SA Power Networks

Customer and stakeholder engagement report

2020-25 Regulatory Proposal

31 January 2019

This report outlines:

- our approach to engaging with customers and stakeholders in preparing our 2020-25 Regulatory Proposal;
- the engagement activities we undertook and the outcomes of those activities; and
- how our extensive engagement has informed and influenced the Proposal.

Company information

SA Power Networks is the registered Distribution Network Service Provider (**DNSP**) for South Australia

For information about SA Power Networks, visit:
www.sapowernetworks.com.au

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Disclaimer

This document forms part of SA Power Networks' Regulatory Proposal **(the Proposal**) to the Australian Energy Regulator (**AER**) for the Regulatory Control Period (**RCP**), 1 July 2020 to 30 June 2025. The Proposal and its attachments were prepared solely for the current regulatory process and are current as at the time of lodgement.

This document contains certain predictions, estimates and statements that reflect various assumptions concerning, amongst other things, economic growth and load growth forecasts that, by their nature, may or may not prove to be correct and are subject to ongoing change and development.

Whilst care was taken in the preparation of the information in this Regulatory Proposal, and it is provided in good faith, SA Power Networks, its officers and shareholders accept no responsibility or liability for any loss or damage that may be incurred by any person acting in reliance on this information or assumptions drawn from it for a different purpose or in a different context.

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Note

This forms part of our Regulatory Proposal for the July 2020 to June 2025 Regulatory Control Period. It should be read in conjunction with the other parts of the Regulatory Proposal.

Our Proposal comprises the overview and attachments listed below, and the supporting documents that are listed in Attachment 18:

Document	Description
Overview	Regulatory Proposal overview
	Customer and stakeholder engagement report
Attachment 1	Annual revenue requirement and Control Mechanism
Attachment 2	Regulatory asset base
Attachment 3	Rate of return
Attachment 4	Regulatory depreciation
Attachment 5	Capital expenditure
Attachment 6	Operating expenditure
Attachment 7	Corporate income tax
Attachment 8	Efficiency benefit sharing scheme
Attachment 9	Capital expenditure sharing scheme
Attachment 10	Service target performance incentive scheme
Attachment 11	Demand management incentive scheme
Attachment 12	Classification of services
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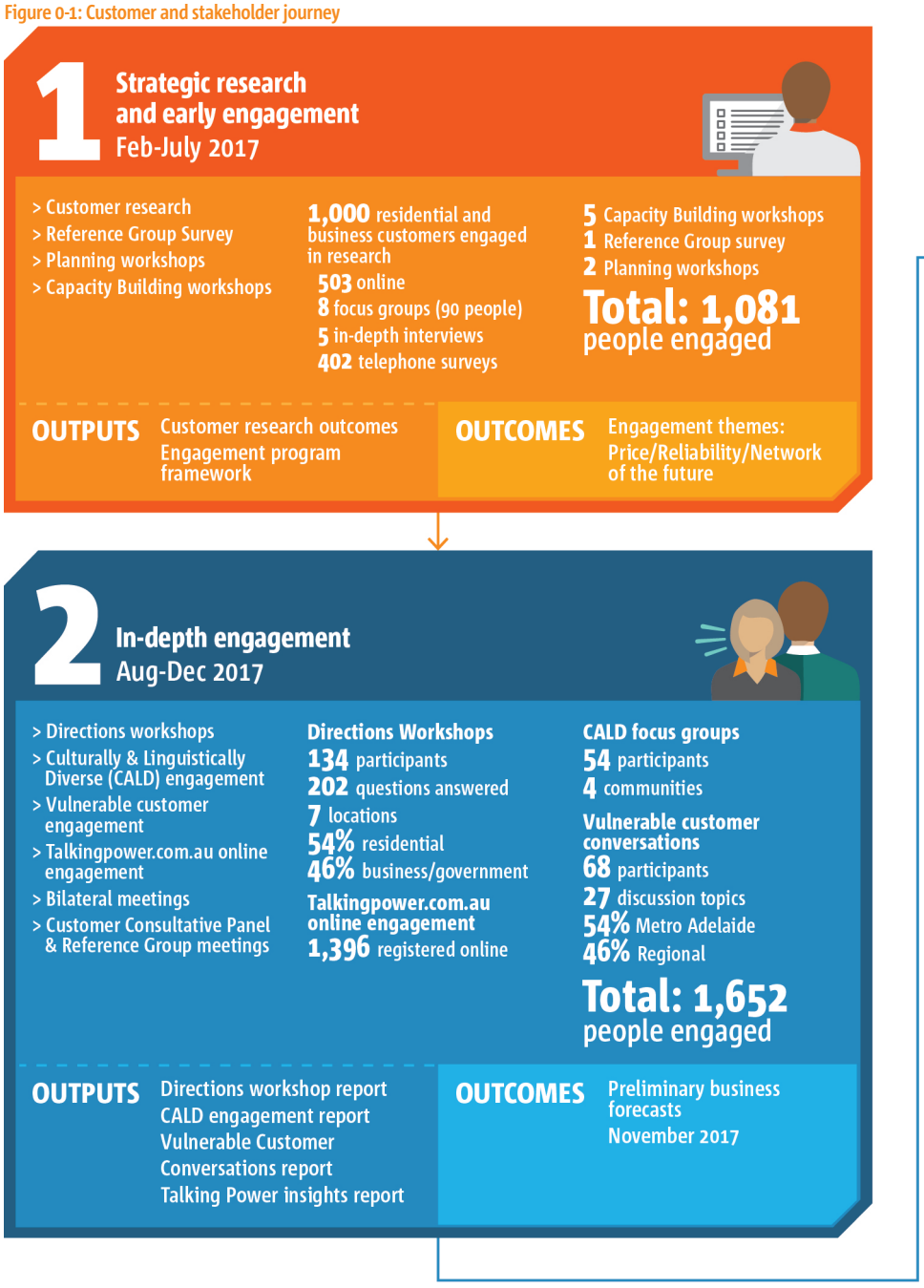
Figure 0-1: Customer and stakeholder journey



3 Stage 1: Draft Plan development Jan-Aug 2018

- > Deep dive workshops
- > Customer Consultative Panel & Reference Group meetings
- > Talkingpower.com.au online engagement
- > Bilateral meetings

10 x Deep dive workshops
- Tariff Structure Statement
- Levels of service
- Capital Expenditure x 2
- Operating Expenditure
- Future Networks x 3
- Public Lighting
- Information Technology

Distributed Energy Leaders forum
50 participants

Total: 1,535 people engaged

OUTPUTS Deep Dive Workshop reports

OUTCOMES 2020-2025 Draft Plan August 2018

3 Stage 2: Draft Plan consultation Aug-Sept 2018

- > Draft Plan consultation
- > Customer Consultative Panel & Reference Group meetings
- > Talkingpower.com.au online engagement
- > Bilateral meetings

Draft Plan launch event
34 participants
13 Drop in sessions
106 participants
6 regional
2 metro
5 internal
227 copies of Draft Plan downloaded from talkingpower.com.au

32 submissions received

Direct mail
574 copies of Draft Plan distributed

Total: 1,403 people engaged in Draft Plan consultation

OUTPUTS 2020-25 Draft Plan feedback

OUTCOMES Feedback influenced 2020-25 Regulatory Proposal

4 Regulatory Proposal development Oct 2018-Jan 2019

- > Targeted engagement
- > Bilateral meetings
- > Talkingpower.com.au online engagement
- > Customer Consultative Panel & Reference Group meetings

Public Lighting workshops
Formation of joint LGA/SA Power Networks Public Lighting Working Group
23 participants

Network business forum
47 participants

Customer research on solar preferences
1,004 residential customers

Total: 2,338 people engaged in Regulatory Proposal development

OUTPUTS Customer research report
Working Group and forum delivered

OUTCOMES 2020-25 Regulatory Proposal January 2019

ONGOING ENGAGEMENT

Overview

SA Power Networks (SAPN) is committed to working with our customers and stakeholders to understand their needs and deliver services that they value. We believe our relationships with our stakeholders, and our willingness to engage with our customers and stakeholders and listen and respond to their needs, is fundamental to achieving balanced outcomes for customers, the community, our employees and owners.

Guiding the delivery of engagement activities are the universal objectives and principles outlined in Supporting Document 0.1 - SA Power Networks Stakeholder Engagement Strategy 2016-2020 (SD 0.1). However, based on the topic, the level of engagement, governance and process, how we engaged with stakeholders in preparing the Proposal varied. We recognise that stakeholder engagement is an evolving process and that our approach will continue to mature as we learn and build on our previous engagement programs. For our 2020-25 Regulatory Proposal engagement, we reflected previous engagement program learnings by adopting a 'no surprises' approach.

Ensuring our customers are at the heart of our business starts and ends with good engagement with our customers and stakeholders. This occurs daily on a variety of topics and through a range of channels, including our comprehensive framework of reference groups and our Customer Consultative Panel (**CCP**).

In developing the Proposal, we sought to build on this regular dialogue and deeply involve customers and stakeholders in our planning to ensure that our expenditure forecasts were truly reflective of customer expectations, needs and priorities.

Our 2020-25 Regulatory Proposal customer engagement program began in February 2017 and continued over a period of nearly 24 months. It was designed as a progressive, phased program that would provide multiple and diverse opportunities for dialogue and engagement.

In 2017, our engagement was broad. We sought customer insights around three key themes that were identified in our preliminary customer research (see Supporting Document 0.2 - Square Holes Customer Research):

- network price;
- network reliability and resilience; and
- the network of the future.

We considered the priorities emerging from this early engagement in our preliminary expenditure forecasts in late 2017, which provided the basis for deep dive engagement in early 2018. Following an intensive program of 10 deep dive workshops, where we discussed all preliminary capital and operating expenditure plans, we refined and revised our approach in several areas prior to releasing our 2020-2025 Draft Plan in August 2018. Throughout both the early engagement in 2017, and the deeper engagement in 2018, customers and stakeholders consistently told us they value:

Keeping prices down

While our charges make up less than 30% of the average residential electricity retail bill, SA Power Networks has an important role to play in ensuring electricity remains affordable. Price increases in other parts of the bill (such as wholesale and retail) are hurting customers, particularly members of our community who are most vulnerable, as well as small to medium businesses. This is the key concern for customers.

A safe and reliable network

Reliable electricity remains a high priority for our customers, particularly business customers. In several regional areas, customers (and not just those affected) are seeking improvements to local reliability. It is important that we manage and maintain the network well now, to ensure reliability is not compromised into the future.

Reliability has two major facets – State-wide reliability, which customers and Essential Services of South Australia (**ESCoSA**) say is appropriate, and localised reliability, where we agree there is a need for a targeted program to improve reliability for our customers connected to low-reliability feeders. This targeted improvement will not noticeably affect State-wide reliability[1].

Keeping the community safe from bushfires, storms and cyber threats is also important to customers.

1 A low reliability feeder is defined by ESCoSA as an individual feeder with Unplanned System Average Interruption Duration Index (**USAIDI**) performance approximately twice as high as the USAIDI target for that feeder class for two consecutive financial years

Transitioning to the new energy future

SA Power Networks must support customers in their desire to continue the uptake of solar, batteries and other new technologies, and take responsibility for transitioning the network to support a decentralised and decarbonised energy system that unlocks greater value for the community.

As we progressed over the 24 months of our program, we continued to evolve and adopt new engagement activities. Through both broad and targeted engagement activities such as interviews, workshops, focus groups, meetings, online interactions, drop-in sessions, research, the establishment of targeted working groups and the release of our 2020-2025 Draft Plan (see Supporting Document 0.3 - 2020-2025 Draft Plan), we provided a range of opportunities for customers and stakeholders across South Australia to provide feedback and help shape our 2020-25 Regulatory Proposal.

We have also run dedicated engagement programs on our:

- Tariff Structure Statement (**TSS**) – targeted engagement with stakeholders and retailers;
- Public Lighting – targeted engagement with councils, the South Australian Department of Planning Transport and Infrastructure (**DPTI**) and the Local Government Association SA (**LGA**); and
- Future Network planning – significant engagement with customers, industry, market bodies and policy makers.

This broad and extensive engagement has involved a tremendous amount of work and effort from many people across SA Power Networks, from the engagement and regulation teams, subject matter experts, through to executive managers and the CEO. This business-wide commitment to engaging with our customers and stakeholders has resulted in a significant upskilling in internal engagement capabilities and broader appreciation of the importance and value of meaningful engagement. It has also been acknowledged and appreciated by our customers and stakeholder groups.

