

December 2024



# 2027-32 Revenue Determination

## Engagement Plan



## 1. Purpose

This plan is designed to set the scene for and guide Powerlink's engagement with our customers and other stakeholders over the course of our 2027-32 revenue determination process.

The formal regulatory milestones commenced in October 2024 and end in April 2027 with the Australian Energy Regulator's Final Decision on Powerlink's Revenue Proposal.

The plan is intended to be a living document that will evolve over that period.

## 2. Engagement Goal and Principles

Powerlink has had a long and strong history of engaging with its customers and other stakeholders.

Powerlink is committed to genuine and timely engagement to inform our decision-making as part of our normal business operations. It is fundamental to the way we do business and has led to better outcomes for our customers and stakeholders. This aligns with our commitment to the Energy Charter principles, in particular Principle One – we will put customers at the centre of our business.

### 2.1 Engagement Goal

*To deliver a Revenue Proposal that is capable of acceptance by our customers, the Australian Energy Regulator and Powerlink.*

### 2.2 Engagement Principles

The engagement principles we propose for the revenue determination process are:

- **Active Engagement** – actively involve customers and stakeholders in developing and refining our engagement approach.
- **Appropriate Influence** – engage at the appropriate level of the IAP2 Spectrum so that customer and stakeholder feedback appropriately influences decisions.
- **Plan Ahead** – communicate the timing of key engagement forums well in advance to maximise participation.
- **Clear Scope** – provide a clear scope of engagement to ensure stakeholders can focus on and influence areas that have a material impact.
- **Resource Effectively** – provide training and access to funding, if necessary, to allow customer representatives to engage effectively with the material and process.
- **Demonstrate Impact** – demonstrate how engagement has impacted Powerlink's positions by regularly communicating how input and feedback has been considered.
- **Information to be Accessible** – present information in a clear, concise and accessible manner to assist stakeholders to participate meaningfully and provide informed feedback.

We consider that all these principles are consistent with those set out by the AER in its Better Resets Handbook (2021). A summary of the AER's principles is provided in Appendix 1.

### 3. Powerlink’s Engagement Approach

Overall, we consider that our approach to engagement on the revenue determination process is an extension of ‘business as usual’ (or BAU) engagement. In other words, engaging with our customers and stakeholders is not something we do as a ‘revenue reset special’.

We propose that our approach to engagement on the revenue determination process be based on the following foundations:

1. Be targeted and fit-for-purpose
2. Support a clear business narrative
3. Seek early involvement from the AER
4. Apply a transparent and rigorous approach.

#### 3.1 Targeted and Fit-for-Purpose

Powerlink is a Queensland-based electricity transmission business that is here to serve Queenslanders. As a result, we will seek to adopt an engagement approach that aligns with our business, customer and stakeholder needs to the extent practicable.

It should be recognised that this may not result in full alignment on the degree of engagement between stakeholders and Powerlink on all matters. We intend to leverage the engagement activities we undertake as part of BAU, which includes working closely with our Customer Panel.

#### Powerlink Customer Panel

Powerlink’s Customer Panel was established in May 2015 to assist with our decision to make a positive step-change in our engagement activities. Our Customer Panel has and will continue to play a primary role in informing our BAU decisions, while influencing Powerlink’s Revenue Proposal. Our panel currently comprises representatives as follows.

Customer and Stakeholder representatives	Powerlink representatives
Aurizon	GM Communications, Customer & Engagement (chair)
Canegrowers Queensland	GM Network Regulation
Council on the Ageing (COTA)	GM Energy Markets
CS Energy	GM Business Development
CSIRO	GM Network Portfolio
Edify Energy	Customer Strategist
Energy Queensland	Customer Engagement Specialist
Energy Users Association of Australia (EUAA)	
Queensland Farmers Federation	
Queensland Renewable Energy Council (QREC)	
Queensland Treasury	
Shell	
Squadron Energy	
St Vincent de Paul	
Townsville Enterprise Limited	

From 1 December 2024 to 30 April 2027, we propose that Powerlink’s Director Revenue Reset join our Customer Panel.

