



Engagement Approach for 2018-22 Revenue Determination Process

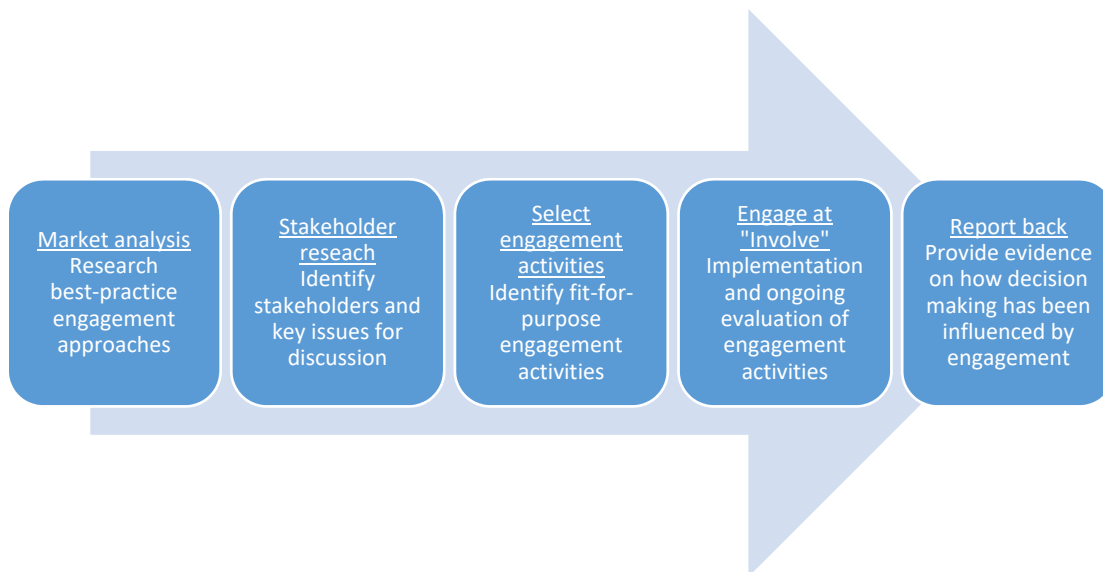
Engagement Objectives

Powerlink set the following engagement objectives for its 2018-22 Revenue Proposal:

- Engage early at the “Involve” level of the IAP2 Spectrum where possible by seeking input on methodologies and processes rather than “Consult” on outputs
- Undertake research to identify key stakeholder and customer issues and engagement preferences
- Present information in a clear and accessible manner so that customers can meaningfully participate in engagement activities and provide informed feedback
- Ensure a clear scope of engagement outlining which elements of Powerlink’s operations and decision making they can influence
- Educate Powerlink staff to improve engagement skills and identify engagement opportunities, building a solid internal culture that values and embraces engagement with customers and consumers
- Genuinely consider feedback received and ensure that stakeholder feedback has the appropriate level of influence on decisions
- Demonstrate how engagement has improved Powerlink decision making by regularly communicating with stakeholders about how their feedback was used.

Engagement Approach

The following diagram provides an overview of the engagement approach adopted by Powerlink:





Engagement Scope

The following aspects were part of the engagement scope for Powerlink's 2018-22 Revenue Determination process:

Topics discussed	Focus Areas
Capital Expenditure Forecasting Methodology	<ul style="list-style-type: none"> • Use of top-down, bottom-up "hybrid" approach • Criteria to select projects to support and complement top-down forecasts • Appropriate levels of replacement expenditure to maintain reliability • AER's assessment approach on replacement expenditure related to replacement lives
Operating Expenditure Forecasting Methodology	<ul style="list-style-type: none"> • Opex efficiency • Use of benchmarking • Evaluation of efficient base year
Demand and Energy Forecasting Methodologies	<ul style="list-style-type: none"> • Impact of technology on forecasting
Rate of Return	<ul style="list-style-type: none"> • Factors to consider when formulating Weighted Average Cost of Capital (WACC)
Transmission Pricing	<ul style="list-style-type: none"> • Options for transmission pricing methodology • Achieving price predictability
Network Planning	<ul style="list-style-type: none"> • Network resilience • Strategic value of land • Cost v reliability trade offs • Market impacts and transfer capability
Service Target Performance Incentive Scheme (STPIS)	<ul style="list-style-type: none"> • Bonus and penalty arrangements
Engagement Approach	<ul style="list-style-type: none"> • Topics to be discussed • Preferred engagement techniques • Stakeholder identification



Engagement Activities

Powerlink used the following techniques to engage on its 2018-22 Revenue Determination:

Engagement Category	Techniques used
Face-to-face engagement	<ul style="list-style-type: none">• Powerlink Customer Panel• Stakeholder briefings• Industry presentations• Transmission Network Forum• Demand and Energy Forecasting Forum• Area Plan Forums
Online engagement	<ul style="list-style-type: none">• Transmission pricing webinar• Powerlink website
Research	<ul style="list-style-type: none">• Stakeholder Perception Survey• Customer Issues Perception Survey• Desktop review of engagement approaches by other network businesses