In return, SA Power Networks has greatly appreciated the investment in time and energy of many of our reference group members and stakeholder representatives throughout the program. It has been a huge commitment on their behalf.

To effectively evaluate our engagement program and ensure continuous improvement through the identification and actioning of learnings, all program activities were evaluated at completion.

The evaluation measured the effectiveness against our objectives via a baseline set of Key Performance Indicators (**KPI**) and targets as outlined in Table 0-1, with more details contained in Supporting Document 0.4 - Think Human Customer Engagement Evaluation Report, but specific targets were also created to measure specific activities within each phase of the engagement program.

"From Business SA's experience, SA Power Networks has commenced its preliminary consultations with consumers for the 2020-25 determination in an open and constructive manner, which has been much appreciated."[2]

Open, constructive and challenging conversations between customers, advocates, the AER, Consumer Challenge Panel and SA Power Networks have helped shape the 2020-25 Regulatory Proposal

2 Business SA submission to 2020-2025 Draft Plan September 2018

Table 0-1: Baseline Key Performance Indicators[3]

Objective	Key Performance Indicator (KPI)	Result
> Ensure customers and stakeholders are well equipped to actively participate in the engagement	> 75% satisfied or above with clarity of information provided throughout the engagement program > 75% of participants satisfied or above with the time allocated to each activity within the program, enabling them to participate effectively	> Achieved KPI
> Engage customers and stakeholders on issues that matter to them	> 75% metro and 25% outer metro/regional of stakeholder/ customer population involved in each phase of the engagement program	> Achieved KPI
> Ensure 'no surprises' for both SA Power Networks and our stakeholders throughout engagement process	> 75% of reference group members to provide feedback on engagement approach > Address 100% of complaints from stakeholders regarding the engagement process	> Achieved KPI
> Ensure that the concerns and views of our customers and stakeholders are considered in the prudent optimisation of our costs, services and prices	> 75% Satisfaction from stakeholders that their views were considered within the process > 25% / 75% of regional / metro customers involved in Foundation Customer Research > Number of key stakeholders engaged within each series of engagement activities	> Achieved KPI
> Ensure our engagement meets all relevant engagement principles (SAPN, AER + alignment with AA1000SES and IAP2)	> 75% Satisfaction from stakeholders that their views were considered within the process > 25% / 75% of regional / metro customers involved in Foundation Customer Research > Number of key stakeholders engaged within each series of engagement activities	> Achieved KPI

We also utilised KPMG Banarra to conduct a formal review of each phase of our engagement program against best practice methodologies including:

- AER's Consumer Engagement Guideline for Network Service Providers (2013);
- International Association for Public Participation (**IAP2**) Spectrum; and
- AA1000 Stakeholder Engagement Standard (**AA1000SES**)(2018).

KPMG's review and associated recommendations ensured close alignment to best practice and encouraged continuous improvement throughout the engagement program. Pleasingly, we were highly aligned to best practice across all major categories (refer to Supporting Documents 0.5 – KPMG Reset Engagement Advice and 0.6 – KPMG letter of observation).

We also conducted a full evaluation of the engagement program late in 2018 to help us identify what worked well and opportunities for improvement.

We have engaged openly and honestly with our customers and stakeholders throughout our 2020-25 customer engagement program. We believe our willingness to listen and our responsiveness has been fundamental to achieving a balanced Regulatory Proposal for the 2020-25 period.

As at January 2019, we have engaged with over 5,400 customers and stakeholders in relation to the development the Proposal. This has been achieved through 127 engagement activities plus 40 regular reference group meetings. Our business as usual engagement continues to be broad and ongoing.

"Having been involved in a number of sessions run by SAPN over the last 18 months, I have been greatly encouraged by the collaborative attitude taken by SAPN. Ideas have been listened to and while not all are taken further, it appears real consideration and interest is being shown from SAPN. Several sub-groups/sessions have been conducted by SAPN with a more technical nature (that did not have to be done by them in my understanding) and feedback from industry to them has been acted on in most cases."[4]

3 Each KPI had a target of 75% satisfied or above. In all five categories, we surpassed our targets, with an overall average of 87.8% satisfaction rating with our engagement activities and program

4 Member of Renewables Reference Group, submission to 2020-2025 Draft Plan September 2018

Designing our 2020-25 Regulatory Proposal customer engagement program

Ensuring our customers are at the heart of our business starts and ends with good engagement. This occurs daily on a variety of topics and through a range of channels, including our comprehensive framework of reference groups and CCP.

In developing the Proposal customer engagement program, we sought to build on our regular dialogue and deeply involve customers and stakeholders in our planning to ensure that our expenditure forecasts were truly reflective of customer expectations, needs and priorities.

Our engagement continued our business as usual engagement and:

- was designed in conjunction with our reference group members and our CCP members; and
- was aligned to AER Consumer Engagement Guideline for network service providers (2013), AA1000SES (2018), and the IAP2 Public Participation Spectrum.

We were also guided by SD 0.1 which reflects our commitment to continue to work with our stakeholders, build on past engagement experiences and continue to embed effective stakeholder engagement practices across the business.

It also reflected our intent to implement a more strategic and tailored approach to how we engage with our customers and stakeholders.

Figure 0-2: Stakeholder engagement framework

Finally, our program was informed by our stakeholder engagement framework (Figure 0-2) which demonstrates the cyclical nature of engagement and highlights the importance of integrating our customer and stakeholder views into the business decision-making, as well as closing the loop with customers and stakeholders by letting them know how their feedback was used.

Our engagement principles

The key principles that guide all engagement including our 2020-25 Regulatory Proposal customer engagement program, as outlined in SD 0.1, are in Table 0-2:

Table 0-2: Key principles guiding all SA Power Networks engagement programs

Best practice	Follow regulatory and good practice guidelines and show leadership in the industry in stakeholder engagement
Inclusive	Be inclusive, inviting stakeholders' views where appropriate on the design of our engagement to promote accessibility
Informing	Inform our stakeholders via open, clear, relevant and timely communication
Transparency	Be transparent, clearly outlining what stakeholders can expect from us and how their feedback will be taken into account
Listening	Listen to and seek to understand our stakeholders' views and concerns
Responsive	Consider and respond to concerns, providing prompt and clear feedback
Consistent	A proactive, coordinated and consistent approach to engagement across the business
Targeted	Engage early and ensure engagement is prioritised and tailored to specific issues and projects
Measurable	Measure the success of engagement and apply learnings in designing and developing future engagement

Engagement goal and objectives

Our specific goal was to understand the expectations, views and priorities of our customers and stakeholders, to ensure our plans reasonably reflect what customers value, and are in the long-term interests of consumers.

'Success' involved meeting the following objectives:

- Ensure customers and stakeholders are well equipped to actively participate in the engagement;
- Engage customers and stakeholders on issues that matter to them;
- Ensure 'no surprises' for both SA Power Networks and our stakeholders throughout the engagement process;
- Ensure that the concerns and views of our customers and stakeholders are considered in the prudent optimisation of our costs, services and prices; and
- Ensure our engagement meets all relevant engagement principles (SA Power Networks, AER, alignment with AA1000SES and IAP2).

Essential Services Commission of South Australia's Service Standard Framework review

We also worked closely with ESCoSA in its 2020-2025 Service Standard Framework review. We considered its requirements as we designed our engagement activities and we shared engagement outcomes. ESCoSA's research also assessed the extent of a customer's "willingness to pay" for State-wide improved reliability levels and this is reflected in its reliability standards for the 2020-25 period, which are also considered within the Proposal.

Stakeholder identification and mapping

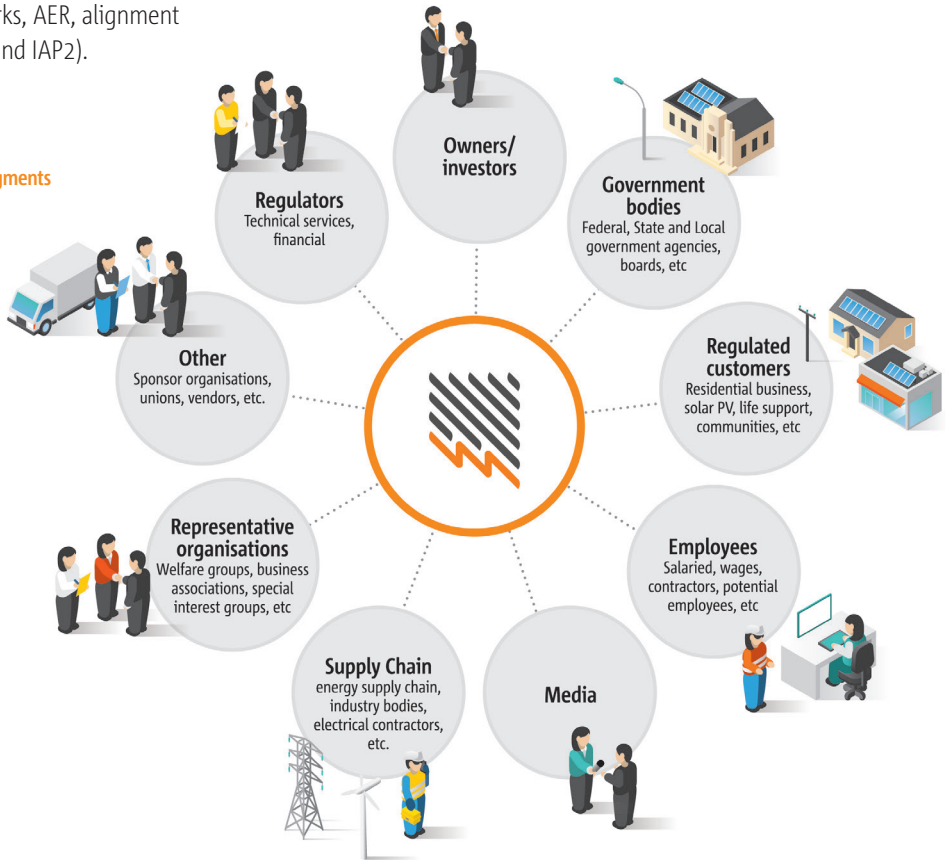
A thorough stakeholder identification process was conducted to understand all possible impacted stakeholders and their current and long-term views and expectations.

Initially, we conducted stakeholder identification workshops with SA Power Networks' executive management group and senior leaders. This was followed by a comprehensive stakeholder mapping exercise across the business.
These stakeholders were then approached and asked to identify potential gaps in our engagement program to ensure no one was missed.

The considered and comprehensive identification of our stakeholders prior to commencing the Proposal customer engagement program, provided us with a high level of confidence in the inclusiveness of our engagement processes.

Referring to our identified stakeholder segments diagram from SD 0.1, our areas of focus for the engagement program were representative organisations (including welfare groups, business associations, special interest groups), regulated customers, government bodies, supply chain organisations and regulators (Figure 0-3).

Figure 0-3: Stakeholder segments



More specifically, during the 2020-25 Regulatory Proposal customer engagement program, we interacted with the following customer and stakeholder groups (see Table 0-3):

Table 0-3: Stakeholders considered in mapping exercise

- Residential customers and advocates
- Culturally and Linguistically Diverse groups
- Vulnerable Customers and advocates
- Business customers and advocates
- Electricity industry members
- State Government / Opposition representatives
- State Government departments
- Retailers
- Emergency Services
- Local Government
- Regulators
- Economic development bodies
- Renewables advocacy groups
- SA Power Networks employees
- Others as required

Identification of risks

In conducting our stakeholder mapping exercise, we also considered a number of key limitations / risks including:

Geographic distribution – the geographic spread of our supply area presented a challenge to delivering inclusive engagement. It was important to consider how we engaged with regional customers throughout the program, to ensure everyone within South Australia had an opportunity to have their voice heard.

Operating environment – the political debate and media interest in the electricity industry, along with low levels of trust in the industry and the recent history in South Australia of poor reliability (the State-wide blackout in September 2016 and severe storms resulting in prolonged outages in 2016), presented a risk to the outcomes of our engagement program.

Stakeholder potential for fatigue – the duration of the engagement program over a two-year period increased the potential for stakeholder fatigue.

Stakeholder diversity and levels of understanding – differing levels of knowledge of the electricity industry and SA Power Networks amongst stakeholders was considered when planning activities to ensure a common level of understanding was established throughout the engagement program.

