

Revenue Proposal Reference Group Meeting No.11

Details of Meeting

Date and time of meeting	13:00 – 17:00, Thursday December 11 2025
Location	Powerlink Offices, Virginia

Attendees

Organisation

RPRG members – customer representatives

Alicia Kennedy (online)	Queensland Farmers' Federation (QFF)
Chris Hazzard	St Vincent de Paul Society
Katie-Ann Mulder	Queensland Renewable Energy Council (QREC)
Mark Grenning (Independent Chair)	Energy Users Association of Australia (EUAA)
Monica Rackley (online)	Aurizon
Robyn Robinson	Council on the Ageing (COTA)

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 Network Investment
Darryl Rowell	Interim Chief Executive
Des Kluck	Executive General Manager Corporate Services (Acting)
Leigh Pickering	Chief Financial Officer (Acting)
Michelle Beavis	Opex Lead Revenue Reset
Nina Zhuang	Finance and Modelling Lead Revenue Reset
Jessica Purdy	Customer Engagement Specialist Revenue Reset

Invited stakeholders

Michael Brothers (online)	Australian Energy Regulator (AER)
David Prins (online)	AER Consumer Challenge Panel No.34
Mike Swanston	AER Consumer Challenge Panel No.34

Meeting agenda

1. Forecast operating expenditure
2. Forecast capital expenditure
3. MAR and pricing impacts
4. Engagement report back

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](#). Notes have been added to page 31 of the published slide pack to assist with understanding the price path impacts.

1. Forecast operating expenditure

Michelle Beavis, Opex Lead Revenue Reset, presented the latest benchmarking results and operating expenditure forecasts. Drivers of increased operating expenditure include network complexity and the Security of Critical Infrastructure Act, which are not reflected in the output measures.

Des Kluck, Executive General Manager Corporate Services (Acting) provided an overview of the impact of Powerlink's Enterprise Agreements. Des explained that competitive wages are critical to retain and attract the necessary skilled people to ensure Powerlink can deliver on its project portfolio. He also noted that the bargaining environment was shaped by simultaneous negotiations across multiple organisations across the country, leading to industry-wide shifts, prolonged bargaining periods and in some cases, protected industrial action.

Discussion, questions and responses

It was noted that Powerlink's declining productivity performance and increasing operating costs are consistent with industry-wide trends, including recent Revenue Proposals by other transmission networks.

1. Is HoustonKemp forecasting further declines in productivity for Powerlink in the 2024/25 and 2025/26 financial years?
 - a. Yes. Powerlink data will be compared against industry trends when 2025 data becomes available.
2. Can Powerlink provide a breakdown of Enterprise Bargaining impact in terms of the average wage per employee and number of employees covered by Enterprise Agreements?
 - a. Average impacts will be provided, however these values may not be comparable with other network service providers due to differences in the composition of our workforces.
 - b. Aggregate impact of \$48 million on regulated operating expenditure in the 2022-27 period includes salary and allowances, net of assumed wage increase included in the regulatory allowance for the period.

Post meeting note: The estimated average wage impact over the life of the Enterprise Agreement is 30%.

This estimated percentage reflects the total average wage impact for employees paid under the 2024 Enterprise Agreement as at 1 March 2024, incorporating the agreed salary increases year on year under this agreement.

It is important to note that Powerlink's workforce is comprised of different job families with different working conditions, and that the estimated overall impact does not take into consideration the realised and forecasted productivity savings.

Post meeting note: As at 30 November 2025, 1,865 employees were covered by the Enterprise Agreement.

3. What is the realised value of productivity offsets included in the Enterprise Agreement?
- a. Over the four-year life of the Agreement and in accordance with the Bargaining Framework approved by the Queensland Government, Powerlink has a total productivity savings target of \$31.5 million.
 - b. Key productivity initiatives include, but are not limited to, compulsory Christmas shut down for non-essential staff, cashing out of annual leave, implementation of AI software, new and future emerging technologies and continued removal of performance bonuses for Agreement staff.
 - c. Offsets have been realised and exceeded in some cases.

Post meeting note: Since the agreement came into effect, actual gains/savings is approximately \$20 million, of which \$15.6 million relates to prescribed transmission services, with over two years remaining on the life of the Agreement.

