



CITY OF  
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Reference: ACC2024/59003

22 May 2024

Mr Kris Funston  
Executive General Manager  
Australian Energy Regulator  
GPO Box 3131  
CANBERRA ACT 2601

By email: [SAPN2025@aer.gov.au](mailto:SAPN2025@aer.gov.au)

Dear Mr Funston

### **SA Power Networks' 2025-30 Regulatory Proposal**

The City of Adelaide (CoA) welcomes the opportunity to make a submission in relation to the SA Power Networks' (SAPN) 2025-30 Regulatory Proposal. CoA would like to acknowledge the important role the Australian Energy Regulator plays in providing a fair and transparent process for electricity pricing determinations.

The CoA, in the capital of South Australia, values its role in driving civic, cultural, and commercial activities in the State. With a population of over 26,000 residents and numerous local businesses, we are committed to sustainability and the transition towards renewable energy sources. Our partnership with Flow Power since 2020 has allowed us to procure 100% renewable electricity from wind and solar, significantly reducing emissions and supporting South Australia's energy transition. The electricity provided by renewable generation each year is equivalent to powering over 3,800 homes, reducing emissions by over 11,000 tons or the equivalent of taking 3,500 cars off the road.

Furthermore, CoA has demonstrated its commitment to sustainability through various initiatives, including the installation of 1.1 MW solar panels on key buildings and the endorsement of a Climate Action Plan 2022-2025. Additionally, we offer support and incentives for ratepayers and property owners to adopt sustainable practices, such as the Sustainability Incentives Scheme and the City Switch, Green Office Program.

Having reviewed SAPN's regulatory proposal for the 2025-2030 period, we would like to provide the following feedback.

The City of Adelaide acknowledges the Kaurna people as the Traditional Owners of the Country where the city of Adelaide is situated, and pays its respect to Elders past, present and emerging.



## 1. CBD Reliability

SAPN mentioned in the proposal that the deteriorating performance of the Adelaide CBD network, particularly due to an increased prevalence of underground cable faults, necessitates immediate attention. In the regulatory proposal for the 2025-2030 period, SAPN proposes to spend \$91.2M to restore CBD reliability to regulated targets through a network asset augmentation of \$27.1 million to feeder automation and a network asset replacement of \$64.1 million to dispose and renew underground cables reducing outage time for customers in the Adelaide CBD.

We support network upgrades to maintain reliability and safety levels in the Adelaide CBD, and we urge SAPN to prioritise investments and would encourage the expansion of undergrounding of cables and household connections within the Adelaide CBD and North Adelaide.

## 2. Tariff structure - Peak Demand for Large Businesses in CBD

The proposed tariff structure, particularly in relation to peak demand for large Adelaide CBD businesses, raises concerns about fairness and competitiveness. The tariff structure redefines the Peak time window applying for businesses during November to March between 11:00am – 5:00pm for large customers in the Adelaide CBD or 5:00pm – 9:00pm for the rest of South Australia in local time. Outside of this time, the Anytime Demand tariff price, which is 2.6 times lower, would apply.

By defining peak demand specifically for the Adelaide CBD area, large customers including office buildings, shopping centres and apartments in the Adelaide CBD may be disadvantaged in leveraging solar energy during favourable solar sponge pricing periods (10:00am – 4:00pm). Additionally, the proposed structure with Adelaide CBD large customers being charged 2.6 times more for summer peak demand rather than the same for businesses outside Adelaide CBD, could result in increased electricity bills for Adelaide CBD businesses, thereby impacting their competitiveness. We advocate for a reconsideration of this approach to ensure transparency and fairness in tariff structures.

## 3. Legacy Metering Services

In response to the recommendation of the Australian Energy Market Commission to accelerate the rollout of smart meters to all customers by 2030, in the regulatory proposal for the 2025-2030 period, SAPN proposes a 'legacy metering retirement plan' with an operating expenditure of \$35 million over the 2025-2030, including \$30M in metering transition costs and \$4M in information technology upgrade costs. To recover that expenditure, SAPN proposed to charge a fixed metering charge for all residential and small and medium businesses every year, regardless of what type of meter they have installed.



Whilst CoA acknowledges the benefits of transitioning to smart meters, we have concerns that SAPN's proposed fixed metering charge for all customers may discourage small businesses from transitioning to smart meters and could lead to double charges for businesses already utilising smart meters as they have to pay two types of metering charges: SAPN metering fixed charge for legacy metering services which they no longer have and metering services for smart meters changed by the retailer. Moreover, changing from legacy meters to smart meters may increase network charges in electricity bills for businesses operating during peak hours, potentially impacting their competitiveness.

We urge SAPN to consider the potential savings from meter reading cost, energy efficiency and revenue improvements brought by smart meters to offset the operating expenditure for legacy metering services and reduce the tariff for customers.

In conclusion, we thank you for the opportunity to provide feedback on SAPN's 2025-30 Regulatory Proposal. We believe that by addressing the concerns raised, SAPN can better serve the needs of its customers and contribute to the sustainable economic development of South Australia.

In the meantime, if you have any questions or would like further information, please contact Tom McCready, Director City Services, on [REDACTED] or assistance.

Yours sincerely

[REDACTED]

Michael Sedgman  
Acting Chief Executive Officer

