electranet

Meeting Agenda

Date:	22 September 2026
Meeting Purpose:	Revenue Reset Reference Group – meeting 10
Meeting Location:	Online via MS Teams
Attending	ENET - Bec Malhotra, Chris Ridings, Ed Heaton, Jeremy Tustin, Kris Fuston RRRG - Leanne Muffet, Greg McCarron, Mark Henley, Vikram Kenjle AER – David Monk, Felix Karmel, Michael Brothers, Michael Holt, Michelle Shi, Rabi Islam, Richard Boo
Apologies	Georgina Morris; Jeremy Tustin, Andrew Richards, Cathi Buttfield

Item	Agenda	IAP2	Responsible
1	Acknowledgement of Country and welcome	N/A	Leanne Muffet
2	Minutes & actions	Inform	Leanne Muffet / All
3	Forecast update, capex, opex, building blocks	Inform	Bec Malhotra / Chris Ridings / Ed Heaton
4	Consumer impacts and how the proposal has evolved	Collaborate	All
5	Real escalation	Inform	Kris Funston Chris Ridings

Action items

Agenda	Action	Who is to Resolve	Due Date
RRRG Ask 1	A clear, integrated strategic narrative that sets out the "why", the "why now", and the consequences of not acting. - incl roadmap - develop a stronger narrative describing how the proposal as evolved, incl historic investment decisions, current challenges and future requirements. - Include clearer discussion on benefits, risks and value proposition within the narrative	ElectraNet	Ongoing

Agenda	Action	Who is to Resolve	Due Date
RRRG Ask 2	Consumer impact modelling that makes the affordability implications visible, grounded, and defensible. - Enable support to affordability discussions	ElectraNet	31/10/2026
RRRG Ask 3	A practical demonstration of execution readiness… showing that the organisation has the capacity, the sequencing, and the risk management needed to deliver the plan without overreach or drift.	ElectraNet	Ongoing
RRRG Ask 4	A transparent view of the thinking behind the proposal … the options considered, the trade offs made, and a long-term cost trajectory that shows how the investment behaves over time, so members can see the decision making laid out plainly and trust that the proposal has been shaped with care. - Explain the significant increase in capex (step change on ongoing trend) - Provide evidence that the proposed investment program appropriately addresses network needs, reliability, demand growth, electrification and decarbonsiation objectives.	ElectraNet	Ongoing
Real cost escalation	Circulate relevant supporting material referenced during the cost escalation discussion	ElectraNet	27/10/2026
Execution readiness	Retain this item for a future session with the RRRG	ElectraNet	TBC

Summary of discussions

Formal sign off – minutes and actions

The RRRG noted that the key actions from the previous meeting remain in progress:

- strengthening the strategic narrative and **why / why now** case;
- demonstrating consumer impacts; and
- demonstrating execution readiness.
- Demonstrating transparent thinking

ElectraNet advised that work on the proposal narrative and economic assessments was progressing and would continue to be brought back to the RRRG.

Forecast upate

ElectraNet provided an update on the expenditure forecast. Ex-ante capex had reduced from approximately **$3.2 billion in the Preliminary Revenue Proposal to $2.7 billion**, following further project-level and portfolio review of need, timing, scope and cost.

Reductions included moving projects to contingent status and rephasing augmentation and replacement expenditure across regulatory periods. ElectraNet noted that some reductions represent deferral rather than permanent removal of expenditure.

RRRG feedback focused on the need to clearly demonstrate:

- why the remaining expenditure is required and the risks of further reductions;
- which expenditure is externally/unavoidably driven versus discretionary;
- how demand uncertainty, productivity and innovation have been considered;
- the consideration of non-network alternatives; and
- how consumer feedback has influenced the forecast.

ElectraNet also advised that forecast opex had increased slightly, principally due to Software-as-a-Service expenditure moving from capex to opex following further scoping and review of accounting treatment. This was partly offset by reductions to other proposed step changes.

Consumer impacts

ElectraNet presented its proposed approach to illustrating consumer impacts using a selection of SA Power Networks consumer personas.

The RRRG supported the approach and recommended that the analysis:

- remain simple and accessible;
- focus on a limited number of representative consumers;
- distinguish between households with and without solar;
- incorporate representative retail consumers and representative small businesses; and
- present impacts primarily in annual dollar terms.

Members emphasised that affordability should be considered in the broader context of cumulative cost-of-living and electricity price pressures.

Real cost escalation

Kris Funston of Rennie Advisory presented analysis of real cost escalation affecting transmission equipment and options for addressing this within the regulatory framework.

ElectraNet explained that its current approach was considering approximately 15% escalation for relevant high-voltage network expenditure, compared with the broader 25% assumption applied in the Preliminary Revenue Proposal. The methodology remained under development.

Rennie Advisory outlined a potential indexation approach combined with an **asymmetric affordability adjustment mechanism**, under which lower-than-forecast escalation would be returned to consumers while ElectraNet would retain the risk of escalation exceeding the allowance.

The RRRG supported further development of the approach, while emphasising:

- transparency in the methodology;
- appropriate allocation of risk;
- maintaining incentives to pursue efficiencies; and
- the significance of affordability impacts for consumers.

ElectraNet advised that further engagement with the AER would follow.

Key takeaway

The RRRG recognised the work undertaken to challenge and reduce the emerging forecast. Members emphasised that the Revenue Proposal should clearly demonstrate why the remaining expenditure is necessary, the consequences of further reductions, how consumer feedback has influenced decisions, and what the proposal means for consumers in practical dollar terms.