

Revenue Proposal Reference Group (RPRG)

Meeting overview – 17 September 2021



Full minutes of RPRG meetings can be accessed at www.powerlink.com.au/2023-2027-regulatory-period

| Key topic | Key discussion highlights and actions |
|---|---|
| Demand Management Innovation Allowance Mechanism (DMIAM) | <ul style="list-style-type: none">• In July 2021, Powerlink requested the Australian Energy Regulator (AER) not apply the DMIAM to Powerlink's 2023-27 regulatory period. The DMIAM is forecast to provide Powerlink with up approximately \$3.3 million of operating expenditure for R&D demand management projects. Powerlink's position is that we can undertake this work as part of 'business-as-usual' (BAU) innovation activities.• Following discussion at the 10 August 2021 RPRG meeting, Powerlink received further feedback from customers and stakeholders. Powerlink was asked to provide more context around what work is already underway related to demand management and what knowledge sharing is occurring between Powerlink and other network businesses regarding demand management innovation.• Powerlink proposed to engage at the 'Empower' level in the International Association for Public Participation (IAP2) Spectrum and enable the Customer Panel to decide whether Powerlink should seek to apply the DMIAM in the 2023-27 regulatory period. Powerlink advised this approach had been endorsed by the Chief Executive and that Powerlink was genuinely open to implementing either option as part of our Revised Revenue Proposal, due for submission to the AER in early December 2021.• Powerlink also recognised and considered a submission from Queensland Energy Users Network (QEUN), which was lodged with the AER on this matter and did not support Powerlink's proposal. QEUN was invited to attend the September RPRG to provide input directly for Customer Panel and Powerlink consideration.• Key insights raised by RPRG and QEUN at the meeting included:<ul style="list-style-type: none">○ RPRG members commented they would need time to consider whether they could provide a decision to Powerlink as part of an 'Empower' level of engagement, and would need to discuss this with the wider Customer Panel;○ Powerlink was asked for further detail on what type of projects might be considered by Powerlink as part of the DMIAM;○ Queries on why DMIAM was limited to operating expenditure (opex) not capital expenditure (capex) under the DMIAM Guideline; and○ Questions about whether the application of DMIAM to Powerlink would result in additional projects being undertaken above BAU innovation activities.• Powerlink emphasised that if the Customer Panel decides to apply the DMIAM, we would take relevant steps to implement the mechanism in the next regulatory period, and engage with the Customer Panel accordingly.• RPRG members agreed to host a meeting of the wider Customer Panel (without Powerlink attendance) to discuss this matter in further detail with a view to coming back with its position at the next Customer Panel meeting in October 2021. <p>Key actions</p> <ul style="list-style-type: none">• Customer Panel members to consider whether they are able to provide a decision at the 'Empower' level of the IAP2 Spectrum in relation to DMIAM.• If able, Customer Panel to consider the appropriate application of the DMIAM and provide its decision at the next Customer Panel meeting on 22 October 2021. |
| Business Narrative | <ul style="list-style-type: none">• Powerlink highlighted that it was updating its Business Narrative document (last updated in April 2020) due to rapid changes in its operating environment.• Powerlink committed to sending a draft of the Business Narrative in September 2021 for review and comment by Customer Panel members.• The document is to be finalised as part of Powerlink's Revised Revenue Proposal submission.• Powerlink also committed to updating the document on an annual basis as part of BAU activities. <p>Key actions</p> <ul style="list-style-type: none">• Powerlink to circulate the draft Business Narrative to the Customer Panel for feedback. Updated version to be published in October 2021. |



More information

Telephone +61 7 3860 2111 or email revenueresetteam@powerlink.com.au