

SA Power Networks 2025-30 Draft Decision

Predetermination conference

14 October 2024

Acknowledgement of Country

Lynne Gallagher
AER Board Member



Welcome and introductions

Lynne Gallagher
AER Board Member



Agenda

Topic	Speaker	Duration
Welcome and Acknowledgment of country	Lynne Gallagher AER Board member	5 min
New AER Board Member	Kate Symons AER Board Member	
Key themes of our draft decision	Lynne Gallagher AER Board member	10 min
Our draft decision	Kris Funston Executive General Manager	10 min
SA Power Networks – next steps and reflections	Andrew Bills Chief Executive Officer	10 min
Facilitated Discussion	Mark Henley CCP30	20 min
Closing remarks and next steps	Lynne Gallagher AER Board member	5 min

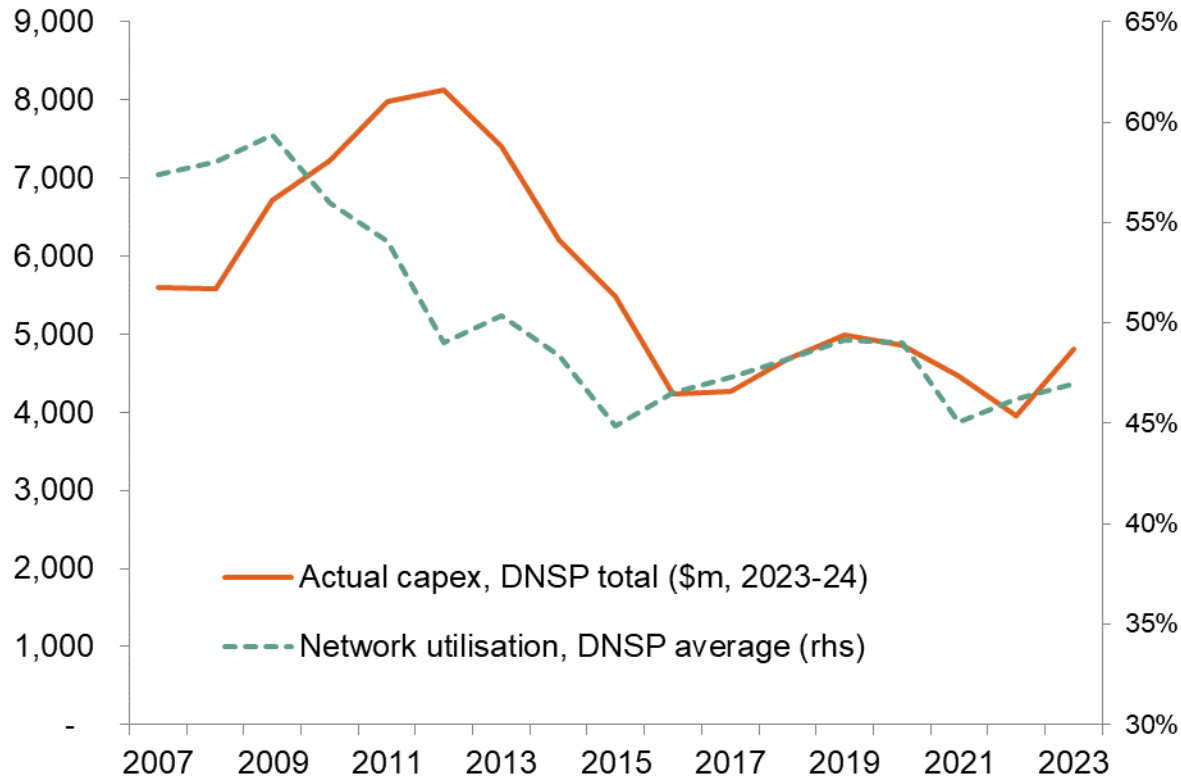
Key themes of our draft decisions

Lynne Gallagher
AER Board Member

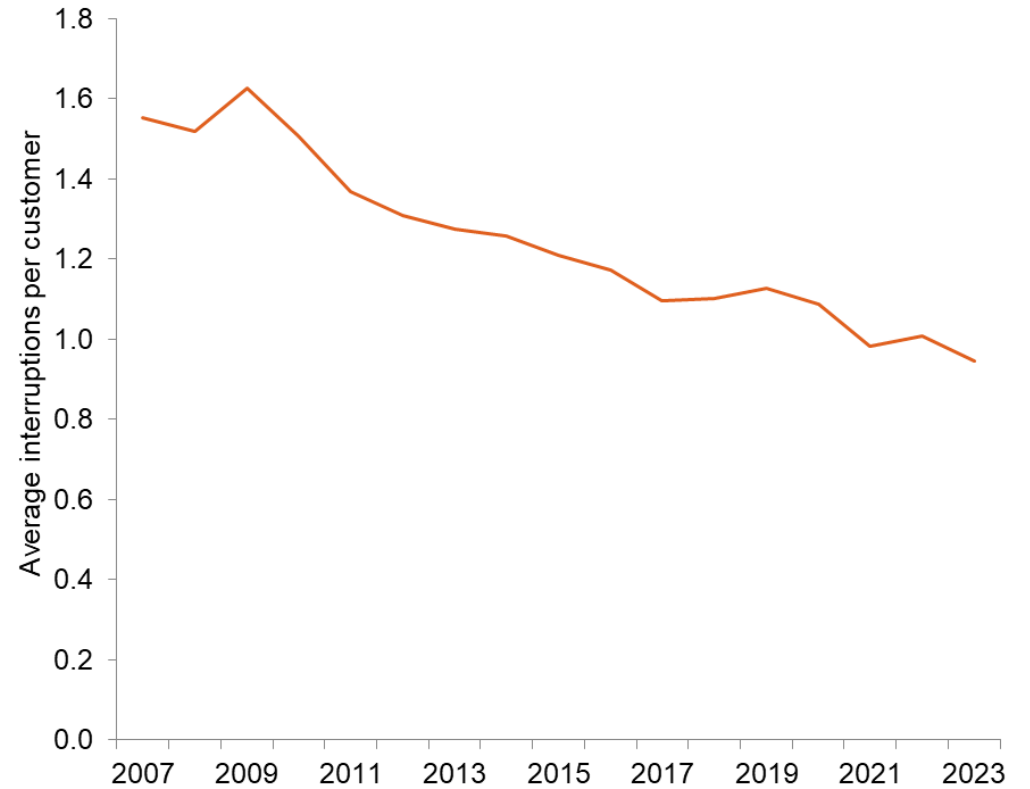


Capital expenditure and network utilisation over time in the National Electricity Market (NEM)

