

2 December 2022

Clare Savage  
Chair  
Australian Energy Regulator

via email:

Dear Clare

**Re: ElectraNet Transmission Network Revised Revenue Proposal 2023-2028**

ElectraNet has today submitted its Revised Revenue Proposal for the five-year regulatory control period commencing 1 July 2023.

Given the AER accepted most of ElectraNet's Revenue Proposal in its Draft Decision on 30 September 2022, the Revised Revenue Proposal addresses a relatively small number of outstanding but important issues.

Since our Revenue Proposal was prepared, change in our operating environment has continued at pace. South Australia is the first gigawatt scale power system in the world to experience periods of 100% Variable Renewable Energy. These periods will become more frequent and longer in duration. To support this, AEMO has highlighted the need to uplift our capabilities to plan and operate the transmission network to maintain secure and reliable supply for customers.

We have included a modest operating expenditure step change in this Revised Revenue Proposal to address this requirement.

We are seeing a further increase in cyber security requirements applicable to our sector. This will drive increased compliance effort in the coming years which we have included in our forecasts.

As discussed with the AER we have included in our forecasts the costs of procuring inertia network services for the next two years to address the shortfall AEMO has identified in South Australia.

Set against these challenges we share customer concerns over the rising costs of living. We remain committed to keeping our costs as low as possible, exploring innovations and playing a broader role in the transition to cleaner energy.

The Revised Revenue Proposal was shaped through close engagement with our Consumer Advisory Panel, and we are grateful for their significant contributions, as reflected in our proposals.

We have also continued to improve our engagement approach and implemented several changes this year. These include re-establishing the Panel with a broader membership under revised terms of reference and the appointment of an Independent Facilitator.

Importantly, we have also established a framework for engagement with the Panel through the course of our annual planning cycle to provide ongoing consumer input to our planning and decision making.

We look forward to working closely with the AER as it reviews our Revised Revenue Proposal, which we are confident delivers outcomes in the long-term interests of South Australian electricity consumers by balancing reliability of supply and affordability in a rapidly changing power system environment.

I enclose a copy of the Revised Revenue Proposal for your reference. The revised proposal and remaining supporting documents have been submitted to the AER via a secure upload facility.

In the interests of transparency, we have limited our confidentiality claims to material that is of a strictly sensitive nature that could, for example, prejudice the security of the network if disclosed (refer Attachment).

We look forward to briefing members of the AER Board Networks Committee on our Revised Revenue Proposal on 13 December 2022.

In the meantime, should you require any further information, please contact Rainer Korte on [\_\_\_\_\_].

Yours sincerely

Simon Emms  
**Chief Executive**

cc: Warwick Anderson, General Manager Pricing  
Lynley Jorgensen, Director

Encl. Revised Revenue Proposal

Att. Confidentiality Claim

## Revised Revenue Proposal

### Confidentiality Claim

Title, page and paragraph number of document containing confidential information	Description of the confidential information.	Topic the confidential information relates to (e.g. capex, opex, WACC etc.)	Identify the recognised confidentiality category that the information falls within.	Provide a brief explanation of why the information falls into the selected category.	Specify reasons supporting how and why detriment would be caused from disclosing the identified information.	Provide any reasons supporting why the identified detriment is not outweighed by the public benefit.
Attachment 3- Deloitte Cyber Security Assessment Report (full report)	Details of cyber security capability, including the relevant requirements to meet the Australian Energy Sector Cyber Security Framework.	Operating Expenditure - Details of cyber security arrangements	Information affecting the security of the network and market sensitive costs inputs	This information could provide details of ElectraNet cyber security strategy and costs, which could adversely impact ElectraNet's cyber security and ability to negotiate competitive prices.	If this information is disclosed, it would impact ElectraNet's ability to maintain cyber security and obtain competitive prices in the market place.	If published this information will compromise ElectraNet's ability to maintain adequate cyber security placing the network at significant risk. If the market sensitive costs inputs are published these will impact ElectraNet's ability to deliver the lowest possible costs. Both these impacts will be detrimental to customer's interests.
Attachment 4 - Inertia Network Service Costs - Appendix (pp 16-17)	Details of market tender offers from inertia service providers.	Operating Expenditure - Details of inertia service costs	Market sensitive pricing information	The information would disclose commercially sensitive details of third party providers market pricing, breaching confidentiality and adversely affecting ElectraNet's ability to negotiate competitive prices.	If this information is disclosed, it would impact ElectraNet's ability to obtain competitive prices in the market place and breach confidentiality owed to third parties.	If published this information will compromise ElectraNet's ability to deliver the lowest possible costs which would be detrimental to customer's interests.

### Proportion of Confidential Material

Submission Title	Number of pages of submission that include information subject to a claim of confidentiality	Number of pages of submission that do not include information subject to a claim of confidentiality	Total number of pages of submission	Percentage of pages of submission that include information subject to a claim of confidentiality	Percentage of pages of submission that do not include information subject to a claim of confidentiality
Revised Revenue Proposal	22	292	314	7%	93%