### Revenue Proposal Reference Group

Powerlink proposes to establish a Revenue Proposal Reference Group (RPRG) separate from its existing Customer Panel membership. Ideally, Powerlink considers this would include:

- some longer serving members of our panel as well as new members
- key Powerlink staff associated with the revenue determination process (such as the Director Revenue Reset, General Manager Network Regulation and General Manager Communications, Customer and Engagement)
- the AER’s Consumer Challenge Panel members and AER Coordinator for Powerlink’s 2027-32 revenue determination process.

The RPRG is intended to be an advisory body that will meet more frequently (4-6 weeks) with Powerlink staff. This will allow for more regular and detailed discussion on matters identified for engagement over the course of the revenue determination process, particularly in preparing our Revenue Proposal.

This group will report back to the broader Customer Panel and assist in ensuring that our Revenue Proposal is aligned with customer and stakeholder expectations.

Powerlink has prepared a Terms of Reference for this group and sought initial interest from Customer Panel members in mid-2024. Powerlink proposes to formally establish this group by mid-December 2024.

The table below outlines Powerlink’s proposed format for the RPRG and broadly outlines the operations of both the Customer Panel and RPRG over the course of our revenue determination process.

	Customer Panel	RPRG
Standing membership	16 external representatives 6 Powerlink representatives (incl. chair)	5 to 7 members of Customer Panel Director Revenue Reset (chair) GM Network Regulation GM Comms, Customer & Engagement
Invited stakeholders & observers	AER Consumer Challenge Panel (CCP34), AER staff, Powerlink staff as required	AER Consumer Challenge Panel (CCP34), AER staff, other Customer Panel members
Meeting frequency & duration	Three-hour meeting, three to four times a year	Meetings every four to six weeks of two to three-hour duration
Focus areas	Provide input on BAU Powerlink activities. Provide input and guidance on key aspects of the Revenue Proposal, including areas for discussion at RPRG meetings.	Detailed involvement on key aspects of the Revenue Proposal. Report back to Customer Panel on discussions.
Budget to support engagement on revenue determination process	Powerlink will financially support reasonable expenditure by the Customer Panel, for instance, to enable in person attendance where appropriate and possible.	

### 3.2 Support a Clear Business Narrative

Our Business Narrative describes, at a high level, Powerlink's longer-term view about our operations, challenges and opportunities and how we plan to deliver better value for our customers. It is informed by a range of internal and external strategies and plans. Key among these is Powerlink's purpose:

*To connect Queenslanders to a world class energy future*

Our Business Narrative document is intended to provide broader context to our Revenue Proposal and to enable customers and stakeholders to participate more effectively in our engagement activities. Where there is a material change to our operating environment that may impact our operations, we will update our Business Narrative.

### 3.3 Seek Early Involvement from the AER

Powerlink engages with the AER on various matters related to aspects of its operations in the normal course of business. These matters include regulatory reporting items such as Regulatory Information Notice (RIN) returns, cost pass through applications, as well as changes to the National Electricity Rules (Rules) and reviews of AER Guidelines.

Powerlink has also maintained regular contact with AER staff during this regulatory period to discuss some of the key developments and challenges faced by our business, the Queensland operating environment (such as development of the Queensland Energy and Jobs Plan, the *Queensland Energy (Renewables and Jobs) Act 2024* and associated instruments, and the broader national environment.

Powerlink engaged with senior AER management in August 2024 to discuss early preparations and expectations for its 2027-32 revenue determination process. Powerlink and AER staff have also met regularly since then to continue the engagement, including on the Queensland energy legislation and commencement of the Framework and Approach process under the Rules.

Powerlink invited an AER representative to attend our Customer Panel meeting in September 2024. We will continue to invite the AER and the AER's two Consumer Challenge Panel representatives for our revenue determination process (CCP34) to all our Customer Panel and RPRG meetings as well as other key engagement forums over the course of the revenue determination process.

Powerlink has committed to a 'no surprises' approach with the AER and will seek to ensure that we continue to develop our constructive relationship throughout the process. We consider there to be significant value to Powerlink, our customers and the AER in having AER representatives attend our engagement sessions. However, we recognise that the AER must also manage its resources efficiently and that, while in attendance, AER staff cannot commit the AER Board to certain positions in the development of our Revenue Proposal.

