

Revenue Proposal Reference Group (RPRG)

Meeting overview – 10 December 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
Progress update	<ul style="list-style-type: none">• RAB has been declining in real terms over the current period and is forecast to decline in both real and nominal terms in the next period.• Per customer RAB has declined at a rate of 3% p.a. over the current period, and is forecast to continue to decline at a rate of 3% p.a. in the next regulatory period.• RAB per MWh has remained relatively flat during the current period, and is forecast to decline at a rate of 2% p.a. in the next regulatory period.
Update on contingent reinvestments, RAB transfer, shared assets	<ul style="list-style-type: none">• Powerlink has decided not to pursue contingent reinvestment projects in our Revenue Proposal.• This decision will not result in a change to the capital expenditure forecast (of \$865.3m) presented to the Customer Panel on 26 November 2020. The forecast included additional ex-ante capital expenditure to provide for targeted life extension of the assets that were the subject of the proposed contingent reinvestment (approximately \$21m).• Powerlink is investigating potential asset transfers into the RAB of up to approximately \$50m (\$21/22, real).• At this stage, Powerlink does not anticipate an adjustment to the Maximum Allowed Revenue (MAR) for shared assets. <p>Key actions</p> <ul style="list-style-type: none">• <i>Powerlink to clarify what would have been the contingent reinvestment spend in this regulatory period and next regulatory period.</i>
Benchmarking	<ul style="list-style-type: none">• Econometric benchmarking of TNSPs is not well developed, even internationally. Australia is further limited by the small sample size of only five TNSPs.• The effect of the change in weightings confirms benchmarking results for TNSPs cannot be used deterministically.• HoustonKemp found Powerlink is operating relatively efficiently when compared to our peers and there is nothing to indicate our proposed 2018/19 base year opex is “materially inefficient”. Please note the use of the term “materially inefficient” reflects terminology used by the AER.• HoustonKemp found Powerlink’s opex MPFP performance is consistent with other TNSPs and has improved over time.
Engagement evaluation	<ul style="list-style-type: none">• Discussions around engagement approach and feedback on approach to date.• Importance of informal and formal feedback.• Overview of engagement KPIs• Input into what Powerlink is seeking from the Customer Panel meeting (without Powerlink representatives) discussing engagement and capable of acceptance criteria. <p>Key actions</p> <ul style="list-style-type: none">• <i>Powerlink to circulate a high-level overview of the Stakeholder Perception Survey key findings.</i>• <i>Powerlink to prepare a range of brief overview sheets on additional key topics related to the Revenue Proposal by the end of January.</i>
Next steps	<p>Key actions</p> <ul style="list-style-type: none">• <i>RPRG to advise Powerlink if they would like a “dial-in” session on STPIS in January, with the view to holding a full RPRG meeting in late February/early March.</i>



More information

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