

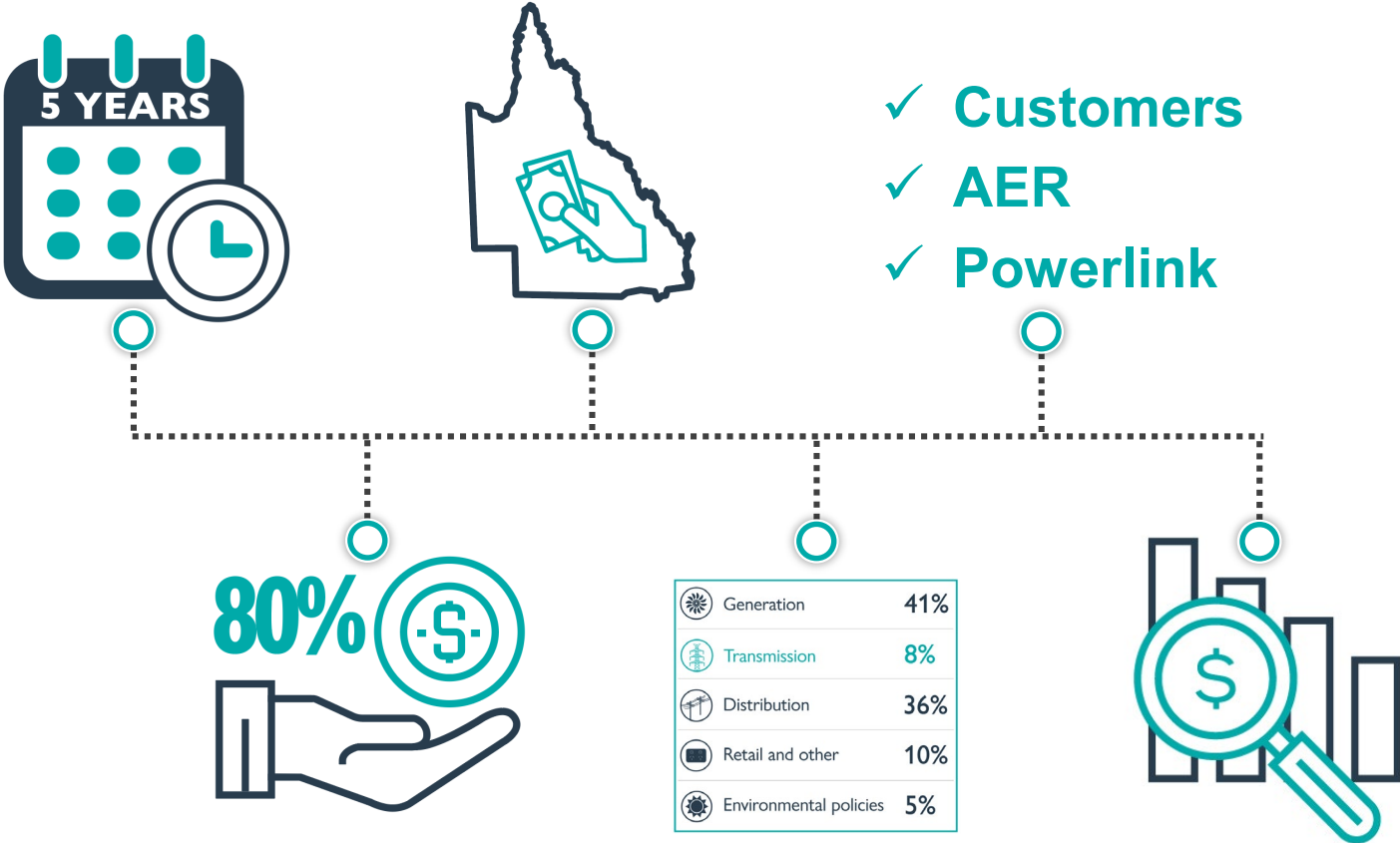
2023-27 Revenue Proposal

Matthew Myers

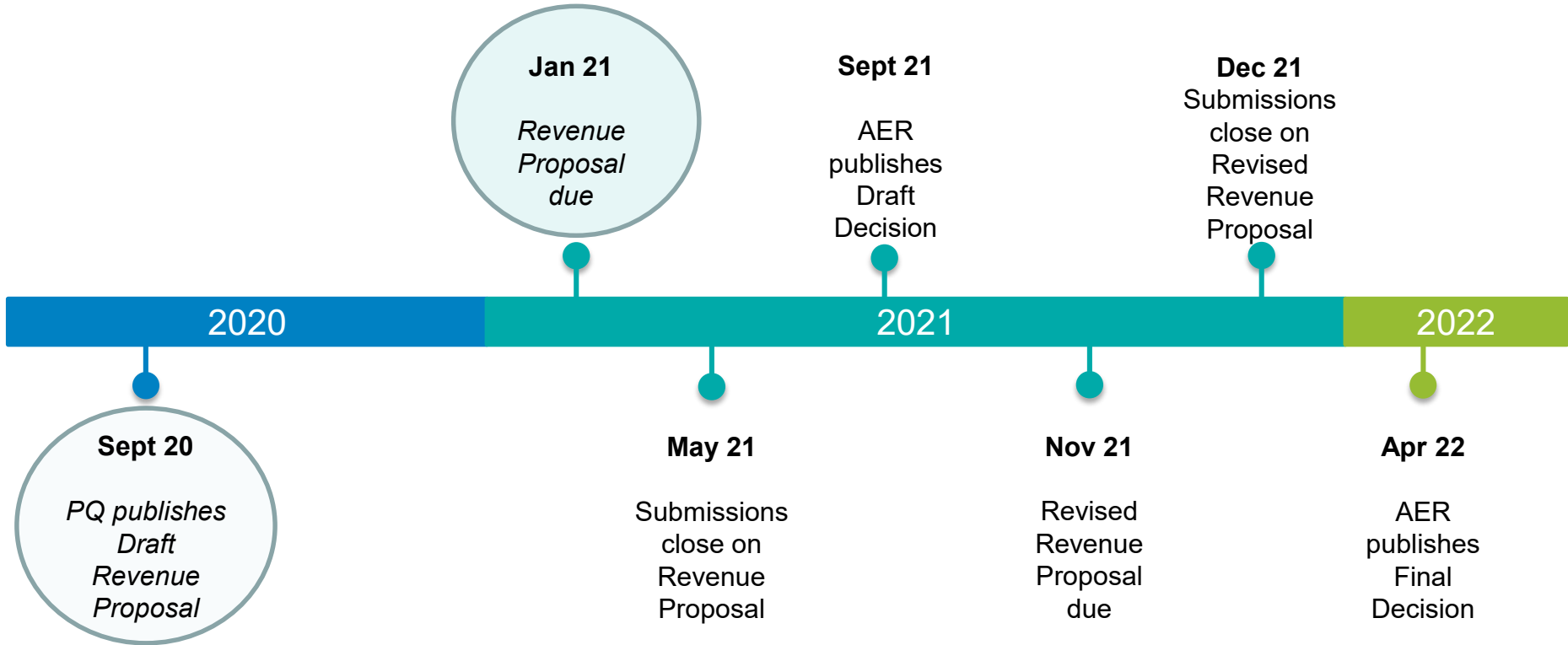
Manager Revenue Reset



2023-27 Revenue Proposal



Upcoming milestones



2023-27 Revenue Proposal objectives



Deliver a Revenue Proposal that is capable of acceptance by our customers, the AER and Powerlink.

Balance the needs for appropriate expenditure to manage the network, a reasonable price for customers and appropriate returns to Shareholders.

Meaningfully engage with our customers and other stakeholders.

Ensure the Network Vision is considered within determination forecasts and plans as part of Powerlink's long-term narrative.

Improve efficiency and robustness of the determination process for Powerlink, our customers, stakeholders and the AER.

Current Revenue Proposal considerations



Increased external engagement



Affordability



COVID-19 impacts



Operating expenditure needs



Network capex investment



Contingent reinvestment



Service Target Performance Incentive Scheme (STPIS)



Cyber security



Benchmarking



Insurance



Inflation



Declining Rate of Return

July 2020 forecast - high level overview



Maximum Allowed Revenue

2018-22 - \$3964.7m
2023-27 - \$3480.4m



\$484m
(12%)



Rate of Return

2018-22 - ~6%
2023-27 - ~4.49%



1.5%



Capital expenditure

2018-22 - \$902.0m
2023-27 - \$1065.2m



\$163.2m
(18%)



Operating expenditure

2018-22 - \$1056.5m
2023-27 - \$1125.0m



\$68.5m
(6%)

Based on the above the indicative impact to electricity prices in the first year of the next regulatory period (2022/23) would be:

- Residential – reduction of ~\$12 (11%).
- Business – reduction of ~\$21 (11%).

We anticipate price increases will be within CPI for the remainder of the regulatory period.

- All figures are in \$m (2021/22 real) and are for the full five-year regulatory period.
- All 2018-22 values reflect the AER allowance for the period.
- RoR / Weighted Average Cost of Capital (WACC) is nominal vanilla.

