

Attachment: Detailed comments on Category Analysis RIN templates

The following comments relate to the categories of information in the draft templates issued with the Category Analysis RIN that SA Power Networks considers should be modified. We would welcome the opportunity to work with the AER to resolve these issues.

As you are aware, SA Power Networks will not be able to fully determine which information it can and cannot provide until it has had the opportunity to complete further investigations. Whilst work on this task has already commenced, SA Power Networks' anticipates that as time progresses it will become apparent that some categories of information may require special treatment. Further discussions with the AER in the lead up to the issue of the final Category Analysis will provide both the AER and SA Power Networks with the opportunity to fine tune the final category analysis information requirements.

Tab	Comments / Queries
General	
Labour Costs	Refer to specific comments in the letter to the AER on the draft Category Analysis RIN.
Vehicle costs	Refer to specific comments in the letter to the AER on the draft Category Analysis RIN.
2. Expenditure	
2.1 Expenditure Summary	Nil comments.
2.2 Repex	<p>Further guidance on what is expected under “Asset Failures” would be helpful. The definition for “Asset Failure” appears to be based on unplanned breakdowns which are generally repaired / replaced under Maintenance expenditure.</p> <p>If, following inspection an asset is “defected” due to asset condition / risk assessment and scheduled for planned replacement within 2 weeks/1 month/3 months etc and is then replaced in the regulatory year is this to be included as asset failure? Conductor length is requested by voltage and by feeder type and by material type. It also requests underground cables by material type but lists only voltage categories and then by feeder type. This needs correction/clarification.</p> <p>There are duplicated category headings under “Switchgear”.</p> <p>We do not capture the length (km) of asset replaced for overhead conductors and underground cables, as failures of these assets are localised. However, we do capture the number of failures. We request that the requested data is amended to reflect this.</p>

Tab	Comments / Queries
2.3 Augex project data	<p>Large projects spanning more than one regulatory year will have individual components that may be separately commissioned (and included in the RAB) during different years. For example, a large project may have a 66kV line component commissioned in one regulatory year and substation works and transformers commissioned in a separate year. Does the AER want what is commissioned within the reportable time period or only the entire project cost? For very large projects (greater than \$5 million) we would prefer to report separate components by each regulatory year as they were commissioned. However, for the vast majority of projects below this threshold we would prefer to report the total project once, that is in the year it is commissioned.</p> <p>We have a number of works programs we would normally categorise as “legal, environmental and safety”. These works could include, for example, oil containment, bushfire risk mitigation, fence replacement and mandated undergrounding (PLEC). We would intend to include these types of works as single line item either in augex or repex. Confirmation of a preferred category is requested.</p> <p>The AER has a \$5 million materiality threshold for very large projects in tables 2.3.1 and 2.3.2 but not specified thresholds for other lower cost but high volume works. Given the volume of projects to be manually interrogated to identify the physical and financial information requested, SA Power Network proposes there should also be materiality thresholds for Tables 2.3.3, 2.3.4 and 2.3.5. SA Power Networks proposes the following project materiality thresholds:</p> <ul style="list-style-type: none"> • Table 2.3.3 – HV Feeders: \$1M • Table 2.3.4 – Distribution substations: \$100k • Table 2.3.5 – LV feeders: \$50k
2.5 Connections	<p>We propose to interpret “New Connections” work to include upgrades (due to load increases) to existing connections (eg existing single phase supply converted to three phase supply) but exclude supply alterations (eg relocations) where there has been no load increase. Confirmation that this interpretation is appropriate is requested.</p> <p>For each connection type, the AER has requested cost information on distribution substations (transformers) installed, by capacity classes. We would propose to also include in this category the associated costs to establish these assets (eg pole and pole structure if pole-mounted transformer, civil works for pad-mounted transformer) and HV/LV feeder extensions to those assets but exclude any upstream augmentation of the existing shared network. Confirmation of the appropriateness of this approach is requested.</p> <p>Large customer connection projects can involve not only connection works and the bringing forward of augmentation and other non-network works. Our understanding is that for these types of projects only the customer connection works costs (including HV/LV extensions) – would be reported in the Connections tab and the cost of the other works will be included in Augex or other tabs (perhaps some expenditure in Non-network tab) as appropriate. Confirmation of the appropriateness of this approach is requested.</p> <p>The templates categorise connections expenditure as standard control or alternative control. In SA, all connections gross expenditure is either standard control services or negotiated services (there is no alternative control expenditure). Negotiated services are funded</p>

