3 May 2013

Dr Paul Kerin
Chief Executive Officer
The Essential Services Commission of SA
GPO Box 2605
Adelaide SA 5001

Submitted by e-mail.

Dear Paul,

ElectraNet's proposed amendments to revised Electricity Transmission Code – Draft Decision

SA Power Networks appreciates the opportunity to respond the Commission's Draft Decision on ElectraNet's proposed amendment to the revised Electricity Transmission Code (ETC).

SA Power Networks recommends that ESCOSA include in the ETC the methodology for planning the electricity transmission system in SA on the basis of the "likelihood of demand exceedence" as proposed by ElectraNet for each connection point reliability category. This should facilitate the optimum balance between transmission reliability and cost for customers. As a consequence customers would be exposed to a slightly increased risk of supply failure but this would be offset by lower transmission charges. The use of "likelihood of exceedence" for planning electricity networks is in line with Australian Electricity Industry practice. We note ESCOSA's reference to the AEMC's review of the national framework for transmission reliability industry in this context.

We note that AEMO submitted that it would be preferable to use demand forecast based on a 10% probability of exceedence (PoE), and that the value that customers place on reliability is considered in the economic planning approach. We understand that ESCOSA has used the Value of Customer Reliability (VCR) to determine the prudent level of reliability to assign each connection point and reviews this from time to time. We also understand that ElectraNet uses VCR in the Regulatory Investment Test process used to determine the optimum solution to any connection point capacity constraint and confirm that SA Power Networks does likewise.

We confirm that the 2012 ESDP (published in June 2012) does not list a constraint for Kanmantoo Connection Point in the next 3 years, and the published capacity of the connection point exceeded the peak demand forecast in 2016/17. However, ElectraNet have recently replaced their 132/11kV transformer with their system spare 132/33/11kV transformer as we understand the existing

transformer was about to fail based on their condition assessment and testing. The replacement transformer has a lower 11kV rating which is forecasted to be exceeded after 2016/17. Any upgrade solution for Kanmantoo, capacity or asset replacement will go through the standard Regulatory test process which will include the costs associated with SA Power Networks upgrading our 11kV connection substation to ensure compliance with the National Electricity Rules (NER). The costs will include being able to manage the one or two ElectraNet transformers planned for connection (in terms of fault level and thermal capacity).

ElectraNet has discussed with us in our Joint Planning meetings their proposal to convert Kanmantoo substation to 33kV in line with most other rural connection points in the Eastern Hills where this connection point is located. SA Power Networks' works associated with this project is likely to include a small single transformer 33/11kV distribution substation to supply the local load and a future 33kV line to supply customers more remote from the site. We have no objection in principle to the conversion of this substation to 33kV when upgraded as a result on a Regulatory test evaluation.

If you wish to discuss our submission further please contact Mr Grant Cox on 08 8404 5012.

Yours sincerely

Sean Kelly
General Manager Corporate Services