



Wednesday, 3 June 2009

The Manager  
Company Announcements  
Australian Stock Exchange Limited  
20 Bridge Street  
SYDNEY NSW 2000

Dear Sir / Madam

**Briefing to investors by Lew Owens, CEO of ETSA Utilities**

I have attached a presentation to be delivered this afternoon by Mr Lew Owens, the CEO of ETSA Utilities, to an investor briefing at the offices of RBS.

Yours faithfully,

A handwritten signature in blue ink, appearing to read "Alex Finley", with a large, stylized flourish at the end.

**Alexandra Finley**  
**Company Secretary**

# ETSA Utilities' Directions and Priorities

RBS briefing 2009



We do everything in our power to deliver yours

# Outline of Presentation

- Background
- 2009 Issues
- Regulatory Reset
- Questions

# Background - Ownership

## Cheung Kong Holdings Ltd

- ♦ Property
- ♦ Merchant Banking
- ♦ Stock Holdings

## Hutchison Whampoa Ltd

- ♦ Property
- ♦ Telecommunications
- ♦ Container Ports
- ♦ Energy
- ♦ Hotels
- ♦ Retail

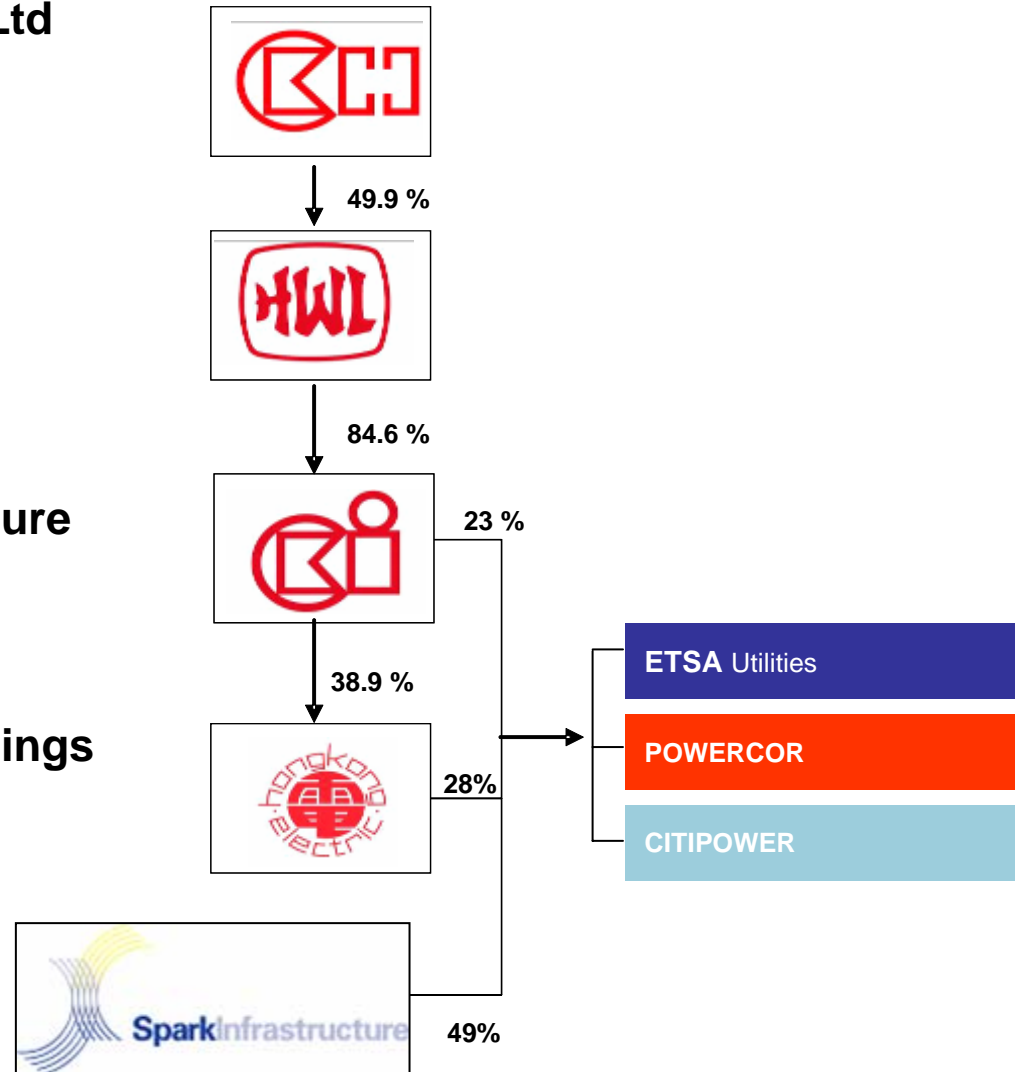
## Cheung Kong Infrastructure Holdings Ltd