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	<p>by customer contributions which we expect to show in the expenditure summary sheet. The template doesn't currently provide for negotiated services expenditure to be included. We propose it should be included as:</p> <ul style="list-style-type: none"> • This will enable better benchmarking of the full "cost" of connections; and • Changes to the connection charging regime will occur from 1 July 2015 (under NECF) which will alter the mix of standard control negotiated services expenditure. Excluding negotiated services expenditure would otherwise introduce a "step change" in connection expenditure which would be misleading. <p>With embedded generation connections, SA Power Networks distinguishes between small scale (<30kW) and large (30kW and above) generation. The vast majority of embedded generation connected includes installation of PV systems <30kW to existing homes with no upgrade to existing connections required and the only alteration required being changing the meter to allow export quantities to be measured. Records of whether the residence where the PV was installed is connected by an underground or overhead service would not be available and reporting of same would appear to serve no purpose. Could the AER please clarify whether these small scale installations are to be reported. If so, the underground/overhead split could not be provided.</p> <p>The definition of Distribution substation (transformer) has the voltage at or below 22kV but above 1kV to levels below 1kV. We have a small number of 33/0.4kV and possibly 66/0.4kV transformers. We propose to include these as separate line items.</p>
2.6 Vegetation management	<p>We currently do not collect or have data on, for example, hazard trees, ground clearance, number of trees per maintenance span , and some of this information will be difficult to estimate given the regional differences eg number of trees per maintenance span eg West Coast vs Mount Lofty Ranges vs South East.</p> <p>Our external provider undertakes the clearance program and currently collects approximately 42 data points during their scoping process, eg. tree type, line voltage, feeder, address details and span lengths. To meet the additional requirements for the AER for the future, we would have to issue a variation of specification to our service provider and request that they commence collecting it in the future. This will incur additional monetary and resource costs, and reduce efficiency of scoping due to the additional burden of capturing and reporting the information.</p> <p>In an independent report from a consultant, GHD, the draft report estimated that in relation to scoping, the average rate of scoping currently being undertaken is 7.5 spans per hour. To collect more data to meet AER requirements it was estimated that the number of spans scoped per hour would be reduced to 6 which would have a cost impact of \$1.6 million per year.</p> <p>Paragraph 12.2 of Appendix E provides that '[e]ach contiguous area nominated by SA Power Networks as a <i>vegetation management</i></p>

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	zone'. However, it is unclear what this statement means. We seek the clarification as to the purpose of this statement.
2.8 Maintenance	<p>We would welcome further guidance on where to report telecommunications maintenance. We can show as either "Other maintenance" or "Zone substation – Other equipment".</p> <p>Is maintenance of protection equipment to be recorded in the Maintenance tab or Non-network tab?</p>
2.8 Emergency	Nil comments
2.9 Overheads	Nil comments
2.14 Non-network	
IT & Communications	We note the requirement to breakdown expenditure by client devices and other recurrent and non-recurrent expenditure. We do not report expenditure on this basis and are unsure of the intent. We expect to have further discussions with the AER as to what to report in these categories.
Vehicles	<p>Also refer to specific comments in the letter to the AER on the draft Category Analysis RIN.</p> <p>Operating expenses – as detailed in the CAM, our costing is based on full absorption. Therefore, the cost of operating the fleet i.e fuel, registration, insurance, maintenance is charged as a direct cost to Opex and Capex categories for eg supply restoration via standard rates for individual vehicle types. Given that, the question then is whether the AER want us to report the Opex cost by each of the Asset Reporting Categories specified for eg Cars; EWPs?</p> <p>Could the AER please confirm that capex disposals relates to sale proceeds as opposed to disposal cost; and</p> <p>Could the AER please confirm whether an Internal Labour direct cost break down is separately required for Vehicles or should just be included in the table headed "All Other Non Network expenditure categories", noting there are separate internal labour tables for IT&Comms and SCADA&Network control.</p>
Property	Could the AER please confirm whether an Internal Labour direct cost break down is separately required for Property or should just be included in the table headed "All Other Non Network expenditure categories", noting there are separate internal labour tables for IT&Comms and SCADA&Network control.
Other	Nil comments

