

Meeting Date	Location
4 May 2022	Hybrid – Powerlink Offices/Teams meeting

Attendees

Name	Organisation
Mark Henley	Uniting Communities
Bev Hughson	Darach Energy Consulting Services
Chris Hazzard	St Vincent de Paul
Andrew Broadbent	CS Energy
Albert Tong	AER
Nathaniel Dunnett	Powerlink
Jenny Harris	Powerlink
Gerard Reilly	Powerlink
David Gibbs	Powerlink
Lutfiye Manli	Powerlink
Roger Smith	Powerlink
Jules Taylor	Powerlink

Meeting Minutes & Actions

Comments (C), questions (Q) and response (R)

Meeting commenced with overview of agenda.

Agenda items:

- Review updated scope
- Built section definitions and examples
- Strawman of review focus areas
- Discuss and agree site visit arrangements
- Outstanding questions on pre-reading
- Wrap-up actions for next meeting

Agenda review

Acknowledgement that action for GM Finance to provide update on accounting treatment of built sections will occur at the July meeting.

Q. With the accounting treatment discussion will it be focused on CAPEX and OPEX or will it be more about a built section and how that operates in the accounting system?

R. We can expand to include that in the discussion. We will also include a definition of CAPEX and OPEX as we understand that different transmission businesses have a different definitions.

Review of Asset Reinvestment Scope

ARR Working Group members were provided with an updated version of the review scope, outlining the main change being the second point around the definition of a built section and how it impacts on interventions and timing. Reference to discussion around the benefits and how we better capture and communicate the benefits of bundling versus individual tower approach. Also retained is the mention of future-proofing to ensure review recommendations will be sustainable long term.

Q. On the future proofing, how broadly are we going to look at that? Are we going to review in context of the ISP, the REZ and the QEP? Are going that broad or keep it narrow?

R. I don't think we need to go that broad. What was your thinking around future proofing was it more around resilience?

C. Yes it was more about network resiliency and the changing flow of electrons does the historic decision making and frameworks still apply to the future. Just questioning that, it may still be very valid but ensuring we test that thinking.

Q. Is that more around enduring need?

R. Enduring need, two way flow of electrons does that change things how does more decentralisation change things.

R. Probably a matter of testing our recommendations to see which ones would be more valid going forward under the different scenarios that may exist.

Q. I'm happy with the wording there but there is one question that I think might be useful to clarify in the minutes is who our key audience is/are for this work? Should there be a communication strategy to share the outcomes further afield.

R. Great question I think the key audience is the Powerlink Board, Executive and relevant SME's but having said that, we are very keen to share and have transparency of the work that's going on as part of this review. Maybe as we get closer to the review being finalised we look at a communication strategy that the working group is happy with.

C. Would it be included in the agenda of the next Transmission Network Forum.

R. That happens in November so we may not be finished the review but there might be a potential to include an update in the agenda. Powerlink people present at conference and industry events so I'm sure they will be including the outcomes of this in their presentations.

Q. How do you see this report being socialised through Powerlink, the executive team, the board or the staff who may need to change some of their practices?

R. It will be circulated to the Executive Team and the Board and get sign off and it will impact various areas of the business as part of normal BAU to implement change.

C. It will also be socialised before its even finalised so we can discuss some of the progress that's being made and the directions and potential recommendations.

C. For us to be testing some of the early recommendations we're going to need to be talking to internal parts of the business so they can go away and test it.

C. Exactly it needs to be a dynamic process that allows the people impacted by the recommendations to have input on whether it is reasonable and possible.

Group asked whether they would like to finalise the current scope parameters. Group members endorsed the scope.

Built Section Definitions

An update of the glossary to include So Far As Reasonably Possible (SFARP) and As Low as Reasonably Possible (ALARP) definitions.

Q If we did look at changing the definition what could be the potential flow on impacts to our asset management approach?

R. I think that's what we need to consider. We need to consider with each approach/definition how that may affect the asset management approach. The asset management approach also includes what's done as CAPEX and what's done as OPEX.

R. So it might not change the condition of each tower but it might change how you deal with it.

C. So the corrosion itself is not going to change. The condition assessment is not going to change. But how you treat it and what you treat it as whether its OPEX or CAPEX that trade off does.

Q. Will there be consideration of sampling rates if you're splitting it into smaller built sections? That may lead to additional towers to be sampled which may not be practical in terms of the resources available.

R. That may impact the policy. You may have to change that policy to remain as efficient as you are now. We would have to look at our asset management treatment.

Q. Would there be any situations where an enduring need may change for a built section over time so that you end up assessing a whole built section yet parts of it don't have that enduring need anymore and you're actually investing in the asset because it's part of a built section rather than assessing its enduring need?

R. The enduring need would be based on the entire transmission line unless there was a "tee off" from that line. The "tee off" might have a different enduring need from the main line.

