



Customer Panel Meeting

7th March 2024



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.

Information

Dear reader

We publish information in connection with our customer panel on our website, for information purposes only.

While we make every effort to make sure the information regarding our customer panel is informative, this information may reflect works in progress and may be updated or amended from time to time.

You should not rely on the information as a substitute for obtaining your own detailed independent advice.

The information does not constitute legal, regulatory or business advice, and we do not guarantee its accuracy, suitability, fitness for purpose, reliability or completeness.

Information regarding our customer panel may include the views or recommendations of third parties and does not necessarily reflect the views of Powerlink Queensland or indicate a commitment by us to a particular course of action.

Thank you

1. Welcome

2. System Strength Unit Pricing rule change

3. Blueprint & Priority Transmission Investment framework – update

4. Break

5. Scene-setting: next revenue determination

6. Brief update on ring fencing

7. Queensland Renewable Energy Zones update

8. Close



Powerlink's Revised System Strength Unit Price (SSUP) Rule Change Proposal

Sally Taylor
Manager Pricing and Billing



Background

- What is system strength (SS)?
- **New obligations** on Powerlink as the System Strength Service Provider for Queensland including publishing its first SSUPs on 15 March 2023
- The difference between the revenue we collect through system strength charges and the payments we make to procure system strength resources is recovered from consumers through prescribed transmission charges.
- Powerlink's published SSUPs were prepared in accordance with the rules and AER approved Pricing Methodology.

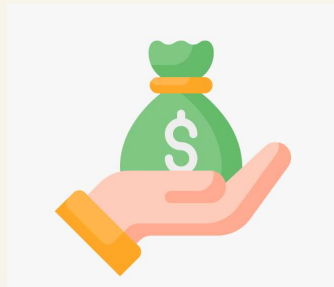
Powerlink's Rule Change Proposal

- Proposal to allow us to reset our SSUPs for Queensland between 15 March and 14 April 2024
- Aims to:
 - improve the integration of inverter-based resources into the power system;
 - support the transition to a low carbon future at a lower cost to energy consumers;
 - enable us to update SSUPs for new information obtained through testing the market for system strength services as part of our Regulatory Investment Test for Transmission *Addressing System Strength Requirements in Queensland from December 2025*.



Impact on Powerlink Customers

- Results in lower system strength charges paid by connecting parties who opt to receive system strength services from Powerlink.
- Sends a stronger investment signal to inverter-based generation and load customers to connect in Queensland in support of a faster transition to a low carbon future.
- Encouraging higher uptake of centrally procured system strength services, expected to reduce overall costs to Queensland electricity consumers.



AEMC Consultation Paper

- The AEMC released its paper on Powerlink's SSUP Rule Change in January
 - The AEMC opted to use an expedited (8-week) process as it considered our request non-controversial.
 - Draft rules allow all connection applicants subject to the new SS framework the opportunity to benefit from the revised SSUPs
 - Submissions to the paper closed in February
 - Determination expected date 14 March 2024
- Allows Powerlink's revised SSUPs to be published between 15 March and 14 April



Powerlink Customer Panel Update on Priority Transmission Investments

Not govt policy | For discussion purposes only

7 March 2024



Queensland
Government

Acknowledgement of Country

I would like to respectfully acknowledge the Yagara and Turrbal people, the Traditional owners of the land on which this event is taking place and Elders both past and present.

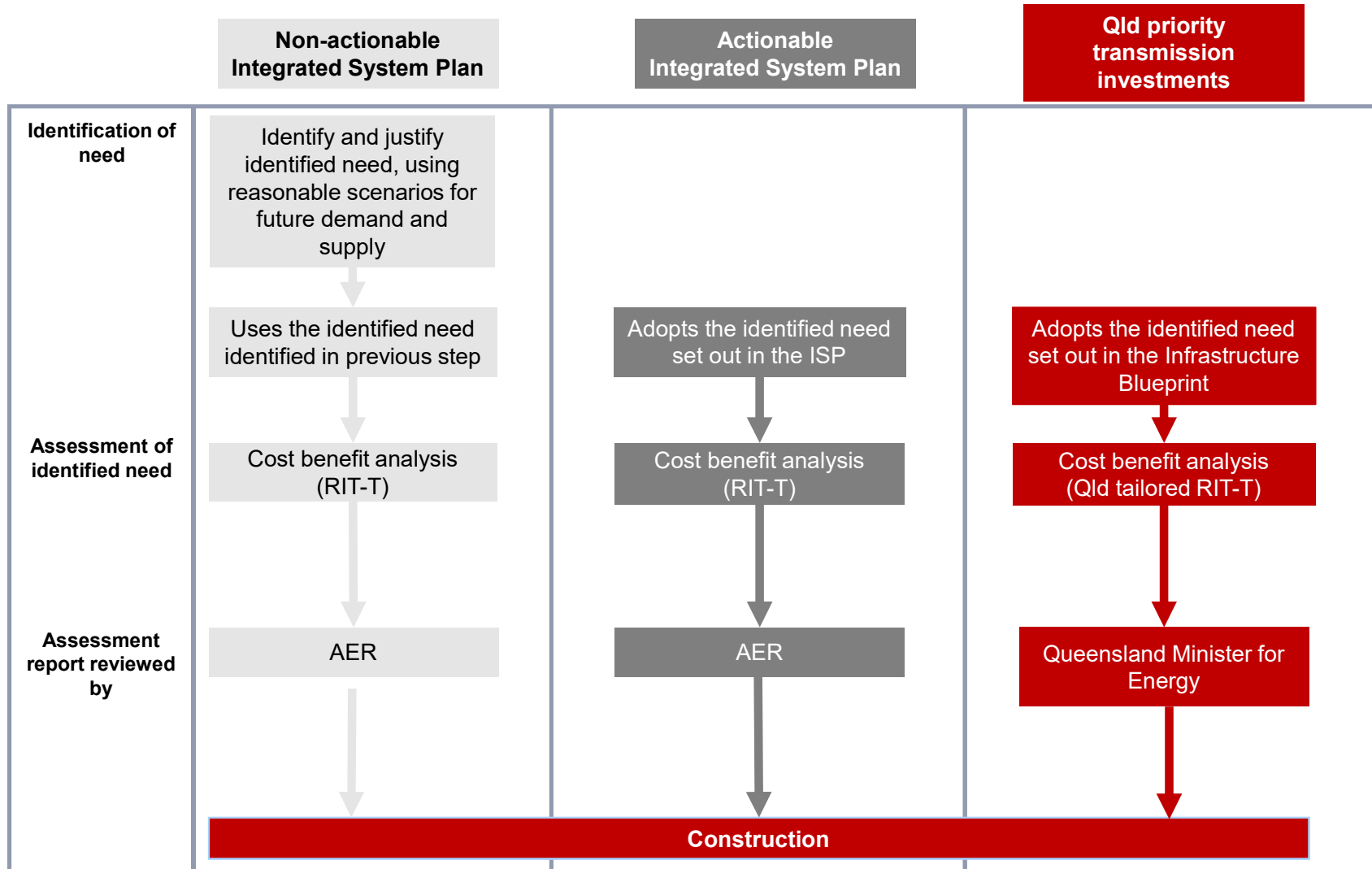
I also recognise those whose ongoing effort to protect and promote Aboriginal and Torres Strait Islander cultures will leave a lasting legacy for future Elders and leaders.