Customer Consultative Panel and reference groups

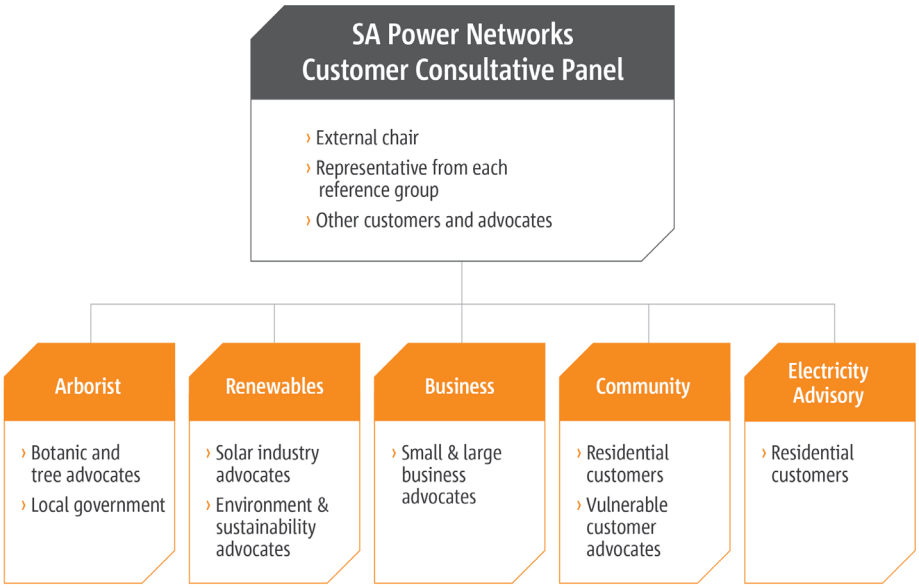
A key recommendation of SD 0.1 was the reformation of our CCP and the formation of five focused reference groups.

This revised framework includes more than 60 customers and consumer advocates from diverse occupations and interest areas including arborists, renewables, business, community and electricity advisory (Figure 0-4). These groups enabled meaningful discussions about specialised topics of importance to both customers and stakeholders as well as SA Power Networks.

The 2020-25 Regulatory Proposal customer engagement program was underpinned by regular interactions with these groups, which typically met quarterly.

These groups assisted us in developing and refining our strategies, initiatives and activities, and, with regular sitting fees and travel reimbursement, represent a significant investment on SA Power Networks' behalf in comprehensive engagement with our customers and stakeholders.

Figure 0-4: CCP and reference group framework



Full reference group membership and key focus areas are outlined in Table 0-4:

Table 0-4: Reference group membership and areas of focus

Reference groups	Membership and key areas of focus
SA Power Networks CCP	CCP is comprised of an external chair and one representative from each reference group, Energy Consumers Australia (**ECA**), Residential customers (metropolitan and regional) and other stakeholder groups as required. It typically meets quarterly but was invited to participate in additional engagement activities throughout the 2020-25 Regulatory Proposal engagement process.
Arborist Reference Group (ARG)	The ARG is composed of representatives from Treenet, Botanic Gardens SA, Arboriculture SA, Trees For Life, SA Tree Advisory Board, Horticulture Media Association, community, Local Government and the nursery industry. It typically meets quarterly but was invited to participate in additional engagement activities throughout the 2020-25 Regulatory Proposal engagement process.
Renewables Reference Group (RRG)	The RRG consists of Total Environment Centre (**TEC**), Alternative Technology Association, Living Energy Solutions, Changing Weather, Suntrix, The Energy Project, Regional Development Australia Whyalla & Eyre Peninsula, University of South Australia, Conservation Council SA, Sol Energy, EfficientSee Pty Ltd, Citizens Own Renewable Energy Network Australia and a community representative. It typically meets quarterly but was invited to participate in additional engagement activities throughout the 2020-25 Regulatory Proposal engagement process.
Business Reference Group (BRG)	The BRG is comprised of representatives from Business SA, Central Irrigation Trust, Primary Producers SA, Consumers SA, Department of State Development, SA Produce Market, South Australian Wine Industry Association (**SAWIA**), Urban Development Institute of Australia (**UDIA**), Office of the Small Business Commissioner, Housing Industry Association, SA Dairy Farmers Association, Adelaide Airport and the Pharmacy Guild of Australia. It typically meets quarterly but was invited to participate in additional engagement activities throughout the 2020-25 Regulatory Proposal engagement process.
Community Reference Group (CRG)	The CRG consists of representatives from St Vincent de Paul Society, South Australian Council of Social Service (**SACOSS**), Uniting Communities, Multicultural Communities Council of SA, Council of the Ageing SA (**COTA SA**), SA Financial Counsellors, Australian Refugee Association, Uniting Care Wesley Bowden, Community representative for Disability, Salvation Army Australia SA and Adelaide Hills Community Anti-Poverty Network. It typically meets quarterly but was invited to participate in additional engagement activities throughout the 2020-25 Regulatory Proposal engagement process.

While our comprehensive reference group framework formed the basis of our program, we also engaged with other customers and stakeholders outside the reference group framework where a topic was particularly specialised or complex.

This was the case with Public Lighting, where engagement was largely with councils and DPTI, and the network of the future engagement, where we sought feedback and input from a variety of stakeholders across industry, market bodies, regulators and other interest groups.

Other groups formed as part of the 2020-25 Regulatory Proposal engagement program are outlined in Table 0-5.

Table 0-5: New working group membership and areas of focus

Reference groups	Membership and key areas of focus
Distributed Energy Resources Integration Working Group (DERIWG)	The DERIWG has been specifically established to review the 2020-25 Future Network plans; provide advice and guidance on our plans and assist SA Power Networks in identifying any gaps and other options for consideration with respect to the 2020-25 Regulatory Proposal. Membership includes Australian Energy Market Operator (**AEMO**), AER, AGL, Clean Energy Council (**CEC**), CSIRO, ECA, Greensync Pty Ltd, National Renewable Group Australia (**NRG Australia**), Redback, SA Government, Simply Energy, Sonnen, Tesla and TEC.
Distributed Energy Resources Technical Reference Group (DER TRG)	The DER TRG is a group established to work specifically with SA Power Networks on specifications for an application programming interface design to send signals to Virtual Power Plants and other generators connecting to the network. Membership includes AEMO, CEC, Edge Electrons, Fronius, Geli, Goodwe, Greensync, Redback, Reposit, Schneider, Solar Analytics, Solaredge, Sonnen, Suntrix, Switchdin, Tesla and Watt Watchers.
Public Lighting Working Group (PLWG)	Established in 2018 to provide a representative group for councils to work with the LGA and SA Power Networks on Public Lighting matters including the determination of service levels and contractual arrangements for customers. The PLWG consists of representatives from metropolitan and regional councils, the LGA and SA Power Networks and has the AER attending as an observer.

Engagement summary

Phase 1: Strategic Research and Early Engagement - February to July 2017

The first phase of our program focused on the development of an engagement strategy that built on previous engagement experiences, leveraged existing networks, explored and considered customer and stakeholder priorities and identified appropriate opportunities for engagement.

Several planning workshops were held with key stakeholders to gain external perspectives on what successful engagement looked like for the Proposal, including exploring best practice engagement activities, understanding learnings from other utilities and reviewing previous SA Power Networks' engagements to better plan the engagement program. Stakeholders were also involved in capacity building workshops to build a common understanding of the regulatory framework, processes, industry and engagement objectives.

Broadly, reference group members were surveyed to collect their feedback about engagement topic preferences and better understand how they wanted to be engaged.

Customer research (see Supporting Document 0.2 - Square Holes Customer Research) was also conducted to identify potential areas of focus for the engagement program. We wanted to ensure the program was focused on current customer priorities, values and attitudes. Approximately 1,000 residential and small and large business customers in total across South Australia were involved through online and telephone surveys, in-depth interviews and focus groups.

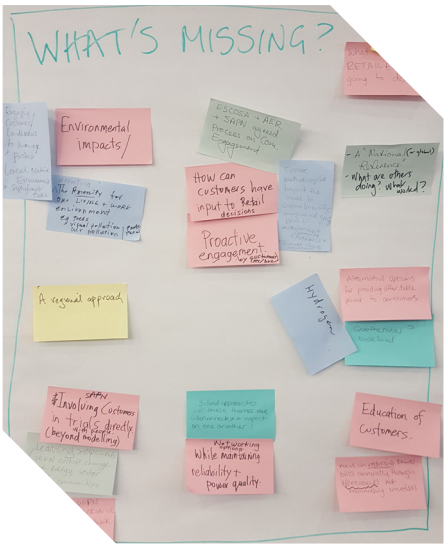
Overall, six key customer priorities were identified during this research including:

- outage communications;
- sustainability;
- network reliability;
- Future Network options;
- electricity prices; and
- self-reliance of our State.

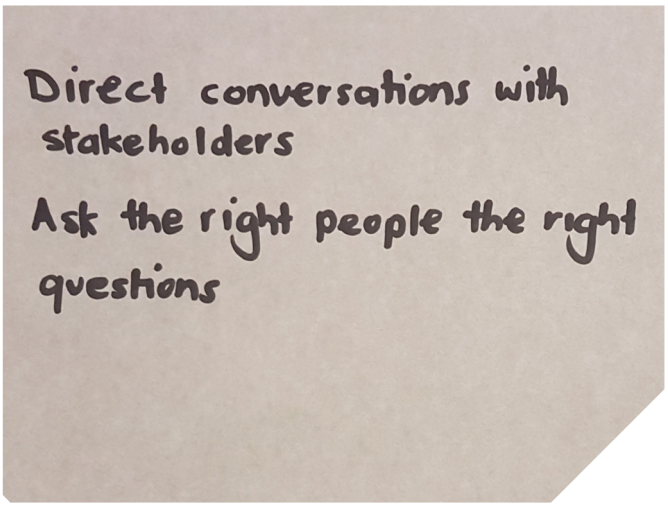
The outcomes of the customer research, reference group survey data and other learnings were then presented to reference group members to help develop the overall customer and stakeholder engagement plan. This process ultimately filtered the six identified customer priorities into the three key engagement themes:

- network price;
- network reliability and resilience; and
- the network of the future.

It also significantly informed the design and activities within the engagement program.



Reference group members discuss customer priorities (left) and CCP and reference group members give SA Power Networks advice on engagement themes and process at an early planning workshop (right and top right)



Phase 2: In-depth engagement - August to December 2017

The second stage of our program focused on delivering a range of engagement activities that provided diverse opportunities for dialogue, revealed customer insights and produced meaningful results to inform our business planning. This phase was comprised of five key engagement activities including:

1. Online engagement

The establishment of a dedicated website (talkingpower.com.au) that used online engagement tools to reach a broad customer base through surveys, polls and forums.

2. Directions Workshops

Seven full-day deliberative style workshops held in metropolitan and regional areas across the State that were designed to seek customer insights around three key engagement themes.

3. Culturally and Linguistically Diverse engagement

Developed and delivered in response to stakeholder feedback and in partnership with stakeholder organisations - Multicultural Communities Council SA and the Australian Refugee Association.

4. Vulnerable Customer engagement

Developed and delivered in response to stakeholder feedback and in partnership with stakeholder organisations - Uniting Communities and Uniting Care Wesley Bowden.

5. Ongoing conversations with CCP and reference groups

This took place via regular reference group meetings.

Each component of Phase 2 was designed to further explore the key themes identified in Phase 1 and involve customers in the early stages of the development of the Proposal.

The Directions Workshops, Culturally and Linguistically Diverse (**CALD**) engagement, and Vulnerable Customer engagement were all independently facilitated to ensure unbiased discussions and recording of workshop outcomes. All online engagement survey, poll and forum questions were reviewed by the University of South Australia Institute for Choice to ensure impartiality.

We considered the priorities emerging from this Phase 2 engagement in our preliminary expenditure forecasting in late 2017. In response to feedback, these preliminary forecasts were based on keeping expenditures as low as possible. They were also the basis for the development and execution of Phase 3 of our engagement program.

1. Online engagement: Talking Power - talkingpower.com.au

The Talking Power online engagement website was commissioned in Phase 2 to act as the primary mechanism for community members, as opposed to representative stakeholders, to obtain general information and provide feedback on the 2020-25 Regulatory Proposal development.

Information on SA Power Networks' role in the South Australian electricity system and the Regulatory Proposal customer engagement program was published on this site, providing all customers with the opportunity to engage with SA Power Networks in the development of the Proposal and TSS.

Various engagement tools were deployed to garner feedback, including polls, surveys, map tools and discussion forums and further explored the three key themes identified in the preliminary customer research. Engagement was encouraged through the use of dynamic, easy-to-understand communication collateral, such as short videos and infographics, instead of lengthy written explanations. Customers and stakeholders were also incentivised to register with the site to receive regular newsletter updates on our engagement activities.

