

# Attachment 1 Key Inputs and Assumptions

Powerlink 2027-32 Revenue Proposal

January 2026

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This appendix includes the key inputs and assumptions for the capital and operating expenditure forecasts and financial elements upon which our Revenue Proposal is based. Detailed information on these inputs and assumptions is included within the relevant chapters of our Revenue Proposal.

*Attachment 1 Table 1 - Key Assumptions for Capital Expenditure*

Element	Assumptions
<b>General</b>	
Asset Strategy & Information	Approved asset management documents, SAP data systems.
Estimated costs	Derived from Powerlink's standard network project estimating practices.
Demand, energy and generation forecast	Electricity demand forecast based on the central scenario outlook in Powerlink's 2025 Transmission Annual Planning Report (TAPR).
<b>Load driven</b>	
Augmentations, Easements & Connections	Bottom-up forecast based on network capital portfolio informed by business plans (including TAPR and adjusted Network Investment Outlook).
Contingent projects	<p>Nine potential contingent projects:</p> <ul style="list-style-type: none"><li>• Central to North Queensland Reinforcement</li><li>• Northern Bowen Basin Reinforcement</li><li>• Gladstone Area Augmentation</li><li>• Central Queensland System Strength</li><li>• Southern Queensland System Strength</li><li>• South West Queensland Augmentation</li><li>• North Brisbane Area Network Development</li><li>• Brisbane Area Transfer Capacity</li><li>• Surat Basin Area Network Development.</li></ul>
<b>Non-load driven (reinvestment, system services security/compliance/other)</b>	
Reinvestment	Bottom-up forecast based on network capital portfolio informed by business plans, with specific project supporting documentation subject to maturity of the project.
System Services	Bottom-up forecast based on network capital portfolio informed by business plans.
Security & Compliance/Other	Historical trend applied, adjusted for one-off needs.
<b>Non-network</b>	
IT, Buildings, Vehicles	Based on current Powerlink strategies and development plans.
Tools	Historical trend applied, adjusted for one-off expenditure items.

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Attachment 1 Table 2 - Key Assumptions for Operating Expenditure

Element	Assumptions
Base-trend-step	
Base year	2025/26 forecast. Independent, external report on efficiency has been commissioned.
Step changes	3 step changes included: <ul style="list-style-type: none"><li>cloud-based services (\$60 million over the period)</li><li>security uplift (\$16.6 million over the period), and</li><li>network monitoring uplift (\$8.8 million over the period).</li></ul>
Trend – output growth	0.90%, based on existing data and trended forward. Australian Energy Market Operator (AEMO) 2025 Electricity Statement of Opportunities (ESOO) Step Change Scenario. Powerlink's preliminary Annual Information Order (AIO) for 2024/25. Estimated customer data based on Ergon Energy and Energex 2025-30 Revised Revenue Proposal.
Trend – price growth	0.78%, based on forecast increases for labour (70.4% weighting) and non-labour (29.6% weighting). Labour – simple average of Wage Price Index (WPI) forecasts provided by Oxford Economics Australia (Energy, Gas, Water and Waste Services (EGWWS) – Queensland) and Deloitte Access Economics (Queensland Utilities WPI forecast). The average is 1.1% WPI. Non-labour - No real price growth based on the AER's preferred approach (0%).
Trend – productivity	0.42%, based on the AER's 2025 Draft TNSP Annual Benchmarking Report 2025 industry average benchmarking productivity.
Category specific forecasts	
AEMO participant and cyber security fees	Based on AEMO Budget and Fees FY26, with a rate of change applied to future years consistent with increases indicated in AEMO's proposed fee structure for the 2026-31 period.
Debt raising costs	8.61 basis points, based on Incenta's Benchmark debt and equity raising costs (December 2025).

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Attachment 1 Table 3 - Other Inputs and Assumptions

Element	Inputs and assumptions
RoR / WACC	6.29% nominal vanilla WACC (for 2027/28).
<i>Risk Free Rate (Rf)</i>	<i>4.67% based on recent 20-day averages.</i>
<i>Market Risk Premium (MRP)</i>	<i>6.20% per the AER's Rate of Return Instrument.</i>
<i>Equity Beta</i>	<i>0.60 per AER's Rate of Return Instrument.</i>
<i>Return on Equity</i>	<i>8.39% calculated per AER's Rate of Return Instrument.</i>
<i>Return on Debt</i>	<i>4.89% (for 2027/28) based on an estimate of the AER's trailing average approach and assumes Powerlink's prevailing rate for 2025/26 remains unchanged for the 2027-32 regulatory period.</i>
<i>Gamma</i>	<i>0.57 per AER's Rate of Return Instrument.</i>
RAB	Opening RAB of \$8,322.6 million (\$ nominal). Forecast asset disposals of \$7.7 million (\$ nominal) within the 2027-32 regulatory period.
Taxation	An estimate of immediately deductible capital expenditure has been included based on historical data.
Debt raising	8.61 basis points, based on Incenta's Benchmark debt and equity raising costs (December 2025)
Inflation	2.60%, based on the AER's inflation approach and applies headline inflation from the most recent Statement on Monetary Policy from the Reserve Bank of Australia (November 2025), 5 basis points lower than the 2022-27 final determinations.
Revenue adjustments, net of tax allowance	Reduction of \$285.8 million (\$ nominal) arising from EBSS and CESS net carry-overs, FY22 CESS true-up and net tax allowance.