Building Communities
Art by Casey Coolwell-Fisher, Chaboo Designs

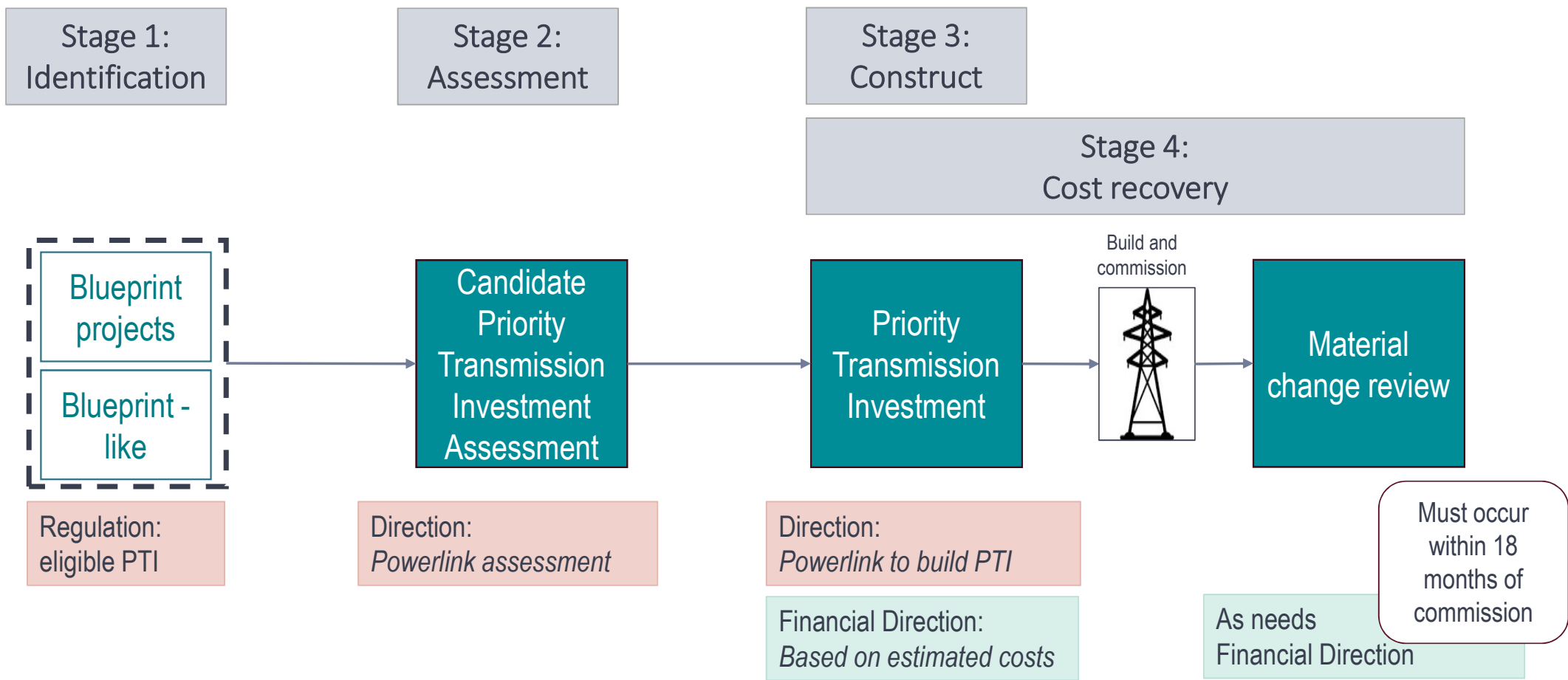


Queensland
Government

RECAP: Priority transmission investments (PTI)

