

20 July 2015

Mr Sebastian Roberts
General Manager – Networks Branch
Australian Energy Regulator
GPO Box 520
MELBOURNE VIC 3001
SAelectricity2015@aer.gov.au

Dear Mr Roberts

I write in relation to the SA Power Networks' (SAPN's) Revised Proposal.

Business SA has previously provided two detailed submissions to the SA Power Networks Determination 2015-2020. This letter seeks to highlight our key concerns with the SAPN's Revised Proposal.

Whilst we did not believe that all of our key issues were sufficiently addressed by the AER's Preliminary Determination, we welcomed the price relief which would have eventuated. The AER's preliminary decision would have delivered a 9.8% cut to electricity bills for customers, and in particular small business.

Business SA is very disappointed that SAPN's Revised Regularity Proposal would not deliver these electricity bill cuts to customers.

We agree with the AER that there are few changes to the operating environment in 2015-2020 that would impact on SAPN's risk or regulatory obligations and therefore we are disappointed that SAPN's Revised Regulatory Proposal has simply reinstated aspects of operating and capital spending that the AER had revised downwards in its Preliminary Determination.

Business SA stands by its member survey which showed that 87% of businesses want reduced electricity prices rather than having increased spending on measures to improve reliability, bushfire mitigation, car accidents involving stobie poles and customer service.

We were disappointed that SAPN's Revised Regulatory Proposal did not take into consideration our member survey which sought to highlight the real impact of electricity prices on South Australian businesses.

It is also important to note that our member survey only formed one part of our submission to the SA Power Networks Regulatory Proposal for 2015-2020. Our detailed submissions are

based on our understanding and on-going dialogue with business; Business SA understands that energy costs are a vital issue for business in South Australia. Business SA also engaged Ben Kearney & Associates (with Merz consulting engineers) to assist in preparing our submissions.

In addition, we remain concerned by SAPN's continued reliance on their "willingness to pay" survey in as the primary means for justifying significant expenditure. We do not consider that the results of SAPN's customer engagement process provide justification for the spending proposed.

Another of Business SA's key concerns remains the value of the regulated asset base. This has the potential to be the single biggest obstacle to the long term affordability of electricity in South Australia.

Throughout this process Business SA has remained focused on ensuring that business energy users are not subject to continued price increases. It is therefore essential that any SAPN expenditures are prudent and efficient. Business SA does not believe that SAPN's Revised Regulatory Proposal meets these criteria.

Who we are

As South Australia's peak Chamber of Commerce and Industry, Business SA is South Australia's leading business membership organisation. We represent thousands of businesses through direct membership and affiliated industry associations. These businesses come from all industry sectors, ranging in size from micro-business to multi-national companies. Business SA advocates on behalf of business to propose legislative, regulatory and policy reforms and programs for sustainable economic growth in South Australia.

Should you require any further information or have any questions, please contact Rick Cairney, Director of Policy, Business SA on (08) 8300 0060 or rickc@business-sa.com.

Yours sincerely



Nigel McBride
Chief Executive Officer