



SA Power Networks 2020-25 electricity distribution determination

Public forum

Thursday 4 April 2019

9:00am-11:30pm

Adelaide

aer.gov.au

Who are we

- The AER works to make Australian energy consumers better off by:
 - regulating electricity networks and covered gas pipelines, in all jurisdictions except WA
 - enforcing the laws for the NEM and spot gas markets in southern and eastern Australia
 - protecting the interests of household and small business consumers by enforcing the NER/NEL

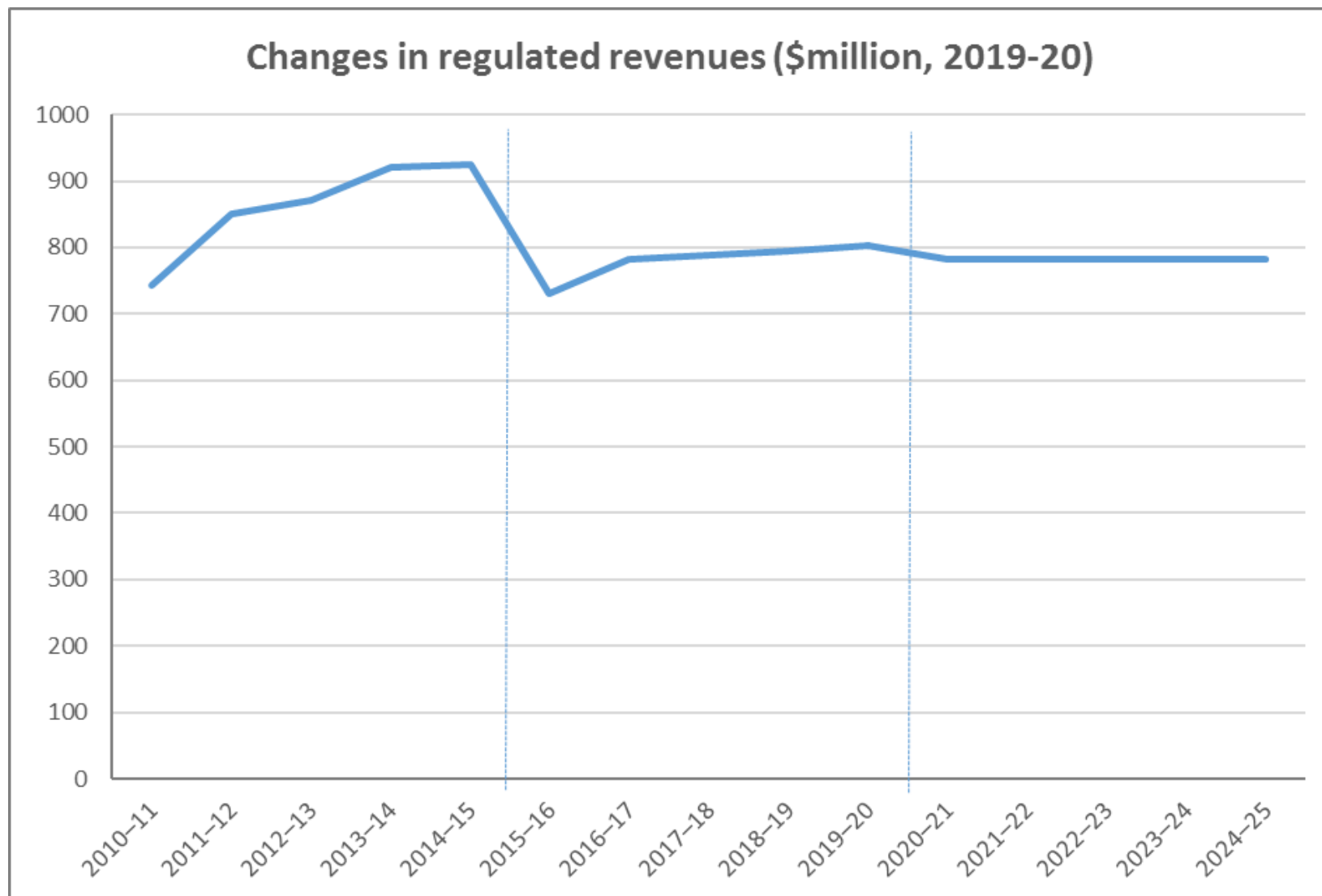
About this process

- Our determination for SA Power Networks:
 - Will set the revenue it can recover from customers for the provision of electricity network services
 - Will approve a TSS and pricing structures for other services, which set out how that revenue is spread across its customer base.

