

Revenue Proposal Reference Group (RPRG)

Meeting overview – 31 January 2020



Full minutes of RPRG meetings can be accessed at www.powerlink.com.au/2023-2027-regulatory-period

Key topic	Key discussion highlights and actions
Benchmarking – action from previous meeting	<ul style="list-style-type: none">• Powerlink presented an indicative overview of its 2019 benchmarking performance for preliminary consideration.• Discussion focused on the impact of ‘energy not supplied’ on benchmarking results.• Powerlink will continue working with the Australian Energy Regulator (AER) regarding benchmarking results and associated assumptions.
Integrated System Plan (ISP) and contingent projects	<ul style="list-style-type: none">• Powerlink noted that contingent projects provide a path for amending a Revenue Determination during a regulatory period, if certain pre-defined triggers occur. Although contingent projects often represent large potential investments, few have been triggered. Powerlink highlighted that the Actionable ISP Draft Rules also provide that specific ISP-identified projects are deemed contingent.• The group discussed initial views of the Draft 2020 ISP and potential Queensland-related ISP projects.• Powerlink presented a proposed approach to classifying contingent projects into three streams: specific large developments, future ISP projects, and reinvestments uncertain in time and/or scope.• The RPRG supported Powerlink’s intention to further investigate a potential regulatory ‘sandbox’ concept for including reinvestment projects within the contingent project framework.• RPRG members noted Powerlink’s initial thinking has merit and would help introduce more rigour and transparency for customers. In particular, members said they would like greater understanding on what triggers a contingent project, to ensure the process is robust and provides more certainty for customers and the market. <p>Key actions:</p> <ul style="list-style-type: none">• Powerlink to provide information on actual costs that have resulted from contingent projects compared to their indicative costs as per Revenue Proposals.• Powerlink to share its submission to the AEMC on regulatory sandbox arrangements.
Business Narrative	<ul style="list-style-type: none">• The RPRG provided feedback on the draft Business Narrative, in particular considering the document’s treatment of risk, the environment, future energy system transition, transmission charges and pricing signals, and network reinvestment, as well as better defining the document’s intended target audience. <p>Key action:</p> <ul style="list-style-type: none">• Powerlink to circulate a revised Business Narrative showing mark-ups in response to RPRG feedback.
Service Target Performance Incentive Scheme (STPIS) review	<ul style="list-style-type: none">• Powerlink discussed its request for the AER to review STPIS (Version 5), as well as Powerlink’s previous, current and expected future performance. Powerlink noted concerns the scheme is no longer fit-for-purpose in the rapidly changing energy environment – in particular regarding the Market Impact Component (MIC). Powerlink highlighted that other TNSPs share similar concerns.• The group discussed the complexities of appropriately timing an AER review of the scheme, particularly in light of the likely deferral of Coordination of Generation and Transmission Investment (COGATI) reforms relating to STPIS – which may not apply until Powerlink’s 2028-32 regulatory period.• Powerlink emphasised its interest in working with the AER, customers and stakeholders to facilitate a review of the scheme which would make suitable amendments that could be applied for Powerlink’s upcoming 2023-27 period.• The RPRG supported Powerlink’s position for a review of STPIS. The RPRG is keen to ensure a STPIS that appropriately incentivises improvements in network performance and ensures reliability drivers are relevant to benefit market participants and customers. <p>Key action:</p> <ul style="list-style-type: none">• Powerlink to seek advice from the AER about estimating market impacts linked to network constraints.



More information

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