

MEM20V0215

Mr Warwick Anderson
General Manager
Australian Energy Regulator
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Dear Mr Anderson

Thank you for the opportunity to comment on the SA Power Networks' (SAPN) operating expenditure step change and the bushfire review contingent project for 2020-2025.

As noted by SAPN in its *Bushfire Liability Insurance Premiums Step Change Submission*, the South Australian Government together with the Essential Services Commission of South Australia was involved in consultations in September and October 2019 on SAPN's bushfire liability insurance program. During this consultation, SAPN outlined the complexities of its insurance program and the difficulties in obtaining, at commercially efficient rates, sufficient insurance coverage required under its regulatory obligations under its distribution licence.

The South Australian Government acknowledges the significant damage to electricity infrastructure during the 2019-20 summer bushfire season. Given the recency of these bushfires and as yet unknown consequences on bushfire liability insurance premiums, the South Australian Government suggests that an insurance cap event as a pass-through event, that is completed after the premium increase is finalised, would be more appropriate. As such, the South Australian Government supports the proposed changes to the definition of an insurance cap event contained in Attachment 13 of the *SA Power Networks 2020-25 Revised Regulatory Proposal*.

As you may be aware, the South Australian Government has announced an independent review into the bushfire season with a focus on both the Kangaroo Island and Cudlee Creek bushfires. The review will have a broad scope and will look into preparation, planning, community resilience, response and recovery.

Minister for Energy and Mining

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Dialogue has also commenced to better understand operational and community requirements in the context of long-term climate change adaptation needs. The resilience of our electricity distribution network will be part of this dialogue. It is imperative that discussions regarding long-term climate change adaptation are collaborative and community expectations of essential infrastructure in this context are well understood. I expect the outcomes of this dialogue will feed into future reviews of the reliability standards. At this stage, it is too early to pre-empt whether this dialogue will identify actions for the 2020-25 period. I note, however, there is an established regulatory pass-through event under the National Electricity Rules.

I look forward to the Australian Energy Regulator's final decision in April 2020.

Should you have any questions in relation to this submission, please contact Mr Vince Duffy, Executive Director, Energy and Technical Regulation, Department for Energy and Mining on [REDACTED].

Yours sincerely



Hon Dan van Holst Pellekaan MP
Minister for Energy and Mining

6 / 3 / 2020