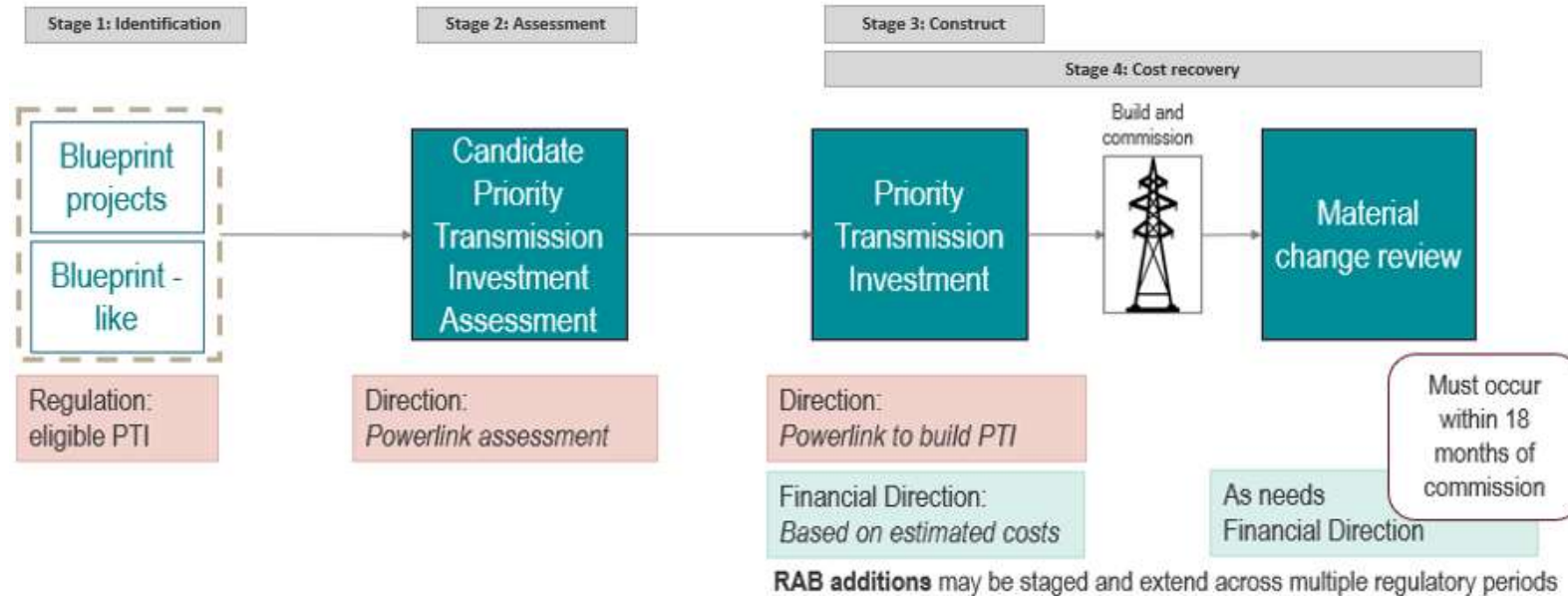


RECAP: 4 stages of PTI framework



RAB additions may be staged and extend across multiple regulatory periods

Making the PTI framework operational



Regulations

Assessment documents

Primary PTI allowance direction

RAB allocation direction

Material change PTI direction

Guidelines

Administration of PTI process

Principles to modify the RIT-T

Principles for making financial directions

Modifying the RIT-T

Regulatory Investment Test
Transmission: a cost benefit analysis, that identifies the credible option that maximises the present value of net economic benefit to all those who produce, consume and transport electricity in the market (the preferred option)



- RIT-T
- State cost benefit analysis, of Optimal Infrastructure Pathway

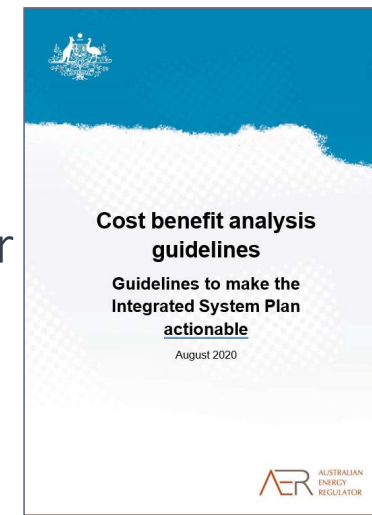


Instrument:
High level

+



Or



Guidelines:
How to do it

Modifying the RIT-T – proposed approach

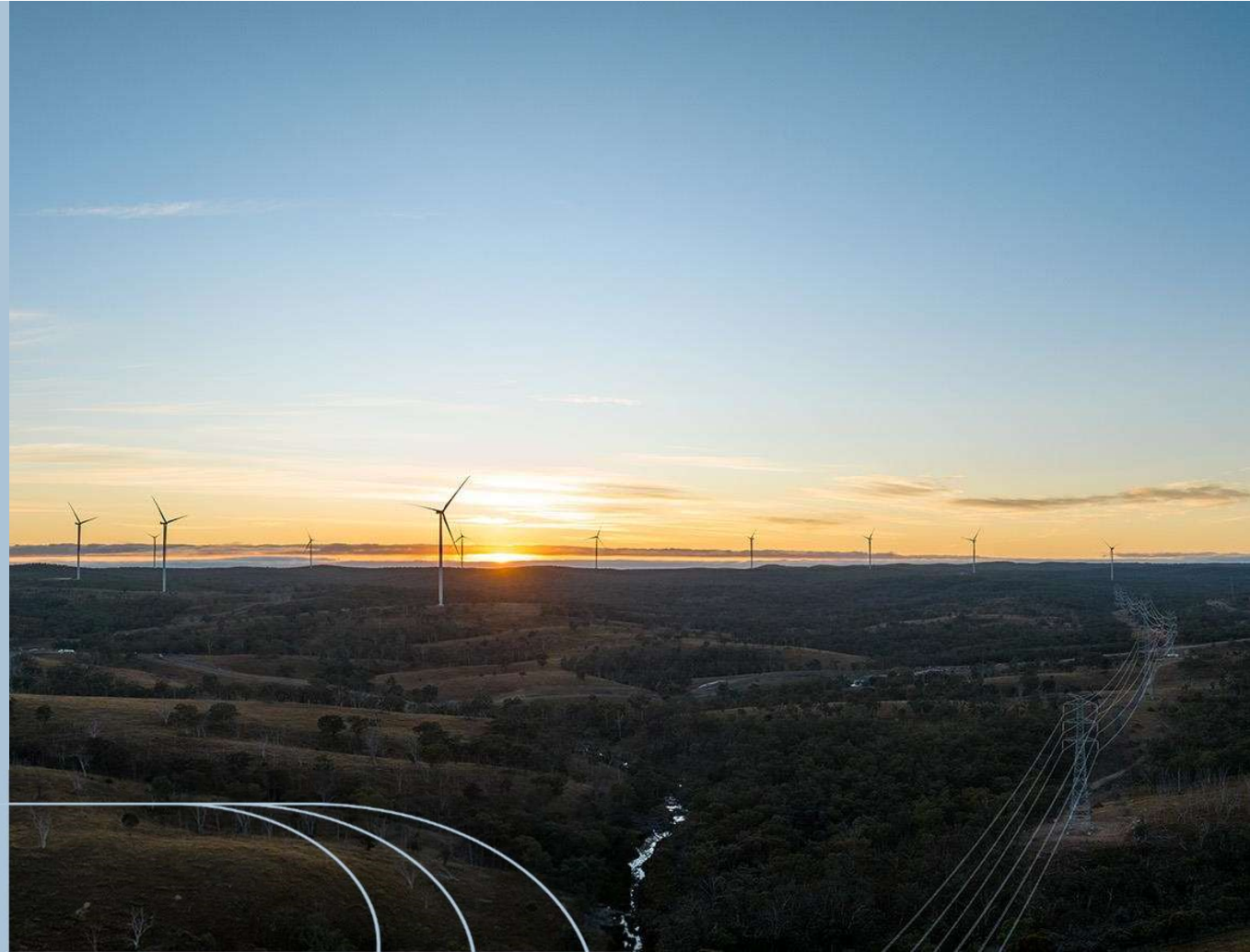
Principles to support ‘minimal as practical’ and ‘appropriate’ changes to the RIT-T

- State identified need
- Negative net NEM economic benefit permitted
- Concept of base case retained. Assumptions relevant to base case provided by responsible Ministers
- Criteria for credible options retained. Will include Infrastructure Blueprint option, where practicable.
- Inputs, assumptions and scenarios may include those relied on in development of Infrastructure Blueprint (noting independent assessor, consultation and suitably qualified person advice)
- Suitably qualified person advice on process takes place of admin disputes
- Consultation will remain important (designed within constraints of delivery deadlines for PTI)