Capex and network utilisation in the NEM

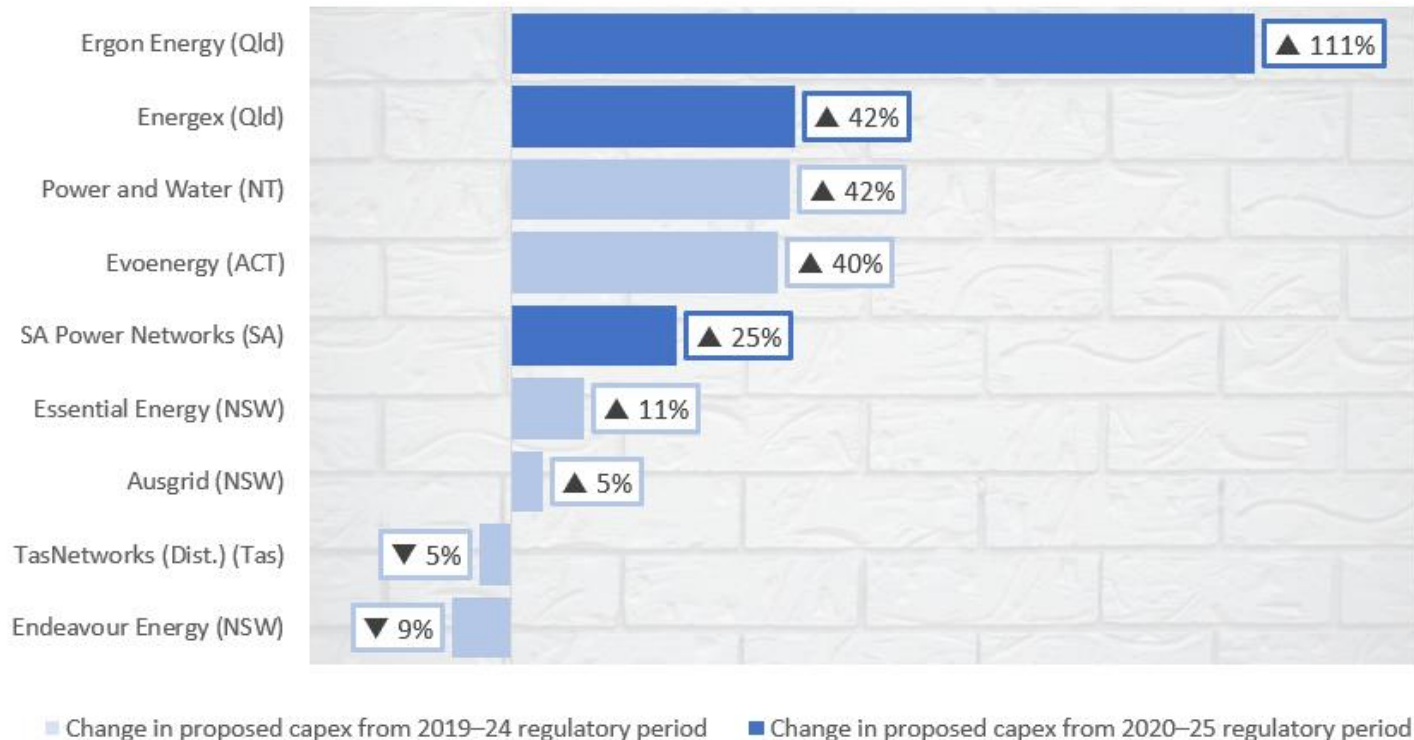


Frequency of interruptions in the NEM



Electricity customers are facing a ‘wall of capex’ from distributors

Proposed future capital expenditure compared to historical AER approved forecasts



Estimating bill impact

Rough rule of thumb:

A 10% capex increase for distribution networks leads to an approx. \$6 bill increase over the regulatory period.[^]

So, a 100% increase would lead to bills being approx. \$60 higher.^{**}

[^] This assumes distribution is 40% of the typical bill, and that the bill size is \$2,000.

