

## MEDIA RELEASE

### KANGAROO ISLAND ENERGY SECURITY – DISPUTE LODGED

24 February 2017

The ageing undersea cable that connects Kangaroo Island with the mainland has been the subject of recent attention from the Australian Energy Regulator (AER) and SA Power Networks (SAPN).

SAPN estimated expenditure of \$45.6m (2014-15) in its Revised Regulatory Proposal to the AER in July 2015 based on maintaining the island's energy security.

During 2016, SA Power Networks undertook a formal process known as the Regulatory Investment Test for Distribution (RIT-D) to ensure that a cost-effective solution would be implemented.

This process involved inviting innovative proposals from other providers as well as testing the market for undersea cables. SA Power Networks presented at two public forums on the island during the year and delivered its final report in late December 2016.

The Commissioner for Kangaroo Island Wendy Campana and Kangaroo Island Council Mayor Peter Clements raised concerns with the evaluation of options during the process and in late January 2017 lodged a Dispute Notice with the AER. Key issues in the dispute notice related to transparency in the process and reports produced.

This is the first time the RIT-D test has been formally disputed.

Commissioner Campana, Mayor Clements and Kangaroo Island Council CEO Andrew Boardman held a productive initial meeting with the AER on 22 February, 2017.

"This is a substantial once-off investment of tens of millions of dollars that is critical to the energy security and economic development of the island. We must ensure we get this right, that the process has been transparent and ensure that the final decision will pass the 'pub test' given the importance of this to islanders," Wendy Campana said.

The Mayor agreed.

"This piece of crucial infrastructure must be able to provide for growth in demand for electricity on Kangaroo Island and for the island's potential to harness its natural resources and export energy back to the rest of South Australia. Kangaroo Island will welcome over \$181m of developments in the coming years and SA Power Networks' final report lacks evidence that they have taken this into consideration," Mayor Peter Clements said.

CEO Andrew Boardman concurred.

"The decision made on this cable will either support or restrict our options for the next 30 years and we thank the AER for considering our desire to see more transparency in the investment test," Andrew Boardman said.

A copy of the Dispute Notice and further information on the cable project is available at:

<http://www.aer.gov.au/communication/aer-receives-notification-of-rit-d-dispute-from-kangaroo-island>

[http://kangarooislandcommissioner.sa.gov.au/projects/energy\\_security\\_focus\\_group](http://kangarooislandcommissioner.sa.gov.au/projects/energy_security_focus_group)

[http://www.sapowernetworks.com.au/centric/industry/our\\_network/annual\\_network\\_plans/final\\_project\\_assessment\\_reports.jsp](http://www.sapowernetworks.com.au/centric/industry/our_network/annual_network_plans/final_project_assessment_reports.jsp)