### 3.4 Apply a Transparent and Rigorous Approach

We intend to establish new or develop existing engagement protocols regarding confidentiality, conflict of interest and behaviour at our Customer Panel and RPRG forums to ensure we maintain a transparent and rigorous approach. The Revenue Proposal Reference Group Terms of Reference has been updated to ensure its purpose, composition, responsibilities and reporting requirements are clear.

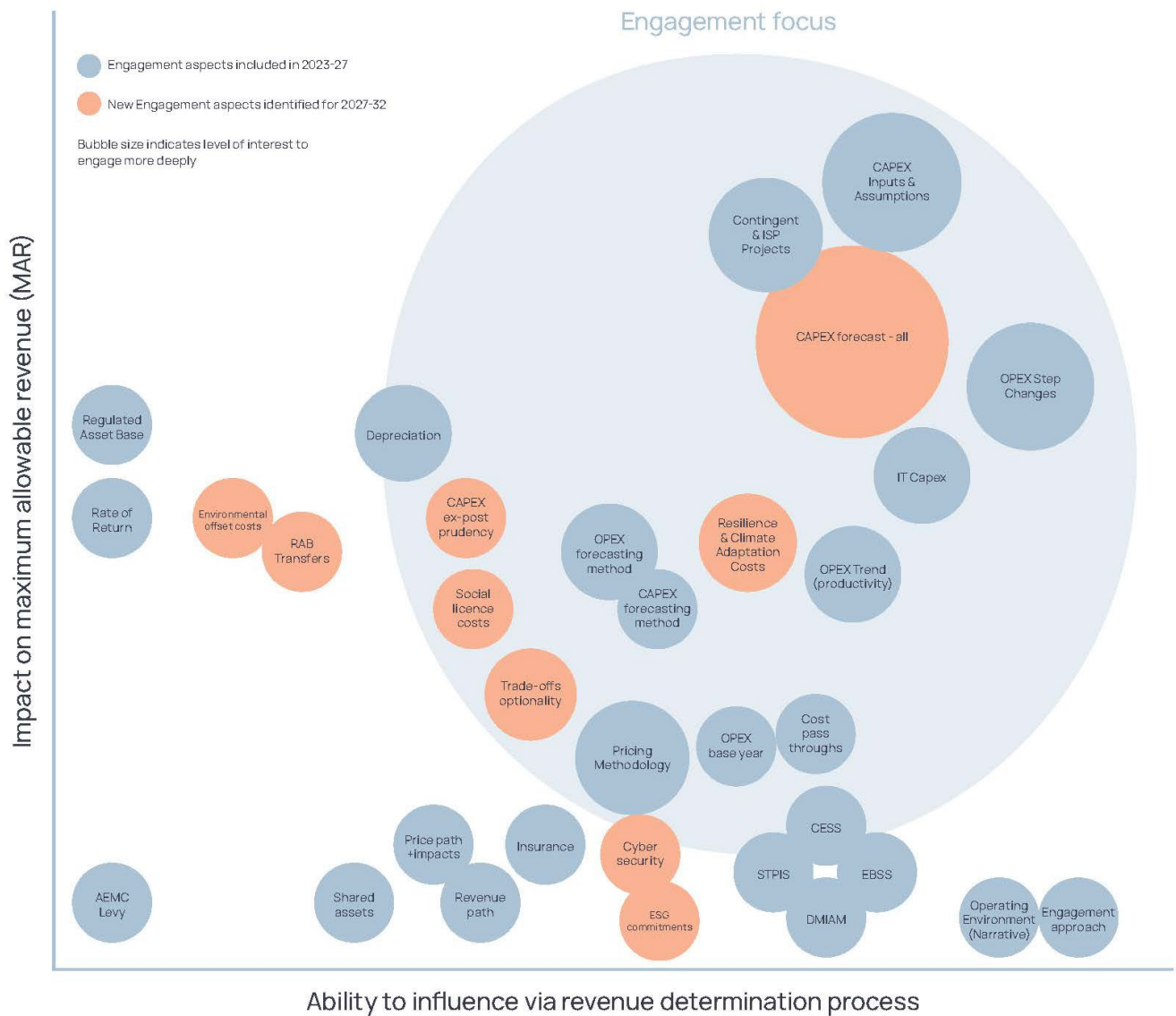
## 4. Scope of Engagement

We understand that customer and stakeholder representatives are typically time poor and resource constrained. A clear scope for engagement helps these representatives, as well as Powerlink and the AER, allocate their time, energy and resources prudently and efficiently.