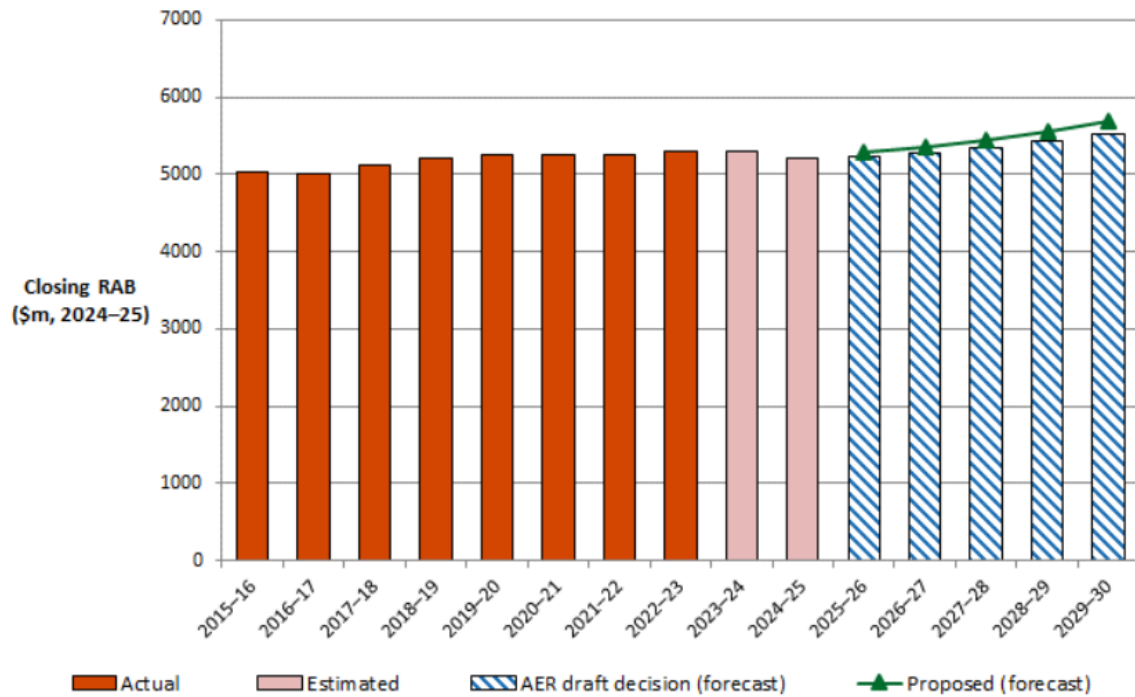
^{**} Results will vary based on the size of the RAB.

Our expectations from networks proposing significant expenditure

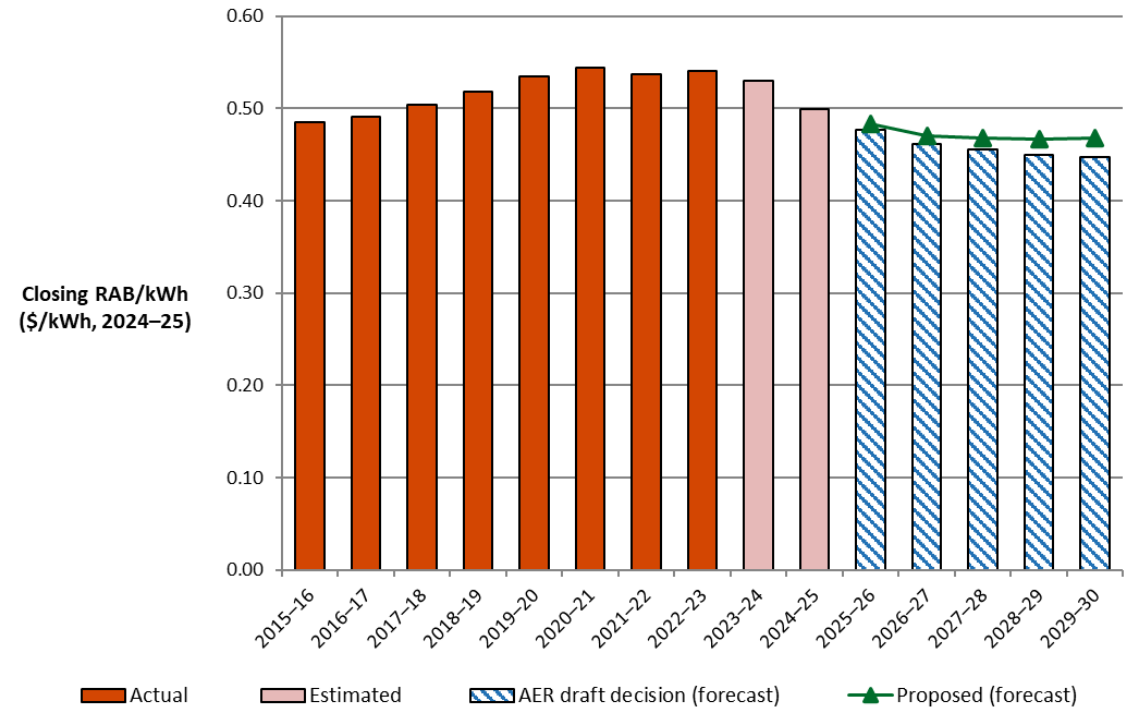
- Thorough consultation with consumers
- Robust business cases
- Proposals that meet safety and technical standards prudently and efficiently
- Seek to maintain and improve asset utilisation
- Adopt tariff mechanisms to curb the need for capex

