

2023-27 Revenue Proposal

AER Public Forum Presentation
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- Powerlink's strategic focus:
 - our purpose; and
 - our aim to drive value for customers.

- Our Revenue Proposal:
 - our operating environment and Revenue Proposal approach;
 - customer engagement;
 - key forecasts; and
 - capable of acceptance.

A large, light gray circular graphic containing a map of Queensland. A network of white lines, representing power lines, is overlaid on the map, primarily following the eastern coast and connecting several circular nodes. The text "Our Strategic focus" is centered over the map.

Our Strategic focus

Our purpose is to connect Queenslanders to a world-class energy future.

In our regulated business, this means we:

- connect Queensland communities to safe, secure, reliable and affordable electricity services;
- meet and manage electricity demand through our regulated network; and
- drive value for customers.

Our Revenue Proposal and capable of acceptance approach reflect these objectives.

Driving value for customers is at the core of our business and our Revenue Proposal.

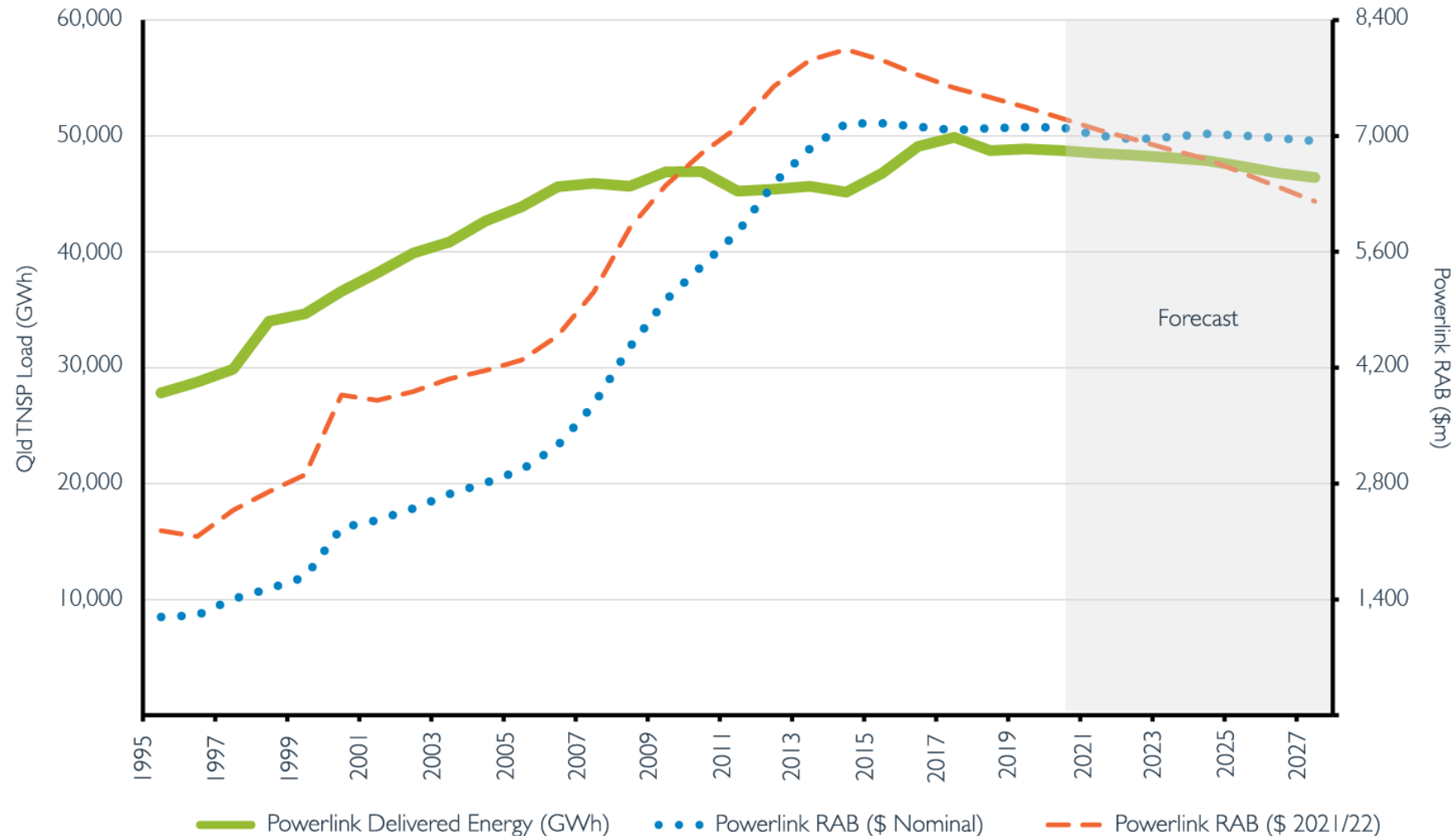
- Affordability – strong focus for this Revenue Proposal and our previous Revenue Proposal.
- Long-term aim – reduce bulk electricity prices to be among the lowest in the OECD.
- We continue to drive operating and capital expenditure efficiencies, resulting in a reduced RAB and electricity charges to customers.
- Build customer trust – act on their feedback and advocate for them.
- Culture of constructive discomfort to drive innovation and push boundaries.

