

## Revenue Proposal Reference Group Meeting No.10

Details of Meeting	
Date and time of meeting	13:00 – 17:00, Wednesday November 12 2025
Location	Powerlink Offices, Virginia
Attendees	Organisation
<b>RPRG members – customer representatives</b>	
Alicia Kennedy	Queensland Farmers' Federation (QFF)
Chris Hazzard	St Vincent de Paul Society
Mark Grenning (Independent Chair)	Energy Users Association of Australia (EUAA)
Nardia Yeates (online)	Aurizon
<b>RPRG members – Powerlink representatives</b>	
Roger Smith (RPRG Chair)	Director Revenue Reset
Gerard Reilly	General Manager Communications, Customer and Engagement
Jenny Harris	General Manager Network Regulation
<b>Guests and speakers</b>	
Jacqui Bridge	Executive General Manager Energy Futures
Darryl Rowell	Interim Chief Executive
Des Kluck	Executive General Manager Corporate Services (Acting)
Leigh Pickering	Chief Financial Officer (Acting)
Sarah Huang	Executive General Manager Delivery and Technical Solutions
Brooke Saunders	General Manager Governance
Greg Bolton	Manager Governance, Risk and Insurance
Mark L'Enfant	Marsh
Michelle Beavis	Opex Lead Revenue Reset
Kyle Worthing	General Manager Infrastructure Delivery (acting)
Subbu Brahmanayagam	General Manager Infrastructure Delivery
Nina Zhuang	Finance and Modelling Lead Revenue Reset
Jessica Purdy	Customer Engagement Specialist Revenue Reset
<b>Invited stakeholders</b>	
Michael Brothers (online)	Australian Energy Regulator (AER)
David Prins (online)	AER Consumer Challenge Panel No.34
<b>Apologies</b>	
Robyn Robinson	Council on the Ageing (COTA)
Katie-Ann Mulder	Queensland Renewable Energy Council (QREC)
Mike Swanston	AER Consumer Challenge Panel No.34

## *Meeting agenda*

1. Insurance and cost pass throughs
2. Non-network property
3. Lessons learnt and project deliverability
4. Other business

## **Overview / Notes of Meeting**

Roger Smith, Director Revenue Reset, opened the meeting by introducing presenters, guests and members of the RPRG and Powerlink Executive Leadership team. Presentation slides that accompany these notes are published on the [Powerlink Customer Panel webpage](#). Slides containing sensitive information have been removed.

### **1. Insurance and cost pass throughs**

Greg Bolton, Manager Governance, Risk and Insurance, led a comprehensive discussion on Powerlink's insurance strategy for the Revenue Proposal, comprising a combination of insurance policies, self-insurance and regulatory pass-through mechanisms. With support from Mark L'Enfant (Marsh), Greg provided context on the insurance market, noting a shift from a soft (current) to a hard market, highlighting that the insurance cycle is unpredictable as global events can rapidly alter market conditions.

#### *Discussion, questions and responses*

Michelle Beavis, Opex Lead Revenue Reset, explained that the insurance cost forecast has decreased from the draft Revenue Proposal and will now be trended, eliminating the need for a separate category forecast. Powerlink will include a new nominated pass-through event for 2027-32, reflecting recent industry practice and government advice.

1. Is there a risk the AER will impose a negative adjustment to Powerlink's insurance forecasts, as per other recent determinations?
  - a. No - insurance costs are slightly higher than the allowance in the current period, so a negative adjustment is unlikely.
2. Is it common among other network service providers (NSPs) to maintain an insurance policy for towers and lines?
  - a. This type of cover is unusual for NSPs – Powerlink is the only entity in Australia currently holding this insurance.
3. How do Powerlink and its broker calculate the Maximum Foreseeable Loss and define prudent levels of cover?
  - a. Maximum Foreseeable Loss is estimated on the basis of a defined credible worst-case scenario event, e.g. a category 5 cyclone in North Queensland coincident with a high tide, and then working through likely consequences for our network. It excludes an assessment of likelihood.
  - b. We design our major substations to a 1 in 200 year flood event, as required by State Planning Policy, with a similar design resilience for wind resistance of transmission lines.
  - c. We are starting to apply updated climate scenarios to recalculate asset exposures to ensure appropriate cover is maintained at a reasonable cost.
4. How do global events impact insurance trends and are cyber security attacks considered terrorism?

