We are aware also that demand for power has decreased over the last regulatory period, yet SAPN's Capital expenses (CAPEX) during the same period grew by 96%, and revenue by 35%.As SAPN's asset base also increased, the Utility now has more asset than needed. Since the network price rose by 55% between 2010 and 2015 and SAPN no longer faces the same nominal risk free rate approved during the GFC regulatory period, we support the AER's decision to grant only 2.55% nominal risk free rate. It is not able to be substantiated that SAPN face more risk now that they did in 2010.

CSA rejects SAPN's reasons for seeking significant increases in both CAPEX and OPEX and supports both the nominal post-tax and pre-tax return percentages the AER has determined. It is apparent that if SAPN's proposal for increases is accepted by the AER, by 2019-2020 the increase in their revenue would be enormous and by default under the present system would become the base year for the following regulatory period. CSA favours using the most efficient year from any regulatory period becoming the base year for the next.

SAPN has over spent in infrastructure, when by their own figures there has been a decided downturn in demand and productivity. They have also signed an enterprise agreement for an increase of 1.5 - 2% pa above the Consumer Price Index for their employees. The consequence of these decisions is not something that should be worn by consumers. These were business decisions and should be borne by company profits.

CSA was also surprised that in their submission to the AER on 28th May, 2015, SAPN have brought up the idea of a social/hardship tariff to be used to alleviate hardship for energy users. Such recipients would not pay the feed-in tariff or the supply charge but only for energy consumed. We note that the AER has recently stated that they are not granting this particular request and we support that decision at this time. A hardship tariff is not necessarily a bad thing, particularly as consumers facing hardship are increasing, but the idea needs more thought and discussion.

While CSA does not oppose such a tariff, we do remain very concerned that this was put to the AER without any community consultation. The issues around it need more investigation, particularly with regard to cross subsidies. We are also aware that under the new pricing rules coming into effect on July 1st, 2015, SAPN will be *required* to consult with the community. CSA is of the opinion this should be carried out first and a clear and agreed way forward should be determined before a decision on this matter can be made. What this tariff would mean for all SAPN users and how it would affect them is still as yet, unknown. Also of concern is how and if solar power customers would be adversely effected by such a tariff.

A report commissioned by Uniting Care Australia shows that the States paying the highest fixed charges in the nation and thus the world are South Australia, Queensland and New South Wales. These states now pay higher fixed prices than Denmark, which was the only country that topped Australia's power prices in a 2011 study by Energy Users Association of Australia. Canstar Blue ,a consumer research company surveyed 8,000 Australians and of those 29% listed electricity prices as their greatest concern after medical costs, petrol and food and almost a quarter struggled to pay their power bills on time. Consumers are now seeking pricing relief and looking to the AER to ensure that they receive it.

We thank you for the opportunity to make our views known on these matters.

Yours sincerely,

J. Furbank

John Furbank, 1/7/2015
Secretary, Consumers SA