What we want to hear from you

- Extent to which SA Power Networks' proposal draws on feedback (key themes) it received from its consumer engagement.
 - Has this been adequately reflected?
 - Are these the right areas of focus for us?
- Issues paper highlights key areas of focus for us within the proposal:
 - Do you agree?
 - Have we missed anything?

SA Power Networks' revenue over time (\$m, 2019-20)



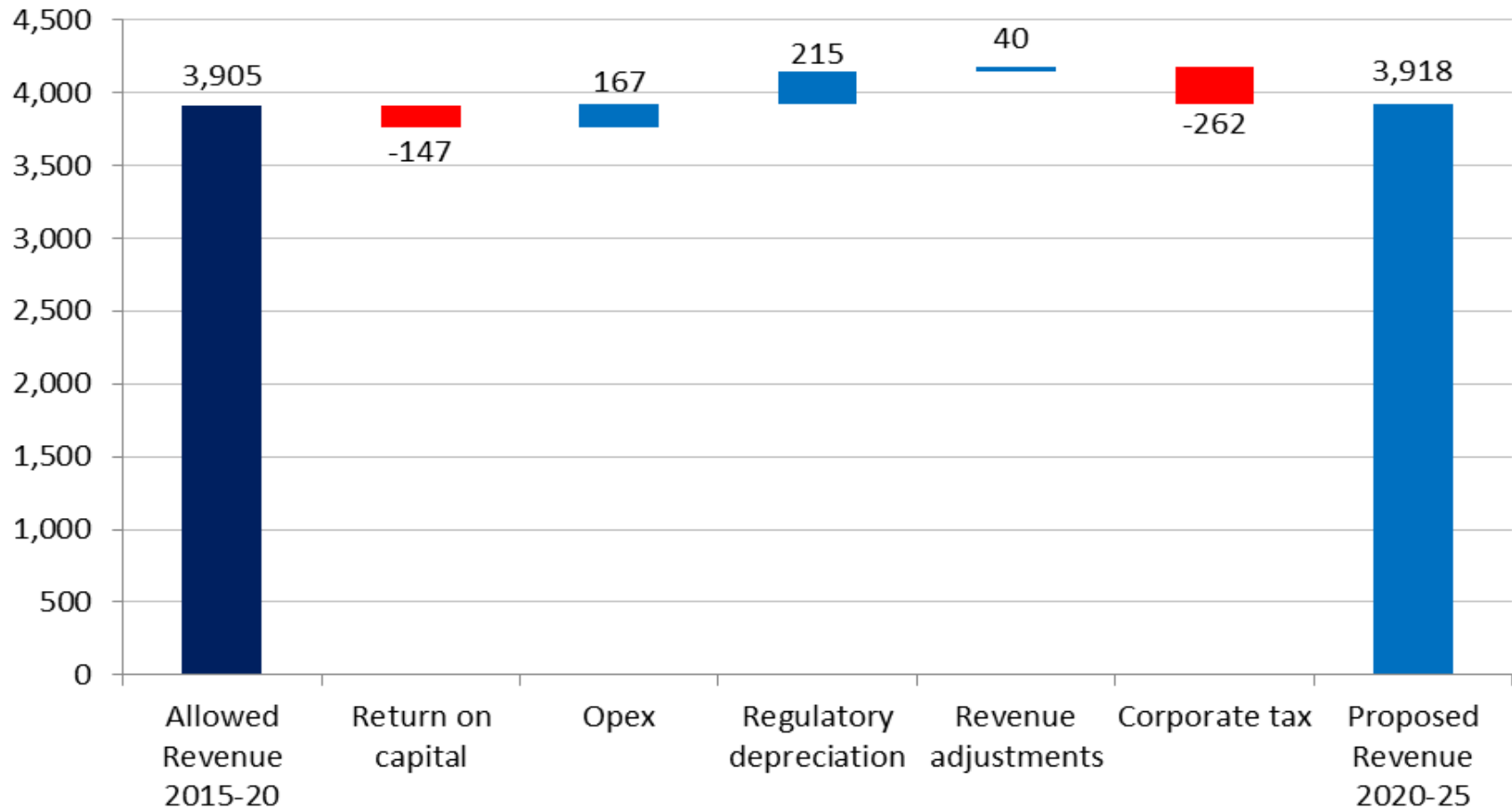
Source: AER analysis [Issues paper p. 13]

What would this revenue mean for customers?