- a. Marsh observes that while major political and global events, such as 9/11 or the blockage of the Suez Canal in 2021, do impact how insurers manage risk, smaller isolated events are less likely to trigger changes in the market.
  - b. Powerlink maintains a standalone cyber policy, with coverage for certain cyber events, subject to legal and policy definitions and government declarations.
5. How is the value of self-insurance calculated and why does Powerlink not self-insure for general liability?
  - a. The methodology for calculating self-insurance allowances involves analysing historical claims data, asset values, regulatory obligations, and future outlook.
  - b. General liability cover is widely available at a reasonable price and covers Powerlink for 3rd party liability events.
6. Why has the definition of “insurance coverage event” in Powerlink’s draft Revenue Proposal changed from the AER’s 2022-27 determination?
  - a. Wording for 2027-32 is consistent with more recent AER determinations.
7. Does the AER engage independent advisors to assess insurance forecasts and are brokers involved in the assessment process?
  - a. Marsh’s understanding is that a specialist broker would likely act on behalf of the AER to engage with the NSP and their broker.
8. How far in advance are insurance contracts brokered?
  - a. Long Term Agreements which lock in fixed premiums for up to three years are available but will typically contain clauses allowing the contract to be broken early in the event of a significant market change or claim against the policy.

## 2. Non-network property

Des Kluck, Executive General Manager Corporate Services (Acting), presented on Powerlink’s non-network property portfolio, focusing on the staged redevelopment of the Virginia site. The business case for redevelopment considered multiple options, including refurbishment, demolition, and relocation. Board approval of a staged demolition and rebuild factors in operational needs and the benefits of maintaining the current location.

### *Discussion, questions and responses*

Ageing infrastructure at the Virginia site presents material failure risks such as obsolete lighting systems and main electrical switchboards, end-of-life air handling units and service dependencies between buildings. Previously allowed funding for refurbishment of existing buildings does not address existing and emerging risks.

9. Has the option to purchase additional land nearby been considered?
  - a. Powerlink has engaged specialist consultants to conduct searches for suitable leased or owned premises. However, availability of properties meeting our unique requirements is tight in the current market.
10. Will the redevelopment works be completed in the 2027-32 regulatory period and what would be the impact if the relevant development approvals are not granted?

- a. The redevelopment is forecast for completion in 2027-32. However delayed or denied approvals of our Ministerial Infrastructure Designation (MID) application for Virginia or Development Application (DA) for works at Pinkenba could impact project timelines.
- 11. Has Powerlink considered risks and opportunities of other planning and construction processes occurring in the Brisbane region during 2027-32?
  - a. Our current forecast has the redevelopment project occurring just ahead of major planning and construction activity associated with the 2032 Brisbane Olympics.
- 12. Will the redevelopment increase or decrease the number of people housed at Virginia?
  - a. Numbers are expected to remain consistent as the relocation of some staff will enable office staff currently located elsewhere to return to Virginia.
  - b. The full MID provides for further development of Virginia in the future if necessary.
- 13. How is Powerlink's Cost Allocation Methodology applied to long life assets such as buildings, where utilisation for regulatory purposes may change over time?
  - a. Allocations are re-examined periodically and can be reallocated away from prescribed transmission services if there is a material change.
- 14. What is the estimate accuracy and is there a risk that total costs will not be confirmed prior to the AER's final determination on Powerlink's Revenue Proposal?
  - a. Cost estimates have been informed by multiple quantity surveyors and the Board has approved funding for initial stages.
  - b. Precise cost and timing will be confirmed in 2027 when the construction scope is presented to the market.

### 3. Lessons learnt and project deliverability

Kyle Worthing, General Manager Infrastructure Delivery (Acting), provided an overview of Powerlink's enhanced lessons learnt process and deliverability assessments for network capital projects. Improvements in project governance and change management are captured, with lessons rolled up to portfolio level and tracked.

#### *Discussion, questions and responses*

The deliverability assessment for the 2027-32 period indicates that with current strategies, Powerlink can deliver the capital expenditure forecast, including major projects outside the regulated portfolio, while actively managing resource constraints and contractor availability.