UPDATE & YOUR INPUT

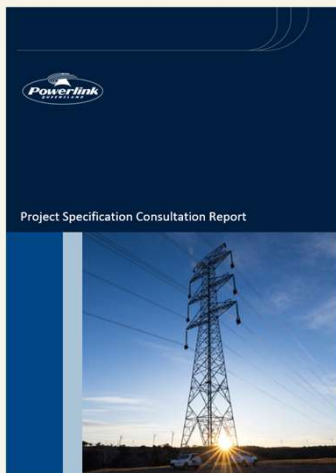
Priority Transmission Infrastructure (PTI)



Recap – Our PTI engagement principles

- Clear
 - the process, roles and responsibilities are clear
- Transparent
 - the process is transparent, providing confidence in the process and decisions arising
- Active
 - the engagement approach is fit-for-purpose and responsive to stakeholder feedback
- Flexible
 - the timeframes are flexible and reflective of PTI project milestones while allowing genuine engagement
- System-perspective
 - the process and information is placed clearly and proportionately within the whole framework and recognises that it is part of a system-wide transformation program.

Indicative engagement and consultation

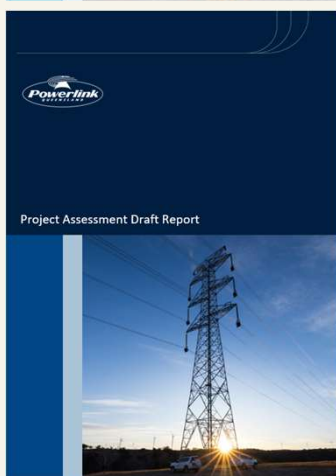


RIT-T

Description of identified need

Outline of credible network options and parameters for non-network solutions

Potential material change of circumstance triggers



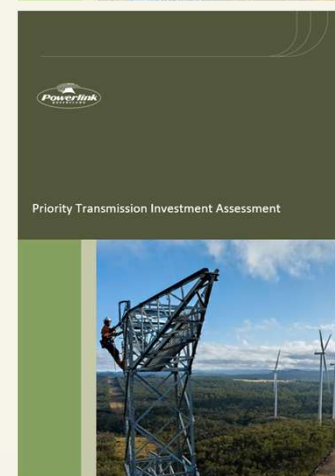
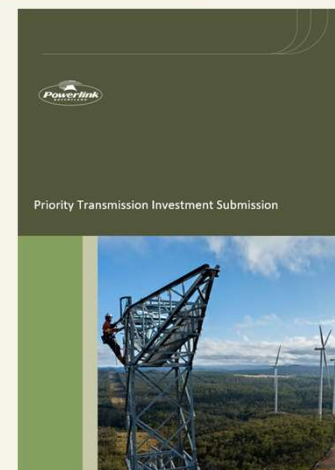
Assessment of credible options

PTI

Description of identified need

Start/completion date of candidate PTI

Minimal changes proposed to RIT-T and guidelines



Assessment of credible options

Progress and next steps

- The customer panel sub-group informed our initial thinking on engagement
- More clarity is now available around legislation and regulations
- Desire to re-engage with sub-group to seek additional input, specifically
 - what should we engage on as part of submission and assessment process – where is the greatest value?
 - who should be engaged and at what stage?
 - how should we engage with interested parties – should we adopt a different approach for each stage?
 - where are the residual concerns specifically with respect to clarity, transparency, timing, other?
 - what else do we need to consider?

Break
2.25 –
2.40pm

1. Welcome
2. System Strength Unit Pricing rule change
3. Blueprint & Priority Transmission Investment framework – update
4. **Break**
5. Scene-setting: next revenue determination
6. Brief update on ring fencing
7. Queensland Renewable Energy Zones update
8. Close



Powerlink 2028-32 Revenue Determination Process - *Scene Setting*

Jennifer Harris
General Manager Network Regulation



Revenue Determination Fundamentals

- What is it?
- Why does it matter?
- Initial considerations
- Timeframes – indicative

Initial Considerations

Approach to Revenue Proposal

- Length of period
- Forecasting approach
- Team/resourcing

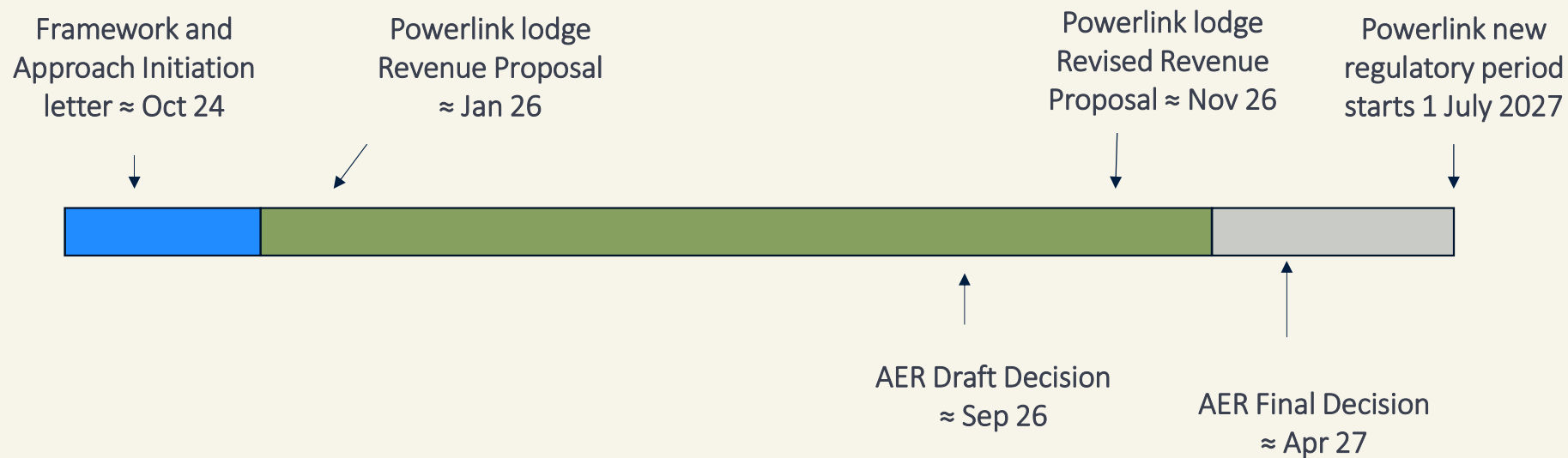
Capex

- Ex-post prudency review
- Priority Tx investments

Cost Escalation

Engagement

Key Regulatory Timeframes - *indicative*



Note – current regulatory period is 1 July 2022 to 30 June 2027



Queensland Renewable Energy Zones

Powerlink Customer Panel
7 March 2024



Queensland
Government

Legislation in development

Commitments

- ✓ Renewable Energy Targets
- ✓ Job Security Guarantee
- ✓ Public Ownership

Frameworks

- ✓ Infrastructure Blueprint
- ✓ Priority Transmission Investments
- ✓ Renewables Energy Zones