### 4.1 Co-Design Proposed Scope

Powerlink held a co-design process at an engagement scoping workshop on 26 November 2024 to help establish the scope of engagement for our 2027-32 Revenue Proposal. The workshop comprised representatives from Powerlink’s ‘business as usual’ Customer Panel, the AER, the AER’s Consumer Challenge Panel, Queensland Government as well as senior Powerlink representatives, including members of the executive and Board.

During the session, participants mapped elements they felt had the greatest impact on MAR against their potential to be influenced through engagement. A consolidated view of the input is shown below.



While Queensland legislation (PTI/REZ) emerged as a new topic during the workshop, it falls outside the scope of the revenue determination process. Therefore, we propose to address this with the broader Customer Panel rather than within the Revenue Proposal Reference Group.

Our engagement plan has been updated to reflect the outcome of the engagement scoping workshop.

#### 4.2 IAP2 Spectrum Participation Level

Consistent with our approach to the previous 2023-27 revenue determination process, we have taken the output of the engagement co-design workshop and plotted these against what we consider to be the appropriate level of the Internal Association for Public Participation (or IAP2) Spectrum.

IAP2 Spectrum Level of Engagement	Aspect of Revenue Proposal
<p><b>Empower</b> – to place final decision-making in the hands of customers and stakeholders.</p>	
<p><b>Collaborate</b> – to work together with our customers and stakeholders to formulate alternatives and incorporate their advice into final decisions to the maximum possible extent.</p>	<ul style="list-style-type: none"> <li>• Engagement approach (Engagement Plan)</li> <li>• Operating environment (Business Narrative)</li> </ul>
<p><b>Involve</b> – to work directly with customers and stakeholders to ensure their concerns and aspirations are directly reflected in the alternatives developed.</p>	<ul style="list-style-type: none"> <li>• Capable of acceptance criteria</li> <li>• Capex – inputs and assumptions</li> <li>• Capex – forecast, incl. reinvestment and augmentation*</li> <li>• Capex – contingent and ISP projects</li> <li>• Capex – business IT</li> <li>• Capex – trade-offs and optionality*</li> <li>• Environmental offset costs*</li> <li>• Opex – step changes</li> <li>• Opex – trend</li> <li>• Pricing methodology</li> <li>• Social licence costs*</li> </ul>

Increasing level of influence on decision

IAP2 Spectrum Level of Engagement	Aspect of Revenue Proposal
<p><b>Consult</b> – to obtain feedback on alternatives and draft proposals.</p>	<ul style="list-style-type: none"> <li>• Capex forecasting methodology</li> <li>• Capex – ex-post prudence*</li> <li>• Capital Expenditure Sharing Scheme (CESS)</li> <li>• Cost pass throughs</li> <li>• Cyber security*</li> <li>• Demand Management Innovation Allowance Mechanism (DMIAM)</li> <li>• Depreciation</li> <li>• Efficiency Benefit Sharing Scheme (EBSS)</li> <li>• ESG commitments*</li> <li>• Insurance</li> <li>• Opex forecasting methodology</li> <li>• Opex – base year</li> <li>• Price path impacts</li> <li>• Resilience and climate adaptation*</li> <li>• Service Target Performance Incentive Scheme (STPIS)</li> </ul>
<p><b>Inform</b> – to provide balanced information to keep customers and stakeholders informed.</p>	<ul style="list-style-type: none"> <li>• AEMC Levy</li> <li>• Regulatory Asset Base (RAB)</li> <li>• RAB transfers*</li> <li>• Rate of return</li> <li>• Revenue path</li> <li>• Shared assets</li> </ul>



\* New engagement aspects identified for our 2027-32 revenue determination process



## 5. Engagement Techniques

Various engagement techniques can be adopted to help ensure alignment with our customer and stakeholder preferences. Powerlink is keen to ensure that the approach it takes to engagement is targeted, reasonable and practical.