Regulatory Asset Base



We are driving customer value and bending the RAB. The RAB is declining in both real and nominal terms.

Powerlink forecast delivered energy (GWh) versus RAB



Our Revenue Proposal

Drivers of our business and Revenue Proposal



Customer

- Affordability
- Price signals
- Customer choice



Energy market

- Decarbonisation
- Decentralisation
- Demand disruption
- Digitisation



Economic and financial

- COVID-19 impacts
- Resource scarcity



Government policy and regulation

- Regulatory consultations
- Federal policies
- State policies



Environment

- Increased extreme weather events

Our goal has been to deliver a Revenue Proposal that is capable of acceptance by our customers, the AER and ourselves at the time of lodgement.

- Co-designed our engagement approach with customers and stakeholders.
- Undertaken meaningful, extensive and adaptive engagement.
- Ensured no surprises – for customers, stakeholders and the AER.
- Sought early and regular involvement from AER staff.
- Applied a transparent, rigorous and iterative approach – particularly to our key forecasts.
- Proposed an overall package that is reasonable, realistic and in the long-term interests of consumers.

Impact of engagement

- Engagement was deep with many opportunities for input from May 2019 to January 2021.
- Feedback on our engagement approach has generally been positive.
- We have taken on board suggestions for improvement e.g. more regional involvement and diversity of our Customer Panel.