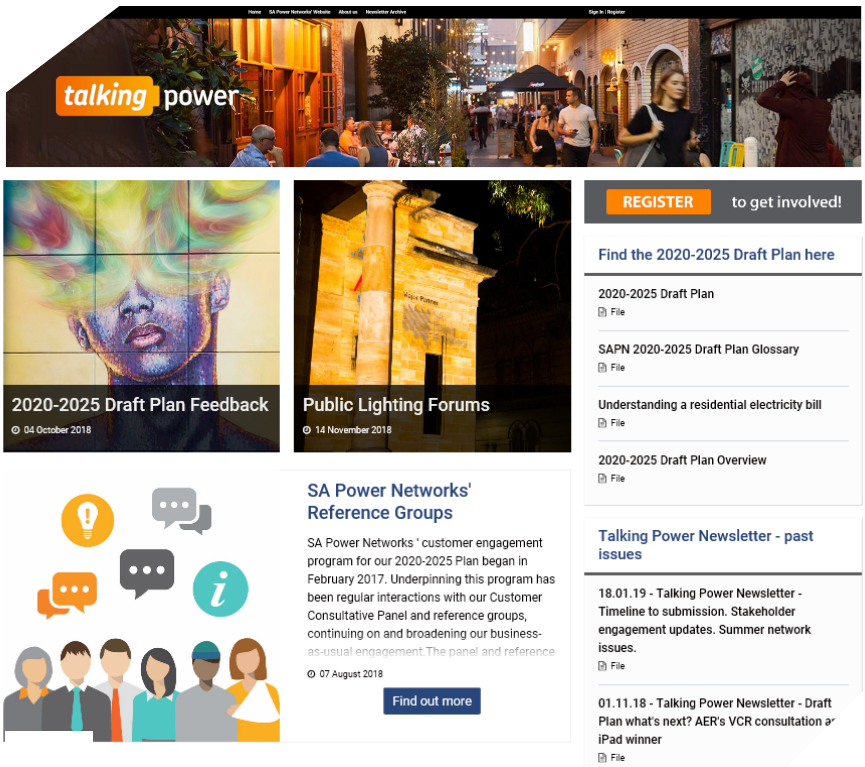
The Talking Power website was widely promoted through all other engagement activities and through our existing social media channels[5].

It was also the channel we used to report back to customers and stakeholders who had been involved in our engagement – we published all engagement outcome reports and other updates on our program. We also sent regular newsletters from Talking Power, advising engagement participants of these updates.

Outcomes

Over the course of our engagement program, our Talking Power website had 14,051 visits, with 1,584 participants registered to receive regular newsletter updates; and 2,316 participants engaged with the content on the site through contributing to forms, participating in polls or surveys, asking questions or downloading reference materials and information.

Figure 0-5: Talking Power website



5 Social media channels included SA Power Networks' Website; Facebook; Twitter and LinkedIn accounts

2. Directions Workshops deliberative methods to explore key themes

In August 2017, seven full-day workshops were held in Renmark, Port Augusta, Mount Gambier, Port Lincoln, Adelaide Hills and two workshops in the Adelaide metropolitan centre. In total, 134 customers, including residential, Local Government, local community groups and small, medium and large businesses, attended the sessions.

The over-arching purpose of the Directions Workshops was to use innovative engagement methods in delivering a series of workshops with residential and business customers and stakeholders to:

- deliberate on specific engagement themes; and
- understand customer and stakeholder preferences and priorities.

Using the IAP2 spectrum as a guide, the workshops were designed at the ***Involve***[6] level. Each workshop was independently facilitated to reduce bias and encourage open dialogue between SA Power Networks and stakeholders. The design of the workshop program reflected SA Power Networks' objectives of engagement (Table 0-1) with each workshop slightly different from the previous, ensuring continuous improvement in delivery of content; enabling customisation for specific locations and customer profiles; and building on prior learnings and feedback.

The structure of the workshops included a number of orientation and capacity building elements - including setting clear expectations of participation, building an inclusive culture and expanding the knowledge of attendees to ensure they could fully participate in the engagement process.

Deliberative methods were utilised in the workshops to build knowledge, understand customer preferences and explore trade-offs regarding:

- network price;
- network reliability and resilience; and
- network of the future.

Outcomes

Figure 0-6 on the following page, summarises engagement outcomes of the workshops. There were competing demands between customer priorities and preferences across the three priority themes, but overall, network reliability and resilience was the highest priority of the three themes (49%); with the remaining first preferences divided equally between network price and network of the future. Network price was paramount for those representing vulnerable residential customers and those representing business or government customers. Regional variations reflected customers' experiences of existing and past localised network challenges, such as extended power outages and bushfire management.

Residential customers were more likely to rank network reliability and resilience over network price while business customers were more likely to prioritise network price over the two other options. Overall, the Directions Workshops enabled SA Power Networks to build on our understanding of customer and stakeholder preferences and priorities, to incorporate these learnings into the next stages of engagement. For more details, refer to Supporting Document 0.7 - MDC Planning and Directions Workshop Report.

Customers and stakeholders at the Adelaide Hills Directions Workshop (left) and the Renmark Directions Workshop (right), August 2017

6 "Involve means: to work directly with the public, in this case stakeholders and customers, to ensure public concerns and aspirations are consistently understood and considered. We will work with you to ensure your concerns and aspirations are directly reflected in the plans developed and provide feedback on how your input influenced our decisions." See IAP2 https://www.iap2.org.au/Tenant/C0000004/00000001/files/IAP2_Public_Participation_Spectrum.pdf

Figure 0-6: Directions Workshops Infographic Summary

SA Power Networks

Directions Workshops August 2017

134 customers across 7 workshops

54% residential

46% business/government

over 200 questions answered

Network Reliability & Resilience Overall Directions

19% reduce investment
28% keep about the same
53% increase investment

Topic of most interest
Acceptable level of reliability for all customers

Network Price Directions

- Price impacts business & vulnerable customers
- Willing to pay for safety & reliability
- Consider efficiencies

"Expect smart spending of money on OPEX & CAPEX"

Customer Priorities

49% chose reliability

RELIABILITY
NETWORK OF THE FUTURE
PRICE

92% satisfied with workshops

55% Satisfied
37% Highly satisfied
4% Unsure
4% Dissatisfied

How should SA Power Networks support the uptake of new technologies?

12% low
32% high
"Spend it once & spend it well"
42% moderate
14% other

Average Overall Satisfaction with the Workshops

"Staff willing to listen and articulate answers"

"Lots of information on an understandable and clear level with many opportunities for contribution."

Discussing 'regional and poorly served' customers at the Port Lincoln Directions Workshop, August 2017

Mt Gambier Directions Workshop participants prioritise their expectations of the network, via a 'dot democracy' engagement process, August 2017

SA Power Networks executives respond to questions during the Renmark Directions Workshop, August 2017

3. Culturally and Linguistically Diverse engagement – improving our understanding of different customer groups

Along with the Vulnerable Customer conversations, our CALD engagement program was developed in response to stakeholder feedback that we needed to engage more broadly, with more marginalised members of our community.

We then worked with our stakeholders, the Multicultural Communities Council SA and Australian Refugee Association, to identify CALD communities and deliver targeted engagement.

During October and November 2017, independent facilitators, democracyCo, co-designed and co-delivered community focus groups on our behalf with four communities in South Australia: the Bhutanese, Burmese, Chinese and Vietnamese communities.

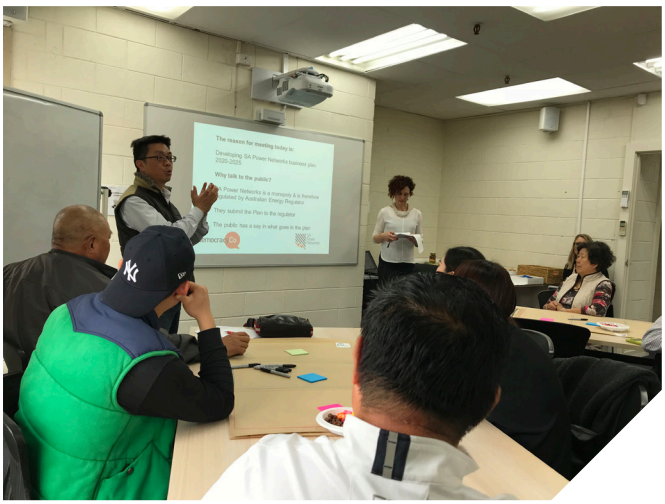
These groups were chosen as a result of Indigenous and more established migrant communities (eg Italian, Greek and other European communities) being represented in Directions Workshops, while there had been little previous representation from Asian and South East Asian communities.

The focus groups employed a range of methodologies, including plenary sessions, small group discussions and individual reflections, to explore priorities for SA Power Networks over the 2020-25 period. Participants ranged in age from early 20s to 70s and represented an even split between men and women[7]. Focus groups were held in community venues across the metropolitan Adelaide area, with interpretation and community leaders involved in the design and delivery of the focus groups. In total, 54 people participated in the groups.

Outcomes

There were a number of differences across the communities in the types of questions posed by members of the groups and the content of discussions. These seemed to correlate with how long communities had been settled in Australia, how affluent or financially stretched an individual was, and with age demographics. For example, only one discussion group highlighted preparing for the network of the future as a priority on account of environmental reasons, which was also the youngest group we spoke to; others, who self-identified as low earners, could not see far beyond the priority of lowering bills and if they did discuss preparing for the network of the future, it was in this context. For more details, refer to Supporting Document 0.8 - DemocracyCo CALD Engagement Report, and the focus group infographic summary (Figure 0-7 on the following page).

CALD engagement - discussing priorities at the Vietnamese focus group (left) and co-facilitation/ interpretation at the Chinese focus group (right), October 2017



7 Estimated values: participants were not asked to specify either their age or their gender identity in the focus groups

Figure 0-7: CALD focus groups summary

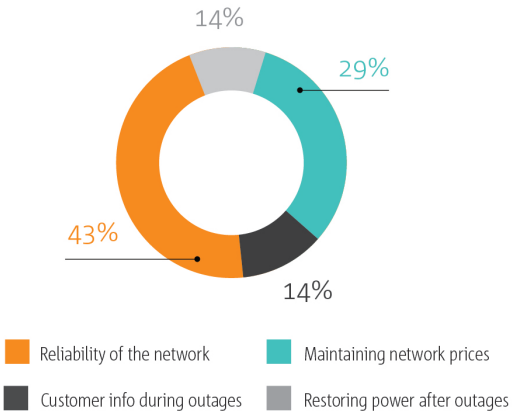
SA Power Networks

Culturally and Linguistically Diverse (CALD) Focus Groups

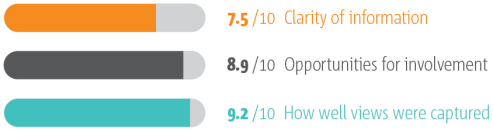
54 participants
4 communities

- Co-facilitated, translated sessions.
- Overall gender mix: 50% male / 50% female.
- Paticipant ages: 20-70 years old.

Most important priorities



Satisfaction with the workshops



Feedback

"Reliable power is important to maintain lifestyle and convenience."

Vietnamese community member

"In a country like Australia, we didn't expect black outs!"

Burmese community member

"The price is going up and up... we feel frustrated, we want to know why."

Chinese community member

"We can do nothing if we don't know what to expect. We can manage if we know what's happening."

Bhutanese community member

CALD engagement - providing feedback at the Burmese focus group, October 2017

CALD engagement - Discussing priorities at the Bhutanese focus group, November 2017

4. Vulnerable Customer engagement – improving our understanding of different customer groups

During an early planning workshop, SA Power Networks' stakeholders indicated they felt engagement with low income customers was a gap in the proposed engagement strategy. In response to this, a Vulnerable Customer engagement process was planned and delivered in partnership with reference group members, Uniting Communities and Uniting Care Wesley Bowden.

Engagement techniques included group discussions, workshops and focus groups featuring information sharing, discussion and prioritisation exercises. Participants ranged in age from late teens to their 90s. Focus groups were held in community venues across Adelaide and in other towns near Adelaide. In total, 68 people participated in the focus groups, with 54% from metro Adelaide and 46% from regional townships.

Six engagement sessions were held in total with crèche facilities and translation services provided at some of the sessions to support inclusivity.

Outcomes

Network price was the clear priority for low income individuals from metropolitan Adelaide areas (54% of participants), and network reliability was the top priority for low income individuals from regional townships and countryside (46% of participants), closely followed by price. For more details, refer to Supporting Document 0.9 - Vulnerable Customer conversations report.

