

Revenue Proposal Reference Group Meeting No.9

Details of Meeting	
Date and time of meeting	13:00 – 17:00, Wednesday October 15 2025
Location	Powerlink Offices, Virginia
Attendees	Organisation
RPRG members – customer representatives	
Alicia Kennedy	Queensland Farmers’ Federation (QFF)
Robyn Robinson	Council on the Ageing (COTA)
Chris Hazzard	St Vincent de Paul Society
Mark Grenning	Energy Users Association of Australia (EUAA)
Nardia Yeates	Aurizon
Katie-Ann Mulder (online)	Queensland Renewable Energy Council (QREC)
RPRG members – Powerlink representatives	
Roger Smith (RPRG Chair)	Director Revenue Reset
Gerard Reilly	General Manager Communications, Customer and Engagement
Jenny Harris	General Manager Network Regulation
Guests and speakers	
Jacqui Bridge	Executive General Manager Energy Futures
Darryl Rowell	Interim Chief Executive
Stewart Bell	Executive General Manager Operations and Planning
Mick Jones	Program Director Next Generation Network Operations (NGNO)
Michael Green	General Manager Energy and Digital Management
Emma Rogers	General Manager Strategic Network Operations
Jessica Purdy	Customer Engagement Specialist, Revenue Reset
Invited stakeholders	
Michael Brothers	Australian Energy Regulator (AER)
Albert Tong (online)	Australian Energy Regulator (AER)
Matt Crowley (online)	Australian Energy Regulator (AER)
Sam McGinty (online)	Australian Energy Regulator (AER)
Ben Fu (online)	Australian Energy Regulator (AER)
Mike Swanston (online)	AER Consumer Challenge Panel No.34
Apologies	
David Prins	AER Consumer Challenge Panel No.34

Meeting Agenda

1. Treatment of costs in 2022-27 regulatory period
2. NGNO program progress update
3. Operational Technology (OT)
4. Future Grid Operations Technology (FGOT)
5. Incentive Schemes
6. RPRG feedback on draft Revenue Proposal and priority engagement themes

Overview / Notes of Meeting

Jacqui Bridge, Executive General Manager Network Investment, opened the meeting with an acknowledgement of country and spoke to the purpose of the meeting, and Roger Smith, Director Revenue Reset, gave an overview of the agenda. Presentation slides that accompany these notes are published on the [Powerlink Customer Panel webpage](#). Slides containing sensitive security and operational information have been redacted.

1. Treatment of costs in 2022-27 regulatory period

Darryl Rowell, Interim Chief Executive, explained that non-network cost allocations were revised due to significant business changes and an increase in applications for new connections leading to a shift in the relative scale of prescribed and non-prescribed activities. Costs of the Energy Management System (EMS) replacement project prior to 2024 were also reallocated, reflecting Board approval of the replanned program in March 2024.

Discussion, questions and responses

Powerlink confirmed work is continuing to detail these adjustments and ensure consistency in historical allocations, including revenue impacts arising from the Capital Expenditure Sharing Scheme (CESS).

1. Who will pay for costs that have been removed from regulated business expenditure?
 - a. The costs have been reallocated to Powerlink's non-regulated business as an ongoing cost of non-regulated business activities.
2. Is Powerlink a monopoly provider of non-regulated transmission services in Queensland.
 - a. No, most non-regulated connection works are contestable under the National Electricity Rules and Powerlink estimates its current market share at approximately 25%.
3. Should Powerlink's regulatory allowance for the 2022-27 regulatory period also be recalculated to reflect reallocation of costs?
 - a. Powerlink will provide further detail to the RPRG and AER in a briefing paper.
4. Could the Queensland Government Energy Roadmap result in further changes to cost allocations?
 - a. Powerlink considers this unlikely as our approach aims to provide a permanent, transparent system for cost allocation which is based on asset value and not subject to forecast workload.
 - b. In the event non-network asset utilisation is reduced in future, those assets would be disposed or repurposed appropriately.