- ♦ Energy
- ♦ Transportation
- ♦ Water

## Hong Kong Electric Holdings Ltd

- ♦ Utility
- ♦ Engineering consultancy
- ♦ Infrastructure development

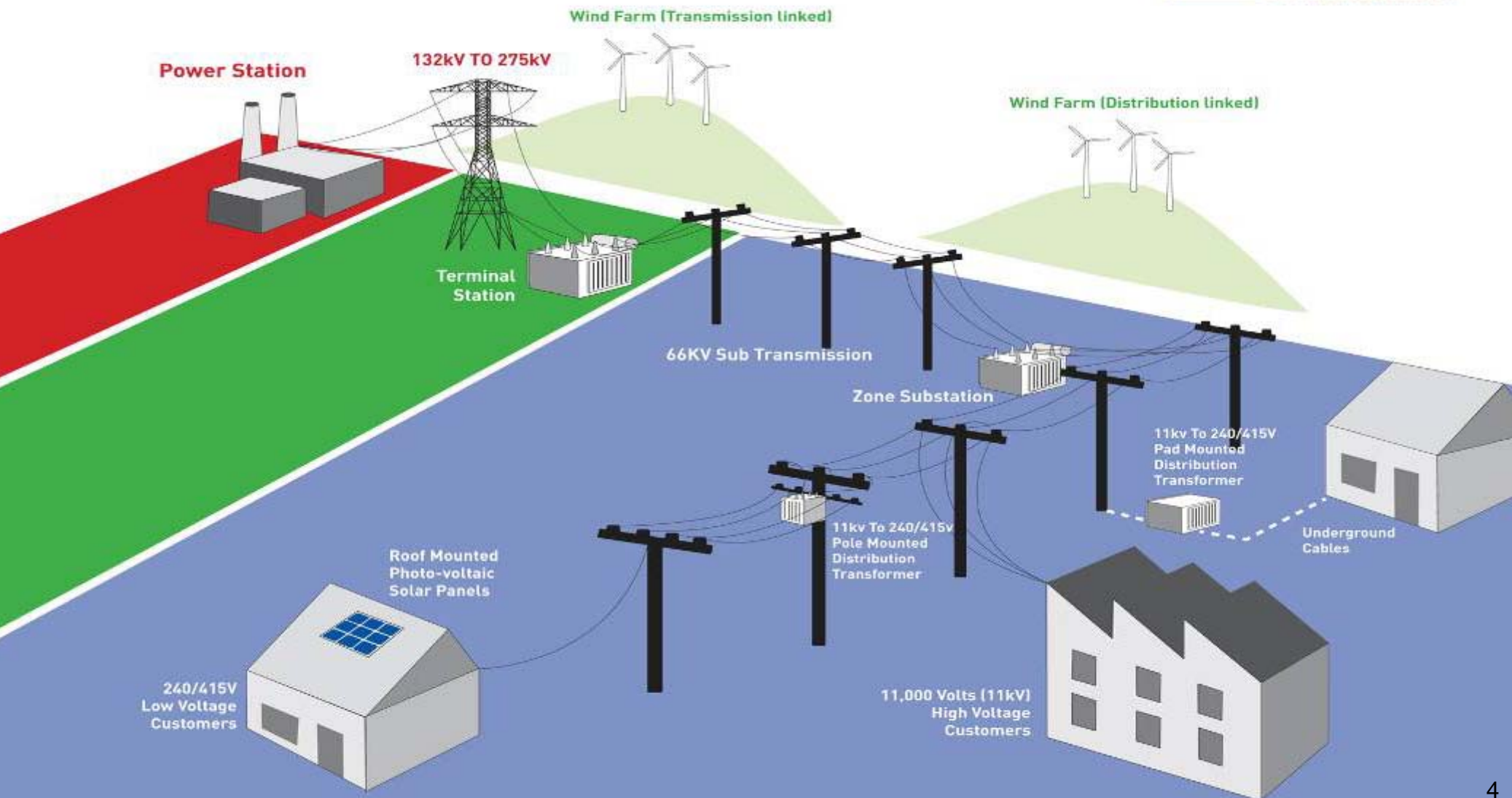
## Spark Infrastructure



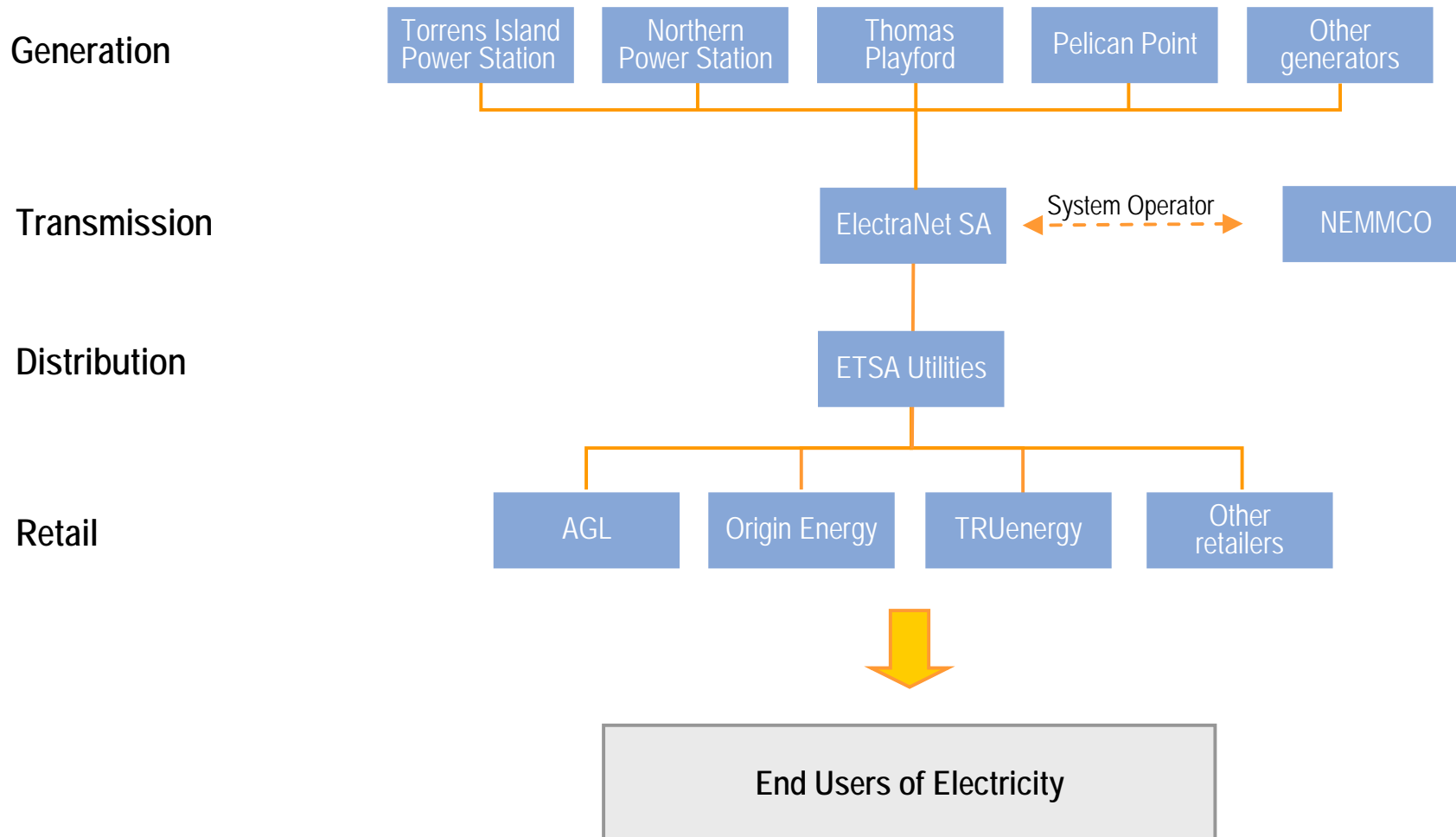
# Background – South Australian Electricity Supply System

## ELECTRICITY SUPPLY INDUSTRY

- Generation
- Transmission Network
- Distribution Network



# Background – Industry Participants



# Background – Regulation

- Monopoly distributor in South Australia
- Regulated under comprehensive arrangements
- Price determinations for 5-year regulatory periods
  - Australian Energy Regulator (AER) - future
  - Essential Services Commission of SA (ESCOSA) - current
- Price determination timetable

