

## I. Introduction

This Revenue Proposal presents the Queensland Electricity Transmission Corporation Limited's (Powerlink's) proposed revenue requirements for prescribed transmission services for our next regulatory period from 1 July 2022 to 30 June 2027.

We have developed our Revenue Proposal consistent with Chapter 6A of the National Electricity Rules (the Rules), the Australian Energy Regulator's (AER's) Framework and Approach Paper<sup>1</sup> and the Final Regulatory Information Notice (RIN) issued to Powerlink by the AER dated 14 October 2020 for the purpose of this Revenue Proposal (the Reset RIN).

Our Revenue Proposal reflects the outcomes of extensive engagement with our customers and stakeholders, including our Customer Panel and a sub-group of that panel, the Revenue Proposal Reference Group (RPRG), the AER and the AER's Consumer Panel for our Revenue Proposal (CCP23). We acknowledge the time and resources committed by our customers and stakeholders as part of this process, which has provided us with valuable insights and feedback on key aspects of our Revenue Proposal.

Our Revenue Proposal comprises:

- an overview paper presenting a 'plain language' summary of our Revenue Proposal for electricity customers;
- the Revenue Proposal (this document);
- appendices and supporting information for the Revenue Proposal;
- templates and supporting information required by the Rules and the Reset RIN; and
- our Proposed Pricing Methodology.

### I.1 About Powerlink

We are a Government Owned Corporation that owns, develops, operates and maintains the electricity transmission network in Queensland. Our transmission network runs approximately 1,700km from north of Cairns to the New South Wales (NSW) border.

Our role in the electricity supply chain is to transport high voltage electricity generated at power stations, through the transmission grid to the distribution networks owned by Energex and Ergon Energy (part of the Energy Queensland Group) and Essential Energy (in northern NSW) to ensure a safe, secure, reliable and cost-effective power supply to almost five million Queenslanders.

We also transport electricity to industrial customers such as rail companies, mines and mineral processing facilities, and to NSW via the Queensland/New South Wales Interconnector (QNI) transmission line.

We are registered with the Australian Energy Market Operator (AEMO) as a Transmission Network Service Provider (TNSP) and we hold a Transmission Authority issued under the *Electricity Act 1994*. We have also been appointed by the Queensland Government as the entity responsible for transmission network planning in Queensland (the Jurisdictional Planning Body) for the purposes of the Rules<sup>2</sup>.

### I.2 Our services

We provide prescribed transmission services consistent with the Rules, the *Electricity Act 1994* and our Transmission Authority. These services include:

- shared transmission services provided to directly-connected customers and distribution networks (prescribed Transmission Use of System (TUOS) services);
- connection services for the Queensland Distribution Network Service Providers (DNSP) who are connected to our transmission network (prescribed exit services);
- grandfathered connection services provided to generators and customers directly-connected to the transmission network that were in place on 9 February 2006 (prescribed entry and exit services); and
- services required under the Rules or to comply with jurisdictional electricity legislation that are necessary to ensure the integrity of the transmission network, including through the maintenance of power system security and quality (prescribed common transmission services).

<sup>1</sup> Final Framework and Approach Paper for Powerlink, Australian Energy Regulator, July 2020.

<sup>2</sup> National Electricity Rules, Chapter 10.

The quality, reliability and security of supply of the prescribed transmission services we provide are established in the Rules, our Transmission Authority (and other jurisdictional legislation and instruments), and customer connection and access agreements.

### 1.3 Structure of this document

This Revenue Proposal document provides an overview of our business and operating environment, customer engagement process, expenditure forecasts and proposed revenue requirements for the 2023-27 regulatory period.

Table 1.1: Structure of this document

Chapter	Content
1	Introduction.
2	Business and operating environment and an overview of the opportunities and challenges we face now and into the 2023-27 regulatory period.
3	Customer engagement approach and how customer input has contributed to the development of our Revenue Proposal.
4	Historical capital and operating expenditure.
5	Capital expenditure forecast for the 2023-27 regulatory period.
6	Operating and maintenance expenditure forecast for the 2023-27 regulatory period.
7	Cost escalation rates and project cost estimation approach.
8	Calculation of our Regulatory Asset Base (RAB).
9	Rate of return, taxation allowance and inflation forecast.
10	Depreciation forecast.
11	Maximum Allowed Revenue (MAR), based on our building-block forecasts and revenue adjustments.
12	Proposed pass through arrangements.
13	Assessment of shared assets.
14	Efficiency Benefit Sharing Scheme (EBSS) and Capital Expenditure Sharing Scheme (CESS) forecasts and 2018-22 regulatory period carryovers.
15	Service Target Performance Incentive Scheme (STPIS) 2018-22 regulatory period performance and 2023-27 regulatory period targets.
16	Proposed Pricing Methodology.
17	Approach to the Demand Management Innovation Allowance Mechanism (DMIAM).

### 1.4 Conventions

In our Revenue Proposal we have applied the following number conventions, unless otherwise specified:

- negative figures are presented in brackets;
- historical and forecast expenditure is presented in end-year (to 30 June) real 2021/22 dollars; and
- our revenue building-blocks from the Post-Tax Revenue Model (PTRM) are presented in end-year (to 30 June) nominal dollars.

Totals presented in tables may not add due to rounding.

The source of all figures and tables is Powerlink, unless otherwise specified.

### 1.5 Confidential information

We do not claim confidentiality over any part of this Revenue Proposal document.

Where confidential information has been identified in separate appendices and supporting information, a confidential version has been provided to the AER and registered consistent with the AER's Confidentiality Guideline<sup>3</sup>.

<sup>3</sup> Better Regulation: Confidentiality Guideline, Australian Energy Regulator, November 2013.

## 1.6 Governance and compliance

Our Board has issued a resolution in relation to this Revenue Proposal to certify that the key assumptions that underlie the capital and operating expenditure forecasts are reasonable<sup>4</sup> (refer to Appendix 1.01).

We also provide a Statutory Declaration from our Chief Executive in relation to the historical and forecast data contained in our Reset RIN (refer to Appendix 1.02).

To assist the AER in assessing our Revenue Proposal's compliance with the Rules, we have provided a compliance checklist in Appendix 1.03. Our compliance checklist to the Reset RIN is provided in Appendix 1.04.

We have provided a document register, consistent with the requirements of Section 1.6 of the Reset RIN, in Appendix 1.05 Document Register.

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<sup>4</sup> National Electricity Rules, schedule S6A.1, clause S6A.1.1(5), S6A.1.2(6).