

Meeting Minutes

Consumer Advisory Panel Meeting #30

Date:	Thursday, 24 August 2023, 9:30am to 12:30pm
Meeting Objectives:	Explore ElectraNet's input to AEMO's Integrated System plan 2024 Shape / influence ElectraNet's network development directions and priorities Consider CAP's annual reporting methodology
Attendance:	Refer Attachment 1

1. Welcome + General Updates

Leanne Muffet, Independent Facilitator, opened the meeting, and lead the Acknowledgement of Country. Leanne and Simon Appleby, Head of Corporate Affairs, provided the following updates to the CAP:

- Alycia Martin is joining ElectraNet as the new Stakeholder Coordinator on 4 September 2023 and is an observer for the current CAP meeting.
- Estha van der Linden has joined the CAP replacing Jodie van Deventer representing Ai Group and is present for today's CAP meeting.
- Mark Parnell will no longer be continuing the CAP, as he is moving interstate for family reasons. He was hoping to attend today's meeting, but unfortunately has COVID.
 - ElectraNet and the CAP expressed their appreciation to Mark for his contribution to the CAP. A replacement will be announced shortly.
- A new date for the next CAP meeting of 20 November 2023 is proposed, followed by networking drinks.
- ElectraNet has appointed a new Chairperson, Dr Julie Beeby, and she will be in Adelaide on 20 November and is expected to attend the next CAP meeting.
- ElectraNet's Annual Stakeholder gathering on will be held on Wednesday, 22 November 2023, and CAP members can expect an invite in the coming weeks.
- The Meeting notes from CAP meeting 29 held on 25 May 2023 were endorsed by the CAP.
- Action items were reviewed and accepted by the CAP as follows.

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Action Items (from previous meetings):

1. Provide briefing to the CAP on the State Government's Hydrogen Strategy – in train.
2. The CAP to consider whether it requires further advice on the distribution impacts of solar and non-solar customers – under consideration.
3. The CAP to provide further feedback on the demand outlook and renewable supply options being developed in the TAPR Update – complete.
4. ElectraNet to engage with Vikram Kenjle on his potential role in the Demand Management Innovation Allowance Mechanism (DMIAM) – complete.
5. Include DMIAM on upcoming CAP agenda – complete (current meeting).

2. Energy Charter

This agenda item was raised for consideration by the CAP, and not for decision.

Key questions for consideration:

1. Should ElectraNet consider Membership of the Energy Charter?
2. What is the interface with the CAP?
3. What other factors should be considered?

The CAP was provided a summary of the Energy Charter's purpose and vision. The key points of discussion were:

- ElectraNet is considering whether there is value in joining the Energy Charter for the benefit of the business and customers. ElectraNet would only join the Energy Charter with the support of the CAP.
- The CAP noted that the Energy Charter's membership is largely made up of energy networks. As no retailers remain on the Charter, the CAP queried its effectiveness.
- To date, ElectraNet's involvement with the Charter has been on case-by-case basis and there is an associated cost with each initiative.
 - ElectraNet has already participated in several Working Better Together initiatives under the banner of the Energy Charter.
- Greg McCarron noted his involvement in the *Landholder and Community Social Licence Better Together* initiative. He observed that Sabiene from the Energy Charter is actively trying to build relationships between end users and networks and that involvement in the process can be useful.
- The CAP queried why ElectraNet hasn't already fully joined given increasing focus in the energy sector on social licence and the growing interest in engaging with stakeholders on energy costs and rapidly changing industry.
- ElectraNet advised that joining the Energy Charter from its inception was considered, however ElectraNet wants to both:
 - A) ensure value for money with any membership of the Charter and
 - B) ensure the support of the CAP before taking up such an option as part of its consumer engagement approach.