- Average annual increase of *0.3% (\$, nominal) to distribution network charges
- Residential customer distribution network tariff:
 - Total increase of \$9 (\$, nominal) over the 5 years
 - First year (2020–21) reduction of \$33 (\$, nominal)
- Small business customer distribution network tariff:
 - Total increase of \$19 (\$, nominal) over the 5 years
 - First year (2020-21) reduction of \$65 (\$, nominal)

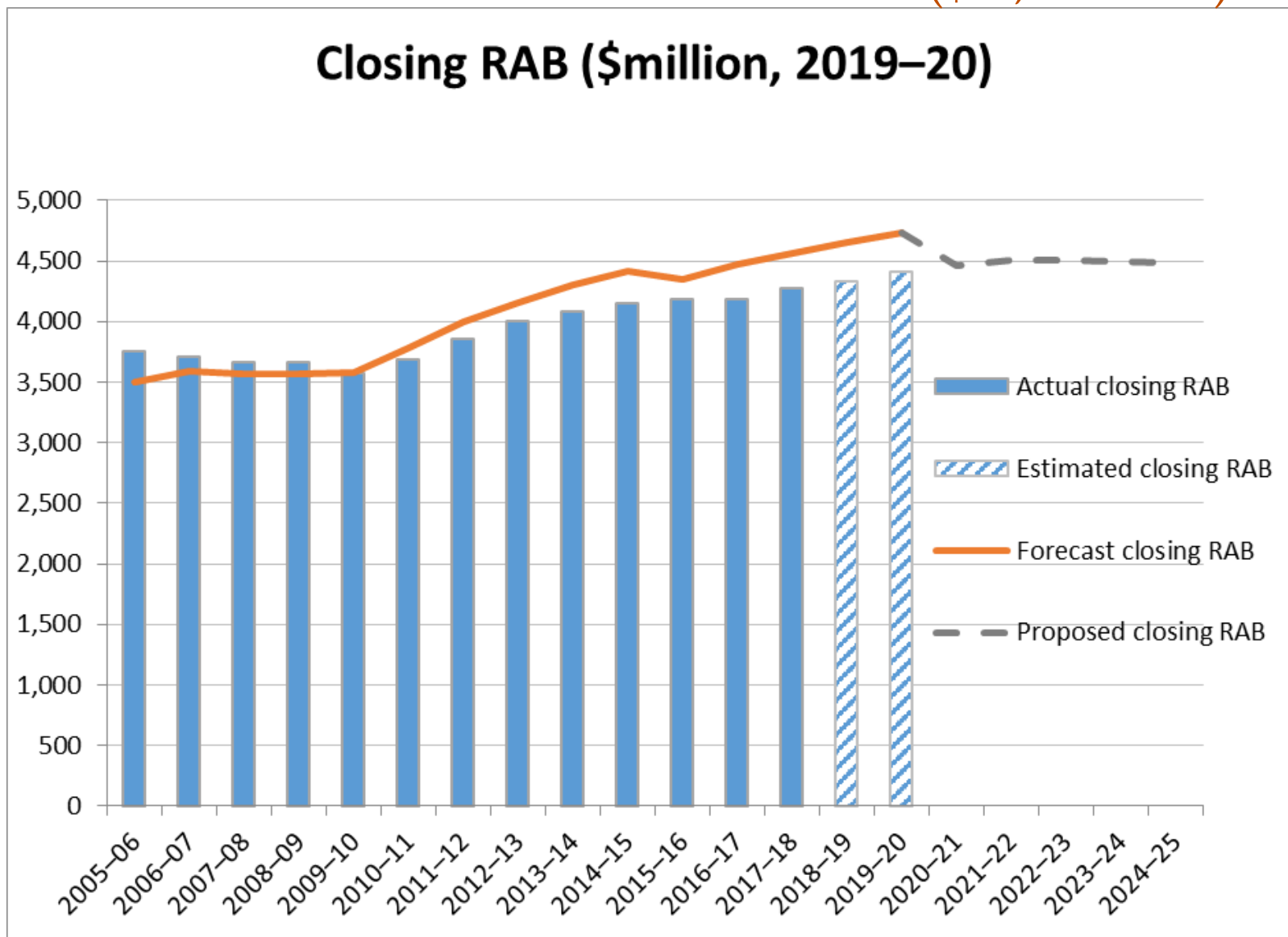
Change in revenue 2015-20 to 2020-25 (\$m, 2019-20)