2. NGNO program progress update

Stewart Bell, Executive General Manager Operations and Planning, explained the interaction between the Next Generation Network Operations (NGNO), Operational Technology (OT) and Future Grid Operations Technology (FGOT) programs of work and introduced Mick Jones to provide a progress update on NGNO. Mick reinforced the need for replacement of Powerlink's EMS with a modern equivalent, highlighting the need for improved cybersecurity, resilience, and integration with other operational systems. The project is on track, with the primary control centre and incident management system workstreams completed, and the go-live scheduled for August 2027.

Discussion, questions and responses

5. In the draft Revenue Proposal, which capital expenditure category do NGNO, OT and FGOT investments fall under and is there any overlap with Information Technology (IT) cybersecurity investments?
 - a. NGNO, OT and FGOT are classified as network capital expenditure, with OT typically falling under reinvestment and NGNO and FGOT grouped in other.
 - b. The figures presented today represent the OT portion of cybersecurity expenditure and are not additional to the costs previously presented in the IT investment plan. The IT plan will have commensurate costs removed.
6. Where is Powerlink in relation to their peers regarding age and capability of the EMS?
 - a. Powerlink is one of approximately three utilities internationally still using the GenE platform. This is the transmission equivalent of the platform replaced by Energex approximately 20 years ago.
 - b. Ours is the oldest EMS operating a transmission network in Australia and Powerlink has worked with the vendor to leverage maximum value and longevity of system.
7. How is the NGNO program performing against the current budget, schedule and business case?
 - a. The program is tracking within budget and on time for go-live in August 2027.
 - b. RPRG members and observers encouraged Powerlink to document business case commitments and performance in a format that can be used by future customer representatives.
8. Is the new EMS platform Powerlink is implementing in use by other networks?
 - a. The platform is currently in use within Australia and has a strong market share in the US, and there are known project implementations currently occurring in the UK, Europe and Canada.

3. Operational Technology (OT)

Michael Green, General Manager Energy and Digital Management, outlined the ongoing need to replace and update servers, switches, and other hardware, software and cybersecurity assets in line with vendor support lifecycles and prudent asset management practices. The reinvestment program ensures the OT environment remains secure, reliable, and up to date.

Discussion, questions and responses

Questions focused on cyber threats and have not been recorded here for security reasons.

4. Future Grid Operations Technology (FGOT)

Emma Rogers, General Manager Strategic Network Operations, presented the FGOT program, which focuses on managing increasing network complexity through improved forecasting, decision support, situational awareness,

and wide area monitoring, protection, and control (WAMPAC). Investments aim to enhance asset utilisation, reliability, and operator effectiveness by leveraging data analytics capabilities and integrations across IT and OT environments.

Discussion, questions and responses

9. Has there been any consideration in the investment strategy for managing impacts of unanticipated, high consequence risk events?
 - a. We have sought to present a reasonable approach in the forecast that balances future-proofing with inherent uncertainty. There are various mechanisms for managing risk arising from extreme events, including insurance and nominated cost pass-throughs, defined in our Revenue Proposal.
10. Is the intent to procure existing products or pursue in-house tool development?
 - a. The approach emphasises building on existing platforms and developing new tools incrementally, rather than procuring additional large multi-function solutions.
 - b. Incremental improvements include vendor bolt-ons and in-house integrations with existing data sources.
11. Could real-time ratings occasionally reduce available capacity?
 - a. Yes, real time ratings can reduce capacity particularly on hot, windless days, however this information enables Powerlink to make risk-based asset management decisions.
12. What is an appropriate level of benefits quantification to demonstrate need for FGOT investments?
 - a. Benefits for some investments can be easily quantified, while others cannot (e.g. operator cognitive load).
 - b. Quantifying benefits based on scenario risk analysis can be very costly and may overstate benefits, or grossly understate benefits of avoidance of a system wide event, as has been demonstrated by other transmission networks.
 - c. There may be an opportunity to apply the AER's Value of Customer Reliability (VCR) or make staged investments, requiring benefits to be validated prior to committing to further stages.

5. Incentive schemes

Roger provided an overview of the incentive schemes applied in the revenue proposal, including the service target performance incentive scheme (STPIS), efficiency benefit sharing scheme (EBSS), capital expenditure sharing scheme (CESS), and the demand management innovation allowance mechanism (DMIAM), addressing questions from the group regarding their application and recent changes.