2008						2009												2010							
July	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun	Jul	
» Release of ETSA Utilities 'Directions and Priorities' document																									
» » »			Public consultation period																						
» » » » » » » » » » » » » » » »												ETSA Utilities finalises its submission to AER													
»																		ETSA Utilities submission to AER							
															AER draft determination			»							
																		AER final determination				»			
																							Start of 5 year regulatory period		»

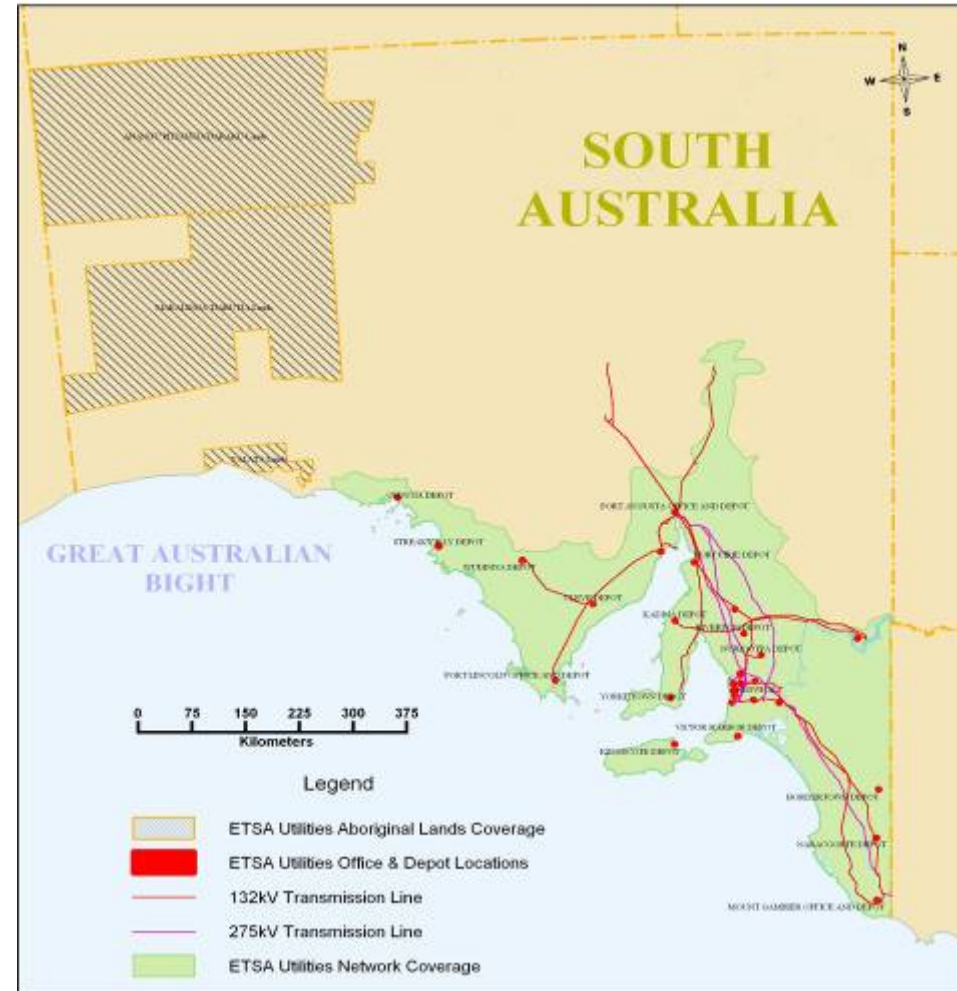
# Background – Roles and Statistics

## Role

- Maintain safety & reliability of the network
- Extend and upgrade the network
- Maintain public lighting system
- Meter data collector & data provider
- Remote area network operations
- Asset services provider

## Key statistics

- 178,000 sq kms supply area
- 86,276 circuit km
- 3,085 MW peak demand (29 Jan 2009)
- 11,379 GWh delivered
- Regulated assets of \$2.7 billion
- 803,251 customers
- 1,769 employees