Total revenue (\$million, 2019-20)



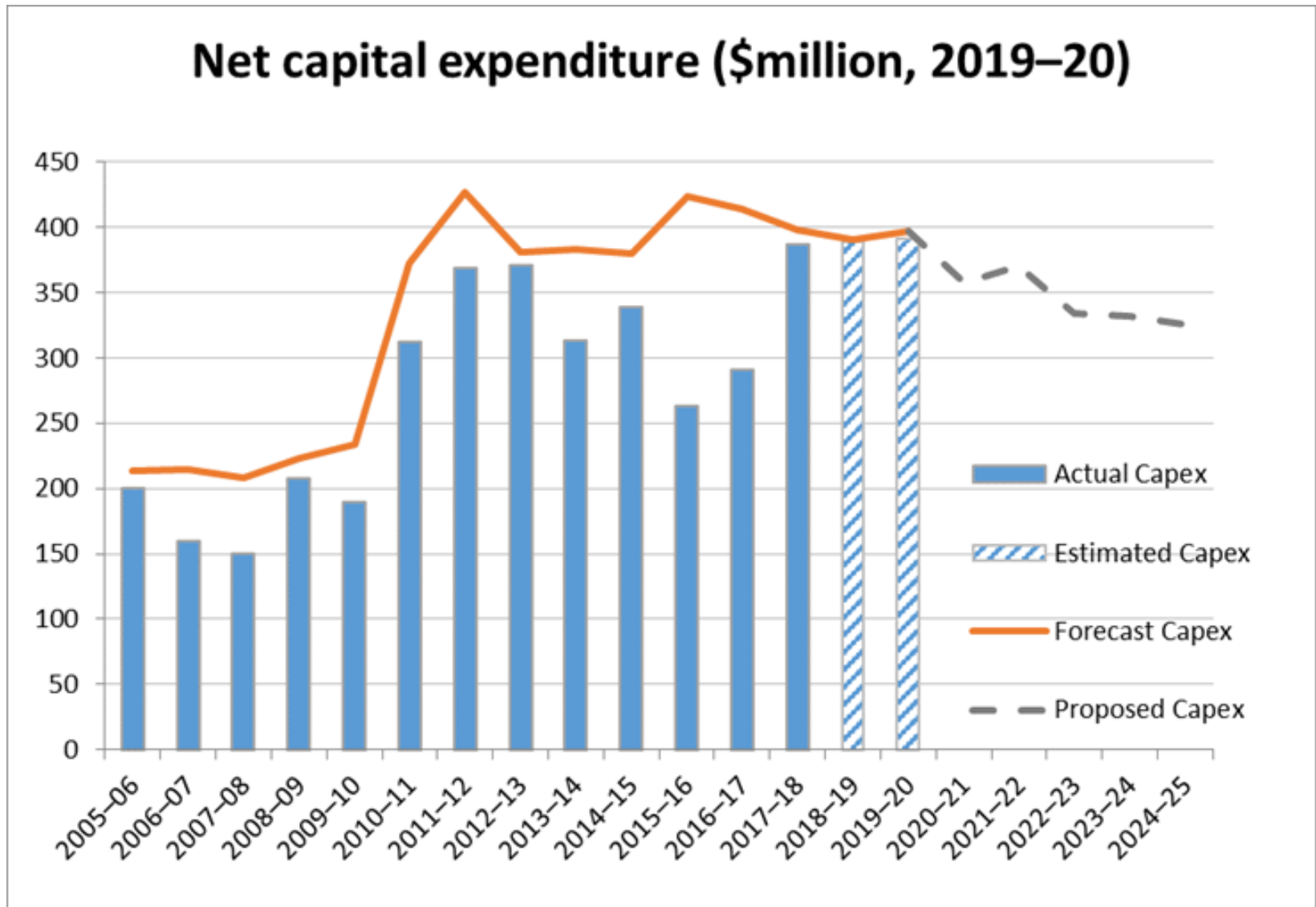
Source: AER analysis [Issues paper p. 14]

