

## Minutes of Meeting – Revenue Reset Reference Group – meeting 2

<b>Date:</b>	Tuesday 23 July 2025
<b>Meeting Location:</b>	99 Frome St, Adelaide SA 5000
<b>Attending</b>	RRRG – Cathi Buttfield, Georgina Morris, Greg McCarron, Leanne Muffet, Vikram Kenjle ENET – Bec Malhotra, Jeremy Tustin, Ed Heaton
<b>Apologies</b>	Andrew Richards

Item	Agenda	Responsible
1.	Introduction	Leanne Muffet   Jeremy Tustin
2.	Finalise Bubble Diagram	All
3.	Capex – Scoping & Estimating	Brett Rickell, Kristian Masters
4.	Break	All
5.	Engagement Plan Feedback	All
6.	Impact of Others (AEMO, ESCOSA, AER)	Bec Malhotra   Jeremy Tustin
7.	Meeting actions and AOB	Leanne Muffet
Next meeting – 10 am Tuesday 23 September 2025		

## Action items – Open

Agenda	Action	Who is to Resolve	Due Date
Introduction	RRRG members to provide feedback on the letter to the CCP	RRRG	24 July 2025
Introduction	Finalise letter to CCP	Cathi Buttfield/Leanne Muffet	25 July 2025
Introduction	Finalise ElectraNet letter to CCP	Bec Malhotra/Jeremy Tustin	25 July 2025
Introduction	Implement feedback mechanism to evaluate engagement	Leanne Muffet/Bec Malhotra	25 July 2025
Bubble Diagram	Ensure included in engagement plan	Bec Malhotra	31 July 2025
Bubble Diagram	Finalise Engagement Plan	Leanne Muffet/Bec Malhotra	31 July 2025
Engagement plan feedback	Engagement plan to be sent out	Bec Malhotra	1 August 2025
Engagement plan feedback	Engagement Website	Bec Malhotra	1 August 2025

Agenda	Action	Who is to Resolve	Due Date
AOB	Present information back to CAP	Georgina Morris	21 August 2025
Engagement plan feedback	Standing item – what information does the RRRG require to assess	All	Ongoing
Scoping and Estimating	ElectraNet to arrange a site visit	Bec Malhotra	
Scoping and Estimating	One page outline of Scoping and Estimating	Kristian Masters & Brett Rickell	

## Questions on notice

Agenda	Action	Please respond to	Due Date
AOB	Would be keen to hear from Andrew about how engagement has operated elsewhere on other CAPs	Defer to CAP to action	August 2025 TBC

## Summary of discussion

### Introduction

The RRRG reviewed the list of actions from the prior meeting. Noted that the Lessons Learned and Continuous Improvement section will be added for the next session. Also noted that the transmission pricing presentation had been scheduled for the September RRRG meeting.

Discussion of the RRRG letter to the AER's CCP and that ElectraNet was holding off sending their letter until the RRRG letter was ready. Cathi has done a first draft which has been circulated to the RRRG for feedback with the aim of finalising this week. The RRRG confirmed that RRRG would all sign and send on behalf of the CAP.

### Finalise Bubble Diagram

ElectraNet thanked the RRRG for the feedback on the draft bubble diagram and presented the amendments that had resulted. This will set the schedule for engagement for the proposal.

ElectraNet presented the changes between the original bubble diagram and the new and the RRRG discussed the outcomes.

Discussion highlights

FERM And Governance

- FERM and whether this should sit with the RRRG or the CAP noting limited ability to influence it.

Capital and Operating expenditure

- Query over lack of demand driven capex. ElectraNet confirmed that, outside of NTx, none was expected.

- Query over no insurance. Confirmation that this was in opex and in step changes but again, not expecting to have an insurance step change.

#### RRRG and Engagement

- RRRG noted that they were interested in the interactions between all the items and what influenced each other, e.g. the Capex affecting RAB.
- RRRG confirmed the bubble diagram would be an ongoing and live document. Things will fade in and out as discussed or resolved.
- ElectraNet will take it as finished for the moment and include in Engagement Plan but as a snapshot. Engagement Plan will be clear this is a living diagram.
- Query over whether the Innovate RAP impacts engagement? ElectraNet confirmed that it does at a project level but not for the CAP/RRRG.

