



Justification document: Powerline Environmental Committee

2025–30 Regulatory Proposal

Supporting document 5.8.9

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Empowering South Australia

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Glossary

Acronym / term	Definition
AER	Australian Energy Regulator
Augex	Augmentation expenditure
Capex	Capital expenditure
NER	National Electricity Rules
RCP	Regulatory Control Period
PLEC	Powerline Environmental Committee
ESCoSA	Essential Services Commission of South Australia
OTR	Office of the Technical Regulator

1 About this document

1.1 Purpose

This document provides a business case to support forecast expenditure for the 2025–30 Regulatory Control Period (**RCP**) for SA Power Networks' Powerline Environmental Committee (**PLEC**) program, which comprises one input to our overall capital expenditure (**capex**) on network augmentation (**augex**). The PLEC program provides for the undergrounding of selected parts of the network in accordance with State Government legislation and the PLEC Charter.

1.2 Expenditure category

- Network capex: augmentation

2 Executive summary

This justification document recommends \$33.1 million¹ in PLEC capital expenditure for the 2025–30 RCP.

The PLEC program is an undergrounding program to improve the aesthetics of electricity infrastructure to benefit the community, having regard to road safety and electrical safety. SA Power Networks is obliged to implement the PLEC program under the section 58A of the Electricity Act.

Our recommendation is to spend \$33.1 million to continue the PLEC Program as required through our jurisdictional obligations.

3 Background

The PLEC program is an undergrounding program to improve the aesthetics of electricity infrastructure to benefit the community, having regard to road safety and electrical safety.

The PLEC program is an ‘un-scoped allowance’ in accordance with the Electricity (General) Regulations. PLEC projects are approved by an independent committee that was previously convened by the Essential Services Commission of South Australia (**ESCoSA**) and is now the Office of the Technical Regulator (**OTR**). Typically, projects are funded two-thirds by SA Power Networks and one third by councils. Construction is completed via a competitive tender process.

4 The identified need

This program forecast is required to achieve the capital expenditure objectives in Chapter 6 the National Electricity Rules (**NER**),² specifically to “comply with all applicable regulatory obligations or requirements associated with the provision of standard control services”.

SA Power Networks is obliged to implement the PLEC program under the section 58A of the Electricity Act. The PLEC program is further defined in Part 3A of the Electricity (General) Regulations.

¹ Represents the capex in \$ million June 2022, direct costs excluding corporate overheads and network overheads.

² Clause 6.5.7(a)(2) NER.

5 Approach to forecasting PLEC expenditure

Each year the OTR specifies the prescribed amount of PLEC expenditure that SA Power Networks must spend. The OTR’s calculation is based on historic expenditure adjusted in accordance with a prescribed formula set out in the *Electricity General Regulations 2012*, regulation 44, as follows:

For the purposes of section 58A(3) of the Act, the amount is—

- (a) for the financial year 2011/2012—\$6.093 million; and
- (b) for each subsequent financial year—the amount determined by the Minister in accordance with the following formula:

$$A = \left[\$6.093 \text{ million} \times \frac{CPI_x}{CPI_1} \right] + \left[\frac{A_x}{TC_x} \times GST_x \right]$$

Where:

- CPI_x is the Consumer Price Index, All Groups Index Number (All Cities) published by the Australian Bureau of Statistics, for the March quarter preceding the financial year concerned;
- CPI_1 is the Consumer Price Index, All Groups Index Number (All Cities) published by the Australian Bureau of Statistics, for the March quarter 2011;
- A_x is the amount (in dollars) determined by the Minister under this regulation for the purposes of section 58A(3) of the Act for the previous financial year;
- TC_x is the total cost (in dollars) of the undergrounding work undertaken in the previous financial year in accordance with programs prepared under section 58A of the Act; and
- GST_x is the amount (in dollars) determined by the Minister as being the total GST (within the meaning of the A New Tax System (Goods and Services Tax) Act 1999 of the Commonwealth, as amended from time to time) paid in respect of all undergrounding work undertaken in the previous financial year in accordance with programs prepared under section 58A of the Act.

For 2023, the OTR has prescribed that *SA Power Networks* must spend \$8.22 million (\$ June 2023 inclusive of overheads or \$6.69 million (\$ June 2022 direct cost).

As mentioned previously, SA Power Networks is required undertake works equivalent to two thirds of the total OTR specified annual PLEC budget, with the Council providing for the remaining one third of the budget. While the OTR apportions the two thirds allocation to SA Power Networks, at times a Council may not have the capability to undertake PLEC works, or it may be more efficient for SA Power Networks to undertake additional works on behalf of the Council. When this occurs, the Council provides a contribution amount to SA Power Networks, equivalent to the additional works undertaken by SA Power Networks.

Over the past two RCP’s (2015–20 and 2020–25), SA Power Networks proposed PLEC augex based on the prescribed formula and the additional expenditures associated with the Council’s component of works. The Council’s contributions were based on historic contributions and included within the Customer Contributions expenditure category. The net of these equated to the legislated amount that SA Power Networks was required to spend.

For transparency, for the 2025–30 RCP, we are presenting the Gross and net amount of PLEC augex. The PLEC ‘net’ is equivalent to the amount prescribed by the OTR. When comparing PLEC to historic levels of augex which included the Council contributions, the proposed PLEC appears materially lower.

Table 1: PLEC \$ June 2022, excluding overheads (direct cost)

PLEC	2020–25 Allow	2020–25 Est.	2025–30 F'cast
Gross (AUG031)	52.9	44.9	46.3
Contributions (CON010)	-12.5	-12.5	-13.2
TOTAL NET	40.4	32.4	33.1

Table 2: PLEC per annum \$ June 2022, excluding overheads (direct cost)

PLEC	2025/26	2026/27	2027/28	2028/29	2029/30	TOTAL
Gross (AUG031)	9.2	9.2	9.3	9.3	9.3	46.3
Contributions (CON010)	-2.6	-2.6	-2.6	-2.6	-2.6	-13.2
TOTAL NET	6.6	6.6	6.6	6.6	6.6	33.1

6 Recommendation

Our recommendation is to spend \$33.1 million (\$ June 2022 excluding overheads) to continue the PLEC program in the 2025–30 RCP – this investment is consistent with expenditure in the 2020-25 RCP.

7 Alignment to consumer and stakeholder engagement

The identified need of this business case was not specifically deliberated on as part of our consumer and stakeholder engagement process, on the basis that it was not considered, together with our Consumer Advisory Board to be priority topic for engagement.

8 Deliverability

SA Power Networks has developed a plan to ensure that it can deliver the recommended project in this program together among all the increased volume of work reflected in the programs that comprise our total network expenditure forecast in our Regulatory Proposal.