

Engagement Plan Post Revenue Proposal Lodgement

Powerlink Queensland

AUGUST 2021
Version 1

2023-27
REVENUE
DETERMINATION
PROCESS



Purpose

The purpose of this plan is to guide Powerlink's engagement approach between the lodgement of its Revenue Proposal in January 2021 to the Australian Energy Regulator (AER) and the submission of our Revised Revenue Proposal in December 2021.

We acknowledge that while significant elements of our Revenue Proposal have gained support from our customers, or conditional support pending AER review, it is important to continue to engage with customers prior to the lodgement of our Revised Revenue Proposal.

Given the significant engagement undertaken to date on our 2023-27 Revenue Proposal, this plan is focused around Customer Panel/Revenue Proposal Reference Group (RPRG), AER and AER Consumer Challenge Panel (CCP23) engagement. We will also undertake broader engagement as necessary and appropriate (e.g. with our directly connected customers on our Proposed Pricing Methodology).

To provide clarity and ease of reference, we developed this separate plan to guide activities post Revenue Proposal lodgement. However, please note that this plan builds on and should be considered in conjunction with our [previous Engagement Plan](#) which guided activities in the lead up to the submission of our 2023-27 Revenue Proposal.

Our engagement commitment, goals and principles

Engagement on our Revenue Determination process is an extension of our business as usual engagement activities. Our engagement is guided by our commitment to the following:

- [Stakeholder Engagement Framework](#)
- [Powerlink's Customer Service Charter](#)
- [The Energy Charter](#).

We remain committed to our co-design engagement approach with our customers, and our long-standing engagement goal:

To undertake engagement to deliver a Revenue Proposal that is capable of acceptance by our customers, the Australian Energy Regulator and Powerlink.

Our goal is underpinned by our engagement principles:

- **Active Engagement** - actively involve customers and stakeholders in developing and refining our engagement approach.
- **Appropriate Influence** - engage at the appropriate level of the IAP2 Spectrum so that customer and stakeholder feedback appropriately influences decisions.
- **Plan Ahead** - communicate timings for key engagement activities well in advance to maximise participation by customers and stakeholders.
- **Efficient Scope** - ensure scope leads to efficient engagement by discussing the elements of Powerlink's Revenue Proposal that have the greatest ability to be influenced and significant impact on Maximum Allowed Revenue (MAR) or improvement of outcomes.
- **Appropriate Resourcing** - provide education and funding support to allow customer representatives to undertake independent research and reviews if required.

- **Accessible Information** - present information in a clear and accessible manner so that customers and stakeholders can meaningfully participate in engagement activities and provide informed feedback.
- **Demonstrate Impact** - demonstrate how engagement has changed Powerlink's positions throughout the process by regularly communicating with customers and stakeholders about how their feedback was taken into account.

Post Revenue Proposal Lodgement Engagement Activities

January to June 2021

We have undertaken the following activities between January and June 2021 as part of our ongoing engagement. For reference, we have also included engagement activities undertaken by the AER which several of our customers participated in.

4 March - RPRG meeting

We provided an overview of key positions in the Revenue Proposal and engagement next steps, and had a detailed discussion on our positions related to the Service Target Performance Incentive Scheme (STPIS).

18 March - Customer Panel meeting

We discussed the Customer Panel's Statement on Engagement, which was lodged with our Revenue Proposal. In particular, discussions focused on the concept of capable of acceptance, with comments on the potential benefit of starting the conversation earlier about what capable of acceptance looked like and the criteria to be met.

8 April - AER Public Forum

The AER hosted a Public Forum on our 2023-27 Revenue Proposal, which included presentations from the AER, AER Consumer Challenge Panel 23 (CCP23), our Customer Panel, Energy Users Association of Australia (EUAA) and Powerlink. The overall feedback from presentations at the forum was positive, with the AER CCP23, EUAA and our Customer Panel broadly stating that our Revenue Proposal is reasonable/capable of acceptance, subject to the AER's review.

19 April - Customer Panel meeting (without Powerlink representatives)

The Customer Panel met without Powerlink representatives to shape its submission to the AER's public consultation process. The Panel identified four areas for further discussion with Powerlink:

- Operating expenditure productivity initiatives;
- Our Cost Allocation Methodology (CAM);
- Demand Management Innovation Allowance Mechanism (DMIAM); and
- Impact of potential future increases in the Weighted Average Cost of Capital (WACC).

12 May - Customer Panel meeting

We provided further information on the four topics identified by the Customer Panel and answered further questions from Panel members, to help inform submissions to the AER.

19 May - Customer Panel meeting (without Powerlink attendance)

The Customer Panel met without Powerlink representatives to finalise its submission to the AER's public consultation process.

March to May - Submissions to the AER on the Revenue Proposal

The AER called for submissions on our Revenue Proposal between 24 March and 24 May 2021. The AER received four submissions from our Customer Panel, EUAA, Aurizon Network and the AER's CCP23.

17 June - Customer Panel meeting

We provided a brief overview of the submissions received on our Revenue Proposal and identified potential future engagement activities prior to the release of the AER's Draft Decision in September 2021.

July to September 2021

Engagement between July and September 2021, prior to publication of the AER's Draft Decision, is primarily focused on the submissions received on our Revenue Proposal.

Powerlink reviewed each submission and published a summary document in August 2021 which outlined key themes, areas of support/endorsement and topics that require further discussion.

10 August - RPRG meeting

We discussed our response to public submissions, this engagement plan and engagement next steps, the DMIAM and capital productivity - a topic of interest raised by our Customer Panel, the EUAA and CCP23.

Note: This engagement plan was published on 16 August 2021 and is forward looking from this point.