### Capex scoping and estimating

ElectraNet presented on the Scoping and Estimating process for capex projects noting the two streams. Network Augmentation or demand driven which as noted above is mostly out of scope for this reset and asset management based projects.

#### Discussions highlighted

- Query and confirmation that ElectraNet factored opex and maintenance into estimates
- Confirmation that the estimating process bundles work to do as much in a substation at the same time, to reduce costs but also to reduce outages.
- At some point the avoided cost becomes more significant than the cost of doing the work
- ElectraNet confirmed that they are currently putting together the list of projects and estimates for the reset and that this will be shared with the RRRG when completed.
- Discussion on the Hummocks substation as an example
- Discussion on the impact of America first and the tariffs, as well as skills shortages. Confirmation that ElectraNet has two large providers, as well as smaller more bespoke suppliers for specific types of work. Continually trying to onboard more.

See Appendix A for details.

### Reconciliation action plan

A short presentation by representatives from the Reconciliation Committee Action, of ElectraNet's Innovate Reconciliation Action Plan. Including a brief discussion on the changes in the business and the work ElectraNet is doing in the Cultural Heritage area.

### Engagement Plan Feedback

ElectraNet presented the feedback on the Engagement Plan and confirmed that it all needed to be aligned to the Better Resets Handbook from the AER.

Commented that ElectraNet had addressed most of the questions and concerns about clarity and that the one remaining was to do with the funding mechanisms, which was contained, but not explicit.

## Discussion highlights

- RRRG had concern about the term co-design a- words like collaborative design would be better.
- Intended outputs from the RRRG are a submission on the Revenue Proposal or an attachment to it saying
  1. Minimum acceptable<sup>1</sup> – the RRRG is satisfied with the engagement process and that they have been given everything required to be so.
    - a. ElectraNet will facilitate this.
    - b. The RRRG role is to specify the metrics to achieve this.
  2. Stretch goal – the RRRG considers the proposal capable of acceptance<sup>2</sup>
- RRRG and ElectraNet acknowledged competing priorities, what is good for one may not be good for all and that the concept of support is very different depending on the stakeholders.
- Engagement plan should have a method for RRRG to request information. This would be triggered to address an information gap as revealed during discussions.
- Confirmed ElectraNet's timeline of mid-July 2026 for a preliminary proposal
- ElectraNet confirmed they will engage with representatives of consumers, i.e. the RRRG and CAP, not end consumers themselves. There will be no surveys.
- Engagement portal/website with the ability of stakeholders to make comments. This would need a process to be fed back to the RRRG who would consider.

## External Bodies

ElectraNet presented on the number of external bodies who influence or regulate ElectraNet and whether there needed to be more engagement there.

Noted the current Electricity Transmission Code (ETC) review by ESCOSA and that they were considering what to do about resilience and whether that would be codified standards within the ETC. This is light of the repeated storms causing towers down events.

If ESCOSA doesn't make a determination, then this will need to be part of the reset proposal and need a discussion with the RRRG and then the AER about the potential options.

ElectraNet confirmed there were currently no contingent projects planned but would raise them with the RRRG if emerged.

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<sup>1</sup> This is minimum acceptable in the sense that ElectraNet will not have achieved its own goal if the RRRG is not prepared to recommend that the CAP make these statements. The decision to make them or not remains for the RRRG/ CAP to make.

<sup>2</sup> ElectraNet acknowledges that the RRRG may make recommendations which ElectraNet may not accept meaning that the CAP may not consider the proposal capable of acceptance.

Meeting close

## Appendix A – Scoping & Estimating Summary

### Overview

ElectraNet's approach to Scoping and Estimating for capital expenditure (capex) projects, is primarily focusing on Asset Management projects, as demand-driven (Network Augmentation) initiatives are mostly out of scope for this regulatory reset.

### Scoping Framework

Asset Management is guided by three key investment drivers:

- **Compliance:** Adhering to legislative and regulatory obligations (e.g., Electricity Transmission Code, Environmental Protection Act, and cyber security).
- **Risk:** Addressing safety, outages, and network security concerns.
- **Resilience:** Responding to system changes, climate impacts, and aging infrastructure.