Regulatory asset base – SA Power Networks

RAB



RAB per kWh



Draft decision

Kris Funston
Executive General Manager

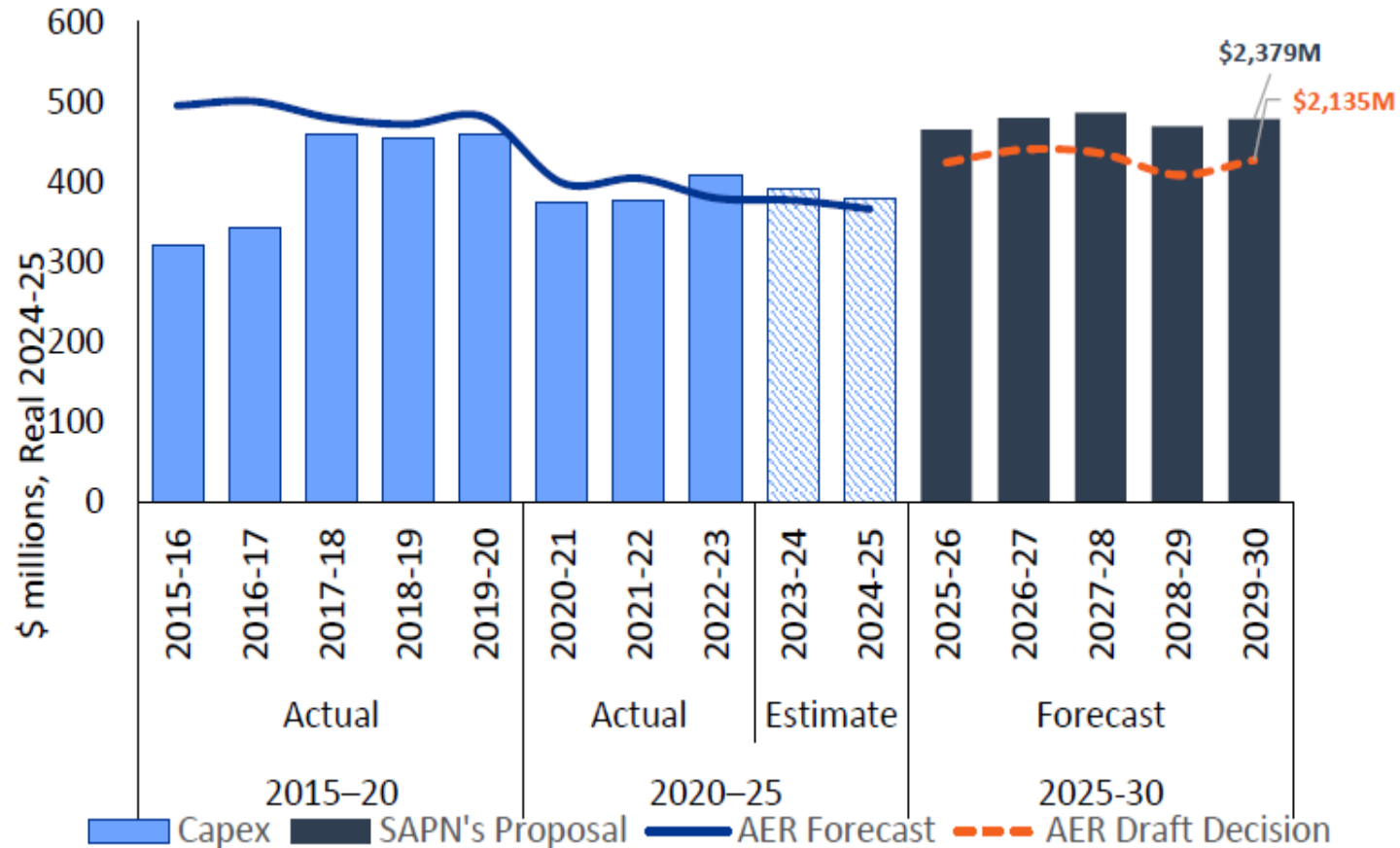


Draft decision - summary

Category	Key figures - SA Power Networks
Revenue* (\$nominal, smoothed)	\$5,143.5M (\$20.5M / 0.4% ↓ than proposed)
Regulatory Asset Base* (RAB) (\$nominal)	Opening: \$5,201.7M Closing: \$6,361.8M Growth: 22.3% ↑
Operating Expenditure* (Opex) (\$2024–25)	\$1,983.7M (Accepted) (including debt raising costs)
Consumer Bills (Nominal increases by 2029–30)	Residential: \$39 (1.8% ↑) / \$8 per annum Small business: \$94 (1.8% ↑) / \$19 per annum
Metering Services Revenue (\$nominal, smoothed)	\$29.8M (\$36.1M / 54.8% ↓ than proposed)