5. Ongoing conversations with CCP and reference groups

This engagement was not just confined to Phase 2. Since early 2017, we have held quarterly meetings with our CCP and four specialised reference groups, and at all of these 40 meetings, various topics relating to the 2020-25 Regulatory Proposal or TSS were on the agenda. These regular interactions gave our CCP and reference group members a unique level of involvement and insight into the Proposal development, and regular opportunities to influence the direction of our planning (and other engagement processes we undertook). These meetings were in addition to all the other engagement activities outlined in this report.

Crèche facilities were provided at several of the Vulnerable customer focus groups

Engagement with vulnerable customers at focus groups in late 2017 (left and right)

Phase 3: Draft Plan development and engagement
Stage 1: Deep dive workshops - January to August 2018

The priorities emerging from the early engagement in Phases 1 and 2 were considered in the development of our preliminary capital and operating expenditure forecasts in late 2017. These preliminary forecasts were based on keeping expenditures as low as possible, and were the basis for the development and execution of Phase 3 of our engagement program.

Phase 3, Stage 1 of the engagement program comprised of dedicated half and full-day deep dive workshops aimed at:

- building understanding of SA Power Networks' obligations, expenditure forecasting methodologies, and current environment;
- exploring what customers and stakeholders value;
- seeking feedback on preliminary expenditure plans; and
- exploring areas of stakeholder acceptance and areas that require further consideration.

This approach enabled consumer representatives to work through and understand our approach and rationale to planning. It also enabled our organisation to better understand the views of consumer representatives as they relate to specific topics and respond accordingly.

Initially, we planned five deep dive workshops on tariffs, Levels of Service, capital expenditure (**capex**), operating expenditure (**opex**) and the network of the future. Based on feedback from our stakeholders, including the AER's Consumer Challenge Panel (**CCP14**), it became very apparent that we would need to expand our program to a total of ten workshops to include an appropriate depth and breadth of information. These workshops included an additional capital expenditure workshop, two extra Future Network sessions, an Information Technology (**IT**) workshop and a Public Lighting workshop (followed by a subsequent workshop in Phase 4).

General Manager Regulation, Doug Schmidt, during group discussion time during a Capex Deep Dive Workshop, April 2018

CCP14's Mark Grenning provides feedback at the Opex Deep Dive Workshop, May 2018

Figure 0-8: Planned vs delivered workshops during Phase 3

Phase 3 - Stage 1: Draft Plan development Deep Dive workshops

Jan – Aug 2018

PLANNED (5)	DELIVERED (10)
› Tariff Structure Statement	› Tariff Structure Statement
› Levels of Service	› Levels of Service
› Opex	› Opex
› Capex	› Capex x2
› Future Networks	› Future Networks x3
	› Public Lighting
	› Information Technology

Lunch on the lawn during the Capital Expenditure Deep Dive Workshop, April 2018

Sharing feedback captured during a Future Network Deep Dive Workshop, February 2018

Accessibility, inclusiveness, transparency and measurability

All members of our CCP and reference groups were invited to attend all deep dive workshops with members invited to self-select the workshops of most interest/ relevance to them.

Representatives from ther CCP14 and the AER were also invited, and attended most of the sessions. Each workshop was held in the same centrally located venue that included offstreet parking. The workshop structure aimed for 50% presentation and 50% discussion time. Given the complexity and volume of information covered, building participant capacity was a core consideration. Pre-reading was provided to attendees and each workshop included a pack of materials to build understanding and enable informed debate, and attendees were compensated for their time.

Workshop presentations, though highly complex, were designed to share the methodologies behind early expenditure forecasts. This ensured a high level of transparency and enabled us to seek participant feedback on the rationale behind specific topics (for example our value-based risk management approach).

Additionally, we made all deep dive workshop materials, presentations and factsheets (that were developed after workshops at the request of workshop participants), available on a private Talking Power webpage for all our workshop participants. This private webpage also provided an online forum for further engagement and discussions amongst our reference group members.

The involvement of subject matter experts, general managers and members of the Regulation team in the workshops, resulted in a broad cross-section of people in the business having direct exposure to customer feedback, deepening their understanding of customer expectations and pain points.

Underpinning the entire Deep Dive Workshop program was the ongoing engagement and dialogue with our existing reference group members. Throughout the engagement program, but particularly the deep dive workshops, customers and advocates were afforded an in-depth look at the inner workings of our organisation. Attendance at deep dive workshops by stakeholders alone amounted to about 1,300 hours across all attendees, a commitment we greatly appreciate.

We were pleased that our Deep Dive Workshop program was shortlisted for the Energy Networks Australia and Energy Consumers Australia joint “Energy Network Consumer Engagement Award” in late 2018.

Executive level sponsorship of customer engagement was evident throughout the Deep Dive Workshop program, which required a vast amount of work and energy and would not have been possible without the involvement, support and attendance of senior leaders throughout the organisation.

Rob Stobbe, SA Power Networks CEO, sits with AER representative at the Capital Expenditure Deep Dive Workshop, April 2018

Capital Expenditure Deep Dive Workshop participants reporting back to room, April 2018

Feedback from stakeholders and consumers throughout the deep dive workshops directly informed the narrative and development of our 2020-2025 Draft Plan. The provision of our early thinking and expenditure estimates provided a real opportunity for customers and advocates to influence our approach to specific areas within the Plan.

Outcomes

Having open discussions with our reference group members, and inviting feedback on all aspects of our expenditure forecasting, resulted in rich dialogue between SA Power Networks staff and our stakeholders. This has undoubtedly influenced our thinking and approach in ways that are not easy to quantify or articulate.

However, in terms of specific deep dive workshop outcomes, for example:

- Stakeholders expressed concerns on forecasts relating to Future Network investment, so we actively worked to reduce expenditure by developing a more efficient approach.
- Our value-based approach to replacement expenditure was broadly supported by workshop participants, however feedback about the need to keep costs down helped to refine our modelling inputs to ensure our forecast represented the minimum needed to meet our obligations.
- Some augmentation projects that were discussed in early workshops were deferred due to overall lower State demand, and in consideration of feedback about non-network solutions in the future.
- Expenditure on protection compliance was questioned and, as a result of this feedback, the protection compliance program expenditure was extended from 10 to 15 years.
- Following the workshops, in an effort to address concerns about affordability, we reduced our proposed capex by $90 million, and opex by $49 million, for our 2020-2025 Draft Plan. Subsequent engagement has resulted in further refinement of some programs.

"SACOSS commends SA Power Networks on its extensive and responsive 2020-2025 Customer Engagement Program (CEP) and looks forward to further constructive dialogue with a view to securing a Regulatory Proposal for 2020-2025 ... SACOSS has been encouraged by SA Power Networks' willingness to listen and respond to consumer feedback during the CEP."[8]

For more information, refer to Supporting Documents:
0.10 - AnnShawRungie Tariffs Deep Dive Workshop Report;
0.11 - AnnShawRungie Level of Service; Workshop Report;
0.12 - AnnShawRungie Opex Deep Dive Workshop Report;
0.13 - AnnShawRungie Capex Deep Dive Workshops Report;
0.14 - Think Human Future Network 2 Deep Dive Workshop Report; and
0.15 - Think Human IT Deep Dive Workshop Report.

8 SACOSS submission to 2020-2025 Draft Plan September 2018

Phase 3: Draft Plan development and engagement
Stage 2: Draft Plan consultation - August to September 2018

After engaging with the community for over a year, SA Power Networks released our 2020-2025 Draft Plan for consultation. The launch event was held on 8 August 2018, involving 34 reference group members and stakeholders who had been involved in the engagement program up to that point.

Copies of the 2020-2025 Draft Plan were circulated and stakeholders were encouraged to provide their feedback via an online Talking Power survey or through a written submission. The following consultation period was six weeks, from 9 August to 19 September.

Delivery of a broad consultation program was a key objective of this phase of engagement. A number of activities occurred including:

- Regional engagement via a series of drop-in sessions across the State. The towns and communities visited were those where community members attended the Directions Workshops in Phase 2 of the engagement program. Visiting these communities enabled SA Power Networks to 'close the loop' with these customers and provide them with an update on how their feedback in those initial workshops had been incorporated into the 2020-2025 Draft Plan.
- Copies of the Draft Plan, along with a one-page overview of key messages, were also integrated into the SA Power Networks' Regional field days program which involved a presence at eight events across the State.
- Metropolitan community engagement via drop-in sessions at two city locations, as well as an activation within the city centre's main shopping precinct.
- Bilateral engagement with a number of key stakeholders including government, customer advocates and regulators, to provide deeper insight into the key expenditure items within the 2020-2025 Draft Plan.
- An animation and summary was produced as an education tool for the general population of South Australia and to encourage engagement.
- Advertising was conducted within local and community newspapers and through social media, to promote the metropolitan and regional drop-in sessions and encourage community members to attend or visit the Talking Power website to learn more or provide feedback on the 2020-2025 Draft Plan.
- Opportunities to promote and discuss the publication of the 2020-2025 Draft Plan were actively sought on local radio/talkback shows and via media statements to media outlets/journalists.

CEO Rob Stobbe addresses stakeholders at the launch of the 2020-2025 Draft Plan, August 2018

2020-2025 Draft Plan community engagement in the Adelaide Hills

Outcomes

A total of 574 hard copy 2020-2025 Draft Plans were circulated throughout the state, including a copy being posted to every council and library in South Australia.

In total, 32 submissions on the 2020-2025 Draft Plan were received and considered as part of the development of the Proposal.

These are published on talkingpower.com.au.

Submissions were received from:

- CCP14 - submission to AER
- SA Power Networks CCP
- SA Power Networks ARG
- ECA
- SA Government
- Business SA
- SACOSS
- UDIA
- SAWIA
- COTA SA
- Tesla
- NRG Australia
- CEC
- TEC
- 9 local government organisations
- 9 residential customers

"In summary, the Draft Plan highlights and addresses the issues that are at the forefront of South Australian customers and businesses." [9]

Generally, customers and stakeholders were pleased with the proposed price reduction in the 2020-2025 Draft Plan (although some stakeholders sought further reductions) and feedback on our customer engagement program was largely positive. The proposed plans for enabling the network of the future were generally well regarded, with many customers and stakeholders providing feedback on ways in which SA Power Networks could manage the impacts/challenge of high solar uptake in South Australia.

Other feedback included an expectation that we will continue to look for savings and ways in which to lower prices now and into the future. Specific concerns were around levels of IT investment, productivity and calls for ongoing efficiency improvements. There was general support for our proposed plans regarding vegetation management, network maintenance and customer service. Some customers and stakeholders recognised that a cost-reflective tariff structure can only be an effective mechanism in managing challenges on the network if retailers are supportive of the new tariff structures[10] and work with consumers to implement cost-reflective pricing.

We discussed this feedback with our reference groups in the development of the Proposal. The feedback to further reduce prices led us to revise the scope of some programs, extend the timeframes of some programs and remove some work altogether from the Proposal.

The 2020-2025 Draft Plan

9 National Renewable Group 2020-2025 Draft Plan submission September 2018
10 See more information in Attachment 17 - TSS

Phase 4: Regulatory Proposal development – October 2018 to January 2019

In developing the final stages of our 2020-25 Regulatory Proposal, we have conducted a number of meetings and workshops with our CCP and reference groups to continue the dialogue about our expenditure proposals and the ongoing refinement of our TSS, and to ensure the appropriate integration of feedback into our 2020-25 Regulatory Proposal.

We have also undertaken more extensive engagement in the areas of Public Lighting and the Future Network, where customer research has been conducted to garner deeper insight into this topic. For details on Public Lighting, see Page 32.

Research into community attitudes towards potential solar infrastructure investment

In late 2018, we engaged independent market research firm, Newgate Research, to undertake an online survey of 1,004 residential customers across our distribution area to test community attitudes to network investment in enabling greater uptake of Distributed Energy Resources (**DER**). The survey was designed specifically to canvas community feedback on the three possible approaches of static export limits (no upgrade), capacity investment (comprehensive) and dynamic export limits. It described the three options and provided information on both the overall cost and the predicted bill impacts for each option for a range of customer segments including solar and non-solar households (see Figure 0-9).

In an initial contextual question, the survey found that 76% of customers felt positively about "SA Power Networks spending money on its network to enable more solar in South Australia," with just 4% feeling negative about this.

The dynamic export limit approach was the most popular of the three options among the customers surveyed, with 54% selecting this as their preferred option. It was also the option that was considered most in the long-term interests of customers, by 48% of participants.

There was also moderate support for upgrading network capacity to enable more embedded generation (the comprehensive option), even though this was identified as the most expensive of the options for customers. 33% of customers surveyed selected this as their preferred option, and 40% believed that this was most in the long-term interest of customers. Support for the least-cost option of static export limits (no upgrade) was limited with only 13% preferring it and 12% believing it to be most in the long-term interest of customers.