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A range of thoughts and ideas arose in discussion:

Thoughts on becoming a full signatory	Concerns / points of deliberation
<ul style="list-style-type: none"> • If ElectraNet is already doing most of the work involved with being a member, it might be worth considering upgrading to a full signatory for a few years and then review the value of being a member. • The Energy Charter's principles are good to hold organisations accountable, therefore, it may show ElectraNet is serious about engagement and the principles outlined in the Charter. • Becoming a full signatory would enable ElectraNet and the CAP to access to the Energy Charter resources and other perspectives. • The idea of the Energy Charter is to bring broader customers stakeholders together for greater discussion and engagement. Full membership could create a useful conduit between sectors. 	<ul style="list-style-type: none"> • The CAP queried whether some Energy Charter members have not acted in accordance with its principles. They therefore questioned the value of engaging in the process. • Leaning towards not supporting becoming a full signatory. In other industries, signing up to codes of conduct can add another layer of reporting and potential cost impacts. ElectraNet would need to consider the risks. • What is behind the Energy Charter? If it involves community and marketing experts, not electricity experts, what is the political motivation for the Charter and where does that potentially position ElectraNet? Recommend ElectraNet stay as a collaborator and not upgrade to a full signatory. • It was acknowledged that any prospective membership on the Energy Charter will not solve all ElectraNet's stakeholder interface matters and isn't supposed to replace existing work.

- The CAP concluded that it required more time and information to consider this, and it was agreed to bring back more information on the matter at a future meeting. Suggestions for this were:
 - Invite the Chair and or staff of the Energy Charter to a CAP meeting and / or
 - Engage in discussion with members that have left the Energy Charter to understand their circumstances and or rationale.

ACTION ITEM: ElectraNet and Leanne to provide the CAP with further information on the Energy Charter to relating to its purpose and operation. This could include engaging with other members who have joined/left the Charter and inviting its Chair to a future CAP meeting.

*NOTE: There may be more discussion on this in the CAP only session.

3. Transmission Annual Planning Report

Brad Harrison, Network Planning Manager, provided a briefing on the outcomes of ElectraNet's recent Transmission Annual Planning Report Update (TAPR).

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- It was noted this agenda item forms part of ElectraNet's commitment to include the CAP in its planning cycle, facilitating greater involvement in ElectraNet's annual planning process and investment programs.

Key points were as follows:

- The TAPR is the core report published every year to inform industry participants of the transmission network plans, trends and outlook over a 10-year planning horizon. The next report will be published in October 2023.
- More recently, given the nature of the energy transition, ElectraNet's TAPR has been looking further into future, to 2050.
- The presentation invited CAP members to reflect on their expected scale of change over the coming years...do they anticipate small incremental step changes or change on a larger scale?
- ElectraNet published a TAPR Update in May 2023 that highlights the amount of interest from new and existing load customers. Three submissions were received, from large loads.

Priority projects

- ElectraNet is prioritising four projects in the TAPR in response to expected load growth – South East line restringing, Eyre Peninsula (EP) upgrade, Mid North Expansion (Southern) and Mid North Expansion (Northern).
- ElectraNet is recommending the South East line restringing project be an actionable ISP project. There is a lot of interest in onshore and offshore wind farm connections in this area.
- The EP upgrade Regulatory Investment test for Transmission (RIT-T) will be commencing shortly with current load interest totaling 1,550 MW and potential interest from another large proponent of up to 3-5GW.
- ElectraNet recommends the Mid North Expansion (Southern) be an actionable ISP project.
- There is also significant interest in load connection for the Mid North Expansion (Northern).
- The Electricity Statement of Opportunities (ESOO) will be released by AEMO on 31 August 2023 outlining South Australia's electricity supply demand balance in the short term.
- The ISP differs from the ESOO, as it is focused on aligning transmission investments with the needs of the system over a longer period, i.e. 20 years.
- AEMO has also published a *Transmission Expansion Options Report* outlining the range of options being considered in the ISP, including updated cost estimates.
- Other network development drivers and priorities include:
 - Voltage control, which is part of ElectraNet's most recent Revenue Proposal with the RIT-T commencing earlier this year. Draft report to be released in the next few months.