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SCADA & Network control	The table requests expenditure split between “smart meter” and “non-smart meter” installations. We are unclear of the purpose of this distinction and whether any SCADA and network control expenditure occurs under “non-smart meter”. We suggest that referring to meter types (1-4, 5, 6, 7 etc) may be preferable. We currently interpret non-smart meters as Types 6 and 7 (and potentially Type 5) expenditure but expect no SCADA and Network Control expenditure would occur with no-smart meters.
4. Alternative Control Services	
4.1 Public lighting	All SA Power Networks public lighting services are classified as negotiated services therefore this tab should be removed.
4.2 Metering	<p><u>Table 4.2.1</u></p> <p>SA Power Networks proposes to populate the template with meter numbers as at 30 June each year. Please confirm this is correct.</p> <p>SA Power Networks has a mixture of alternative control services meters and negotiated distribution services meters. We propose to report only alternative control services meters and expenditure. Please confirm this approach is correct.</p> <p>SA Power Networks’ Types 1-4 meters include both alternative control services meters (those installed for free before July 2005) and negotiated distribution services meters (all others). We will report only the alternative control services Types 1-4 meters.</p> <p>All Type 5 meter provision services are negotiated distribution services so we propose to report zero volume and expenditure. Please confirm this approach is correct.</p> <p><u>Table 4.2.2</u></p> <p>SA Power Networks understands that this data should exclude costs associated with the management of the service contract, and the costs of handling, manipulating and storing the energy data provided by meter reads. Please confirm this approach is correct.</p> <p>Special meter reading is a negotiated distribution service so we propose to not report on this service. Please confirm this approach is correct.</p> <p>SA Power Networks will assume that the number of new meter installations will correspond to the number of new connections.</p> <p>We will estimate the costs associated with the installation of these meters and the labour/vehicle component will be transferred from customer connections to this category. Please confirm this approach is correct.</p>
4.3 Ancillary Services – Fee	Most SA Power Networks fee-based services are classified as negotiated services therefore little if any expenditure will be reported in

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based	this table.
4.4 Ancillary services – Quoted services	All SA Power Networks quoted services are classified as either negotiated services or contestable non-regulated services therefore no expenditure will be reported in this table.
5. Network Information	
5.2 Asset Age Profile	Nil comments
5.3 Maximum Demand - Network Level	Refer to specific comments in the letter to the AER on the draft Category Analysis RIN.
5.4 Maximum Demand & utilisation – spatial	Refer to specific comments in the letter to the AER on the draft Category Analysis RIN.
6. Service & Quality	
6.3 Interruptions to supply	<p>To ensure consistency with our Annual RIN, we request that the Category Analysis RIN is aligned to the information provided in the Annual RIN and exclude “Time of interruption”.</p> <p>We currently do not report against the following “reasons for interruption” and request that they be removed:</p> <ol style="list-style-type: none"> 1. Asset failure – overhead assets 2. Asset failure – underground assets 3. Fire starts – caused by vegetation grow-ins 4. Fire starts – caused by vegetation blow-ins and fall-ins 5. Vegetation – blowins and fallins 6. Vegetation – grown-ins <p>To meet the additional requirement for the AER for the future, additional monetary and resource costs will be incurred to modify current systems and procedures.</p>