



CONSUMERS SA

[CONSUMERS' ASSOCIATION OF SOUTH AUSTRALIA INC.]

Member of Consumers' Federation of Australia Inc.

Patron: Ian Gilfillan

PO Box 328 Belair SA 5052

Telephone: (08) 8227 1648

Email – mail@consumerssa.org.au

Webpage – www.consumerssa.com

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Mr. Sebastian Roberts,
General Manager,
The Australian Energy Regulator,
GPO Box 520,
MELBOURNE,
Victoria. 3001

Dear Sir,

RE: S.A. POWER NETWORKS PRELIMINARY DECISION

Consumers SA is a community based, non-profit organisation that represents consumers' interests. encourages the dissemination of information on issues affecting consumers, provides a forum for discussion of those issues and lobbies on them to all levels of government.

Consumers SA (CSA) is grateful for the briefing provided to the community by the Australian Energy Regulator (AER) with regard to SA Power Networks (SAPN) preliminary determination.

CSA notes that the AER has hired a consultant to assess the willingness to pay survey submitted by SAPN in its submission, and applaud this decision. CSA is aware that many surveys conducted in the name of consulting with consumers are inadequate in that they do not ask the questions that consumers would like asked, but rather direct questions that allow an entity to make claims they have consulted, and then draw conclusions that do not necessarily truly reflect consumers views. From what we understand, SAPN's survey did not ask whether their customers would prefer to have their current level of reliability with prices coming down, rather than better reliability with prices going up. We look forward to learning the result of the consultant's assessment.

In broad terms CSA agrees with the AER's preliminary determination and supports it, with some caveats.

We support the AER dropping SAPN's allowable revenue by \$197m in 2016 to the same as the regulatory period before the first large increase due to the GFC. (2010 - 2015) However we do ask why the base year chosen as the bench mark (2014) was the last, and not the most efficient from that regulatory period. That would seem to make more sense.

Operating costs: OPEX Again we note that the AER has reduced this considerably and support their decision, but the same comments as above apply.

CSA also supports the AER's decision to depreciate assets over the life of the asset, rather than SAPN's idea of accelerating depreciation since this method means less volatility for consumers in their bills.