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- A System Strength shortfall as early as 2025 on a scale in the order of three additional synchronous condensers based on AEMO's forecasts. ElectraNet is reviewing AEMO's forecasts as it may be underestimating the level of inverter based resources as it hasn't considered inverter based loads. RIT-T commencing in the next few months.
- Project Energy Connect (PEC) stage 1 is on track for energisation in mid-2024, with construction in SA to be concluded by end of 2023, and initial construction in NSW in early 2024.
- ElectraNet is not currently seeing any network development triggers from the ongoing growth at Mount Barker, but new figures are expected to be released in September.
- Demand growth in the Greater Adelaide region is expected to come via the distribution network.

Power Line in high bushfire Zone (Adelaide Hills)

- All of the regional supply to Adelaide via the transmission network currently goes through high bushfire risk zones. Significant gas generation retirements (in 2026) are expected on the Le Fevre Peninsula which are critical to Adelaide's supply. As gas departs from that part of Adelaide, it is being replaced by more distant supply sources. In the event of a catastrophic bushfire in the Adelaide Hills this may be problematic for security of supply.
 - ElectraNet will be exploring the cost of a high-impact, low probability event of losing significant infrastructure in the Adelaide Hills and the impact that could have on supply. ElectraNet is exploring options to mitigate that issue by looking at alternative paths into Adelaide.

AEMO Draft Integrated System Plan

- AEMO will publish its Draft ISP in December. If the Mid North Expansion (Southern) is identified as 'actionable', ElectraNet will be seeking to commence a RIT-T and to engage with the CAP in that process.
 - The bushfire risk alone may not provide sufficient economic benefits to build the Mid North Expansion (Southern) project. However, it may be required under the ISP in any event, and therefore be optimal to build it in a way that avoids high bushfire risk areas and thereby reduces this risk.
 - NOTE: as other Transmission Network Service Providers accelerate projects in the ISP, this may have impacts on ElectraNet due to supply chain constraints.
- The CAP notes the ISP does not currently include nuclear generation options. If a Small Modular Reactor (SMR) was installed in an area where demand is concentrated, would it avoid the need for greater transmission?
 - ElectraNet is not considering the implications of the introduction of nuclear generation, as it is working within the bounds of the current national framework.

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- AEMO's Inputs, Assumptions and Scenarios Report (IASR) is developed to provide the key inputs and scenarios for the ISP and RIT-T assessments undertaken by TNSPs and does not currently include SMRs.
- The CAP may want to consider having a discussion early next year with AEMO about what potential scenarios could be modelled in this regard.

ACTION ITEM: ElectraNet to send CAP Members the slides from the recent PEC industry briefing which provide an update on timing of delivery.

ACTION ITEM: CAP to consider what further conversations they need with AEMO in relation to ISP inputs and assumptions.

4. Demand Outlook

- Jeremy Tustin, Regulatory Manager, outlined AEMO's methodology for developing its demand forecasts, with a focus on Large Industrial Loads (LIL).
- One of the concerns ElectraNet has with the current methodology is that AEMO surveys LIL users on their future electricity needs and uses that information as input to the demand forecasts. As AEMO can't survey loads it is not aware of and only records responses it does receive and there may therefore be a gap in the accuracy of anticipated future energy needs.
- Another part of AEMO's forecasting approach is that if a project isn't fully committed it is excluded from the forecasts. This methodology prospectively results in a gap in AEMO's forecasting of potential energy loads to the grid that are likely to go ahead.
- While ElectraNet accepts this approach may be appropriate for the short-term demand forecasts for the ESOO responding to the supply/demand balance over the next five years, it is not considered suitable for longer-term forecasts for network planning purposes.
- ElectraNet's concern is that while not all potential loads will necessarily proceed, equally it is not reasonable to assume that none of these loads proceed.

Cost and investment over time

- ElectraNet's initial analysis found that one high-capacity transmission line has significantly more capacity (~10 times) than a smaller line but costs are around double.
- If the demand forecasts are higher, the ISP is likely to show the need for transmission development sooner. However, until a project is deemed actionable, it has no firm means of cost recovery to proceed, even though the early costs of transmission projects are a very small percentage of the overall costs of the project.
- In accordance with the National Electricity Rules (NER) ElectraNet is required to connect all load projects seeking to connect to the network. If a large number of projects requiring transmission go ahead, there could be multiple transmission lines along similar paths, and it would be more efficient to have one high-capacity line rather than many smaller lines.
- AEMO has acknowledged ElectraNet's concerns and will seek to address that in the longer term. However, in the forthcoming ISP, AEMO believes it has limited flexibility due to a commitment to consult on any changes to the demand forecasting methodology.
- ElectraNet noted that in a rapidly changing demand environment, it sees the risk of under investment or delayed investment as much higher than the risk of over investment.

