

Following input from members of the Asset Reinvestment Review (ARR) Working Group, the review scope has been updated:

Asset Reinvestment Review Scope (April 2022)

The asset reinvestment framework needs to consider:

- Social licence to operate over the asset life;
- How to better capture the benefits, including financial, of 'bundling' condition and compliance driven works within transmission line projects;
- How to better capture the challenges and costs, of access for Powerlink assets, both from a remote geographic and network outage perspective;
- The AER's Industry Practice Application Note – Asset Replacement Planning (Jan 2019);
- How to incorporate best practice approaches used by other networks;
- Future-proofing. Given the rapidly changing environment, there is a need to ensure improvements to asset reinvestments are sustainable of the longer-term; and
- How to ensure predictable and repeatable outcomes.

The scope needs to focus on both the prudence and efficiency elements of reinvestment capital expenditure. While recommendations from the review will be applied across asset classes as appropriate, the review will focus on our transmission line reinvestments.

In particular the review will look at:

- Powerlink's risk-cost modelling;
- the extent to which an economic risk-based framework informs network asset reinvestment decisions;
- the role of deterministic criteria in an economic assessment framework; and
- the balance between capital and operating expenditure.

The review will not focus on use of the Repex Model (Replacement Expenditure Model), given it is not used to determine reinvestment requirements in the normal course of business.