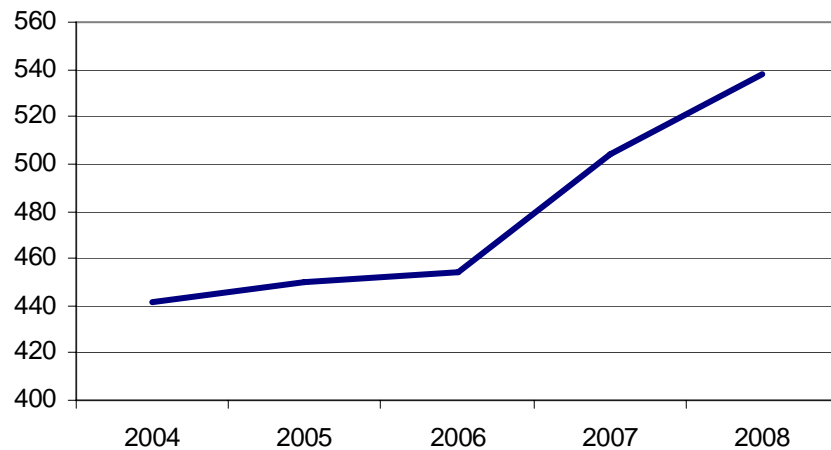




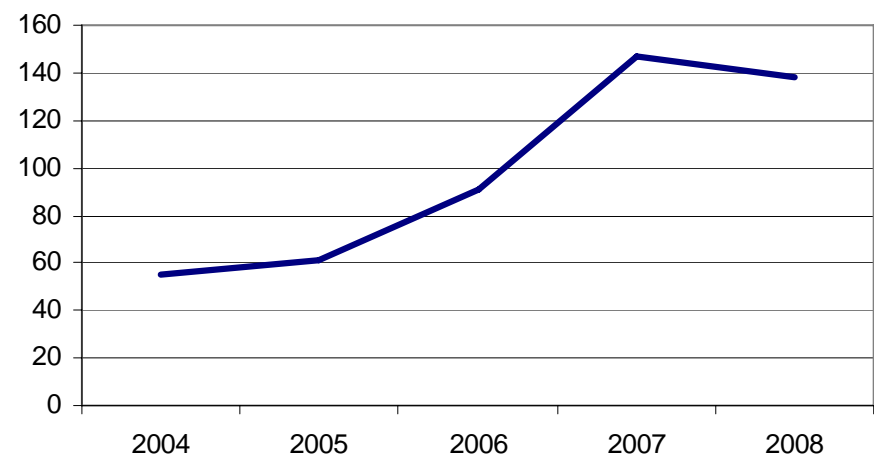
# ETSA Business Outcomes

## *Financial*

EBITDA (\$m)



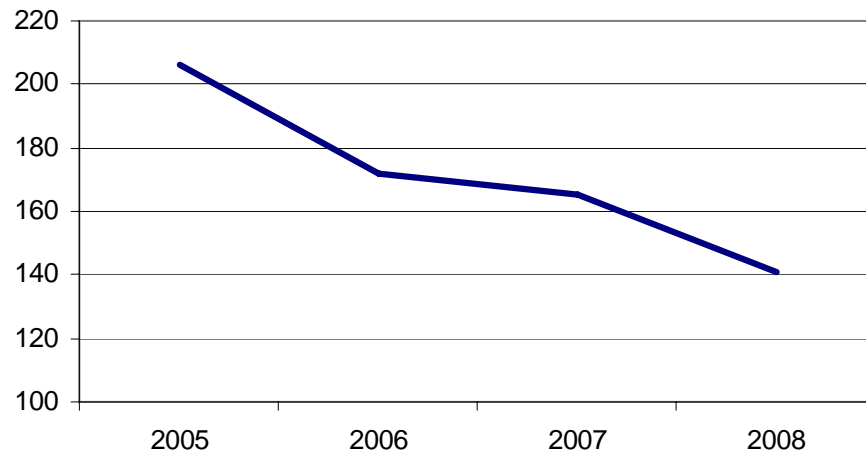
Non-Regulated Revenue (\$m)