October to December 2021

The AER is expected to publish its Draft Decision by end September 2021. We are required to lodge our Revised Revenue Proposal within 45 business days of the release of the Draft Decision under the Rules (indicatively, in early December 2021). This means there is little time for Powerlink to prepare its Revised Revenue Proposal. Given the timeframes, engagement must be suitably targeted.

The extent and topics of engagement between October and December 2021 will be considered and discussed with our Customer Panel after September 2021. Further engagement will be dependent on the content of the AER's Draft Decision and timeframes in the lead up to lodgement of the Revised Revenue Proposal.

14 October - AER Public Forum

The AER will host a Public Forum on its Draft Decision. The Forum will include presentations from the AER, Powerlink and CCP23.

22 October - Customer Panel meeting

A session will be held with the Customer Panel to provide an overview of the AER's Draft Decision, initial positions and likely areas of focus for our Revised Revenue Proposal and to discuss customer thoughts on capable of acceptance.

15 November - Transmission Network Forum

Powerlink's annual flagship engagement event provides the opportunity for customers and stakeholders to gain greater insights into the energy system transformation and latest information on our Revenue Determination process.

This year's event will be held in a hybrid format, with up to 150 attendees in person while also being live streamed. This reflects Powerlink's focus on providing regional and interstate customers and stakeholders with the opportunity to be involved in our engagement activities.

Directly connected customer engagement

Subject to the AER's approval of our Proposed Pricing Methodology in its Draft Decision, we intend to have further one-on-one discussions to help our customers understand the amendments we have suggested and what changes to expect going forward.

Post December 2021

After the lodgement of our Revised Revenue Proposal, the AER will call for public submissions on its Draft Decision and our Revised Revenue Proposal. We will consider and discuss with our customers what engagement activities may be required after this point and update this plan accordingly.

This may include:

- an RPRG/Customer Panel meeting to clarify any points in the Revised Revenue Proposal prior to the close of public submissions and for customers to provide their views on the Revised Revenue Proposal to Powerlink;
- post public submissions closing on the Revised Revenue Proposal, a discussion on any material matters raised; and
- a final wrap-up session with the RPRG/Customer Panel in May 2022, which will include an overview of the AER's Final Decision and a lessons learnt session to capture potential areas for improvement for the next Revenue Determination process or as part of BAU engagement.

Evaluation

We undertook an evaluation of our engagement activities prior to lodgement of our Revenue Proposal and will determine the most appropriate evaluation approach prior to our Revised Revenue Proposal.

Our evaluation approach will be guided by submissions made to our Revenue Proposal, direct customer feedback and the AER's Draft Decision is published in September 2021.

We also provided a self-assessment against a set of capable of acceptance criteria in section 3.2.3 of our Revenue Proposal. We expect to provide a similar self-assessment and provide an overview of AER CCP23, our Customer Panel and potentially AER views against the same criteria as part of our Revised Revenue Proposal.

We will also consider additions to the capable of acceptance criteria suggested by our Customer Panel in its submission to our Revenue Proposal and discuss whether capable of acceptance has been met after the AER's Draft Decision.

Business as Usual engagement

In addition to the activities outlined in this plan, which focus on engagement on our Revenue Determination process, there are a range of BAU engagement activities which provide opportunities for customers and stakeholders to influence Powerlink decision-making. These activities include:

- Customer Panel meetings – which focus on a range of topics including network investment, community engagement approaches, Integrated System Plan (ISP), Powerlink Strategy.
- Regional engagement – we are committed to engaging with regional customers and stakeholders. As part of this commitment, Powerlink planned to host an engagement forum in Cairns in May 2021. Unfortunately, this event had to be cancelled due to low customer interest. We are currently working on a format for regional engagement forums involve multiple parts of the business. A forum in Central Queensland is being planned for the second half of 2021.
- Local Government engagement – we regularly meet with Mayors, Councillors and senior executives of Local Government Areas (LGAs) to discuss Powerlink operations.
- Direct stakeholder briefings – briefing sessions are regularly organised with stakeholder groups.

Powerlink’s Post Lodgement Engagement Schedule

The following outlines at a high level the proposed timings of key engagement activities from lodgement of our Revenue Proposal in January 2021 up to lodgement of our Revised Revenue Proposal in December 2021 against key regulatory milestones. This schedule will be reviewed and updated as required.

| | 2021 | | | | | | | | | | | |
|------------------------------|-----------------------------------|-----|--|---|---|------------------------|------|--------------|--------------------|--|----------------------------|---|
| | Jan | Feb | Mar | Apr | May | June | July | Aug | Sep | Oct | Nov | Dec |
| Regulatory milestones | Powerlink lodges Revenue Proposal | | AER releases Issues Paper and calls for public submissions | AER Public Forum | Closing date for public submissions | | | | AER Draft Decision | AER Pre-determination Conference | | Powerlink lodges Revised Revenue Proposal |
| Engagement activities | | | RPRG meeting Customer Panel meeting | AER Public Forum Customer Panel meeting [#] | Customer Panel meeting and Customer Panel meeting [#] | Customer Panel meeting | | RPRG meeting | | AER Public Forum Customer Panel meeting | Transmission Network Forum | |
| | One-on-one briefings as required | | | | | | | | | | | |

[#] Meeting was without Powerlink attendance.



Contact us

Registered office 33 Harold St Virginia
Queensland 4014 Australia
ABN 82 078 849 233

Postal address PO Box 1193 Virginia
Queensland 4014 Australia

Telephone +61 7 3860 2111
(during business hours)

Email pqenquiries@powerlink.com.au

Website www.powerlink.com.au

Social media    