RAB value over time 2015-20 to 2020-25 (\$m, 2019-20)



Source: AER analysis [Issues paper p. 20]

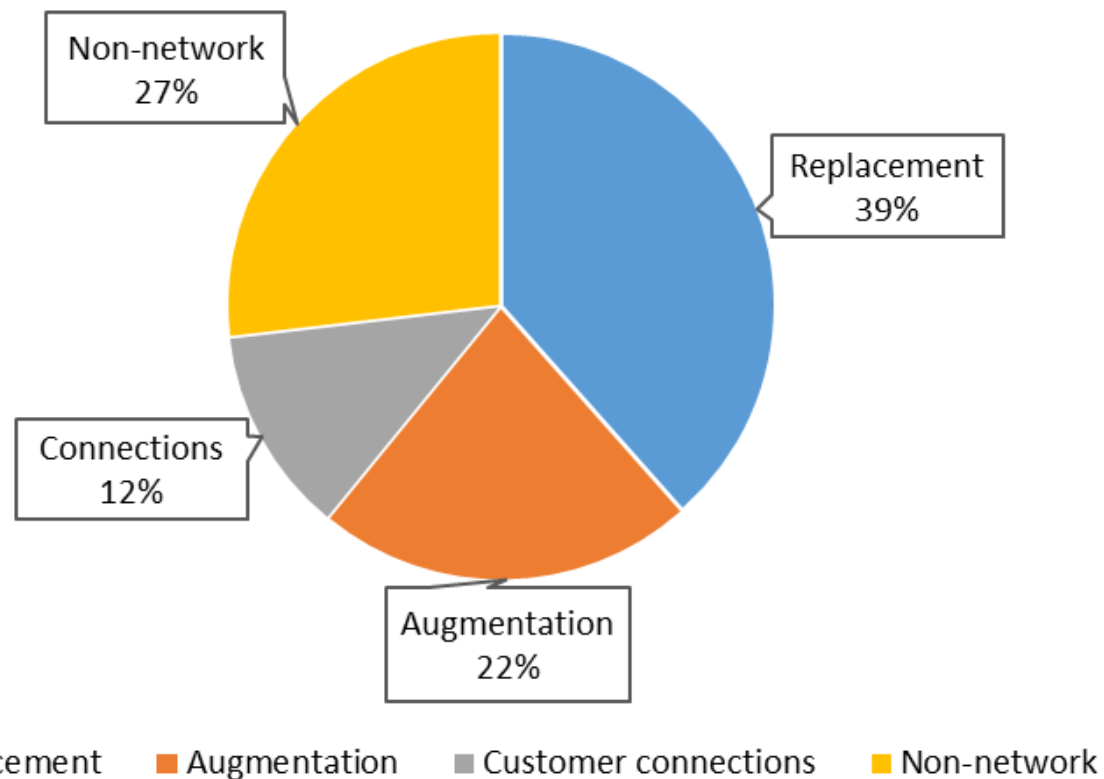
Change in capex 2015-20 to 2020-25 (\$m, 2019-20)



Source: AER analysis [Issues paper p. 23]