These preferences were consistent across all customer segments including those with and without rooftop solar, small, medium and large households as well as Vulnerable Customers, and are consistent with the feedback received from customers and stakeholders through other workshops and forums. For more information, refer to Supporting Document 0.16 - Newgate Research Community attitudes toward solar.

Figure 0-9: Perceived long-term customer interest of the options (average rating out of 10).[11]

Average rating (out of 10)	All customers	Have solar	Don't have solar	Considering solar	Small customer	Medium customer	Large customer	Vulnerable
Dynamic	7.2	7.5	7.0	7.1	7.1	7.4	6.7	6.8
Comprehensive	6.4	6.5	6.3	6.8	6.5	6.4	6.0	5.9
No upgrade	2.9	2.4	3.2	3.3	3.0	3.0	2.8	3.0

11 Refer to Supporting Document 0.16 - Newgate Research Community attitudes towards solar

Other engagement

As a subset of our 2020-25 Regulatory Proposal customer engagement, we also conducted engagement around our:

- 2020-2025 TSS;
- Public Lighting; and
- Future Network planning.

2020-25 Tariff Structure Statement

When developing our 2017-2020 TSS, we conducted a deliberative process with a representative customer group. As a result of this process, a series of customer impact principles (Figure 0-10) were developed by customers to guide SA Power Networks decision-making around future tariff structures:

Principle 1 — empower the consumer
Principle 2 — fairness and equity
Principle 3 — simplicity (to inform decision making)
Underlying principle — compliance

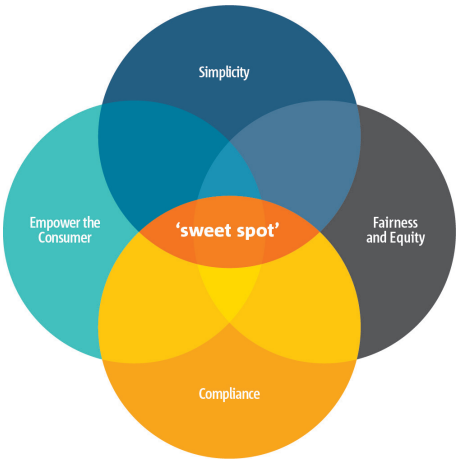
We continued to apply these principles and test these with customers and advocates as we developed our tariff proposals for the 2020–25 period.

We undertook a multi-stage engagement process specifically on tariffs from November 2017 through to January 2019, outlined in Figure 0-11.

This process was designed to:

- build understanding of the current challenges, context and obligations in relation to tariff setting;
- explore allocation preferences between residential and business customers; and
- explore customer impacts and gather feedback on residential, small business and large business tariff proposals.

Figure 0-10: Customer Impact Principles



Mark Henley, Uniting Communities, giving feedback to SA Power Networks on our proposed tariffs in our Tariffs Deep Dive Workshop, March 2018

Figure 0 -11: Tariff Structure Statement engagement process

Specific engagement on our 2020-2025 TSS involved detailed discussions at regular reference group meetings as well as holding a Tariffs Deep Dive Workshop and further bilateral discussions with a number of retailers and residential and business customer representatives. Our TSS outlines the more cost-reflective tariffs we are proposing for the 2020-2025 period and how these will send price signals to empower customers to better manage their bills.

Outcomes

A full summary of our proposed tariff structures is available in our Regulatory Proposal Attachment 17 – Tariff Structure Statement. In brief, we are proposing a Time of Use (**ToU**) tariff to become the default residential tariff from 1 July 2020. Small businesses will move to a combination of ToU or ToU plus demand. Our customers and stakeholders have been closely involved in the design of these tariffs and give us confidence our proposed tariff structures meet our principles of empowering the consumer, fairness and equity and simplicity.

What we heard through our engagement and how we have responded is outlined in Table 0-6.

Table 0-6: How engagement shaped our Tariff Structure Statement

What we heard	Our response
"Business shouldn't have to bear the costs for services not provided to them."	> Guaranteed Service Level (**GSL**) costs shifted from being recovered across all usage, to small customers (residential and small business) only, on a per customer basis
"The proposed tariff structures are very complex. Simplicity please."	> Reduced the number of tariff elements from initial proposals > Reduced the number of tariffs proposed from initial engagement with stakeholders > Simplified 'anytime block's to only address critical issues > Ensured consistency between time blocks where possible
"The Critical Peak Pricing tariff is too complex."	> No longer proposing the Critical Peak Pricing tariff
"Tariffs should be designed with retailers in mind." **Retailers asked to be informed of the most important tariff elements.**	> We will continue to engage with retailers on tariff design > We have not referred to likely National Electricity Market (**NEM**) pricing, but have looked at the congestion in our network when determining the new tariffs > We have reduced the off-peak residential time-of-use to those periods best suited to address daily network issues > We will confirm with retailers the critical components of our tariffs
"Customers need 12 months of data to understand their usage before moving to a new tariff."	> We expect retailers will offer tariff choices > If retailers do not offer a choice of tariffs, the network price impact on small customers should not be significant and we feel does not warrant the provision of data
"Stage the transition through pricing within tariff structures."	> We will transition all small customers to a new structure evenly over a five-year period

What we heard	Our response
"How will desired behaviour changes result in outcomes and how will these impact future planning?"	> Largely the customer response is unknown at this stage, but we expect that daily and summer congestion will reduce or at least not increase, which should result in lower future capex from avoiding or deferring augmentation and expansion of the network > We will continue to work collaboratively to ensure network planning and tariff structures are complementary
"Moving to greater fixed costs removes any incentive or possibility for customers to modify behaviour to reduce costs." **"Fixed charges are regressive and do not encourage energy conservation."**	> We acknowledge concerns raised about fixed supply charges but believe there is still sufficient variable charge to encourage customers to respond > We believe our plans to slightly increase supply charges are more cost-reflective and remove some cross-subsidy > Our plans align with a world-wide trend to increase the fixed charged component
"An appropriate recovery of revenue for the next regulatory period would be roughly 1/3 each for fixed, variable and demand charges."	> We propose to limit any supply charge increase to $10 per annum. Supply charges will recover approximately 25% of our overall costs by 2025, heading towards, but well within, the one third suggested in consultation
"What about the impact on non-solar customers, who are continuing to pay more for network charges as solar penetration in SA increases?"	> We propose to retain the pricing relativity between single rate, ToU rates and Prosumer tariff rates – this means Type-6 meter customers won't be unfairly impacted by other customers installing solar > Any revenue shortfalls from customers responding to ToU signals will result in equal price increases to all residential tariffs > Our proposed ToU and Prosumer residential tariffs will reward customers for 'soaking-up' surplus solar energy in the middle of the day > Early modelling of customer impacts indicates that non-solar customers are better off under the default ToU tariff > By enabling more lower cost renewables to be connected to the network, the entire community will benefit from downward pressure on wholesale electricity prices and cleaner energy solutions
"Managing the solar trough is important."	> The new tariffs proposed are aimed at managing residential congestion associated with solar trough and the hot water spike, plus Prosumer signals for extreme summer days

What we heard	Our response
"Customer Impact Principles are supported"	> The off-peak and 'solar trough' periods provide year-round options for residential customers to shift load and pay a lower price > Fairness and impacts of solar and non-solar customers addressed through the proposed ToU tariffs > Customers with solar will get benefits from in-house use > The ToU tariff is the default for interval meters, the Prosumer tariff is opt-in > The ToU tariff should relieve some solar trough and hot water congestion
"We encourage SA Power Networks to trial more innovative tariffs before 2025."	> We propose a suite of trials including: - Riverland tariff trial retained for 2019-20 - A range of measures to address hot water being considered - Residential ToU trial proposed for 2019-20 with type 4 meters only (needs retailer support)
"We want confidence that tariffs are being considered as a potential solution to network problems, along with other non-network initiatives like demand management"	> Our proposed tariffs are complementary to our Future Network Strategy, and encourage customers to shift load away from the morning and afternoon peaks to soak-up surplus solar energy in the middle of the day, therefore deferring or avoiding network investment to cope with excess solar energy > Our planned hot water demand management project and hot water tariff trial are complementary
"Manage the impact of new cost-reflective tariffs on small businesses and some large businesses who are currently paying less, who will be paying more under new tariff structures."	> To avoid price shock, transition arrangements will be applied to limit annual price increases to $10/MWh for most small and large businesses, as they progressively adopt proposed tariffs according to their circumstances

SA Power Networks Manager Pricing, James Bennett, considers feedback at an early Future Network Deep Dive Workshop, February 2018

Public Lighting

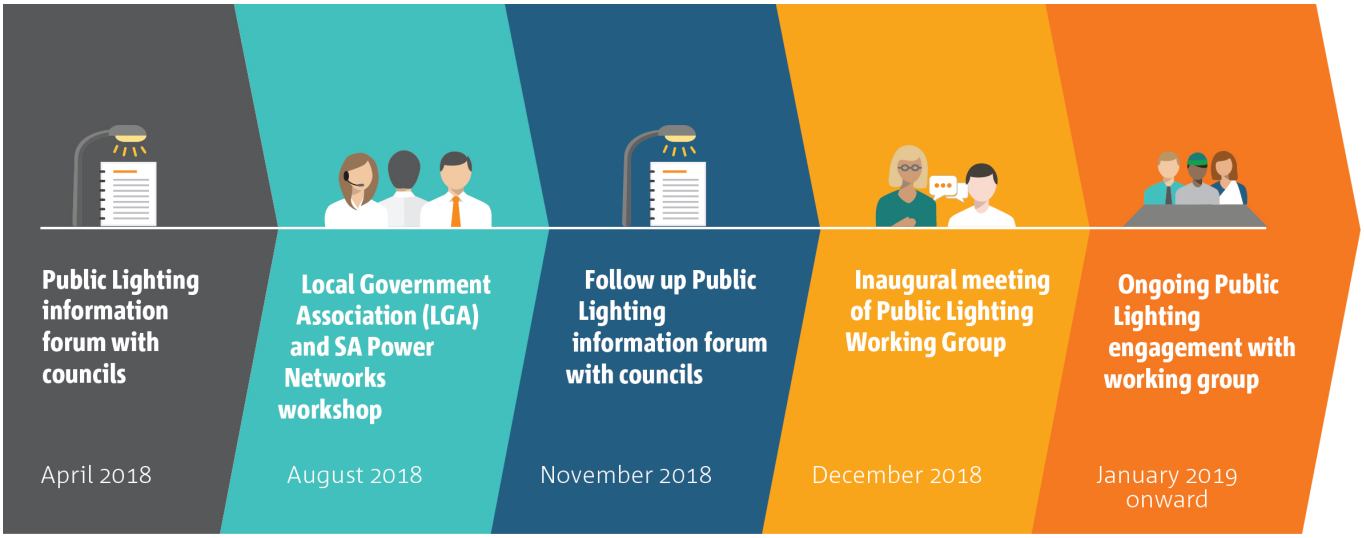
Our Public Lighting engagement is summarised in Figure 0-12. In April 2018, we conducted a workshop with Public Lighting customers to consult on the reclassification of Public Lighting services as an Alternative Control Service (**ACS**), with further workshops held in August and November 2018. Following the November workshop, a Public Lighting Information Survey was issued to all Public Lighting customers to gather direct feedback on key topics of relevance in preparing our Public Lighting proposal. We received responses from 22 councils, representing a 33% response rate. Feedback is detailed in Attachment 14 – Alternative Control Services.

Outcomes

In collaboration with the LGA and DPTI, a smaller Public Lighting Working Group, representative of the broader Public Lighting customer base, has been established to assist with ongoing consultation associated with the Proposal, the transition of Public Lighting to ACS, and the development of our Public Lighting Service Level Framework.

Council and LGA representatives working through proposed Public Lighting transition to ACS at the Public Lighting Deep Dive Workshop, April 2018

Figure 0-12: Public Lighting engagement process



Future Network engagement

In developing our expenditure proposal for the 2020-25 period, we have engaged widely with customers and community groups, industry regulators, policy makers and market bodies on a topic that has attracted significant interest: how we propose to transition our network to keep pace with the continued uptake of rooftop solar, battery storage and other distributed energy technologies.

This engagement has included bilateral meetings, reference group discussions, industry forums, information sessions, workshops, the establishment of specialised working groups (DERIWG and DER TRG) and customer research (Figure 0-13).