- 15. Can Powerlink provide data on performance of projects subject to the improved processes?
  - a. Month-to-month tracking of on-time and on-cost performance indicates projects using the two-stage approval process outperform legacy single-stage projects.
  - b. An overview of performance will be presented at or before the next RPRG meeting.
  - c. The RPRG encouraged Powerlink to include process details and supporting data in the Revenue Proposal.
- 16. Can Powerlink provide examples of in-flight changes to projects resulting from the improved processes?
  - a. The improved processes are incorporated into all active projects. Streamlined Project Change Requests are used to justify additional reinvestment, rescope or refurbishment as required.

17. Do stage one project budgets include contingency and what is the process if additional budget is required?
  - a. Contingency is not typically carried at stage one approval and any additional budget requirements are subject to project change requests.
  - b. Additional budget may be approved where required to enable us to meet our network performance obligations and funds may be reprioritised from within the regulatory allowance.
18. Are lessons learnt quantified in dollar value?
  - a. Our processes enable a feedback loop from project delivery to estimating which ensures savings are realised across the portfolio.
19. Why is the approach for continuous improvement in Information Technology (IT) and Operational Technology (OT) projects different from other network projects?
  - a. The continuous feedback loop ensures timely escalation of issues and the ability to reprioritise or adjust projects during the network project lifecycle, which is typically much longer than IT/OT projects.
20. Have project engineering and resourcing requirements changed during the current regulatory period?
  - a. Technology for some asset types has changed but engineering and resourcing effort for past and future projects are comparable.
21. Does workforce planning consider increasing competition in the market and an aging workforce?
  - a. Powerlink is addressing workforce challenges through expanded apprentice intakes, regionalisation of staff, and new contractor panel arrangements.
22. Are contractors more interested in regulated or non-regulated project work?
  - a. Contractors are more interested in regulated work due to greater certainty as Powerlink provides 18-month visibility of the regulated project pipeline.
23. What is Powerlink's retention rate for apprentices and proportion of internal versus external resources for regulated projects?
  - a. Our total retention rate for new starters is over 95% after two years.
  - b. Most construction work is completed by contractors, with internal resources responsible for the commissioning phase.
24. Is there a risk Copperstring will increase competition for construction and delivery resources?
  - a. Powerlink has long standing contractor relationships and panel agreements in place or in-progress to deliver the total project pipeline including regulated, non-regulated and Priority Transmission Investments.

## 4. Other business

Roger and the team provided updates on the latest progress of expenditure and revenue forecasts for the 2027-32 regulatory period and flagged anticipated changes from the draft Revenue Proposal to the final Revenue Proposal. The forecasts have increased slightly since publication of the draft Revenue Proposal, including an increased allowance for easements which recognises the long lead time for acquisition. The team is working to offset cost increases where possible.

The Revenue Proposal will clearly distinguish between ex-ante capex, contingent, and PTI projects, with associated revenue and price impacts presented transparently. Due to the timing of its release, any new projects identified in the 2026 Integrated System Plan are unlikely to be included in the Revenue Proposal.

### *Discussion, questions and responses*

The RPRG provided their response to Powerlink's proposed alternate output growth measure, acknowledging that it is better than the current metric while the impact is very small on the proposed 2027-32 revenue. However, the RPRG considers it very unlikely the AER would approve this change as part of its determination and therefore inclusion in the Revenue Proposal may constrain Powerlink's ability to achieve "capable of acceptance" for all parties. The RPRG advised that a network wide review of the productivity measurement methodology is preferred as it would provide for fuller exploration of alternatives and their application across all networks, potentially leading to an even better alternative than the options Powerlink has proposed.

## 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	Complete
8.2	Document the methodology used to restate the 2023-27 CESS allowance and circulate to the RPRG	Roger Smith	Complete
9.1	Provide a paper on detail and impacts of FY2025 capex adjustments	Roger Smith	31/10/25 defer to 11/12/25
9.2	Publish a customer overview on the STPIS and circulate to RPRG	Roger Smith	28/11/25 defer to 11/12/25
9.3	Review advice provided by the previous RPRG regarding DMIAM during the 2022-27 revenue determination process	Roger Smith	11/12/25
9.4	Provide a paper on alternative output growth measures and application to productivity benchmarking	Michelle Beavis	Complete
10.1	Include details of lessons learnt and deliverability assessment processes and supporting data	Aidan Lawlor	30/01/26