Powerlink proposes to utilise the following range of engagement techniques over the course of its revenue determination process as appropriate:

- **Leverage 'business-as-usual' forums** – Powerlink's Customer Panel will play a key role in Revenue Proposal engagement activities. In addition to this, Powerlink may use its annual Transmission Network Forum to engage on the key highlights of its Revenue Proposal.
- **One-on-one briefings** – these will be held with Powerlink's directly-connected customers as well as key stakeholder and industry organisations, where appropriate. Such an approach allows engagement to be more tailored to the customer or stakeholder, particularly on confidential matters.
- **Workshops (or deep dives)** – several workshops will be undertaken to focus on more complex matters and to enable more detailed exploration of the topic at hand.
- **Regional engagement forums** – we will gauge interest in hosting regional engagement forums to allow customers and stakeholders the opportunity to provide input in a face-to-face environment in their community.
- **Webinars** – to enable broader input regardless of physical location.
- **Research/surveys** – customer and stakeholder insights will also be drawn from formal research mechanisms such as the Queensland Household Energy Survey and Powerlink Stakeholder Perception Survey.
- **Site tours** – can be useful to inform discussions on capital and operating and maintenance expenditure. This allows customers and stakeholders to see our assets, their location, condition and factors which contribute to our asset management practices firsthand.
- **Other information** – as we do in the normal course of business, we will prepare information sheets, infographics, slide-packs and other relevant material to explain key aspects of our Revenue Proposal in a simplified and concise way.

## 6. Engagement Evaluation

Powerlink intends to gain qualitative and quantitative data on our engagement approach over the course of our 2027-32 revenue determination process. We anticipate that this will be drawn from a survey of Customer Panel/RPRG members as well as direct assessment of our engagement activities.

Evaluation of Powerlink's engagement will:

- Be iterative throughout the revenue determination process
- Use a combination of formal and informal methods
- Use both quantitative and qualitative measures
- Demonstrate the value of engagement and how it is impacting on decision-making
- Determine the effectiveness of information provided to participants
- Identify satisfaction levels of participants with engagement activities
- Be made available to participating customers and stakeholders.

### 6.1 Key Performance Indicators (KPIs)

Powerlink has identified a set of potential evaluation KPIs for some specific quantitative and qualitative measures to be developed within this Engagement Plan. Powerlink's intention is to work further with the Customer Panel and RPRG to finalise these KPIs and seek input from other key stakeholders.

KPI	Target	Measurement
Effectiveness and quality of information provided to stakeholders	Overall satisfaction rating of 7/10 for quality of information provided.	Pulse check surveys. Informal debriefs.
Stakeholders were engaged at appropriate level on the IAP2 spectrum	Identified that majority of stakeholders had appropriate level of influence on Powerlink decision-making.	Survey/solicit feedback from external stakeholders. Internal review. Peer review/audit.
Satisfaction level of stakeholders with engagement activities	Overall satisfaction rating of 7/10 for engagement activities	Formal research. Post-activity satisfaction surveys. Informal debriefs and feedback.
Impact of engagement on Powerlink decision-making and quality of feedback provided	Ability to demonstrate what changed as a result of engagement.	Survey/solicit feedback from external stakeholders. Internal review. Peer review/audit.
Timely delivery of engagement program	Engagement program delivered on-schedule	Internal monitoring.

Qualitative feedback to inform our engagement and evaluation could be by way of input and feedback provided directly to Powerlink at meetings, customer/stakeholder submissions or reports to the AER as well as direct feedback from the AER and the AER Consumer Challenge Panel (CCP34).

## 6.2 Engagement to Date

As indicated earlier, Powerlink engages with its Customer Panel on various matters in the normal course of business. In 2024, Powerlink engaged on the following items that are particularly relevant to the development of its 2027-32 Revenue Proposal.