Discussion, questions and responses

13. Will a replacement for Market Impact Component (MIC) under STPIS apply to the 2027-32 regulatory period?
 - a. No MIC, or alternative, will be applied in the Revenue Proposal in January. The recent rule change process provides a mechanism for it to be applied during the regulatory period, when an alternative measure has been finalised.
14. Are costs of Network Capability Component (NCC) projects under STPIS recovered via the Maximum Allowed Revenue?
 - a. If approved by the AER, costs of NCC projects are recovered through the annual pricing process.

- b. Powerlink will publish a customer overview of STPIS and circulate to the RPRG.

15. Will the latest update of the CESS better address business circumstances going forward? Should this apply retrospectively in place of Powerlink's alternative to CESS net carry over?

- a. The revised CESS may increase flexibility to address business circumstances, but changes are primarily focused on Integrated System Plan (ISP) projects.
- b. The AER does not intend to apply the change retrospectively.
- c. Powerlink will provide the RPRG with a paper explaining the methodology applied to account for business circumstances in our alternative CESS calculation.

16. What DMIAM initiatives have Powerlink and other transmission networks proposed?

- a. TransGrid has launched an Expression of Interest process for initiatives under the DMIAM.
- b. Powerlink's innovation activities have a broader scope than the DMIAM allows for (e.g. Flexible Load Framework).
- c. The RPRG encouraged Powerlink to review advice provided by the previous RPRG regarding DMIAM during the 2022-27 revenue determination process, and report back on any innovations developed as business as usual.

6. RPRG feedback on draft Revenue Proposal and priority engagement themes

Powerlink committed to draft and circulate an updated engagement plan for November and December to address RPRG engagement priorities including:

- Impacts of Powerlink's 2024 Enterprise Bargaining Agreement (EBA) on the expenditure forecasts
- Post investment review processes for IT and network capital projects
- Capital expenditure forecast risk factors and deliverability considerations including impact of the Queensland Government's Energy Roadmap
- Powerlink's proposed alternative methodologies for CESS carryover and output trend
- Operating expenditure base year efficiency.

Discussion, questions and responses

RPRG members provided feedback on the draft Revenue Proposal, indicating they considered it a high-quality document and thorough draft. They found the overview was helpful and agreed the structure of documents is appropriate for sharing with their stakeholders. Suggestions for improvement included restructuring the capital and operating expenditure chapters to show historical and forecast figures side by side and ensuring charts are clearly linked with figures referenced in text.

The group discussed strategies for engaging with the agriculture sector and other RPRG stakeholders, leveraging existing forums and networks to increase participation and prompt further feedback on Powerlink's revenue determination process. A webinar or video call was raised as a potential format for follow up with EUAA members and directly connected customers who expressed interest in the initial large customer (C&I) engagement survey.

Roger confirmed one response to the draft Revenue Proposal was received via the online form and Michael explained that the CCP is preparing a submission for 2026 which will focus on the effectiveness of the RPRG process and engagement, rather than the technical content of the proposal. The RPRG submission on the draft Revenue Proposal has been published on Powerlink's website.

Actions Arising

	Action	Responsible person	Due
5.3	Provide post-implementation reviews (PIRs) for IT investments to demonstrate efficiency gains and benefits in the current period	Simon Hendry	12/11/25
8.1	Provide more detail on the adjustments made to capital expenditure in 2025, including the total for 2025 had no adjustment been made	Roger Smith	Complete
8.2	Document the methodology used to restate the 2023-27 CESS allowance and circulate to the RPRG	Roger Smith	10/10/25 defer to 31/10/25
8.3	Schedule an overview of post implementation processes and learnings applied in our expenditure forecasts	Jessica Purdy	Complete
9.1	Provide a paper on detail and impacts of FY2025 capex adjustments	Roger Smith	31/10/25
9.2	Publish a customer overview on the STPIS and circulate to RPRG	Roger Smith	28/11/25
9.3	Review advice provided by the previous RPRG regarding DMIAM during the 2022-27 revenue determination process	Roger Smith	12/11/25
9.4	Provide a paper on alternative output growth measures and application to productivity benchmarking	Michelle Beavis	31/10/25
9.5	Publish RPRG submission on draft Revenue Proposal	Jessica Purdy	Complete
9.6	Draft and circulate updated engagement plan for November and December	Jessica Purdy	Complete