

24 September 2021

## Annual Pricing Process Review Position Paper

At the request of the AER, SA Power Networks is providing feedback on the Annual Pricing Process Review Position Paper published August 2021.

SA Power Networks agrees with the intent of the Position Paper and has outlined below our views on the following pre-lodgment engagement matters as outlined in the Paper.

### Timelines and Data Availability

SA Power Networks welcomes early engagement and considered the informal early engagement for the 2021-22 Annual Pricing Proposal a valuable process. We note that the proposed timelines do impact the availability and/or robustness of data used in the preliminary pricing proposal submission. In particular:

- Estimate year t-1 data and year t data  
In the months of January and February there can be considerable volatility in demand and usage due to weather. This can result in a +/- 2% impact on annual revenue recovery. SA Power Networks has historically used actual data for the period July to February to ensure that these impacts are accounted for. Under the proposed timeline the preliminary pricing proposal submission would have an increased level of estimation uncertainty in the demand and usage estimate and forecast for year t-1 and year t. Demand and usage estimates and forecast quantities would be updated for our final pricing proposal to incorporate an additional two months of actual data.
  - Transmission Use of Service  
SA Power Networks obtains transmission pricing from ElectraNet on 15 March. ElectraNet does not provide forecast transmission prices. SA Power Networks does not consider using a forecast of any kind in the preliminary pricing proposal to be of value, instead we would use year t-1 transmission pricing. Actual transmission pricing would be used in our final pricing proposal.
- Trial tariffs
- Proposed trial tariffs are required to be submitted to the AER by 28 February which is 10 days after the proposed submission of the preliminary pricing proposal. SA Power Networks proposes to include any trial tariffs in the preliminary pricing proposal on the basis that they will be approved. Additional trial tariffs may be submitted after the preliminary pricing proposal, with pricing developed for the inclusion in the final pricing proposal.

### Development of Guideline

SA Power Networks does not consider it is necessary for the AER to develop a guideline for estimating year t-1 demand, usage and revenues. We have developed an estimation process that we consider adequately incorporates the locational factors impacting demand, usage and revenue forecasts.

### Pre-filing Inputs

SA Power Networks considers the pre-filing of AER inputs to be beneficial.