Governance

- ✓ Qld Energy System Advisory Board
- ✓ Energy Industry Council
- ✓ Renewable Energy Jobs Advocate

Components of the REZ Legislation

Planning

- REZ declarations
- REZ Management Plans (RMP)
- REZ Readiness Assessments

Access and Connection

- Role of REZ Delivery Body (RDB)
- Modifications to open access regime and application of the RMP (relevant criteria for eligible projects)

Cost Recovery

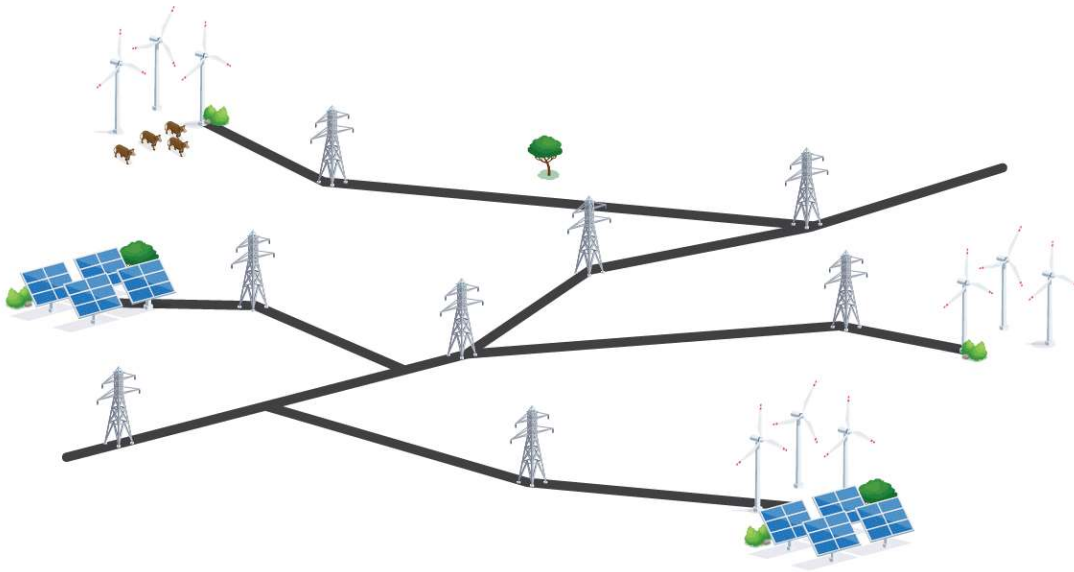
- REZ participants contribution on commercial basis
- Shortfall may be recovered through prescribed transmission services (subject to Ministerial decision)

Transitional and Other Arrangements

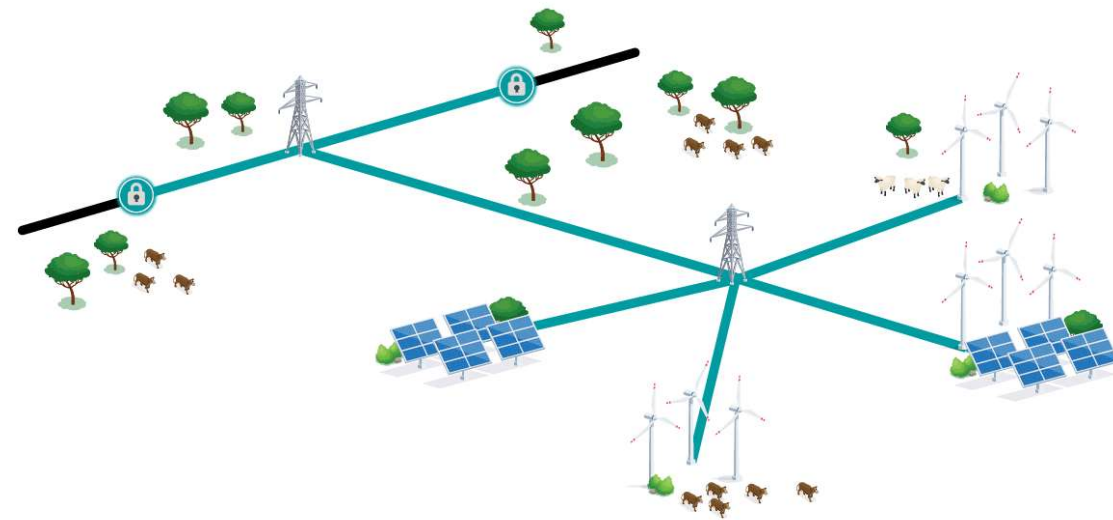
- Rights associated with connection and access to the shared network and DNAs are preserved to the extent necessary to provide investors with certainty.

New levers for coordinated development

Uncoordinated development



Coordinated REZ development



Transmission network

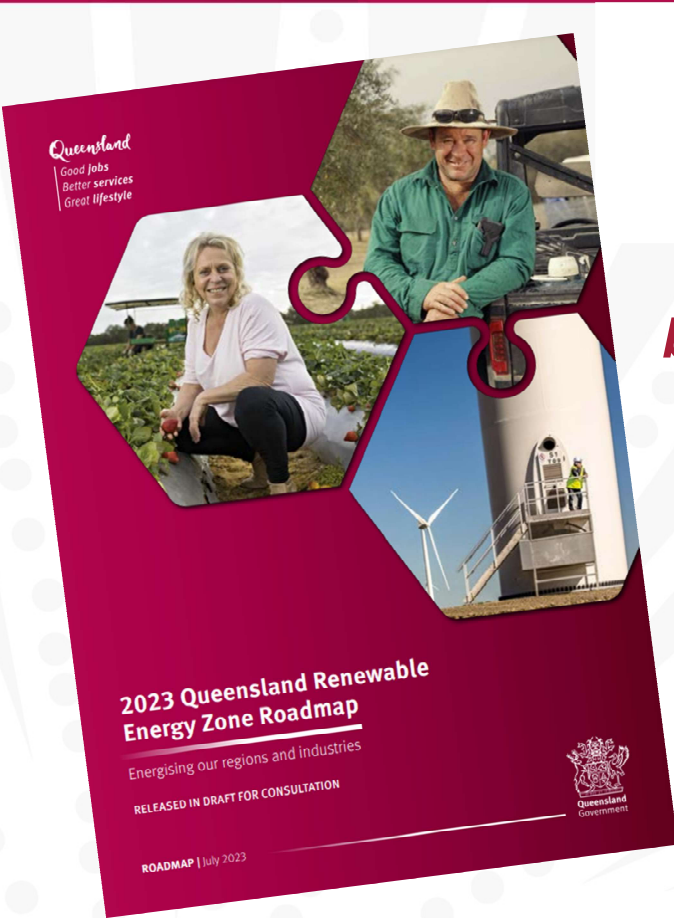


REZ connections optimised



Coordinated REZ transmission network

Draft REZ Roadmap



12 indicative locations for future REZ development based on a market led approach