Co-design workshop

40 participants to inform engagement approach

Customer Panel

Revenue proposal update at **three** meetings

Australian Energy Regulator (AER) & AER Consumer Challenge Panel

Revenue Proposal Reference Group (RPRG)

Seven meetings conducted

Current members:

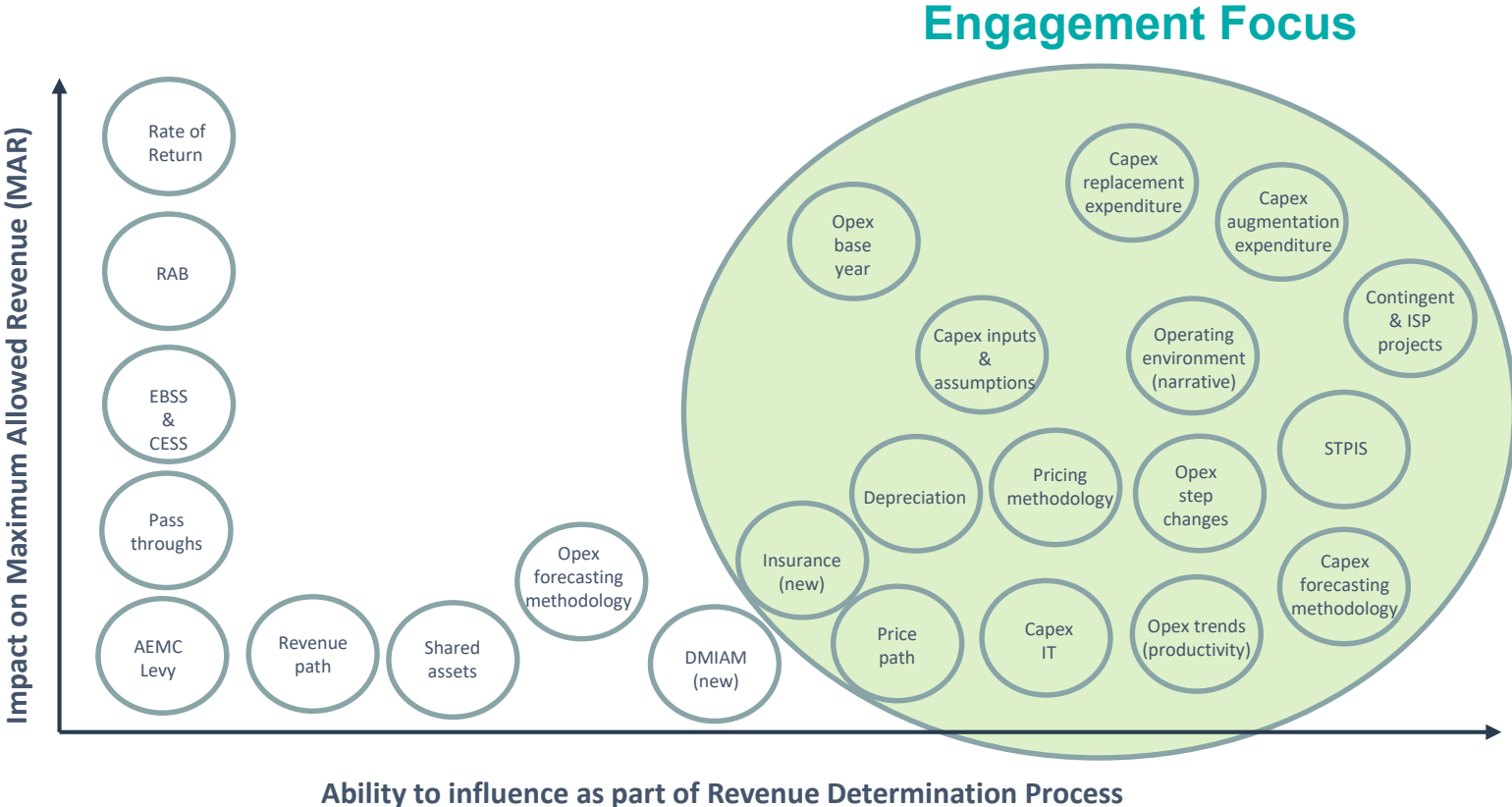
- Energy Users Association of Australia
- Queensland Farmers Federation
- Shell
- CS Energy
- Council on the Ageing

Preliminary Positions & Forecasts Paper (PPFP)

Provided to **150 +** stakeholders

One-on-one briefings

Direct connect customers & previous Revenue Proposal submitters



Draft Revenue Proposal



- Our ***draft Revenue Proposal*** will be released 30 September.
- Our draft Revenue Proposal is intended to reflect our actual Revenue Proposal, in draft form.
- We will highlight what elements we are still considering and what we are working towards.
- We will host a webinar on the draft Revenue Proposal on 15 October – register your interest today via our survey.



Feedback period
30 September – 30 October

Questions

