13. Shared Assets

13.1 Introduction

Shared assets are assets used to provide both prescribed and either non-regulated transmission services or services that are not transmission services[1]. The assets may be fixed (e.g. poles), mobile (e.g. vehicles) or non-physical (e.g. radio frequency spectrum).

This chapter sets out Powerlink's assessment of our forecast unregulated revenues from shared assets for the 2023-27 regulatory period. The purpose of this assessment is to determine whether any adjustment is required to our proposed annual revenue.

Key highlights:

- Shared Asset Unregulated Revenues (SAUR) for the 2023-27 regulatory period have been assessed as not material, based on the Australian Energy Regulator's (AER's) 2013 Shared Asset Guideline (the 2013 SA Guideline) approach. Therefore, we have not adjusted our proposed annual revenues in our Revenue Proposal.

13.2 Regulatory requirements

The National Electricity Rules (the Rules)[2] allow the AER to reduce a Transmission Network Service Provider's (TNSP's) annual revenue requirement to reflect the costs attributable to services which generate unregulated revenues. The AER's approach to making an adjustment to revenue is set out in its 2013 SA Guideline[3].

The 2013 SA Guideline sets out the following process to establish the shared asset cost reduction for each year of the regulatory period:

- determine the SAUR;
- determine whether the SAUR is material (i.e. exceeds 1% of the proposed annual revenue requirement); and
- where the SAUR is material, calculate the shared asset cost reduction (equal to 10% of the SAUR), subject to:
  - application of the control step (i.e. a cap); and/or
  - adjustments for contributed assets, if any.

Where the SAUR is not material, no further action is required. Materiality and the unregulated revenue relevant to cost reductions are determined by averaging the forecast SAUR over the 2023-27 regulatory period.

The 2013 SA Guideline allows for TNSPs to propose an alternative method to calculate a cost reduction. The TNSP must demonstrate that customers would be no worse off compared to the 2013 SA Guideline approach.

In addition, the 2013 SA Guideline states that where assets provide prescribed transmission services and unregulated services consistent with a TNSP's Cost Allocation Methodology, the shared asset mechanism does not apply.

13.3 Shared assets assessment

Our assessment shows the unregulated use of shared assets is not forecast to be material (i.e. remains under the 1% materiality threshold) in any year of the 2023-27 regulatory period. As a result, we propose no adjustment to our annual revenues in our Revenue Proposal (see Table 13.1).

1 National Electricity Rules, clause 6A.5.5(a).
2 National Electricity Rules, clause 6A.5.5.
3 Shared Asset Guideline, Australian Energy Regulator, November 2013.

Table 13.1: Materiality assessment ($m nominal)

	2022/23	2023/24	2024/25	2025/26	2026/27	Total
Proposed smoothed Maximum Allowed Revenue (MAR)	689.7	701.1	712.8	724.7	736.8	**3,565.1**
1% of smoothed MAR	6.9	7.0	7.1	7.2	7.4	**35.6**
Average annual SAUR	3.2	3.2	3.2	3.2	3.2	**15.8**
SAUR as % MAR	0.5%	0.5%	0.4%	0.4%	0.4%	
Exceed 1% Materiality Test	**No**	**No**	**No**	**No**	**No**	

13.4 Our approach

We have applied the AER's approach outlined in Section 13.2 to determine whether a revenue adjustment should be applied. We have adopted the same methodology to estimate our SAUR as applied in our previous Revenue Proposal.

13.4.1 Shared asset unregulated revenues

We have identified three categories of non-regulated services that use shared assets and are applicable to the shared assets mechanism in the 2023-27 regulatory period. These are:

- Oil testing and laboratory services – specialist oil testing, Sulphur Hexafluoride (SF_6) gas testing and diagnostic services from our on-site laboratory.
- Property rentals – rental income may be generated from property (land or buildings) acquired by Powerlink either directly or incidentally to the purchase of property required for the future development of our prescribed transmission network.
- Tower access – where space on transmission and communications towers is provided to co-locate mobile phone carriers' equipment.

Table 13.2 set outs Powerlink's forecast of unregulated revenues for these services provided by means of shared assets.

Table 13.2: Forecast SAUR ($m real, 2021/22)

	2022/23	2023/24	2024/25	2025/26	2026/27	Total
Oil testing and laboratory services	0.3	0.3	0.3	0.3	0.3	**1.3**
Property rentals	0.6	0.4	0.4	0.7	0.7	**2.8**
Tower access	2.2	2.2	2.2	2.2	2.2	**10.9**
Total	**3.1**	**2.9**	**2.9**	**3.1**	**3.1**	**15.0**

13.4.2 Materiality

The 2013 SA Guideline states that SAUR will be considered material when the average for the period is greater than 1% of the total smoothed revenue requirement for that regulatory year.

Our unregulated use of shared assets for the three categories of non-regulated services applicable to the shared assets mechanism in the 2023-27 regulatory period are not forecast to exceed the 1% materiality threshold in any year. As a result, no revenue adjustment has been applied.

13.5 Summary

We have assessed that forecast shared asset unregulated revenues for the 2023-27 regulatory period are not material. Therefore, no revenue adjustment has been applied in our Revenue Proposal.