

Office of the Commissioner for Kangaroo Island

MEDIA RELEASE

KI ENERGY SECURITY FOCUS GROUP STEPS UP ITS WORK

The Australian Energy Regulator (AER) recently handed down its final decision on SA Power Networks' revenue for the period from 2015 to 2020. The AER's decision includes SA Power Networks' estimate of the cost of installing a new undersea cable to KI by 2018 - \$45.6m (\$2014-15). The expenditure has been approved based on maintaining the Island's energy security.

SA Power Networks will soon embark on what's known as a Regulatory Investment Test. This process is expected to run throughout 2016 and will invite proposals from other suppliers to see if the same level of energy security can be achieved through other means at lower cost.

The Commissioner, Wendy Campana, said "the issue of energy security to the Island was paramount in supporting the over \$171m of projects proposed for the Island in the next 5 years. There are many issues that we need to understand about the process and we need to make sure that the aspirations and concerns of Kangaroo Island residents and businesses, including government agencies, are well understood and addressed".

In response, the Commissioner's "KI Energy Security Focus Group" met for the second time on Friday 27 November in Kingscote.

The Group comprises:

- Wendy Campana – Commissioner for Kangaroo Island – Chairperson
- Justin Harman – General Manager - Island Pure
- Ray Wadsworth – Owner/Operator - Island Electrics
- Trevor Bennett – Regional Coordinator - PIRSA
- Nigel Jefford – Executive Officer – SA Health
- Peter Clements – Mayor Kangaroo Island
- Andrew Boardman – Chief Executive Officer – Kangaroo Island Council
- David Connell – General Manager – Kangaroo Island Abalone
- Andrew Nance – Advisor - The Energy Project

The Focus Group is aware of the falling costs of renewable energy generation and battery storage and has discussed the implications of alternatives to replacing the cable. In such a case, KI would need to become self-sufficient in electricity before the existing cable eventually fails. The group has discussed the technical and organisational challenges involved in achieving this and have raised concerns.

The meeting was attended by the CEO of the Essential Services Commission of SA (ESCOSA), Adam Wilson, who provided guidance on issues that were raised by members of the Focus Group.

Mr Wilson discussed the approach ESCOSA takes to regulating prices for energy and water in communities that were not connected to the main grid.

The Group will now prepare a statement of issues and opportunities and a set of questions to be posed to SA Power Networks and the AER. The Group also resolved that a Community Forum should be held in February 2016. SA Power Networks and the AER will be invited to come along and explain the process.

Ms Campana said, “this represents a major investment in infrastructure for Kangaroo Island. It has taken a long time to reach this point and there is still a rather complex process yet to run but I am determined to make sure that Islanders can be involved in these decisions.”



From L – R: Trevor Bennett, Nigel Jefford, Ray Wadsworth, David Connell, Adam Wilson, Wendy Campana, Andrew Nance, Mayor Peter Clements, Andrew Boardman, & Justin Harman