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- The CAP raised the question of intergenerational equity in that the risk of building transmission more quickly is current consumers may pay more for a future customer benefit or pay more for a potentially future ‘stranded’ or partially stranded asset.
 - ElectraNet noted the risk that if no consideration is given in AEMO’s 2024 ISP to an increased demand forecast from new industrial load then the ability to ‘pivot’ and respond to this at a later stage in significantly limited.
- The CAP concluded that the risk to consumers of under investment is equally problematic and is more likely than the risk of over investment in the current environment.
 - ElectraNet also confirmed that a project doesn’t have to be classified as actionable before a TNSP can commence work on it, but a TNSP is unlikely to allocate resources to a project without any certainty of cost recovery.
- AEMO can also require specific ‘preparatory activities’ to be undertaken for a project. However, as noted earlier, until a project is deemed ‘actionable’ it has no access to funding under the regulatory framework
- The IASR recently released by AEMO acknowledges that there is a potential for new load beyond the core scenarios and AEMO will examine what that means for transmission investments.
- AEMO has therefore identified an issue that needs to be addressed and ElectraNet sees this as a good opportunity for the CAP to provide feedback to AEMO and potentially influence AEMO’s process and timing of these ISP projects.
 - The CAP noted its interest in understanding the cost of ISP projects to each category of consumer. ElectraNet noted that if transmission planning is done right, there should be less transmission built overall, and more load contributing to paying for that transmission, lowering the unit cost to all consumers over time.
 - The CAP asked the question: if AEMO’s forecasts are too low, what can ElectraNet and AEMO do about it?
- ElectraNet noted AEMO has advised it is considering running a sensitivity separate to the core scenarios to examine the impact of a higher demand forecast. However, it is yet to determine exactly how this sensitivity will treat / manage additional load in determining the optimal development path.
- The CAP noted that for AEMO to not include any additional load from ElectraNet’s list of potential new loads in its forecasts is not realistic.

Social licence

- The CAP noted there will be a social licence chapter in the ISP. It was perceived to be timely as a part of this process to highlight the importance of early engagement by TNSPs with communities prior to any significant commitments to transmission line routes.
 - The CAP would be concerned if ElectraNet was required to rush social licence activities, which take time.
- The CAP noted that while transmission costs are only 10% of the bill for residential consumers a range of additional pass-through costs can also impact on total energy costs.
 - Can the CAP and ElectraNet explore where the various costs will land for customers?
- The CAP agreed that in reviewing the potential new industrial load, there are likely to be significant projects coming on board.

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- With significant new energy loads anticipated across SA over the short to medium term, while the specific projects might shift, the anticipated load is likely to stay relatively stable.
- The CAP concluded that AEMO's forecasts are not reflective of the most likely future in SA and expressed support for a forward-looking demand forecast approach. The CAP also recognised the time needed to deliver projects and determined it would be more supportive of early delivery versus the risks of late delivery in an environment of rising demand.

ACTION ITEM: The CAP to work with ElectraNet to explore the indicative customer price impacts of proceeding with transmission developments under different demand scenarios, and to consider further analysis around the optimal timing of these projects.

***NOTE:** There may be more discussion on this in the CAP only session.

5. Demand Management Innovation Allowance Mechanism

Simon Appleby, Head of Corporate Affairs provided an update on the Demand Management Innovation Allowance Mechanism (DMIAM), a small-scale incentive mechanism that provides funding for innovative research projects in areas that can unlock more demand side capabilities and reduce costs.