Revenue Proposal forecasts at a glance



Capital Expenditure

2018-22 \$891.3m
2023-27 \$863.9m

↓ **\$27.4m (3%)**



Operating Expenditure

2018-22 \$1,029.4m
2023-27 \$1,029.4m

**\$0 difference
(no real growth)**



Rate of Return

2018-22 ~6%
2023-27 ~4.44%

↓ **~1.5%**



Maximum Allowed Revenue

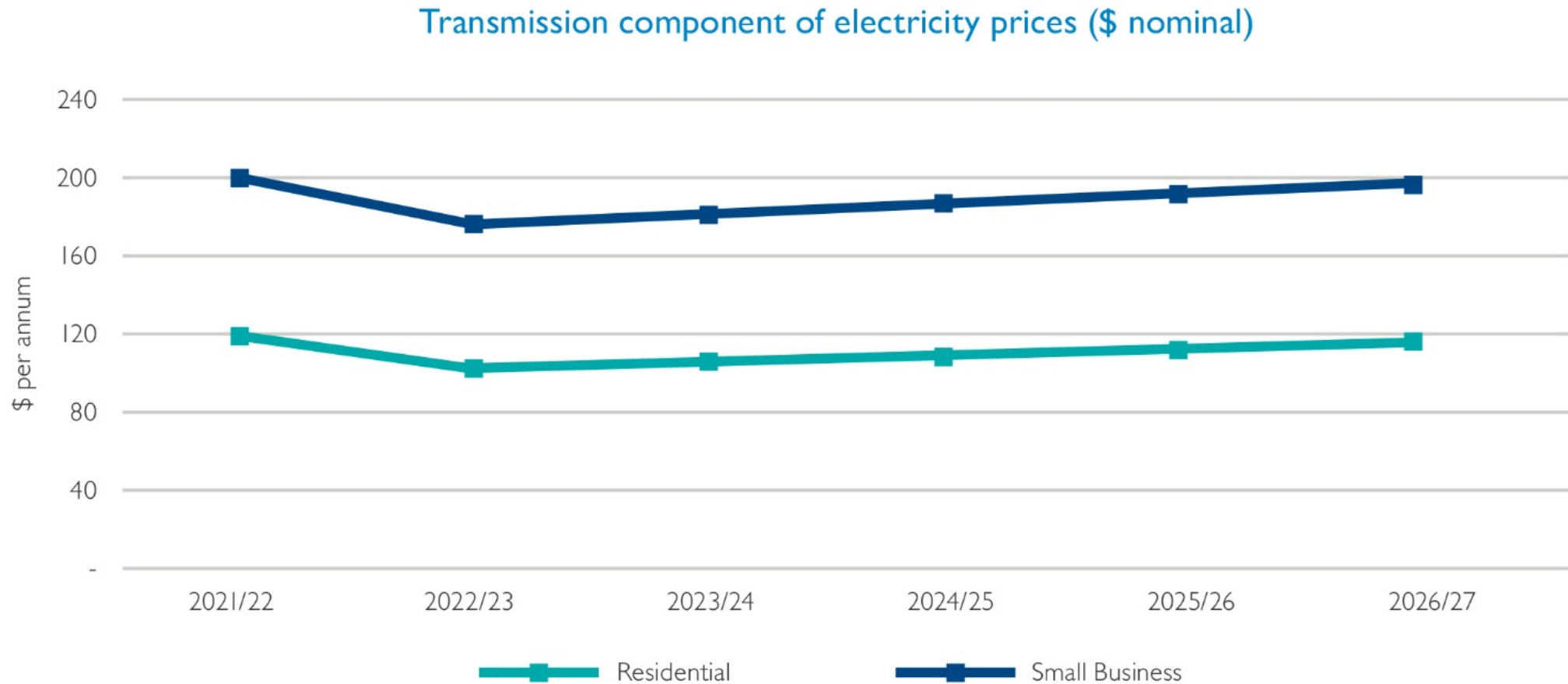
2018-22 \$3,921.3m
2023-27 \$3,333.9m

↓ **\$587.4m (15%)**

Notes:

- All figures are in \$m real, 2021/22 and are for the full five-year regulatory period.
- MAR is compared to the AER allowance for the 2018-22 regulatory period.
- Rate of return is nominal vanilla.
- Capital and operating expenditure are compared to the actuals/forecast for the 2018-22 regulatory period.
- Capital expenditure figures are net of disposals.
- Operating expenditure figures reflect underlying operating expenditure, which excludes movements in provisions, Network Capability Incentive Parameter Action Plan (NCIPAP) project costs, debt raising and network support costs.

Our forecasts will result in a reduction in transmission prices.



As an overall package, our Revenue Proposal is capable of acceptance.

Customer Panel

- Engagement: genuine, consistent and deep.
- Transparent conversations and information.
- Influence has been high.
- Majority happy to declare the Revenue Proposal to be reasonable.

AER Consumer Challenge Panel

- Iterative engagement approach.
- Influence has been observable.
- Powerlink is at the forefront of raising the bar on customer engagement.

CAPABLE OF
ACCEPTANCE

AER

- Encouraged by Powerlink's approach to date.
- Evidence of strong levels of consumer engagement thus far.
- Real reduction in total expenditure may provide the basis for a more constructive and efficient regulatory process.

Powerlink

- Overall package – reasonable, realistic and in the long-term interests of consumers.
- Meaningful engagement and customer influence.
- Adjusted based on input along the way.
- Constructive discomfort targets.

Further information

Visit: <https://www.powerlink.com.au/2023-27-regulatory-period>

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