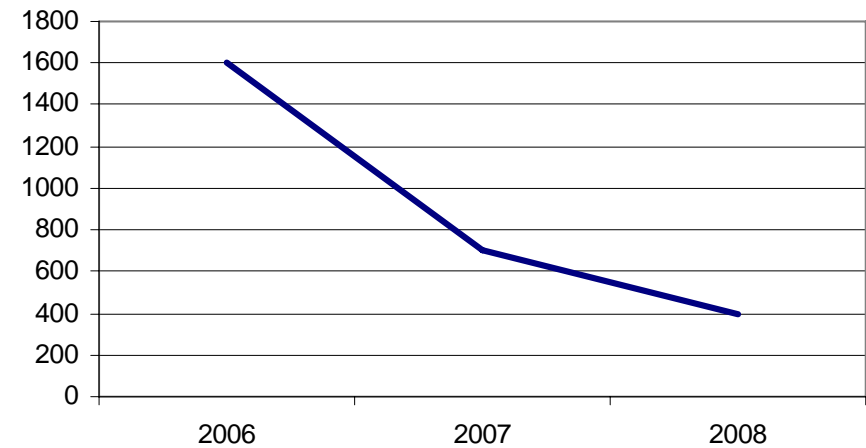
# ETSA Business Outcomes

## *Service*

**SAIDI (minutes)**



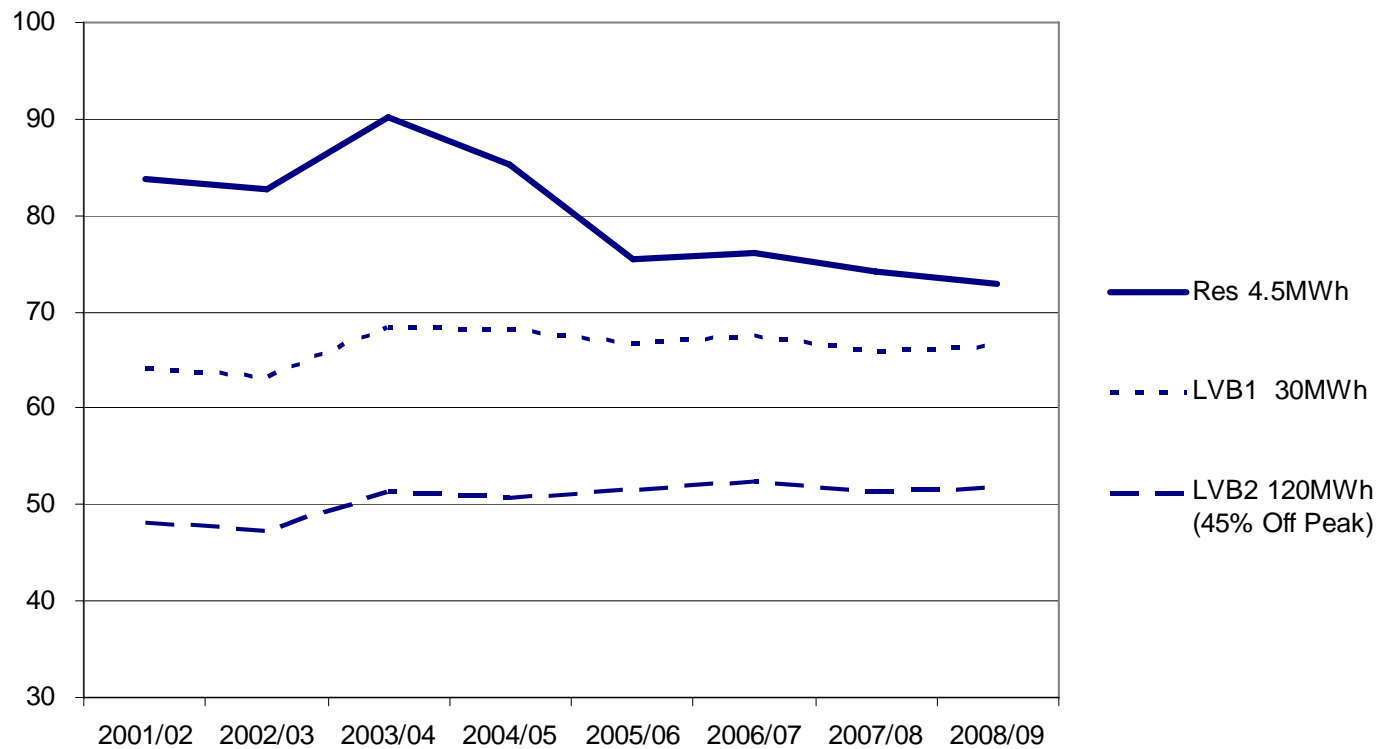
**GSL Payments (\$'000s)**



# ETSA Business Outcomes

## Price

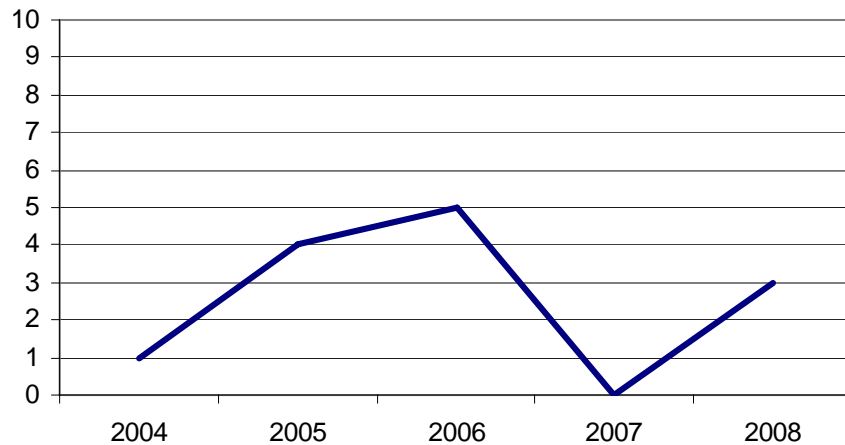
Small Customer Prices  
at July (\$/MWh 2008/09 values)



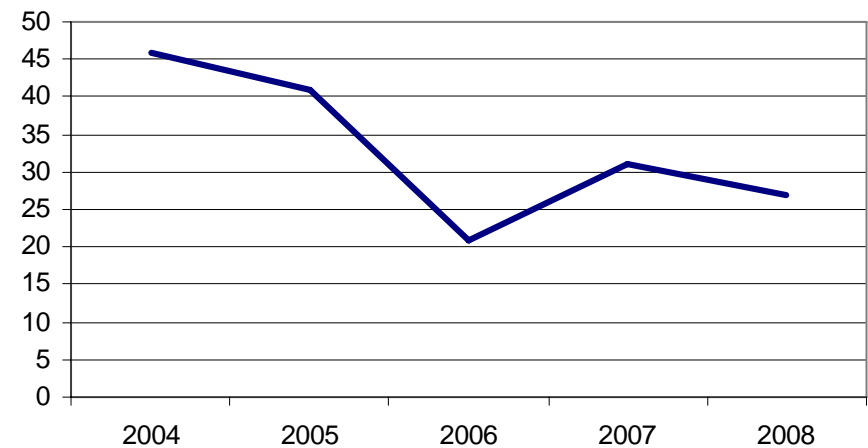