Timeframe	Forum	Topics
March 2024	Customer Panel Meeting	Priority Transmission Investment 2027-32 Revenue Determination Process - Scene setting
June 2024	Customer Panel Meeting	Key Regulatory Timeframes and Initial Engagement Proposals Priority Transmission Investment Engagement
September 2024	Customer Panel Meeting	Network Operating Environment Capex and Opex Allowance Update Asset Reinvestment Review Update on the Gladstone Priority Transmission Investment
September 2024	Training Session	Revenue Determinations 101: Powerlink provided an introductory training session to new members of its Customer Panel or members/delegates who were less familiar with the revenue determination process.
November 2024	Revenue Determination Engagement Scoping Workshop	Explain our engagement approach for revenue determinations, and detail how our operating environment has changed Co-design our engagement approach and provide an overview of the Revenue Proposal Reference Group (RPRG)

### Priority Transmission Investment engagement to date

Given the significance of the development of the *Queensland Energy (Transformation and Jobs) Act 2024* to the future scope of Powerlink's roles, responsibilities and works, Powerlink and Queensland Government representatives engaged extensively on this matter with Powerlink's Customer Panel.

Powerlink commenced more focused engagement in September 2022, consistent with the release of the Queensland Energy and Jobs Plan. This engagement has continued since, including the application of the priority transmission investment (PTI) framework established under the legislation.

Powerlink established a PTI Expert Panel in July 2023 to co-design the engagement approach for these types of investments. The PTI Expert Panel and Powerlink has engaged and worked extensively with the AER over many months to work through the details of the PTI framework and the role of the AER under the legislation to provide advice to the Minister as a suitably qualified person.

## 7. Powerlink Engagement Schedule

The following table outlines the planned engagement activities with the Revenue Proposal Reference Group (RPRG) throughout the revenue determination process, up to and including the publication by the AER of their final decision. This will be reviewed and amended in line with engagement with the RPRG.

Month	RPRG Meetings – Focus Areas	Revenue Proposal Key Milestones
Oct 2024		Powerlink writes to AER to amend framework and approach paper
Nov 2024		Revenue Determination Engagement Scoping Workshop held with Powerlink’s Customer Panel
Feb 2025	Framework and approach – AER position / update Criteria for capable of acceptance Initial capex and opex forecasts (Cut 1)	
Mar 2025	Powerlink's TEEP, community benefits, offsets and social licence costs Capex forecasting methodology Opex forecasting methodology	AER publishes preliminary positions on framework and approach paper
May 2025	Opex base year, step changes and trends Capex inputs and assumptions Updated capex and opex forecasts (Cut 2)	
Jun 2025	Cyber security and Business IT capex Resilience and climate adaptation Updated capex and opex forecasts (Cut 3)	Powerlink lodges Expenditure Forecasting Methodology with AER
Jul 2025	Pricing methodology Depreciation	AER publishes final framework and approach paper
Aug 2025	Trade-offs - capex options & capex/opex Updated capex and opex forecasts (Cut 4)	
Sep 2025	Overview of draft Revenue Proposal	Powerlink publishes draft Revenue Proposal
Oct 2025	Incentive schemes (EBSS, CESS and STPIS)	
Nov 2025	TBC	
Dec 2025	Engagement evaluation	
Jan 2026	Overview of Revenue Proposal	Powerlink lodges Revenue Proposal with AER

Month	RPRG Meetings – Focus Areas	Revenue Proposal Key Milestones
Mar 2026		AER publishes Issues Paper
Apr 2026	TBC	
Jun 2026	TBC	
Jul 2026	TBC	
Aug 2026	TBC	
Sep 2026		AER publishes Draft Decision
Oct 2026	TBC	
Dec 2026	Overview/update of revised Revenue Proposal	Powerlink lodges revised Revenue Proposal with AER
Feb 2027	Engagement evaluation	
Apr 2027		AER publishes Final Decision

## Appendices

### Appendix 1 - AER Guidance on engagement

The AER's Better Resets Handbook (2021) provides guidance on its expectations on consumer engagement. The AER's expectations are principles-based and do not prescribe any particular form or model of consumer engagement. These principles include:

