

2 December 2024



Dear 

Re: Support for use of AEMO's 2024 ISP in SA Power Networks' Revised Revenue Proposal

Thank you for your letter dated 21 November seeking our endorsement of the ISP central forecast to underpin your 2025–2030 revenue proposal. We understand that this response will accompany SA Power Networks final revenue proposal for 2025–30 and consent to its inclusion.

We consider the 2024 ISP central forecast to be more likely than the 2024 ESOO central forecast. We note the findings of Endgame Economics review of the differences between the AEMO 2024 ESOO and 2024 ISP forecasts including that some differences have not been explained. We agree that the ISP is more suitable for transmission and system wide planning than the ESOO, which is increasingly focused on short to medium term interventions on the supply side.

Despite being more likely, the ISP central is still a conservative estimate of the level of transmission connected demand that is likely to appear over the next ten years.

We understand that the forecasts are essential for underpinning your capacity augmentation expenditure forecast and expect that current methods will under forecast demand and hence expenditure. Using the 2024 ISP central is likely to underestimate the level of development needed. This error would be exasperated by using the 2024 ESOO central.

In May 2023 ElectraNet published an update to our 2022 Transmission Annual Planning report highlighting the elevated levels of interest in Large Industrial Load (LIL) connections to ElectraNet's transmission network. This interest could lead to demand increasing by a multiple of existing energy consumption over the next ten years.

ElectraNet has been actively engaging with AEMO and the South Australian government to better reflect the potential for LIL in South Australia. This includes participating in the federal government's Department of Climate Change, Energy Efficiency and Water's (DCCEEW) Upper Spencer Gulf Pilot Project to, amongst other things, better understand the potential for electrical load growth around Whyalla and Port Augusta.

It is our expectation, based on joint planning with SA Power Networks, that several of SA Power Network's exit points may experience LIL connections over the coming years. We consider the method SA Power Networks uses to incorporate 'step loads' into the forecast is reasonable.

We also note the request on 15 October by Jemena Energy to the AER to reopen the 2021–26 revenue determination due to an "unprecedented number of major connection customers". The use of the 2024 ESOO central demand forecast would increase the risk that such an outcome is required by SA Power Networks over the coming years.

Please do not hesitate to reach out if you need any further assistance or information.

Yours sincerely



Manager Network
Planning ElectraNet