*Standard control services

SA Power Networks capital expenditure

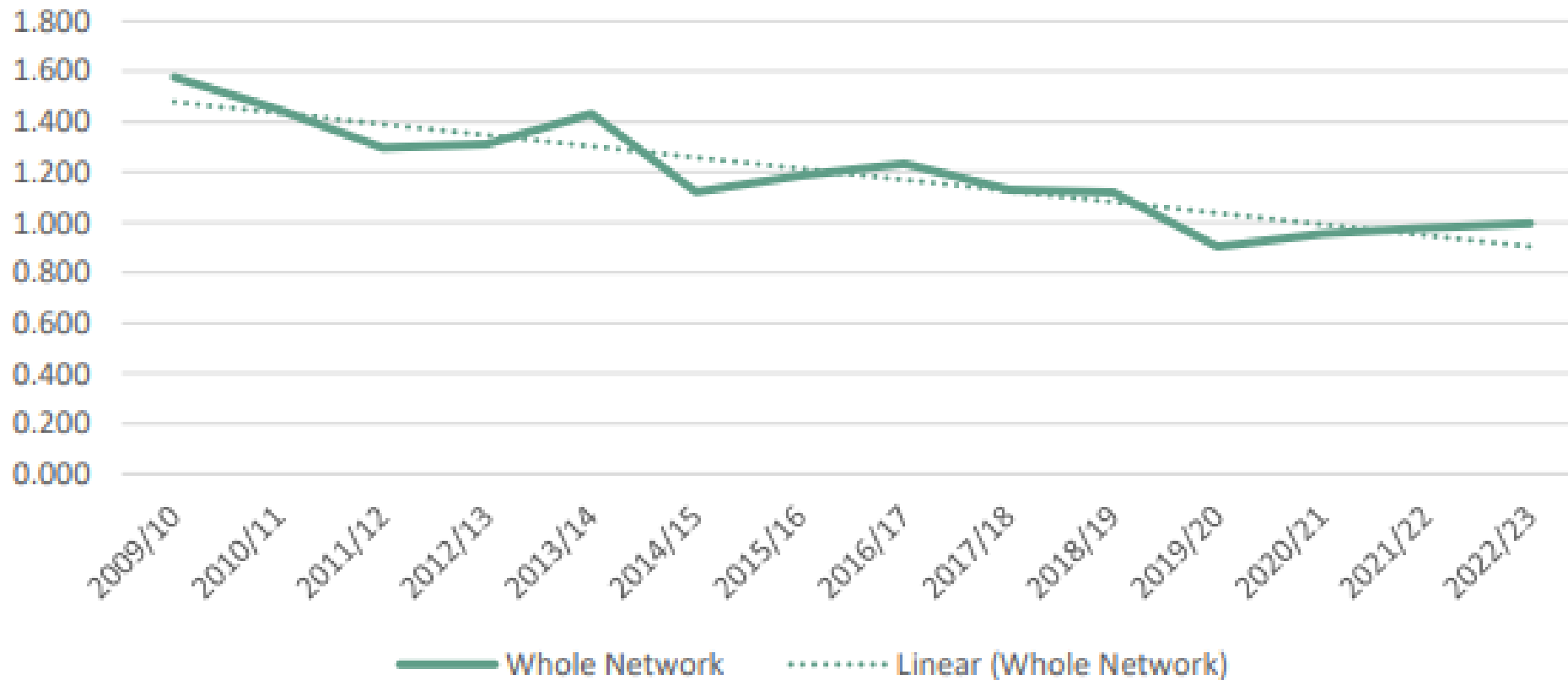


Key Capex figures (SCS)

Category	Draft Decision	Difference
Capex forecast (\$2024-25) (Not Accepted)		
	\$2,135.2M	\$243.9M (10.3% ↓ than proposed)
Capex forecast by category (\$2024-25)		
Repex	\$772.6M	15.0% ↓ than proposed
Augex	\$423.5M	16.2% ↓ than proposed
ICT	\$300.8M	same as proposed

Reliability performance has improved over time

Normalised whole of Network System Average Interruption Frequency Index



Placeholders pending revised proposal

- CBD reliability
- Innovation fund
- Demand forecasts and demand-related augex

Tariff structure statement

Draft decision accepts most elements of SA Power Networks' proposed tariff structure statement

Two key adjustments required for compliance with the NER and contribution to the achievement of the NEO:

1. addition of an opt-in time-of-use tariff for peaky load business customers (such as EV charge point operators) while their consumption is low (up to 160 MWh per year) for better contribution to the achievement of jurisdictional targets for emissions reduction
2. addition of information that demonstrates how its alternative control services are compliant with the pricing principles as the NER require tariffs related to direct control services (which includes alternative control services) to comply with the pricing principles

EV charging infrastructure

The **ring-fencing waiver framework** is an ideal avenue to apply for the provision of EV charging infrastructure over an interim period.

The ring-fencing waiver framework is an established process for managing the delivery of contestable services by a monopoly network delivering services in a competitive market.

We are willing to provide further guidance to SA Power Networks in developing its ring-fencing application.