R. But this is not common it would be very rare.

Strawman of built section review focus

Proposals based on previous discussions by the group on potential ways forward in terms of built sections.

Additional option on the table based on recent activity based on what other TNSPs do where a transmission line is broken up into asset classes so the conductor would be an asset class the insulators an asset class, the towers would be an asset class.

Powerlink has looked at this approach in the past because we spend a significant amount of OPEX on replacing insulators whereas other TNSPs categorise as a CAPEX expenditure. With this approach a built section would have three assets instead of one because of each asset class.

C. I quite like option breaking the built section into asset classes because this is what I've seen from other businesses. I'm not saying this is suitable for what you need to do because every business is slightly different but it's worthwhile noting some are 55000ISO certified.

Q. Is there an engineering basis that we can use to find the range of a standard length of a built section?

R. Ignoring the land access issues, but when you get into the construction phase you would start with a team digging and installing the foundations and they would move along the line route, although there may be some interruptions if you have a river or something like that along the route. Then you would typically have a separate team to follow the foundations team to erect towers on the foundations, and when you've constructed structures along significant sections you come in and install conductors and insulators.

The whole thing is constructed together as one project so consistency of design and supply and is more efficient.

Breaking it into smaller sections will have no impact on the construction or the engineering.

C. Option 2 seems to be the least change in terms of difficulty within the existing system you already have a way of determining environments, ways of estimating corrosion. As a starting point it does seem to align better with existing approach.

C. So what you're saying is that when a line is constructed it's usually constructed all at the one time. So when you look at it from a corrosion perspective the environment is the biggest driver of the change in the asset. Therefore it makes sense to use that as a driver for the built section definition.

Overview of strawman comparison of options

To test the viability of the options, we will use two lines in each of our three geographical regions southern, central and northern.

C. The existing corrosion regions are quite extensive. What we are looking to do as part of option two is something far more localised. Maybe region is a misleading term. You might be looking at the geographic changes the line goes through.

C. What is an enabling scope to an opportunistic scope? This is why I'm in favour of option 4 because if you go down to the lower level assets it's easier to pull apart those scopes. I'm not saying you do option 4 at a project level. You want to do the assessment in terms of these components at a portfolio level.

C. It seems to me that we may be wanting some sort of classification regarding access difficulty.

C. Can I suggest a new option - option 5 where an accessibility index which might take into account age of asset, climate zone, distance from depot and geographic location.

C. So we will now go away and do due diligence on each option to see whether that option is worth pursuing and if we do then we can do the more in-depth testing and analysis.

C. Just important to note that if we are suggesting new asset classes we need to get the AER's approval on this as part of a Revenue Proposal.

C. AER approval only required if the new asset class doesn't fit into your existing CAPEX asset classes. If they are materially different.

C. So in closing a key action from this meeting will be for Powerlink to complete a high level assessment of the strawman options and report back at the next meeting on which options warrant further investigation.

C. I think it's also important that we include in that high level assessment of what the downstream implications may be.

Site Visit Overview

One day visit to Rocklea Tower Farm to view structures and some of the compliance challenges then onto another location that exhibits access issues and corrosion examples.

It will be a full day 9-4pm there will be PPE requirements but will confirm this and come back to you to coordinate these items if need be.

Confirmed we will cancel existing meeting Wednesday 8 June and arrange site visit date use the July meeting to report back on high level findings.

Pre-reading documents

Specific information for the Ross Chalumbin line was included – with a confidential version of the project pack that was prepared for the revenue reset. Previously we have sent the summary around that has the initial condition assessment the planning statement the scope and risk assessment risk analysis.

Q. Would you mind talking through the base case for the RIT-T for Bayview Heights, my understanding the base case is a do nothing approach and it just all goes through OPEX for the life of the asset.

R. The RIT-T requires us to compare the options required against a base case. The AER rules allow for some level of CAPEX to be included in the base case. We've taken the view that a reasonable way of setting up a base case is having an actual view of the risks if you weren't do the work. Maintenance costs would go up in response to any particular condition based failure but also you carry those risks whether that be network or safety risks. They all get quantified and measured out over the life of the asset. It's not 'do nothing' per se it is do nothing different to what you currently do.

Actions from meeting

Action	Responsible	Timing
Finalise date and itinerary for day site visit	Powerlink	May 2022
Cancel existing meeting for June	Powerlink	May 2022
Clarity on PPE requirement for site visit	Powerlink	May 2022
Finalised scope circulated	Powerlink	May 2022
High level assessment of the strawman options and report back at the next meeting – analysis provided week prior to the meeting	Powerlink	July 2022
Lock in attendance of GM Finance to present on built section accounting at July meeting	Powerlink	June 2022
Project Plan for the review	Powerlink	July 2022
Draft potential table of contents for what the review report might look like	All	June 2022