a genuinely competitive basis and if not, why not	Whether the service was further outsourced by Enerven	Contract Period and likelihood of extension	Contract Value (\$)
<p>QT3450 Agreement Distribution Network Services – to provide powerline and public lighting asset construction services</p>	<p>Enerven are a member of the Distribution Network Services Panel for Powerline and Public Lighting services with one other supplier. A select tender was undertaken in 2022.</p>	<ul style="list-style-type: none"> • Tender documentation: <ul style="list-style-type: none"> – Conditions of tender – Response Schedule – Proposed Rate Card – Powerline Specification – Public Lighting Specification – Draft Distribution Network Agreement • Distribution Network Services procurement recommendation and board approval • Distribution Network Services contract 	<p>SA Power Networks has a highly skilled workforce to meet its Distribution Network Services obligations. Whilst internal resources are primarily responsible for fulfilling these obligations, contractors are used to Augment capability and capacity where required.</p>	<p>This contract is only for powerline and public lighting services only.</p>	<p>A selective tender was undertaken in 2022 to particular suppliers SA Power Networks believed were suitable for the scope of works.</p>	<p>Enerven may outsource some services such as the civil component of project work. However, Powerline and Public Lighting services are supplied by Enerven.</p>	<p>2/12/2022 to 31/12/2025 with potential for extension</p>	<p>[REDACTED]</p>
<p>Service agreement – general services, including construction and maintenance of electricity infrastructure and public lighting, field meter maintenance, network communications, calibration and testing, emergency restoration works. However, some of these services are now provided under the Distribution Network Services Agreement.</p>	<p>A service agreement was established to set out the services Enerven could provide SA Power Networks.</p>	<ul style="list-style-type: none"> • Service agreement contract 	<p>SA Power Networks has a highly skilled workforce to meet its Distribution Network obligations. Whilst internal resources are primarily responsible, contractors are used to augment capability and capacity.</p>	<p>A small number of services are engaged under this agreement with the QT3450 Agreement being the predominant Enerven service agreement.</p>	<p>This service agreement was executed when Enerven was initially established as a separate legal entity to ensure continuity of services previously provided by SA Power Networks’ former CaMS team. The scope of services includes network communications, construction, maintenance and emergency response. There is no agreed volumes, Enerven may be engaged due to the urgency of response or the specialist skills required.</p>	<p>Enerven may outsource some support services.</p>	<p>This agreement may be terminated by either party with 3 months’ notice</p>	<p>[REDACTED]</p>

Glossary

Acronym / term	Definition
AER	Australian Energy Regulator
CaMS	Construction and Maintenance Services
NEL	National Electricity (SA) Law
RCP	Regulatory Control Period
Reset RIN	Reset Regulatory Information Notice