- ***the nature of engagement*** – is about how networks engage. This has regard to factors such as the sincerity of engagement, whether consumers are partners in forming revenue proposals, how consumers are equipped to effectively engage with the material as well as transparent reporting and delivery of commitments;
- ***the breadth and depth of engagement*** – this incorporates elements such as providing a clear and transparent engagement plan that sets out objectives, issues/topics for discussion and the level of participation and influence expected. In addition, consumers should help guide the proposal and be consulted on the long-term outcomes; and
- ***clearly evidenced impact of this engagement*** – this is the link between consumer views and how the revenue proposal gives effect to these. This also involves having regard to whether consumers support proposals either verbally or in writing, to help assess the quality of engagement undertaken.

## Appendix 2 - Reference guide to a revenue proposal

The following provides a high-level explanation of key elements of the building-blocks and other elements of a revenue proposal. It is intended to help stakeholders understand some of the terms and concepts commonly referenced.

Element / term	Description
<b>Organisations</b>	
Australian Energy Market Commission (AEMC)	The organisation that manages and updates the National Electricity Rules (Rules).
Australian Energy Market Operator (AEMO)	The national body responsible for managing the operation of electricity and gas markets across Australia.
Australian Energy Regulator (AER)	The organisation that monitors performance and compliance with the Rules.
Transmission network service provider (TNSP)	An organisation that owns, controls or operates a transmission system.
<b>Building-blocks and core components</b>	
Maximum allowed revenue (MAR)	The maximum revenue set by the AER for a regulated business, determined through a building-block approach.
Regulatory asset base (RAB)	The total value of regulated assets.
Rate of return	The return a business can earn on its regulated assets each year – usually expressed as the weighted average cost of capital (WACC).
Weighted average cost of capital (WACC)	A financial metric used to measure a company's cost of capital, representing the average rate a company needs to pay its investors to finance its assets and operations. The methodology adopted by the AER to determine the rate of return is published in the <a href="#">Rate of Return Instrument</a> .
Depreciation	An annual allowance to reflect the reduction in the value of an asset over its lifespan i.e. due to wear and tear.
Tax	The calculated tax payable by the business.
Operating expenditure (Opex)	The expenditure to operate, maintain and support network assets and business activities.
Capital expenditure (Capex)	Expenditure to build, replace or enhance assets.
<b>Incentive schemes</b>	
Capital Expenditure Sharing Scheme (CESS)	A <a href="#">regulatory scheme</a> that applies to capex, designed to encourage a business to make efficient capital expenditure (investment) decisions.

Element / term	Description
Efficiency Benefit Sharing Scheme (EBSS)	A <a href="#">regulatory scheme</a> that applies to opex, designed to provide a continuous incentive for a network business to pursue cost savings in operating and maintenance expenditure over a regulatory period.
Service Target Performance Incentive Scheme (STPIS)	A <a href="#">regulatory scheme</a> that encourages a business to improve or maintain high service levels for National Electricity Market (NEM) participants and end users. The STPIS is currently under review with a <a href="#">draft version 6</a> published in November 2024.
Demand management innovation allowance mechanism (DMIAM)	A <a href="#">regulatory scheme</a> that provides a business with funding for research and development in demand management projects that have the potential to reduce long term network costs.
<b>Key supporting documents</b>	
Business narrative	A document that describes the operating environment and external factors that may impact the business, e.g. economic outlook, regulation, Government policy and customer drivers.
Cost allocation methodology	A document detailing a business' methodology for attributing (operating or capital) costs to prescribed, negotiated or non-regulated transmission services.
Expenditure forecasting methodology	A document required by the AER that sets out how a business will forecast its operating and capital expenditure requirements in its Revenue Proposal.
Pricing methodology	A document that describes how the maximum allowed revenue (MAR) is allocated across different prescribed transmission service categories.
<b>Other terms</b>	
Integrated System Plan (ISP)	A strategic plan developed by AEMO to guide efficient, coordinated transmission investments across the national electricity grid.
Actionable ISP project	A project to address an identified need specified in an ISP and which forms part of an optimal development path.
Contingent projects	Typically large (>\$30m or 5% MAR in the first regulatory year), uncertain and location-specific projects that may be required to be undertaken within a regulatory period subject to certain triggers. The revenue for these projects is not included in the MAR.
Contingent project triggers	Specific conditions, defined and agreed upon during the regulatory determination process, that indicate when a contingent project should proceed.



