

Our Ref: 61592 – D16/32586  
Contact Officer: Paul Rositano  
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15 March 2017

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Sean Kelly  
General Manager Corporate Services  
SA Power Networks  
GPO Box 77  
Adelaide SA 5001

Dear Mr. Kelly

### **Information Request- Kangaroo Island RIT-D Dispute**

Thank you for meeting with the AER staff on 9 March 2017 to assist the AER in undertaking a compliance assessment of the dispute raised by the Kangaroo Island Council, regarding SA Power Network's (SAPN) Kangaroo Island Submarine Cable regulatory investment test for distribution (RIT-D).

As discussed in the meeting, pursuant to Cl 5.17.5 (h) of the National Electricity Rules (the Rules), the AER may request additional information regarding the dispute from the disputing party or the RIT-D proponent. The additional information should be provided to the AER within 14 days of receipt of the request.

To assist our assessment of the dispute regarding the Kangaroo Island RIT-D, we seek a response to the following questions.

1. We request that SAPN provide an indicative assessment of the net market benefit of options 1 and 8 (only), using the 'default' settings for the various RIT-D parameters and based on:
  - a. An assumed annual demand growth rate, sufficient to require the need for additional augmentation mid-way through the assessment period (we understand that this is in the order of 5% p.a.)
  - b. For option 1, the approximate costs of implementing a non-network demand management/generation option to meet the additional demand, once the capacity of the 33kV cable is reached (based on the indicative costings received for this RIT-D).
  - c. For option 8, the approximate associated costs of operating the cable at 66kV once this point is reached – including the required up-rating of the on-island network and substations.

2. SAPN has indicated that only the KI Golf Course and the American River Resort can be considered spot load that may cause the peak to exceed the 0.9% growth rate.
  - a. We request SAPN to provide an indication of the extent of additional growth that may result from these two developments (ie, how much greater than the 0.9% growth rate)?
  - b. The KI Economic Outlook also lists as 'potential developments' the Bickfords Distillery Development (Kingscote Wharf), development of a new forestry port and facilities and commercial development of the Kingscote Wharf precinct. Recognising that none of these are currently confirmed developments, if all of them were to go ahead, we would like SAPN to provide an estimate of the implied increase in the peak demand growth rate?
3. The disputing party has raised with us the prospect of demand on KI rising in future during periods of drought driven by SA Water deploying mobile desalination plants. Please provide any relevant correspondence with and information provided by SA Water with respect to any approximate additional load associated with such plant?

We request you provide this information by **29 March 2017**.

If you have questions regarding this letter, please contact Paul Rositano on (08) 8213 3409.

Yours sincerely



Peter Adams  
General Manager  
Wholesale Markets Branch

Sent by email on: 15.03.2017