

Asset Reinvestment Review Working Group

4 May 2022



Acknowledgement

Powerlink acknowledges the Traditional Owners and their custodianship of the lands and waters of Queensland and in particular, the lands on which we operate. We pay our respect to their Ancestors, Elders and knowledge holders and recognise their deep history and ongoing connection to Country.

- Welcome and Review Agenda
- 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

Asset Reinvestment Scope (May 2022)

The asset reinvestment framework needs to consider:

- Social licence to operate over the asset life;
- Built section definition and its impact on the intervention timing and scale of works;
- 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.

Updated Scope (cont'd)

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.

Updated Scope (cont'd)

The review deliverables will include:

- A draft and then a final report prepared with input from ARR Working Group members that:
 - provides clear recommendations on improvements to Powerlink’s asset management approach
 - sets criteria to guide successful implementation of report recommendations – “what does success look like?”
- A 12-month post-review report to outline how the recommendations have been implemented and benefits created.

Built Section Definitions

Built Section (BS) - a section of transmission line that was built/commissioned under a single project, and generally contains structures with identical or very similar characteristics. (from glossary)

Built Section Concept

Transmission lines are composed of Built Sections, each considered to be an asset, allowing the assignment of an appropriate asset value. The use of Built Sections supports the implementation of appropriate life cycle management practices for each asset, while at the same time recognising that the management practices applied on a complete transmission line may vary based on the characteristics of built sections forming parts of the line and its environmental location.

Strawman of built section review focus

Option 1 – using existing built section concept as defined above

Option 2 – built section starting with option 1 concept but further broken down into environmental regions

Option 3 – built section starting with option 1 concept but further broken into fixed lengths – say 25km or 50km

Option 4 – another option as defined by the working group

Apply each option to two lines in southern, central and northern regions as a test case.

Proposing two locations on one day (June or July meeting)

- Rocklea Tower Farm
 - Hosted by Powerlink Lines Team Leader
 - View the types of tower structures located in our network
 - Demonstration of the climbing techniques carried out using different available climbing aids
 - Two hours to incorporate presentation/demonstration and question time.
- Transmission built section (line TBA)
 - Hosted by Powerlink Lines Team Leader
 - Access one tower on a built section easement to illustrate (identify and discuss) access challenges and impacts
 - Visit a tower containing nuts and bolts/ members with corrosion and quantify to a HI rating

Site Visit Discussion (cont'd)

Some implications for consideration

- Will need to extend the time requirement for this excursion from 9 – 3pm
- PPE required for both locations (steel cap boots, long sleeve shirt and pants, hard hat)
- We won't have a formal meeting on the day
- Need to confirm availability for either June or July meeting.

Questions on Pre-reading Material



Actions for Next Meeting

- Finalise scope based on feedback
- Confirm site visit date and format send out itinerary and requirements
- Finalise meeting minutes