We have openly shared our approach and rationale, including details of our technical and economic modelling, and continually refined these over many months, based on feedback from a range of stakeholders. Our engagement has focused on ensuring our plans are aligned to the future direction of technology providers and the market, are consistent with our interstate peers, are acceptable to regulators and, most importantly, are in the long-term interests of our customers.

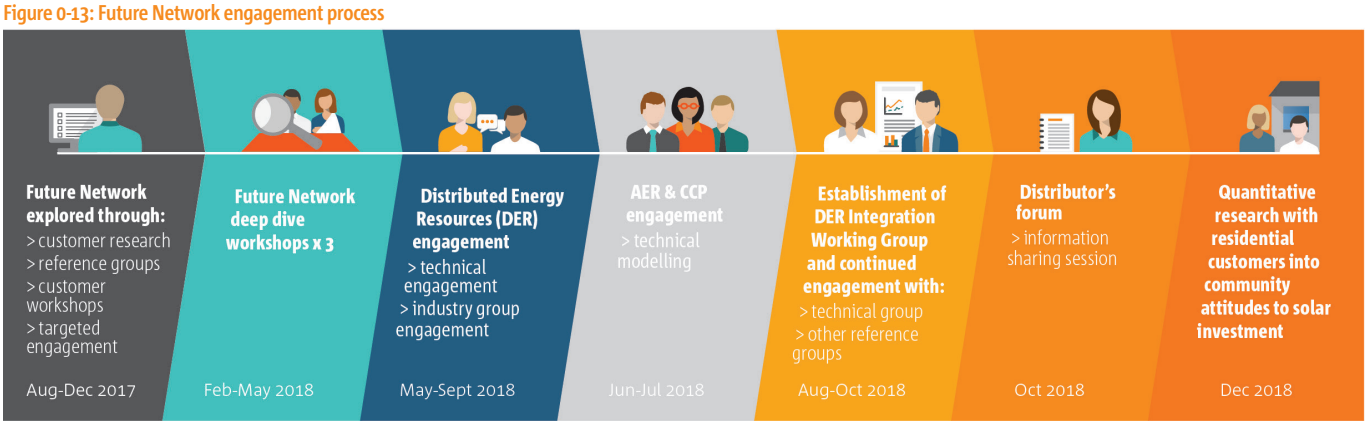
We have been commended for the amount of time, effort and openness with which we have engaged on our Future Network plans, and are confident our proposed approach is more robust as a result of this extensive engagement.

"We would like to compliment SAPN initially on the stakeholder engagement process, which has been exemplary—comprehensive, professional and genuinely interactive." [12]

ECA's Lynne Gallagher shares her thoughts on the integration of solar and other renewables with the network, Future Network Industry Forum, Melbourne, May 2018

SA Power Networks' General Manager, Network Management, Mark Vincent, discussing options and analysis about the integration of solar and other renewables with the network, Future Network Industry Forum, Melbourne, May 2018

Figure 0-13: Future Network engagement process



12 TEC submission to 2020-2025 Draft Plan September 2018

Outcomes

The clear feedback from customers and stakeholders is that they expect us to prudently plan for the future to ensure that the distribution network can continue to support the transition to a low-carbon, decentralised energy system. However, customers also recognise that the future is uncertain and technology is evolving rapidly, and do not support large expenditure on items that could quickly become redundant.

Our Proposal for the 2020-25 period includes three initiatives to enable us to manage high levels of distributed generation, offer new services to customers and avoid unnecessary network investment. These initiatives cover:

- improved visibility of what is happening in the low voltage (**LV**) network;
- establishing a DER register and supporting processes so we understand where DER is installed on our network; and
- establishing systems to communicate with small customer systems and aggregators and publish 'dynamic export limits'.

Our economic modelling indicates that our proposed approach of managing constraints by enabling dynamic export limits provides a better long-term economic outcome for all customers (both with and without DER) than investing in new network capacity or managing DER through fixed export limits, under a wide range of possible future scenarios. This is because it enables DER to continue to connect, export energy and contribute to the energy system as a whole while avoiding the need for expensive network upgrades.

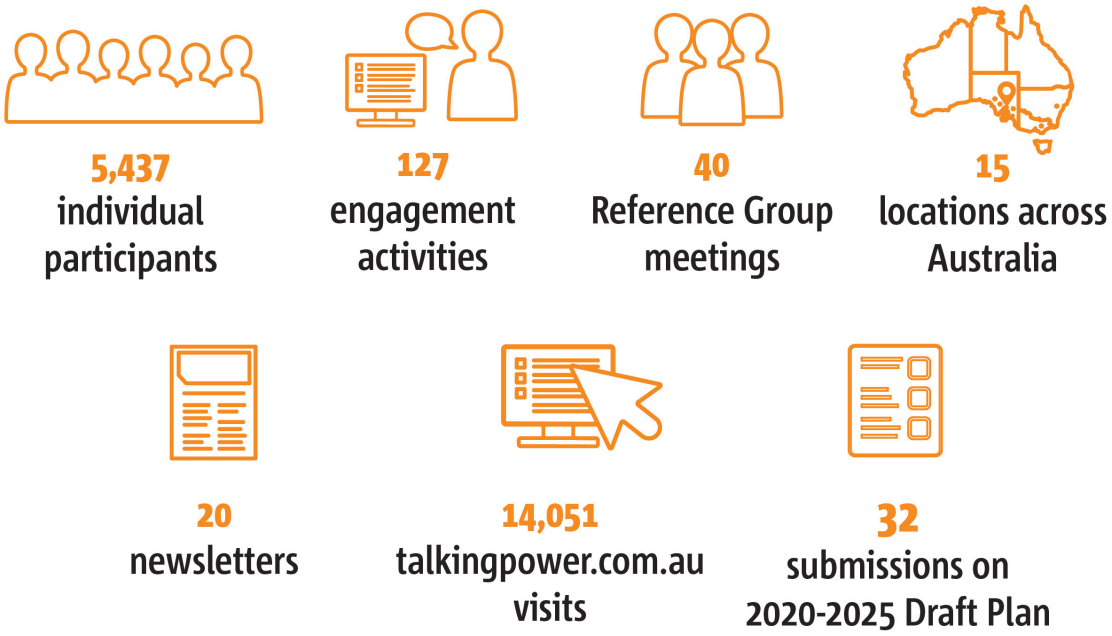
This dynamic export limit approach has been canvassed with a range of stakeholders during our engagement process. It was supported by customers and industry representatives during our early qualitative engagement sessions, and it was supported by customers across all segments (including customers with and without DER, and hardship customers) in a recent survey undertaken on our behalf by Newgate Research[13].

Over the course of our engagement on this topic, feedback from stakeholders and engagement with industry technical representatives has helped us to refine the scope, staging and approach to investment in the systems we require. From initial discussions in early 2018, where we presented stakeholders with preliminary expenditure forecasts, there have been overall reductions in our plans in the order of $25 million in capex and $22 million in opex.

Summary of engagement activities

As at January 2019, we have engaged with more than 5,400 customers and stakeholders in relation to the development of our 2020-25 Regulatory Proposal. This has been achieved through 127 engagement activities and 40 reference group meetings (Figure 0-14). Our business as usual engagement continues to be broad and ongoing.

Figure 0-14: 2020-25 Regulatory Proposal customer engagement program



13 Refer to Supporting Document 0.16 - Newgate Research Community attitudes towards solar

How engagement shaped our 2020-25 Regulatory Proposal

Our extensive engagement has provided rich, and at times diverse, feedback. However, through all activities and across all areas of the State, customers and stakeholders consistently told us that there are three things that really matter to them.

Keeping prices down

While our charges make up less than 30% of the average residential electricity retail bill, SA Power Networks has an important role to play in ensuring electricity remains affordable. Price increases in other parts of the bill (such as wholesale and retail) are hurting customers, particularly members of our community who are most vulnerable, as well as small to medium businesses. This is the key concern for customers.

A safe and reliable network

Reliable electricity remains a high priority for our customers, particularly business customers. In several regional areas, customers (and not just those affected) are seeking improvements to local reliability. It is important that we manage and maintain the network well now, to ensure reliability is not compromised into the future.

Reliability has two major facets – State-wide reliability, which customers and ESCoSA say is appropriate, and localised reliability, where we, and customers, agree there is a need for a targeted program to improve reliability for our customers connected to low-reliability feeders.

This targeted improvement will not noticeably affect State-wide reliability[14].

Keeping the community safe from bushfires, storms and cyber threats is also important to customers.

Transitioning to the new energy future

SA Power Networks must support customers in their desire to continue the uptake of solar, batteries and other new technologies, and take responsibility for transitioning the network to support a decentralised and decarbonised energy system that unlocks greater value for the community.

How customer feedback influenced our Proposal

While there was overall consistency in what customers value from the network, as to be expected, there were some differences between the specific priorities and concerns of different customer and stakeholder groups. Our job has been to consider all the feedback and aim to strike the right balance between these views, which our 2020-25 Regulatory Proposal endeavours to achieve.

Detailed in Table 0-7 is the specific feedback that we heard from customers and stakeholders, and how it has helped shape our 2020-25 Regulatory Proposal:

14 A low reliability feeder is defined by ESCoSA as an individual feeder with USAIDI performance approximately twice as high as the USAIDI target for that feeder class for two consecutive financial years

Table 0-7: How engagement shaped the Proposal

Theme	What we heard	Our response
 **Keeping prices down**	Ongoing electricity bill increases are challenging for customers, particularly vulnerable customers and small business	Our Proposal will reduce customers' bills from 1 July 2020 — a $40 decrease for the average residential customer and a $111 reduction for a typical small to medium sized business
	Customers want savings in their pockets upfront, however they also want to avoid any future price rises that could cause 'bill shock.'	We have deviated slightly from the AER's standard approach to projecting our revenue path for the 2020-25 period, which delivers a bigger reduction in the first year of the period but results in price increasesabove inflation in following years. Our proposed approach means the reduction in the first year is not as significant, but delivers further reductions in the following years, thereby minimising the impact for customers
	Make affordability a higher priority – ensure not a dollar more than necessary is spent	Capex has been further reduced by $109 million since the 2020-2025 Draft Plan, taking the total capex reduction to $199 million since sharing preliminary forecasts in deep dive workshops in early 2018. Opex had also reduced by $6 million (following an earlier $49 million reduction before the 2020-2025 Draft Plan), however this has now been offset by an efficient capex/opex step change to address the intergenerational equity issues highlighted in the AER's Taxation decision. Our prudent approach is embedded in how we do business, for example: > Our approach to repex which involves managing risk by focusing on work that delivers the most value for customers, based on the likelihood and impact of consequence > Our approach of actively managing network constraints rather than building new assets to increase capacity > Moving IT services away from in-house assets to cloud locations as paid services
	Refine programs so proposed expenditure is in line with current period expenditure	Capex reductions have been achieved by revising the scope of works for some programs, extending the timeframes of some programs, and removing some programs altogether > Capex programs are now largely aligned to current period expenditure
	Actively look for efficiencies and innovate to stay at the efficient frontier and deliver price relief Avoid or defer expenditure where possible but do not under-invest now and pass costs on to future generations If expenditure is required, adopt a prioritised, staged approach to any programs	We have taken a prudent approach to all expenditure forecasts: > Expenditure programs have only been proposed when value exceeds cost > Efficient deferrals and refurbishment of assets is undertaken when possible. For example, our improved risk-based approach is enabling efficient deferral of ~$200 million of asset replacement, and the new substation originally planned for Gawler East has been deferred into a future period > We have a staged, risk-based approach to capital programs, targeting areas of greatest need and/or value > Prudent capex in our Proposal results in an 1% growth in the regulated asset base (**RAB**) over the 2020-25 period
	Absorb increased costs where possible	We removed step changes associated with more advanced customer engagement technologies and a new billing system and reduced the size of the step change to support our new low LV Management Strategy by moving from a full model with 100% network coverage to a template approach, which is less accurate but more cost effective
	Apply an additional productivity growth factor to reduce costs	We will continue to seek opportunities to reduce the cost of delivering services and meeting our obligations, which the current regulatory framework already incentivises us to do
	Labour escalations should be aligned with the South Australian average of low wages growth	Labour escalations are independently forecast by economic consultants and are consistent with the utilities sector

