



In reply please quote 2013/16836
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Mr Warwick Anderson
General Manager, Network Regulation
Australian Energy Regulatory
GPO Box 3131
CANBERRA ACT 2601

Dear Mr Anderson,

***PRELIMINARY POSITIONS FRAMEWORK AND APPROACH – SOUTH
AUSTRALIA POWER NETWORKS***

I am writing in response to the Australian Energy Regulator's (AER) *Preliminary positions paper framework and approach for South Australia Power Networks (SAPN), regulatory control period commencing 1 July 2015*, dated December 2013 and in addition to the letter already submitted from Department of Planning, Transport and Infrastructure (DPTI), dated 14 February 2014, from Mr Paul Gelston.

DPTI is responsible for the planning and delivery of major infrastructure projects for the benefit of all South Australians. As these projects involve the expenditure of public funds, it is imperative that DPTI receive, and be able to demonstrate that it has received, value for money in the delivery of all aspects of a project.

Such projects frequently require DPTI to negotiate with SAPN for the relocation of SAPN's electricity distribution network infrastructure. Asset relocation services are generally ad hoc, and require significant specific planning and design.

DPTI supports the AER's proposed classification of asset relocation services as non-standard network services. DPTI would like the framework to be more explicit that these are mandatory negotiated services, in order to ensure SAPN remains required to provide such services:

- based on reasonable terms and conditions, which have been negotiated in good faith in accordance with a specified negotiating framework, which in particular includes requirements on SAPN to provide sufficient information to allow DPTI to negotiate effectively;

- based on prices which reflect the costs to SAPN of providing the services, and can be justified; and
- which are subject to the AER's general oversight in terms of settling an access dispute between SAPN and DPTI.

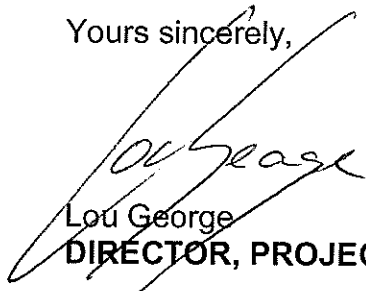
DPTI also considers that some improvements to the description of asset relocation services (at B.13 to Appendix B of the *Preliminary positions paper*) should be made to clarify their intended scope. DPTI suggests the following addition to B.13 including:

'c. Moving mains, services, meters and other associated assets forming part of the distribution system, providing temporary disconnection, or temporary line insulation to accommodate extensions, redesign, redevelopment of public infrastructure as requested by a public authority.'

Asset relocation services often encompass certain civil and electrical works which, similar to non-basic connection services, in DPTI's view may reasonably be undertaken by someone other than SAPN, subject to relevant technical and safety requirements. Consequently we consider that elements of the relocation works be treated as contestable, allowing private sector involvement in pricing and undertaking significant portions of the civil and electrical works.

Thank you for the opportunity to be involved. DPTI would be happy to discuss these issues in further detail at any time, and look forward to the next stage of the Distribution Determination process.

Yours sincerely,



Lou George
DIRECTOR, PROJECTS

19 February 2014