Key points on the topic were:

- ElectraNet met with Vikram Kenjle, to discuss his potential involvement in working with it on the DMIAM program.
- It was decided that before proposals are brought to the CAP, an overall program of work should be prioritised, to ensure best value for customers.
- ElectraNet would aim to present to the CAP a prioritised list of projects and a work program for consideration – by early 2024.
- Further thinking is required on application of the right criteria and to prioritise the sorts of initiatives being considered.
- The CAP noted that DMIAM initiatives should only cover innovations not already part of Business as usual.

ACTION ITEM: ElectraNet to present a proposed program of DMIAM initiatives to the CAP to consider (likely in early 2024).

6. CAP Annual Reporting

Chris Hanna raised the reference in the CAP Terms of Reference for the CAP prepare an 'annual report on consumer issues' for ElectraNet's Board and provided some suggestions on how that may be undertaken.

Key points were:

- This is very broad in terms of the objective – the CAP has a direct line to ElectraNet's Board to put the issues on the table that most affect consumers.
- There may be use in providing feedback to ElectraNet's Board on evaluating ElectraNet's engagement with the CAP. While this is not specified in the Terms of Reference, it is something the CAP could consider if it would like to.

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- There is existing framework that could be used in preparing an evaluation of the CAP – i.e. Seed Report on assessment of ElectraNet’s Revenue Proposal engagement.
- This report is expected to be financial year (not calendar year).
- The CAP agreed to consider the development of an Annual Report.
- It was agreed that Leanne Muffet would take the lead on the process working closely with CAP members and ensuring that ElectraNet was informed of key decision points.

ACTION ITEM: Leanne to take the lead on the development of an Annual Report from the CAP, aiming to get paper to the Nov ElectraNet Board meeting.

***NOTE:** There may be more discussion on this in the CAP only session.

7. Next Steps

The meeting schedule for the remainder of 2023 is as follows:

- **CAP Meeting 31:**
 - ***CHANGE OF DATE*:** 20 November 2023, 1:30pm to 4:30pm. Followed by Networking Drinks.
- **Annual Stakeholder Event**
 - 22 November 2023, CAP Members will receive an invitation shortly.

ACTION ITEM: ElectraNet to prepare a meeting schedule for 2024 for the next CAP Meeting

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Action Items

Item	Action	Responsible
1	Provide the CAP with a briefing on the State Government's Hydrogen Strategy (from previous meeting)	CH
2	ElectraNet and Leanne to provide the CAP with further information on the Energy Charter to relating to its purpose and operation. This could include engaging with other members who have joined/left the Charter and inviting its Chair to a future CAP meeting.	SA/LM
3	ElectraNet to send CAP Members the slides from the recent PEC industry briefing which provide an update on timing of delivery	CH
4	ACTION ITEM: CAP to consider what further conversations they need with AEMO in relation to ISP inputs and assumptions.	CAP
5	The CAP to work with ElectraNet to explore the indicative customer price impacts of proceeding with transmission developments under different demand scenarios, and to consider further analysis around the optimal timing of these projects.	JT/SA
6	ElectraNet to present a proposed program of DMIAM initiatives to the CAP to consider (likely in early 2024)	SA/VK
7	Leanne to take the lead on the development of an Annual Report from the CAP, aiming to get paper to the Nov ElectraNet Board meeting	LM with CAP
8	ElectraNet to prepare a meeting schedule for 2024 for the next CAP Meeting	AM

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ATTACHMENT 1

ATTENDEES	
Name	Affiliation / Title
Members	
Estha van der Linden	Ai Group
Georgina Morris	SACOSS
Greg McCarron	Central Irrigation Trust (online)
Mark Henley	Consumer Representative
Rebecca Knol	SACOME
Simon Maddocks	Primary Producers SA
Vikram Kenjle	University of Adelaide
Yarik Turianskyi	Business SA (online)
Leanne Muffet	Independent Facilitator
ElectraNet	
Brad Harrison	Network Planning Manager
Chris Hanna	External Relations Lead
Rainer Korte	Chief Operating Officer
Simon Appleby	Head of Corporate Affairs
Guests	
Alycia Martin	Observer
Apologies	
Andrew Richards	EUAA
Mark Parnell	Environment Representative