REZ Readiness Assessments

Engagement with communities

Coordinated benefits

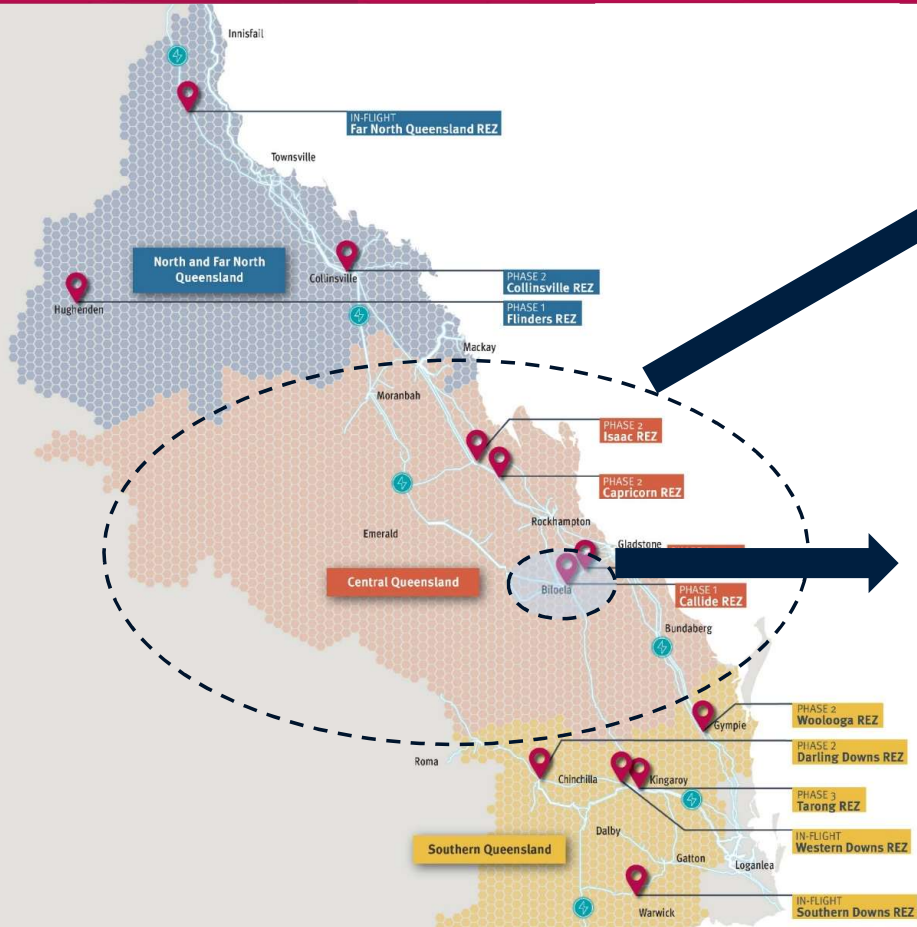
REZ Readiness Assessments

REZ Readiness Assessments will help identify opportunities in regions as part of renewable energy development, as well as mitigations for cumulative impacts of development.

Queensland Government has allocated **\$6 million** to support initial assessments kicking off in 2024.



Types of REZ Readiness Assessments



Strategic REZ Readiness Assessment considers matters at a regional level across the pipeline of REZ development

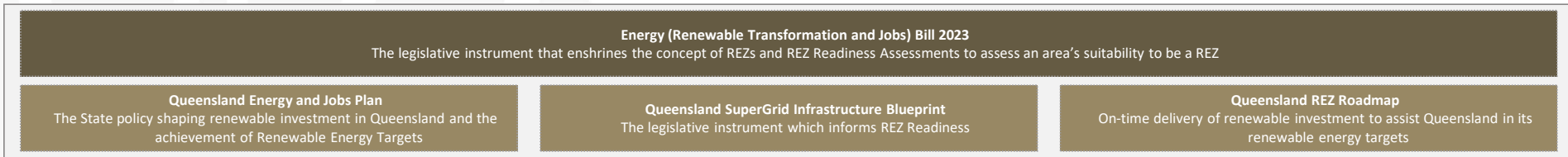
Detailed REZ Readiness Assessment considers matters at a local level for a specific proposed REZ development