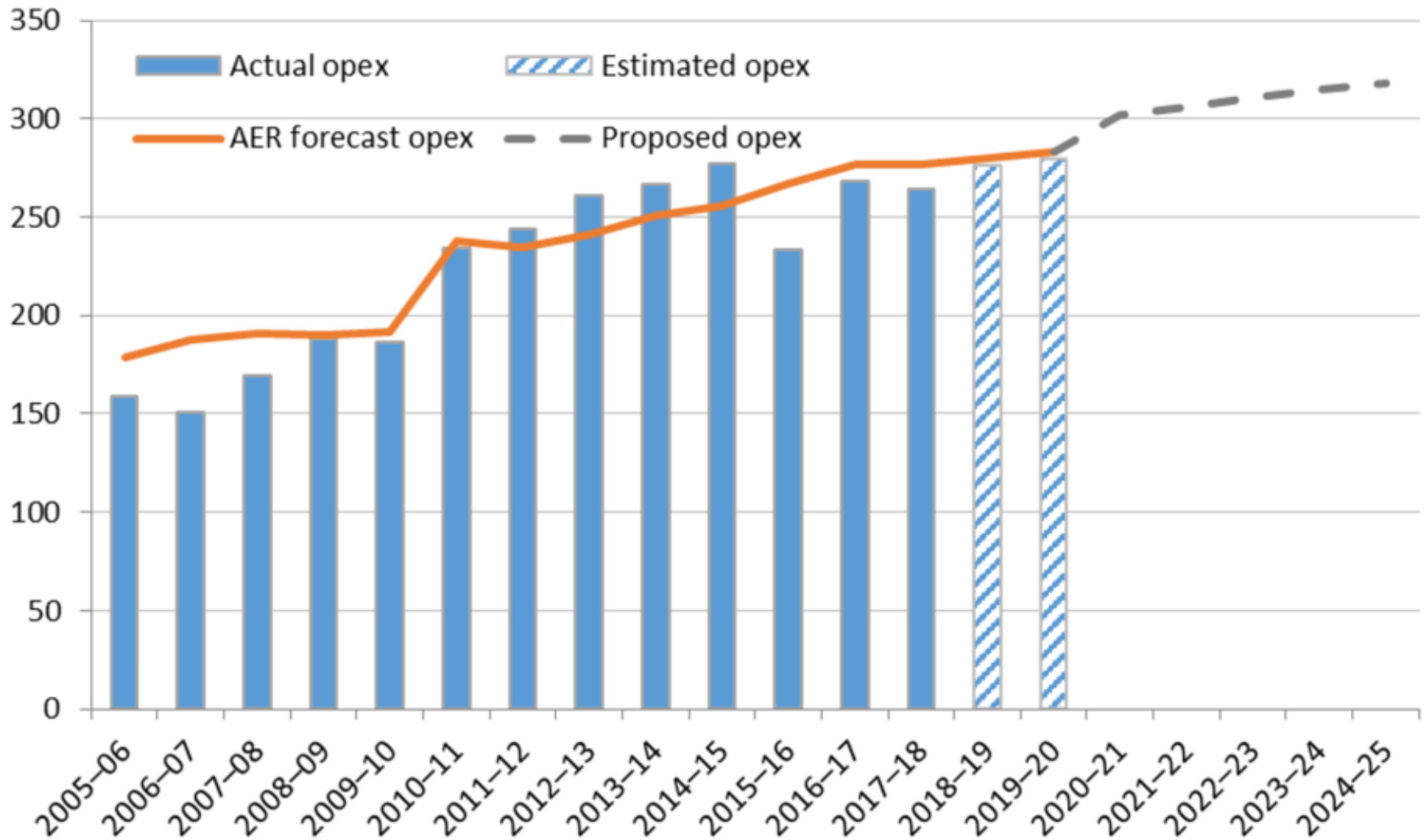
Forecast capex 2020-25 (\$m, 2019-20) by driver

Proposed capital expenditure by purpose 2020-2025



Source: AER analysis [Issues paper p. 24]

Change in opex 2005-10 to 2020-25 (\$m, 2019-20)



Source: AER analysis [Issues paper p. 29]

Classification

- Service Classification Guideline published September 2018
 - The Guideline is not binding on distributors
 - Stakeholder feedback invited on SA Power Networks' proposed departures from Guideline

Tariff Structure Statement

The move to cost reflective tariffs

Small customers:

- Shift to time of use charging;
- Rebalance by increasing the supply charge;
- Opt-in prosumer network tariff:
 - rewards for deferring demand and soaking up solar energy surpluses in middle of the day.

Large customers

- Changes to tariff assignment and design approach
- A seasonal large business demand tariff for Adelaide CBD – different to other non-CBD large business customers.

What happens next?

Milestone	Date
SA Power Networks submitted its proposal	31 January 2019
AER issues paper published	28 March 2018
Public forum on SA Power Networks' proposal	4 April 2018
Submissions on AER's issues paper and SA Power Networks' proposal due	16 May 2019
AER draft decision published	September 2019
Public forum on draft decision	October 2019
SA Power Networks submits its revised proposal	December 2019
Submissions on draft decision and revised proposal due	January 2020
AER final decision published	April 2020

Note: Timelines are subject to change.

How you can get involved

- Written submissions 16 May 2019
- Subscribe to our website for updates:
<https://www.aer.gov.au/newsletter/subscribe>
- Contact us:
[sapn2020@aer.gov.au](mailto:sapn2020@ aer.gov.au)