

Revenue Proposal Reference Group (RPRG)

Meeting overview – 29 October 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
Customer Panel meeting to discuss Draft Revenue Proposal	<ul style="list-style-type: none"> Summary of Customer Panel meeting (excluding Powerlink representatives) provided by Robyn Robinson. Key focus areas of the meeting included productivity, capital expenditure, contingent projects, system strength and the current inflation review. The group highlighted the difficulty in providing a joint submission due to the need for each representative's organisation to approve a formal submission and varying perspectives on key topics. <p>Key action</p> <ul style="list-style-type: none"> Customer Panel members to provide a summary of views, comments and perspectives to Powerlink on the Draft Revenue Proposal.
Capital Expenditure	<ul style="list-style-type: none"> Capital expenditure – discussion on more evidence required by Powerlink to demonstrate how it is addressing customer concerns around affordability and the proposed 12% increase on capex. Contingent projects – assessment and determination on how projects are triggered and approved. Queries around uncertainty of costs and if an indication of confidence intervals would provide clarity. Discussion on the purpose and process of strategic easement acquisition, in particular impacts on the Regulated Asset Base if a strategic easement is no longer required. <p>Key actions</p> <ul style="list-style-type: none"> Powerlink to consider inclusion of post-investment reviews in the Revenue Proposal as evidence of successful delivery of large capex programs.
Operating Expenditure	<ul style="list-style-type: none"> Discussion on achievability of Powerlink's 0.8% productivity target and evidence around how the business will look to meet this, with further clarification sought on benchmarking. Powerlink acknowledged the challenge to meet this target and has adopted a 'constructive discomfort' approach to drive efficiencies across the business. Opex impacts on the Efficiency Benefit Sharing Scheme and what this would mean for Powerlink and customers. <p>Key actions</p> <ul style="list-style-type: none"> Powerlink to provide details on its average productivity for 2006-2019, compared to the industry average and the 0.8% being proposed. Powerlink to circulate the HoustonKemp report to the RPRG once finalised. Powerlink to provide more information on specific productivity initiatives.
Financial elements (including planning for the upcoming insurance deep dive)	<ul style="list-style-type: none"> Discussions around incorporating a metric to demonstrate regulated asset base (RAB) trends. Transmission pricing consultation is nearing completion and will determine Powerlink's proposed pricing methodology for the next regulatory period. <p>Key actions</p> <ul style="list-style-type: none"> Powerlink to consider providing information on insurance coverage arrangements for landholders and greater context around the process to determine insurance arrangements (e.g. individual entity or global comparison assessment). Powerlink to consider forecast impacts of the AER's Inflation Review. Powerlink to provide the 'RAB per customer' or 'RAB per MWh delivered'. Regarding depreciation, Powerlink to consider outlining insights into the transition arrangements and pricing impacts after incorporating the forecast change in inflation.
Engagement	<ul style="list-style-type: none"> Customer Panel and RPRG were very positive regarding Powerlink's open and transparent engagement approach. The group encouraged more detail on broader engagement with regional stakeholders and landholders where relevant. <p>Key actions</p> <ul style="list-style-type: none"> Powerlink to include stakeholder feedback received via Stakeholder Perception Survey and draft Revenue Proposal webinar in the Revenue Proposal. Powerlink to consider an engagement process for contingent projects.
Other elements	<ul style="list-style-type: none"> The AER reiterated that a review of the Service Target Performance Incentive Scheme (STPIS) is not required at this time, however they are investigating when a review may be appropriate at a later date.



More information

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