Strategic vs Detailed REZ Readiness Assessment

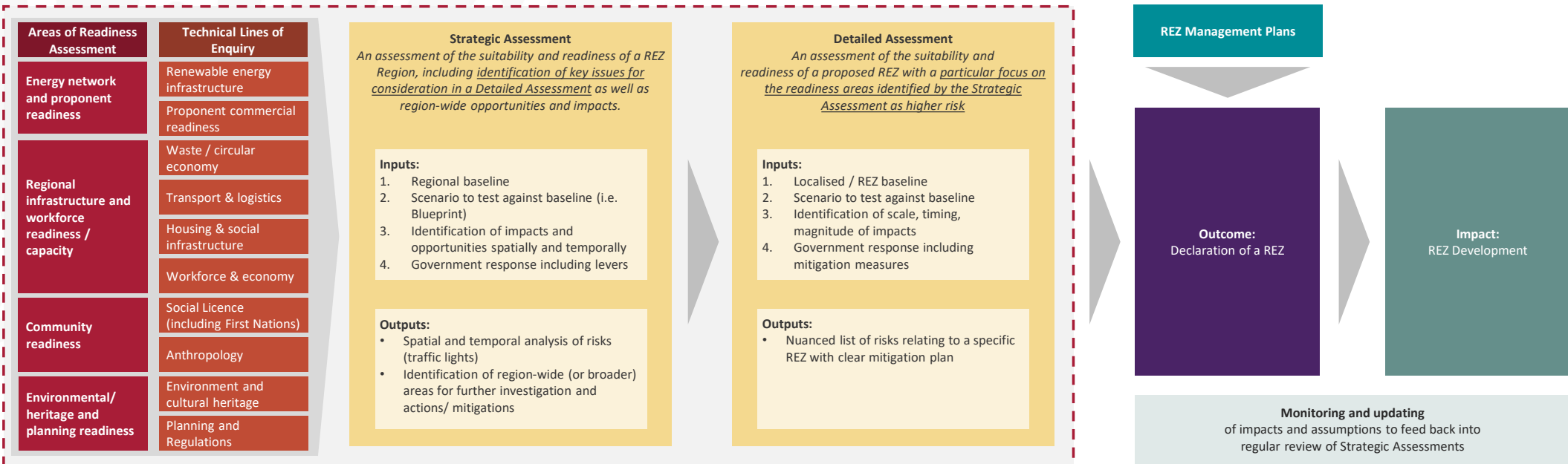
	Strategic	Detailed
<i>Objective</i>	<ul style="list-style-type: none"> Assessment of the readiness of a REZ Region to host the scale of renewable energy development envisaged by the REZ Roadmap; Identification of impacts for further consideration in a Detailed Assessment; and Identification of regional scale impacts/ opportunities and responses. 	<ul style="list-style-type: none"> Assessment of the readiness of a proposed REZ to host the scale of renewable energy development envisaged by the REZ Roadmap; Assessment of local impacts identified through the Regional Assessment Assessment of local impacts unique to the context of the local area
<i>Stakeholders</i>	Peak bodies; infrastructure network owners; Regional Organisations of Council; regional planners; and government agencies / government owned corporations.	Community members / representatives; landowners; local government; local businesses; and government agencies / government owned corporations.
<i>Timeframe</i>	Impact profile to reflect whole of life impacts (i.e. 30 years) commencing in line with the proposed REZ Roadmap Phases	Impact profile to reflect whole of life impacts (i.e. 30 years) commencing in line with the timing proposed in the REZ Roadmap (i.e. Callide declared in 2024)
<i>Geography</i>	Regional scale (i.e. 10 local governments in the Central Queensland REZ Region)	Local scale (i.e. an area within a single local government)
<i>Impacts Assessed (examples)</i>	<p><u>Example 1:</u> Regional transport corridor level capacity and network constraints that will be realised by the profile of anticipated development.</p> <p><u>Example 2:</u> Identification of areas of national environmental significance likely to trigger an EPBC Act referral process if impacted by the anticipated development.</p>	<p><u>Example 1:</u> Identification of local and State roads within the proximity of the REZ that will either constrain development or likely be impacted by it.</p> <p><u>Example 2:</u> Identification of areas of local environmental significance that will influence the profile of project development and / or proactive protection measures.</p>
<i>Outputs</i>	<ul style="list-style-type: none"> Assessment of temporal and spatial impacts at a regional scale; A 'heat map' of high, medium, and low risks (and areas of opportunity) to inform further investigation in the Detailed REZ Readiness Assessments. Identification of regional scale mitigation measures that could be considered by Government and regional stakeholders. 	<ul style="list-style-type: none"> Temporal outputs that identify risks and opportunities, with a particular emphasis on the near-term construction phase impacts. Spatial outputs that identify the localised risks and opportunities geographically across the REZ. Detailed assessment of probable impacts that reflect the unique baseline of the local area, as well as the identification of potential mitigation measures.

REZ Readiness Assessment Framework

Policy and legislative landscape







REZ Readiness Assessment Framework



Government actions to support REZ development

Technical Lines of Enquiry

Areas of Readiness Assessment	Technical Lines of Enquiry	
 <p>Energy network and proponent readiness to deliver the renewable energy transformation</p>	Renewable energy infrastructure	Proponent commercial readiness
 <p>Regional infrastructure and workforce readiness / capacity to facilitate the renewable energy transformation</p>	Housing and social infrastructure	Transport and logistics
 <p>Community readiness to understand and ultimately buy into the renewable energy transformation</p>	Waste / circular economy	Workforce and economy
 <p>Readiness of environmental and anthropological protections to ensure the sustainability of the renewable energy transformation</p>	Anthropology	Social Licence (including First Nations)
	Environment and cultural heritage	Planning and Regulations

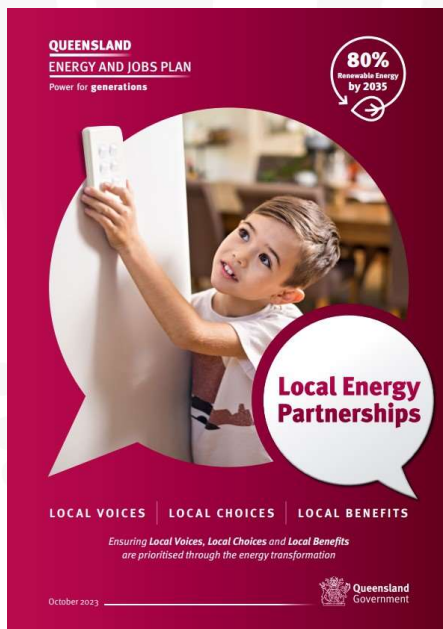
Further supporting local outcomes



- Released in October 2023 at LGAQ Annual Conference as an initial response to emerging themes from consultation
- Continues our commitment to ensure the people who live and work in regional Queensland see tangible benefits
- Takes forward the seven principles for the energy transformation and represents a clear step in our journey with regional communities.
- More initiatives and actions to take forward

Local Energy Partnerships

A framework for community participation and sharing benefits in the energy transformation



Local Voices

- More engagement with communities
- Greater role for the GasFields Commission Queensland
- Improving practices in the renewable energy industry
- Partnering with peak bodies to engage and support communities
- Understanding shared land use implications

Elevating local voices with more genuine and ongoing engagement

Local Choices

- Partnering with Local Councils
- Improving access to information for regions
- Improving coordination and facilitation
- Reviewing planning frameworks for renewables

Empowering local choices and ensuring focus on local priorities

Local Benefits

- Increasing regional internet speeds
- Investigating more ways to share benefits
- Helping mobilise local supply chains

Working with communities to embed local benefits

Next steps



Sep 2022
QEJP and
Blueprint



Oct 2022
Draft
Partnerships
Framework



Jun 2023
Draft
Legislation



Jul 2023
Draft REZ
Roadmap



Late 2023
Local Energy
Partnerships
Framework
released

We are here



2024
Legislation in
place, REZ
planning ramping
up and REZ
Readiness
Assessments
kicking-off and
focus on
community



2025
First Blueprint
update

Consultation outcomes from 2023 are informing
next steps for REZ delivery and improving
community outcomes