Theme	What we heard	Our response
 **Keeping prices down**	IT expenditure is high, a full cost-benefit analysis must be undertaken, and the value of IT investment needs to be justified from the perspective of the customer	All our IT programs are supported by detailed cost-benefit analyses and business cases that explore alternative options. Value has been characterised in terms of customer benefit, for example benefits are framed in terms of what it means for our ongoing ability to service customers
	Continue the roll-out of more efficient light emitting diode (**LED**) street lighting technology for Public Lighting customers	We are enabling the roll-out of LED technology and providing price certainty for Public Lighting customers through ongoing engagement with councils, LGA and the DPTI
	Provide price certainty for Public Lighting customers	
	Ensure new cost-reflective tariffs address cross subsidy issues between solar and non-solar customers – don't forget the 'have nots'	We will introduce a new ToU tariff as our default residential tariff, and a 'prosumer' tariff for solar and battery customers. Early modelling of customer impacts indicates that non-solar customers are better off under the default time of use tariff. More details are available in Section 7 of the Overview document

Theme	What we heard	Our response
 **A safe and reliable network**	Continued reliability of the network is a high priority	Prudent expenditure plans are proposed to maintain current reliability and safety levels and meet service standards
	Improving reliability for some parts of the network (eg Eyre Peninsula, Adelaide Hills) is important to customers. This is also supported by councils and Business SA	> We have a targeted program to improve reliability to customers connected to low-reliability feeders > We are continuing a targeted program to improve the resilience of storm-prone network areas (note the scope and costs of these targeted programs have been reduced following stakeholder feedback on the 2020-2025 Draft Plan to address affordability concerns)
	Regular asset inspection, maintenance and repair or replacement is important, and customers want us to continue to find efficiencies There is logic in our risk-based approach to asset management - but we need to avoid 'boom and bust' cycles of expenditure	> In addition to our value-based approach to asset management (which focuses on the risk and value analysis of comprehensive asset data), we will continue to look for more innovative ways to manage our assets, such as the use of drones and other new technologies > We are proposing an asset replacement program to continue at current sustainable levels
	Customers expect SA Power Networks to operate safely, and balance safety, risk and affordability when managing the network	Ongoing focus on safety in our work practices and innovation in our risk-based asset management approach to ensure we continue to deliver value for customers
	Bushfire safety is important, not only to those in bushfire risk areas, but to most customers	We are continuing our prudent bushfire risk mitigation plan to reduce the risk of our network starting fires (note the scope and cost of this program has been reduced following stakeholder feedback on the 2020-2025 Draft Plan to address affordability concerns)
	Customers value accurate, timely and tailored information about power outages	We will continue to improve our capability (through ongoing IT system enhancements) to provide customers with accurate and timely information
	Managing the risk of cyber security is important to customers	Prudent cyber security protections for customer and business information and network integrity are proposed

Theme	What we heard	Our response
 **Transitioning to a new energy future**	Customers, both with and without solar, support the ongoing uptake of rooftop solar and new technologies like home batteries and electric vehicles Enable more renewable energy on the network – but not at any cost	> We're proposing targeted investment in new systems to monitor and manage our LV network more actively, and to offer the option of variable, rather than fixed, export limits for customers with solar and other embedded generation > This will enable us to make available more of the existing asset capacity for solar exports, avoiding expensive network asset upgrades. It also enables greater flexibility so we can adapt to future change > This approach will vary dynamically based on when and where the constraints arise
	In a time of change when technology is evolving rapidly, avoid large expenditure on items that might become redundant Our plans should allow for a range of future scenarios – not lock us in to one version of the future Actively pursue third-party non-network solutions and demand management to avoid capex	> Continued refinement of our industry-leading Future Network Strategy and related projects, pilots and trials. This integrated, measured and staged strategy focuses on market-based solutions, including purchasing and using available data from smart meters and third-party providers to reduce expenditure on grid-side monitoring devices > We are actively testing the market for demand management opportunities. So far we have identified around $28 million of capital projects that could be candidates for non-network solutions > Our approach of sending export limits is adaptable to whoever is receiving the message. DER services will continue to evolve but our approach does not 'pick a winner' in terms of how the market will evolve
	Tariffs should be considered as a potential solution to network problems, along with demand management and other non-network initiatives	> Our proposed tariffs are complementary to our Future Network Strategy, by encouraging customers to shift load away from the morning and afternoon peaks to soak-up surplus solar energy in the middle of the day, therefore deferring or avoiding network investment to cope with excess solar energy > Our planned hot water demand management project and hot water tariff trial are also complementary
	Work closely with industry to ensure national alignment Do not forget non-solar and vulnerable customers The CCP14 provided advice to the AER on our approach to addressing the challenges of high penetration of solar and embedded generation on our network. CCP14 asked that we share more details of our network capacity modelling, and challenged us to seek least-cost solutions	> Detailed customer research across all segments, including non-solar and vulnerable customer groups, as well as extensive and ongoing engagement with industry and other distribution networks, to ensure our plans are aligned with customer expectations and broader industry direction. All feedback, both qualitative and quantitative, supports our proposed approach of enabling more distributed energy resources through active capacity management and variable export limits > By enabling more lower cost renewables to be connected to the network, the entire community will benefit from downward pressure on wholesale electricity prices and cleaner energy solutions while also avoiding more costly increases in additional network capacity > Early modelling of customer impacts indicates that non-solar customers are better off under the default ToU tariff

Evaluating our customer engagement program

To effectively evaluate our engagement program and ensure continuous improvement, all program activities were evaluated upon completion. The key evaluation techniques used included:

- Activity evaluation feedback forms - at workshops and engagement activities - to gather immediate feedback to identify areas of improvement and adjustments which may be actioned quickly.
- Project team de-briefings - held at the end of each engagement activity, to gain staff insight into how such activities could be improved in future.
- Stakeholder Feedback Action Plan - live document, updated on an ongoing basis that tracked stakeholder feedback and associated actions.
- Anecdotal feedback - received from participants during and after workshops and activities, to gather informal advice and gain nuanced insight into participants' emotions and how they 'felt' the activities went and to identify areas of improvement, and adjustments which may be actioned quickly.
- Overarching engagement program evaluation - assessing the overall process against goals, objectives, targets and KPIs to identify learnings or highlight areas and improvement for future engagement as per Table 0-1 (see Page 8).

Each KPI had a target of 75% satisfied or above. In all five categories, we surpassed our targets, with an overall average of 87.8% satisfaction rating with our engagement activities and overall program.

SA Power Networks 2020—2025 Regulatory Proposal customer engagement program evaluation

In late 2018, SA Power Networks engaged Think Human, an independent consulting firm, to conduct an analysis of the existing evaluation data that had been generated throughout the program – from participants' feedback surveys, staff meeting notes, workshop reports and interim monitoring and evaluation reports, both internal and external to SA Power Networks.

This desk-based analysis provided the foundation for subsequent interviews with members of the CCP, customer reference groups and SA Power Networks staff. Interviewees had varying levels of engagement throughout the CEP and varying levels of experience of both the energy sector and of the Regulatory Proposal engagement process.

Six main learnings arose from the program evaluation.

SA Power Networks should:

1. Continue on the positive engagement journey (capitalise on good relationships built with groups and use of external facilitators to establish effective working partnerships).
2. Define desired and undesired outcomes at the outset.
3. Co-create 'balanced guardrails' around the process (including financial and time investment to deliver program and equitable opportunities for stakeholder participation).
4. Get the right people around the table.
5. Set realistic, constructive and achievable expectations for, and with, participants.
6. Clarify and monitor the role and remit of the CCP14 [to better facilitate improved customer and stakeholder understanding].

For more information, refer to Supporting Document 0.4 - Think Human Customer Engagement Evaluation Report.

Best-practice assessment

SA Power Networks also engaged KPMG Banarra, an independent consultant, to assess our approach to stakeholder engagement for the Proposal customer engagement program, which resulted in three gap analysis reports over the life of the program.

The purpose of the assessment was to:

- assess SA Power Networks' current level of alignment to good practice principles for stakeholder engagement and areas of change relative to the assessments previously conducted by KPMG Banarra; and
- develop recommendations to assist SA Power Networks to close the gaps identified.

These assessments involved a combination of workshop observations, offsite desktop analyses and interviews with staff aimed at identifying gaps and alignment opportunities against best-practice standards. The scope of the engagement included reviewing our approach to customer and stakeholder engagement against the following external standards:

- The AER Consumer Engagement Guideline for network service providers (2013);
- AA1000 (2018); and
- IAP2 Public Participation Spectrum.

Overall, SA Power Networks met or exceeded the criteria for all topics with some minor gaps identified in stakeholder mapping and review. Recommendations arising from the report include:

1. Formalising an approach to stakeholder identification and mapping, specifically relating to implementing a better IT system to manage stakeholder contacts and interactions.
2. Adopting a stronger risk management approach.
3. Finalising the stakeholder engagement plan, showing how engagement outcomes will inform and be responded to through organisational decision-making processes.

The full report is available as Supporting Document 0.5 - KPMG Reset Engagement Advice and a letter of advice from KPMG is also available as Supporting Document 0.6 - KPMG letter of observation.

This strong focus on evaluating our engagement program, at both an activity and strategy level, has revealed many learnings for SA Power Networks. We look forward to continuing to improve and mature our engagement efforts.

Conclusion and next steps

We have engaged openly and honestly with our customers and stakeholders throughout our 2020-25 Regulatory Proposal engagement program. We greatly appreciate their input over the past two years. We feel this significant effort and contribution from customers and stakeholders, along with our willingness to listen and respond, has been fundamental to developing a Regulatory Proposal for the 2020-25 period that is balanced and in the long-term interests of customers.

Our engagement will continue beyond lodging this 2020-25 Regulatory Proposal. We intend to review the learnings of this engagement program and continue with our extensive framework of reference groups, to ensure our dialogue with customers and stakeholders remains honest, open and robust.

The Australian Energy Regulator

This is a an Attachment to our full Regulatory Proposal, which is now being considered by the Australian Energy Regulator (AER). The AER is responsible for the economic regulation of electricity transmission and distribution networks and gas transmission and distribution pipelines in all Australian jurisdictions except Western Australia. Transmission refers to the transport of energy (electricity and gas) from the production source (generators or gas fields) to large end users and distribution businesses. Energy is transported through transmission networks (wires for electricity and pipelines for gas) that stretch across Australia. Distribution pipelines and electricity networks link the transmission systems to end users.

Regulated electricity network businesses must periodically apply to the AER to assess their revenue requirements (typically, every five years). Regulated pipeline providers are also required to periodically submit an access arrangement to the AER for approval. The AER regulatory determination calendar shows the key milestones and associated dates for each upcoming electricity and gas regulatory reset and provides a summary of the regulatory determination process under the National Electricity Rules.

As part of this review the AER will publish an issues paper in March 2019, hold a public forum in April 2019 and invite submissions about our proposal from customers and stakeholders. These submissions will be considered by the AER before it publishes a draft decision in September 2019.

There will then be a further opportunity to comment on that draft decision and we will submit a revised proposal taking the AER's feedback into account, before a final decision is made. For further information go to www.aer.gov.au.

AER general enquiries - SA Power Networks 2020 determination - SAPN2020@aer.gov.au

Glossary

Acronym	Full name
AA1000SES	AA1000 Stakeholder Engagement Standard (2018)
ACS	Alternative Control Services
AEMO	Australian Energy Market Operator
AER	Australian Energy Regulator
API	application programming interface
ARG	Arborist Reference Group
BRG	Business Reference Group
CALD	Culturally and Linguistically Diverse
capex	capital expenditure
CCP	Customer Consultative Panel
CCP14	AER's Consumer Challenge Panel
CEC	Clean Energy Council
CEP	Customer Engagement Program
COTA SA	Council of the Ageing South Australia
CRG	Community Reference Group
DER	Distributed Energy Resources
DER TRG	Distributed Energy Resources Technical Reference Group
DERIWG	Distributed Energy Resources Integration Working Group
DNSP	Distribution Network Service Providers
DPTI	Department of Planning, Transport and Infrastructure
ECA	Energy Consumers Australia
ESCoSA	Essential Services Commission of South Australia
GSL	Guaranteed Service Level
IAP2	International Association for Public Participation
IT	Information Technology
KPI	Key Performance Indicator

Acronym	Full name
LED	light emitting diode
LGA	Local Government Association
LV	low voltage
NEM	National Electricity Market
NRG Australia	National Renewable Group Australia
opex	operating expenditure
PLWG	Public Lighting Working Group
RAB	regulated asset base
RCP	Regulatory Control Period
RRG	Renewables Reference Group
SACOSS	South Australian Council of Social Service
SAPN	SA Power Networks
SAWIA	South Australian Wine Industry Association
SD 0.1	Supporting Document 0.1
TEC	Total Environment Centre
the Proposal	SA Power Networks Regulatory Proposal
ToU	Time of Use
TSS	Tariff Structure Statement
UDIA	Urban Development Institute of Australia
USAIDI	Unplanned System Average Interruption Duration Index