In summary, we expect the proposal would have been canvassed with consumers and address:

- how allowing a monopoly network to be used to supply services in an emerging market would promote the National Electricity Objective (in the long-term interest of consumers);
- demonstrate the controls the DNSP would have in place to reduce the potential to undermine competition via cross-subsidisation and discrimination (including in respect of price terms or non-price terms).

Draft Decision

SA Power Networks Electricity Distribution Determination 2025 to 2030

(1 July 2025 to 30 June 2030)

Attachment 13 Classification of services

September 2024



Source: AER, SA Power Networks Electricity Distribution Determination 2025 to 2030, [Attachment 13 – Classification of Services](#)

SA Power Networks

Andrew Bills

Chief Executive Officer

Facilitated Discussion

Mark Henley

Consumer Challenge Panel



Next Steps

Milestone	Date
SA Power Networks submitted regulatory proposal to the AER	31 January 2024
AER published an issues paper	26 March 2024
AER holds a public forum	9 April 2024
Submissions on regulatory proposals close	15 May 2024
AER publishes draft determination decision	27 September 2024
AER holds a pre-determination conference	14 October 2024
SA Power Networks submits revised regulatory proposal to AER	2 December 2024
Submissions on revised regulatory proposal and draft decision close	17 January 2025
AER publishes distribution determination for regulatory control period	30 April 2025

Submission details

- We invite interested parties to make submissions on the Draft Decision by
- **17 January 2025.**

- **We encourage early submissions, where possible, to inform the next phase of consultation.**

- Submissions should be emailed to SAPN2025@aer.gov.au