# ETSA Business Outcomes

## *Safety*

Lost Time Injuries



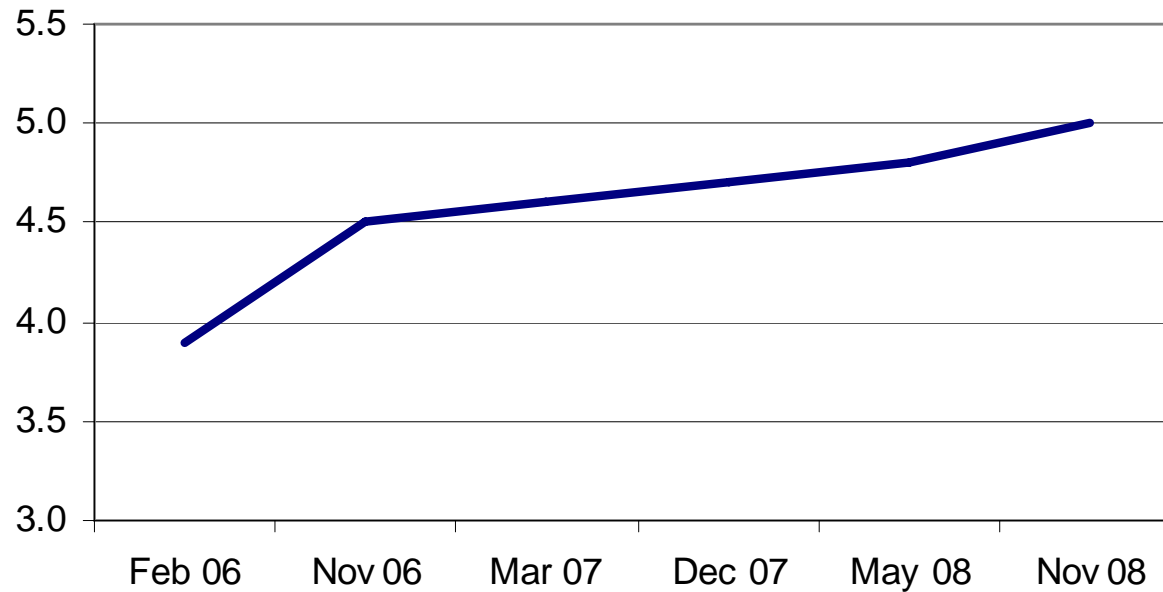
Medical Treatment Injuries



# ETSA Business Outcomes

## *Reputation*

### Brand Health



# Background – Strategic Model

*To be a financially successful and respected provider of electricity distribution and associated services*