Asset management is lifecycle-focused, aiming to identify the optimal intervention point, balancing the prevention of asset failure against unnecessary investment. Risk remains the central driver in decision-making, with the same risk-cost models from the previous reset being used. These models incorporate asset condition, failure curves, and the potential consumer impact. Assets with low risk and in good condition are retained.

#### Key Scoping Considerations:

- Localised factors (e.g., radial vs mesh networks, corrosion zones, climate impacts).
- Compliance with ESG obligations (e.g., modern slavery) and evolving procurement strategies post-COVID.
- Replacement is not necessarily age based but also on condition, for example, when transformers reach the end of their technical life we undertake life extension by way of refurbishment.

#### Estimating Process:

ElectraNet targets Class 4 estimates <sup>[1]</sup> for the reset—high-level forecasts suitable for early project stages. Estimate classification is tied to scope maturity; more mature scopes (Class 3) require additional site investigation and cost. See details of class classification in table 1 below.

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<sup>[1]</sup> Per AACE standards.

**Table 1 – Estimate Class Classification**

Estimate Class	Maturity Level of Project Definition	Expected Accuracy Range	Usage
Class 5	0% - 2%	L: -50% H: +100%	Concept, screening
Class 4	1% - 15%	L: -30% H: +50%	Concept study, feasibility
Class 3	10% - 40%	L: -20% H: +30%	Budget setting, control
Class 2	30% - 70%	L: -15% H: +20%	Control, bid, tender
Class 1	50% - 100%	L: -10% H: +15%	Check estimate, bid, tender

**Estimates are based on:**

- Known asset conditions and forecast replacement needs.
- Recent project learnings applied across asset classes and sites.
- Bundling of substation works to minimise cost and outages.
- Inclusion of opex and maintenance cost assumptions.

**External Challenges Considered:**

- Skills shortages, supply chain disruption, and international trade dynamics (e.g., tariffs, “America First” policy).
- Current supplier landscape includes large and bespoke providers, with continuous supplier onboarding efforts.

**Key Takeaways:**

- The goal is to balance risk and cost across asset lifecycles.
- Scope maturity and estimate classification are interconnected; early estimates are inherently broader.
- Scoping tends to increase cost estimates as more is uncovered.
- While the range suggests an equal likelihood  $\pm 30\text{--}50\%$ , outturn costs are typically higher, making the estimate outcome one-sided and skewed toward overruns.
- Early reset years are estimated with greater certainty than later years.
- Global best practices are adapted to suit local conditions and network realities.

ElectraNet will share its final list of scoped projects and estimates with the RRRG once complete.

## A.1 Action items – Closed

Agenda	Action	Who is to Resolve	Status
All	Circulate slides & minutes	Leanne Muffet	Completed Jun-25
Revenue Background	Update data and insights slides pre-circulation	Bec Malhotra	Completed Jun-25
Revenue Background	ElectraNet to confirm actual asset useful life (5-50 years)	Bec Malhotra	Maximum useful life 50 years
Revenue Background	Book a session with RRRG to run through transmission charges <sup>3</sup> .	Ed Heaton	Booked RRRG Sep-25
Revenue Background	Provide CAP with an update of current capex/opex performance.	Defer to CAP to action.	Booked CAP Aug-25
Spheres of Influence	Review the bubble diagram & respond to the questions	RRRG	Feedback rec'd & updated
Spheres of influence	Book a session with the RRRG on the scoping and estimating process	Bec Malhotra	Booked RRRG Jul-25
Engagement Plan	Provide feedback on the draft engagement plan (targeted questions from Leanne)	RRRG	Feedback rec'd & updated
Engagement Plan	Add & expand section for CCP & CAP roles & responsibilities for clarity	Bec Malhotra	Feedback rec'd & updated
Engagement Plan	Add section for lessons learned/continuous improvement	Leanne Muffet	Feedback rec'd & updated

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<sup>3</sup> In the context of the impact to consumers – how these are divided between different customer groups. Also, ensure that we include the impact of major project investment and what this does to bills.