4. Has there been any impact from Best Practice Industry Conditions (BPIC)?
- a. While BPIC did not apply directly to Powerlink, it influenced the market for construction contractors.
 - b. Discontinuation is expected to help stabilise, but not reduce, future costs.
5. What impact has the latest Queensland Energy Roadmap had on Powerlink's operating expenditure forecast and step changes?
- a. Capital and operating costs for synchronous condensers and the Gladstone Priority Transmission Investment will be assessed via alternative investment approval processes and are excluded from our 2027-32 Revenue Proposal.
 - b. Queensland Investment Corporation (QIC) will deliver CopperString, consistent with the Queensland Government's [Energy Roadmap](#).
 - c. Other transmission projects identified in the Energy Roadmap were informed by Powerlink modelling and have been included in the expenditure forecasts or as contingent projects in our 2027-32 Revenue Proposal.
 - d. The Energy Roadmap has not materially changed the need for network support services or synchronous condensers, particularly during minimum demand conditions where cost is likely to prohibit coal assets from participating in the market.
6. Has the reduction in the cloud-based services step change resulted from a change in scope?
- a. No, the reduction is a result of further development of the cost estimate.

2. Forecast capital expenditure

Roger provided an update on details of the FY2025 capex adjustments and the latest capital expenditure forecast. The adjustments have been modelled to test the impacts on customers, showing a small increase in prescribed revenue for the 2027-32 regulatory period. Costs removed from the 2023-27 capex forecast have been reallocated against Powerlink's non-regulated business.

Discussion, questions and responses

7. Was the \$68.6 million removed from regulated capex for the Advanced Energy Management System (AEMS) project an overspend against the project budget?
- a. No. \$68.6 million is the total cost incurred prior to the recommendation of a revised implementation strategy in March 2024.

8. Can Powerlink provide an example of non-regulated services bearing the \$139 million cost of reallocations?
 - a. Powerlink's non-regulated business delivers connection services to new generation, storage and load projects.
 - b. These services are typically delivered under fixed-price contracts negotiated in a competitive market, meaning customer charges will not be impacted by the reallocations.
9. Would Powerlink's 2023-27 allowance have been lower if these adjustments had been applied to the forecasts at the time?
 - a. No. As the adjustments are associated with additional non-regulated volumes, and there is no corresponding reduction in regulated volumes, these adjustments would not have had any material impact on the 2023-27 forecasts.
10. Has Powerlink considered including additional contingency in the capex forecast, given ongoing uncertainty in the operating environment?
 - a. We have decided not to include a portfolio-level contingency in the capex forecast, based on our view that cost indices appear to be stabilising. At this stage we are not forecasting a repeat of the unprecedented increases experienced in the 2023-27 regulatory period.
11. Is Powerlink including expenditure to develop easements for contingent projects that may not occur during the 2027-32 regulatory period?
 - a. Yes, easements have very long lead times, often spanning multiple regulatory periods and works are required to commence ahead of any network reliability trigger.
 - b. We will progress development of easements for contingent projects where the need is reasonably certain due to emerging reinforcement or asset replacement needs.
 - c. Where contingent projects do not proceed in the 2027-32 regulatory period, any easement assets acquired will remain in the regulatory asset base to serve future network needs.
12. Has the draft 2026 Integrated System Plan (ISP) signposted any potential changes for Powerlink?
 - a. The latest ISP is consistent with our expectations and aligned to contingent projects included in the 2027-32 Revenue Proposal.
13. Can Powerlink restate the on-cost metric for regulated project delivery by project value?
 - a. Powerlink will provide a breakdown of project delivery performance by project value in January 2026.
14. Does Powerlink have a deliverability framework?
 - a. Powerlink applies a suite of processes and improvement programs in the estimating, planning and delivery phases (see [RPRG Meeting No.10 – Lessons learnt and project deliverability](#)).
 - b. The RPRG encouraged Powerlink to include commentary on deliverability of contingent projects in its 2027-32 Revenue Proposal.