1. Generating Financial Returns and Growth for Owners
2. Delivering Value to Customers and Benefits to the Community
3. Ensuring an Engaged, Skilled and Safe Workforce

**STRATEGIC INTENT**  
(our purpose)

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**KEY PERFORMANCE INDICATORS**  
(how we measure success)

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**CORE BUSINESS OUTCOMES**  
(what we deliver)

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**CORE CAPABILITIES**  
(how we deliver)

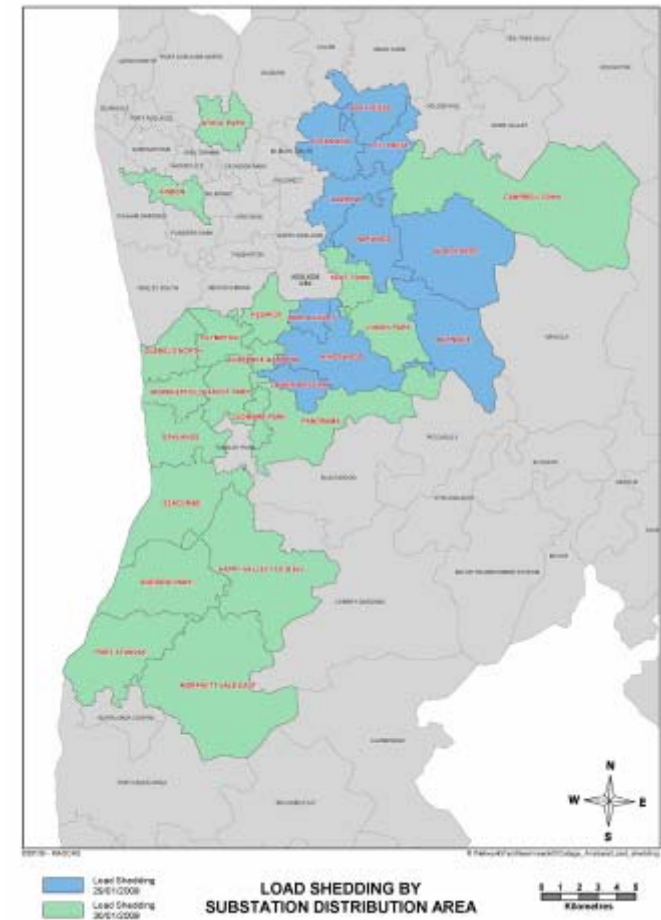
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# *2009 Issues*

# 2009 Heatwave

- 12 day heatwave, 26 Jan to 6 Feb
  - New peak demand record (3,085 MW)
  - 2,253 network faults
  - 50,167 customers affected
  - 92,784 calls received
- NEMMCO load shedding on 2 days
  - 210,000 customers affected





# Network Development Agenda

- Network capital works program
  - SA Water Desalination Project Stage 1 (>\$55M)
  - Hardened Network Army base at Edinburgh – Defence (>\$10M)
  - City west new substation (>\$250M total)
  - Hillcrest Substation Upgrade (>\$7M)
  - LeFevre Substation Upgrade (>\$7M)
  - Other substation upgrades (Northfield, Cleve and Penola West, new Lyndoch substation)
  - Water projects/ transport projects
  - Schools
- Other key activities
  - Finalising asset plans for reset
  - Ramp up condition monitoring capability
  - Commence climate change adaptation initiatives





# Reset Proposal: Ongoing Expectations

- Maintain current levels of average reliability performance
- Sustain current levels of customer service responsiveness
- Focus on management of 'extreme weather events'
  - 2006, 2008, 2009 heatwaves, plus storm events
- Maintain current levels of supply quality
- Ensure the safety of the public and employees
- High emphasis on bushfire risk mitigation
  - Victorian bushfires have reinforced our imperative
- Focus on efficiency and value-for-money

# Reset Proposal: New Expectations

- Respond to Transmission Code changes
  - CBD reinforcement
- Adapt to climate change challenges
- Renew ageing infrastructure
- Support economic growth of SA
- Connect new technologies and generation sources to the network
- Accommodate rising customer capacity needs
  - Air conditioning, new house demand profiles
- Adapt network to new patterns of residential development
- Pursue demand management for peak demand

# Summary

- Existing business – steady
- New projects – strong demand (i/s)
- Competitive business – tough but steady
- Reset submission – 2 weeks to go (public release – mid July)
- Refinancing – test market in July.