Element / term	Description
Inputs & assumptions	The key inputs and assumptions that underpin a business' capital and operating expenditure forecasts in a Revenue Proposal, e.g. demand forecasts.
Nominated pass-through event	A material event that cannot be insured for or where it is uneconomic to self-insure, e.g. terrorism events.
Opex base year	A year chosen that represents typical operating costs, with any one-off costs removed, to illustrate ongoing, efficient expenditure.
Opex step change	Expected changes in costs (up or down) that have not been captured in the base year or rate of change but are applicable to the next regulatory period.
Opex trend	The expected rate of change in operating costs, based on forecast changes in network activity, costs of labour and materials, and productivity.
Price path	The estimated price that an average customer, like a typical household or business, will pay over a regulatory period.
Priority transmission investment (PTI)	A major transmission project essential for Queensland's energy transition, mandated by legislation and guided by a state planning and investment framework. PTIs differ from the AER's typical revenue determination process, with unique cost recovery methods prescribed by state legislation.
Revenue path	The total revenue a business is allowed to earn each year over a regulatory period, typically five years.
Shared assets	Assets included in the regulated asset base that provide both prescribed and either non-regulated transmission services or non-transmission services, such as oil testing services for Powerlink.

## Categories of Capital Expenditure

Powerlink typically defines its capital expenditure forecasts in the following ways.

<b>Capital Expenditure</b>	
<b>Load Driven</b>	
Augmentations	Works to reinforce or extend the existing network, e.g. new lines and substations.
Connections	Works to provide additional connection point capacity between Powerlink and other network service providers.
Easements	Acquisition of transmission line easements and substation sites to facilitate projected expansion and reinforcement of the network.
<b>Non-Load Driven</b>	
Reinvestments (replacements)	Works required when existing assets need to be retired due to end of life, asset obsolescence, asset reliability or safety requirements.
Security/Compliance	Works to ensure compliance with various technical, safety or environmental legislation, including works to ensure the physical security of Powerlink's assets.
System services	Works to meet overall power system performance standards and support the secure operation of the power system, including provision of system strength services from network assets.
Other	All other network expenditure that provide prescribed transmission services, e.g. communications systems enhancements and insurance spares.
<b>Non-Network</b>	
Business IT	Expenditure to maintain/replace IT capability and improve business system functionality where appropriate.
Support the Business	Expenditure to replace and upgrade other business requirements, e.g. commercial buildings, motor vehicles and other tools and equipment.

## Categories of Operating Expenditure

Powerlink typically breaks its operating expenditure forecasts into the following categories.

<b>Operating Expenditure</b>	
<b>Direct controllable</b>	
Field maintenance	Field activities to ensure plant equipment functions properly, including routine, condition-based, emergency and deferred (emergency) maintenance.
Operational refurbishment	Activities to restore an asset or specific parts of it to its original condition or function.
Maintenance support	Activities supporting field maintenance, such as strategy development, performance management, and auditing, as well as costs like local government rates, water, electricity, and permit charges.
Network operations	Control centre functions and activities required to ensure the safe, reliable and efficient operational management of the Queensland transmission network.
<b>Other controllable</b>	
Asset management support	Activities that support strategic network development and ongoing asset management, including network planning, asset management, regulatory management, and operations.
Corporate support	Activities to ensure effective corporate governance, including direct corporate support charges and revenue reset costs.
<b>Non-controllable</b>	
Insurances	Premiums for transmission and non-network assets, plus a self-insurance allowance for uninsured losses.
Network support	Costs associated with non-network solutions used as a cost-effective alternative to network investment.
AEMC levy	A levy on Queensland electricity transmission and gas networks required under the Electricity Act Qld (1994) to fund the Australian Energy Market Commission.
Debt raising	The costs a business incurs to obtain financing, such as fees for arranging loans, beyond the interest rate on the debt itself.

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