Queensland Renewable Energy Zones

Customer Panel 7 March 2024



Queensland Renewable Energy Zones



	 In-flight	 Phase 1 (NOW – 2024)	 Phase 2 (2024 – 2028)	 Phase 3 (POST 2028)
--	---	---	--	--

North	500	500	5,100	5,100
Central	0	4,600	8,200	8,200
South	4,000	4,000	9,200	11,600
Total	4,500 MW	9,100 MW	~ 23 GW	~ 25 GW

REZ Delivery Body (RDB) – Roles and Activities

REZ Delivery Body

The REZ Delivery Body will be appointed by the Minister to carry out statutory functions

1. Roadmap input and REZ design - renewable plans that identify parts of Queensland that are suitable to be a REZ and recommend proposed REZ connection points to the network over time
2. Development of the draft and final REZ Management Plans that specify access arrangements (including within the REZ and for REZ Controlled Assets), subscription process, eligibility criteria, timing, generation mix and REZ Infrastructure
3. Conduct a REZ assessment on the recommendation of the Minister
4. Making recommendations to the Minister to declare a REZ

REZ Transmission Network Service Provider (Powerlink)

The REZ Transmission Network Service Provider owns, controls and operates the REZ transmission network and performs the following functions:


1. Plans, designs, constructs, owns and operates the REZ infrastructure as a Powerlink non-regulated asset, including corridor planning and easement acquisition
2. Making the Investment decision on the REZ infrastructure
3. REZ subscription including the assessment, qualification and selection of renewable developers
4. Maintaining social licence through social impact assessments and community engagement and investment

Powerlink's approach to REZs

PRINCIPLES

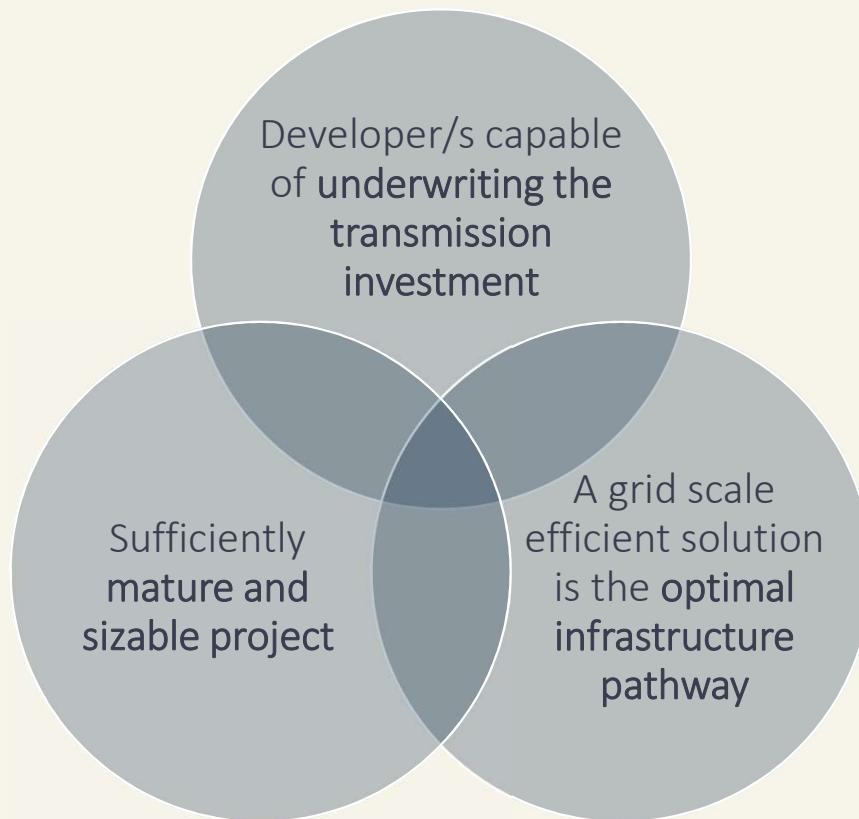
STRATEGIC CRITERIA



A photograph of a power line tower and wind turbines at sunset. The sky is a mix of orange, purple, and blue. The tower is on the right, and several wind turbines are visible in the distance on the left.

One of our stated objectives is to *'guide the market'* but we're not smarter than the market...

Queensland REZ based on a market-led approach



The 'market-led' approach is characterised by Powerlink working with developers to identify renewable energy projects which are of a size and sufficient maturity to drive efficient development of REZs.

REZs - Scale efficient grid solutions designed to deliver Queensland Energy and Jobs Plan objectives

Build scale efficient network solutions that:

- provide sufficient certainty to developers to ensure projects are bankable
- improve connection lead times and process efficiency
- reduce the cost of connection to developers
- are simple to operate
- maximise the utilisation of the assets
- minimise the impact on communities and environment
- optimise the benefit to communities.

Acknowledge there are competing objectives and trade-offs

Powerlink wants to hear from the market to inform our REZ approach

REZ pricing and access rights must be set optimally, against competing interests to ensure Powerlink's/Queensland Energy and Jobs Plan objectives are met:

- Pricing – ‘What will Developers pay’
- Access Rights – ‘Establish a level of certainty’
- Acknowledgement that REZ approach will not be ‘one size fits all’

Outside the REZs

- The connection process remains in accordance with Chapter 5 of the National Electricity Rules.
- Open access arrangements still apply to the shared transmission network.
- DNA framework remains (no change from current arrangements).

REZ market engagement - next steps

Powerlink will engage with the market to understand key factors that enable or hinder achievement of the objectives of the Energy Bill.

This will inform our approach in working with the Queensland Government, our customers, and other stakeholders to deliver REZs aligned with the purpose of the Energy Bill.

REZ pricing and access rights must be set optimally, against competing interests to ensure Powerlink's/Queensland Energy and Jobs Plan objectives are met:

- Pricing – ‘What will Developers pay’
- Access Rights – ‘Establish a level of certainty’
- Acknowledgement that REZ approach will not be ‘one size fits all’

Information to support REZ engagement

- Powerlink is drafting factsheets and other material to help with REZ stakeholder engagement activities.
- **We are seeking support from the customer panel to:**
 - Provide feedback on the readability of the initial draft factsheets (i.e., easy to read and understand)
 - Let us know what other questions or gaps you have after reading the factsheets
 - Reiterate to us how you interpret a what a REZ is, based on the factsheet information, to help us to optimise the material and how easily it is understood.



Questions?



Thank you