3. Maximum Allowed Revenue (MAR) and pricing

Nina Zhuang, Finance and Modelling Lead Revenue Reset, presented the latest MAR forecast and price impacts for residential and business customers. Price impacts for expenditure that may be approved outside of Powerlink's revenue determination process, such as the Priority Transmission Investment framework, have also been modelled to provide a view of total potential customer impact in 2027-32.

Discussion, questions and responses

The RPRG sought to clarify Powerlink's position on the AER's 2026 Rate of Return Instrument (RORI) review. Powerlink confirmed we will be providing input to the Energy Networks Australia submission on this topic. The AER have previously confirmed that the 2026 RORI will be applied to Powerlink's 2027-32 Final Determination.

15. Will the transmission component increase as a proportion of the total bill?

- a. If all other components, e.g. wholesale energy prices and distribution network charges, were to remain constant, the transmission component of the bill would increase.

16. What headline narrative can electricity consumers draw from Powerlink's 2027-32 Revenue Proposal?

- a. The overview document due to be published with the Revenue Proposal will focus on the headline narrative, risks and benefits for electricity consumers.
- b. Powerlink encouraged the RPRG to form targeted narratives for their respective stakeholder cohorts, which Powerlink would be pleased to contribute to.

17. How certain is the need and timing for projects modelled outside the Revenue Proposal and could their cost increase if they are delayed or accelerated?

- a. There is firm timing of need for the projects modelled outside the Revenue Proposal, with the announced closure of the Gladstone Power Station and new system strength obligations on Powerlink being the primary drivers for the Gladstone Priority Transmission Investment and synchronous condenser Contingent Project Application respectively. While it is possible that these projects may experience minor delivery timing changes, they are unlikely to trigger significant cost increases due to timing alone.

4. Engagement report back

Gerard Reilly, General Manager Communications, Customer and Engagement reported back on quantitative and qualitative feedback received to date from the Customer Panel and RPRG, showing high satisfaction with the breadth, depth and quality of engagement.

Powerlink requested the RPRG provide a short statement (2-3 paragraphs) summarising their experience and views on the engagement process to be included in the Revenue Proposal. The RPRG are encouraged to provide a preliminary assessment of Powerlink's performance against our capable of acceptance criteria, including the proof point criterion, where it relates to engagement.

Jacqui Bridge, Executive General Manager Network Investment, presented Powerlink's progress on demand management initiatives since the 2023-27 revenue determination, clarifying Powerlink's position that the Demand Management Innovation Allowance Mechanism (DMIAM) scheme is not needed to incentivise additional activities and existing initiatives will continue in 2027-32 regardless.

Discussion, questions and responses

Powerlink is exploring the value of flexible loads for congestion management and contingency support has begun engaging with stakeholders to understand how load flexibility can defer network investment. We have also released detailed guidance for battery developers to help maximise the value of flexible storage for the transmission network and energy market.

Powerlink requested the RPRG review the briefing paper provided and form a recommendation as to Powerlink's proposed approach to not apply the DMIAM in our 2027-32 Revenue Proposal.

Post meeting note: The RPRG wrote to Powerlink on 22 December 2025, supporting Powerlink's proposed approach.

The engagement schedule for 2026 and timeframes for the RPRG to respond to the Revenue Proposal after its lodgement were also discussed. It was proposed that the RPRG will provide a draft submission on the Revenue Proposal in March, prior to the AER releasing its Issues Paper, which can be updated for final submission in May, following further engagement with the AER and Powerlink. Powerlink encouraged RPRG members to participate in the AER's Public Forum in April, noting that customer representatives may be invited to speak.

Actions Arising

	Action	Responsible person	Due
9.1	Provide a paper on detail and impacts of FY2025 capex adjustments	Roger Smith	Complete
9.2	Publish a customer overview on the STPIS and circulate to RPRG	Roger Smith	Complete
9.3	Review advice provided by the previous RPRG regarding DMIAM during the 2022-27 revenue determination process	Roger Smith	Complete
10.1	Include details of lessons learnt and deliverability assessment processes and supporting data	Aidan Lawlor	30/01/26
11.1	Provide a breakdown of project delivery performance by project value	Aidan Lawlor	16/01/26
11.2	Provide updated commentary summarising RPRG experience and views on the engagement process for inclusion in the Revenue Proposal	Mark Grenning	16/01/26