



Presentation to the Australian Energy Regulator (AER) Public Forum

Wed 19/10/22

Leanne Muffet + Mark Henley
(ElectraNet Consumer Advisory Panel [CAP])

Responding to need for deeper consumer engagement

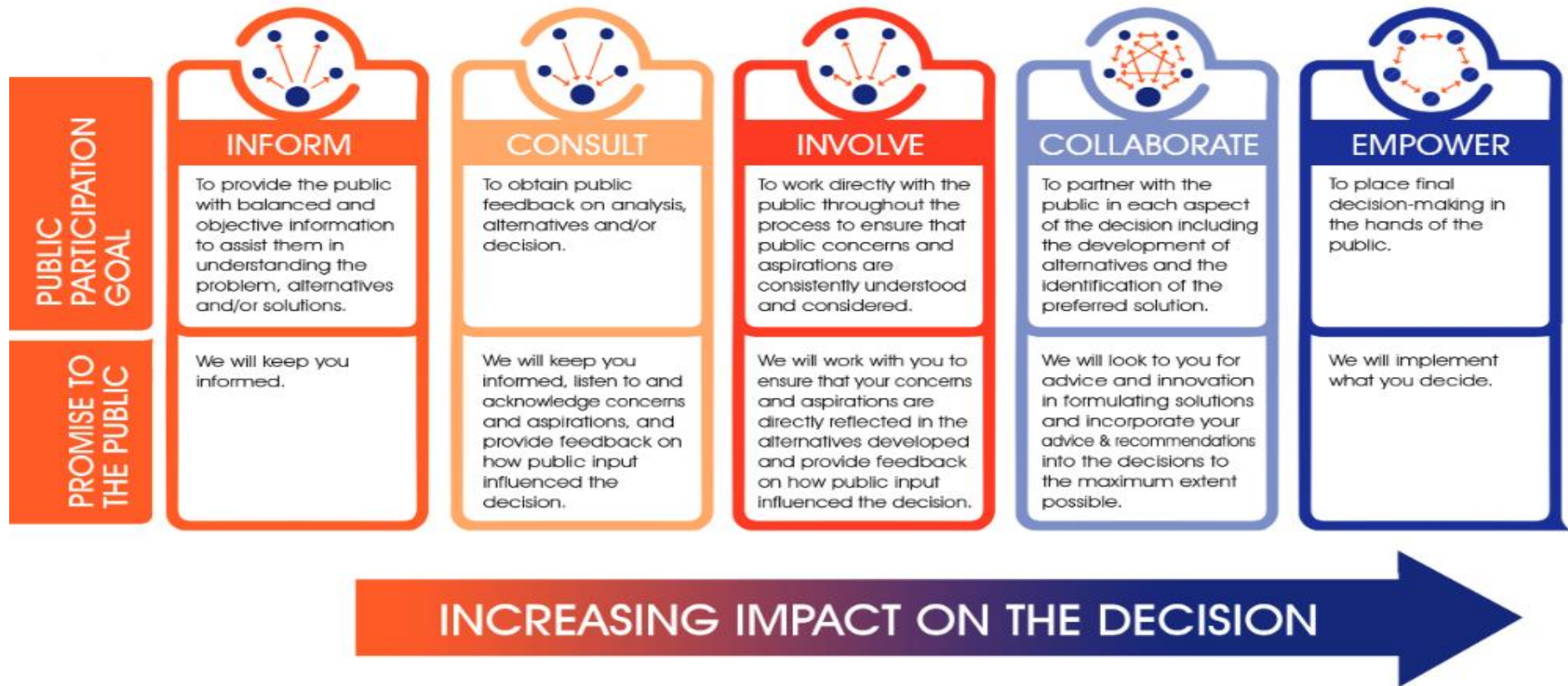
A range of improvement opportunities were identified by ElectraNet and Seed Advisory in its February 2022 report



Establishing the Framework (Table 1)

Opportunity	Our Response
Re-engage an Independent Facilitator (IF) + strengthen the engagement culture	Re-engage an <i>Independent Facilitator</i> to work with the CAP + contribute to the broader engagement culture of ElectraNet <ul style="list-style-type: none"> • The IF has engaged with ElectraNet’s Executive • The IF works closely with ElectraNet’s CAP Team
Update Consumer Advisory Panel (CAP) Terms of Reference (ToR)	Develop a Terms of Reference (ToR) that has a strong interface with the International Association of Public Participation (IAP2) <ul style="list-style-type: none"> • Ensure that the Objectives create legitimacy for the CAP • Clarify roles and responsibilities • Ensure connection with ElectraNet’s Executive and Board
Reform the CAP with Diverse Membership	New CAP members span a diversity of expertise and skills <ul style="list-style-type: none"> • Environment, Disadvantaged Communities, Business, Agricultural, R+D, and Commercial Energy Consumers. *One seat left at the table
Induction and training support for CAP	ElectraNet has held an initial round of induction sessions for new and reappointed CAP members <ul style="list-style-type: none"> • We will continue to seek feedback on CAP member’s needs
Metrics of Success	Develop metrics of success for the CAP (participatory + impact) <ul style="list-style-type: none"> • Metrics of success are embedded in the updated Terms of Reference • Seek CAP input (involvement / collaboration)

IAP2 Spectrum



CAP main areas of work (Table 2)

Opportunity	Our Response
Early engagement on Revised Revenue Proposal	<ul style="list-style-type: none">• New CAP members have had two meetings specifically on the Revised Revenue Proposal (late Sept + Mid Oct 2022)• Some deliberations out of session• A follow up meeting is scheduled for late October 2022
CAP involvement in Annual Planning Process	<ul style="list-style-type: none">• Involve the CAP in twice yearly considerations of the development of network and asset plans including the Transmission Annual Planning Report (TAPR)• Engagement in the annual planning process will commence in the first quarter 2023• Presently the CAP is focused on the Revised Revenue Proposal

Practices

- Face to face meetings as far as possible
- Clear and regular communication with the CAP
- A clear meeting schedule and timely meeting papers
- Include a face to face meeting in regional SA
- Coordinate with SA Power Networks potentially through a series of joint workshops / meetings



Response to AER Draft Decision (matters arising post lodgement)

- The CESS (capital incentive scheme adjustment)

ElectraNet proposed an adjustment to the CAPEX expenditure base for CESS calculations, after lodgement of the proposal – with limited opportunity for more considered engagement. The ‘new’ CAP has sought further information and may engage further

- Draft Decision \$282.1 million (15.4%) higher than amount sought by ElectraNet due to Rate of Return increase.

This is a hefty increase for customers (Business and households) to pay, and could go higher in Final Decision. CAP has asked what options exist to mitigate impact for customers: e.g. transition to apply the RoR increase, increase opex productivity, innovation?

There’s no easy answers here!

Response to AER Draft Decision (matters considered by previous CAP)

- **Business narrative:** “Network Vision was reviewed and updated with stakeholders in 2020 and early 2021.” Might need further adjustment for Revised Revenue Proposal – 2 years on.
- **Uncertainty remains:** DER / changing nature of electricity supply / ISP impacts etc
- **Opex step changes:** Insurance and Cyber Security both considered in detail pre-lodgement. AER agrees that both are material, discussion nearing agreement about prudent level of investment. Re Cyber: CAP supports SP level 3, as currently required, but what will be required in 2028?
- **Contingent Projects:** Also extensive engagement with previous CAP – potential projects list now shorter and better projects better defined
- **Capex,** noting inter-period capex (any further change in amount of PEC work needing to move into the next reg period? NB CESS story)

Questions and or comments

