January 2026

2027-32 Revenue Proposal

Overview

Introduction

This document provides an overview of Powerlink's Revenue Proposal for the regulatory period from 1 July 2027 to 30 June 2032. It describes the investment and operating needs required to maintain a safe, reliable and cost-effective transmission network across Queensland.

When lodging our 2023-27 Revenue Proposal in 2021, Powerlink's operating environment was markedly different to what we face today. Over the past four years, there have been unprecedented increases in transmission equipment prices and supply chain shocks due to a range of global factors.

It has never been more important or challenging for a network business to get the balance right between appropriate investment to ensure reliability and minimising price impacts to customers.

Powerlink's network is also becoming increasingly complex to manage. Managing the increasing gap between maximum and minimum demand, diversified generation and the increasing risk of cyber-attacks makes planning and operating the network more difficult. As a result, the costs and challenges of day-to-day activities have increased.

Appropriate investment in the transmission network is needed to ensure a strong Queensland economy. Underinvestment will reduce reliability of supply and increase safety risks, leading to significant economic and lifestyle impacts. Overinvestment will place additional burden on Queensland households already facing cost of living pressures.

Our Revenue Proposal strikes the right balance by ensuring we can continue to provide reliable and cost-effective transmission services today, while making prudent investments for the transmission needs of tomorrow.

We have undertaken extensive engagement with our customers, the AER and the AER's Consumer Challenge Panel (CCP34) on all key elements of our Revenue Proposal. This is built on the strong foundations we undertake in the normal course of business to achieve our overarching goal to deliver a Revenue Proposal that is capable of acceptance by our customers, the AER and Powerlink.

We appreciate and thank our customers and other stakeholders for their collaborative and constructive challenge throughout. Key elements of our Revenue Proposal include:

TRANSMISSION COMPONENT OF ELECTRICITY BILLS WILL INCREASE ANNUALLY	FORECAST CAPITAL EXPENDITURE	FORECAST OPERATING EXPENDITURE	MAXIMUM ALLOWED REVENUE
5%	**$2,499.5 million**	**$1,810.2 million***	**$5,265.3 million***
For average residential and small business customers, this is an indicative first-year increase of $7 and $14 respectively.	This is a 66% increase from the actual/forecast capital expenditure in the current regulatory period.	This is a 19% increase from the actual/forecast operating expenditure in the current regulatory period. ** excl. debt raising costs*	This is a 25% increase from the current regulatory period. ** unsmoothed*

We encourage customers to provide a submission to the AER on our Revenue Proposal after it is lodged.

Please view our complete Revenue Proposal on our website at powerlink.com.au/2027-2032-regulatory-period.

Note: all figures in this document are represented in $ real 2026/27, except for the price path which is presented in nominal terms.

About Powerlink

Powerlink Queensland is a Government Owned Corporation that owns, develops, operates and maintains the high voltage electricity transmission network in Queensland.

Our network extends 1,700km from Cairns to the New South Wales (NSW) border. Our purpose is to connect Queenslanders to a world-class energy future, providing electricity to more than five million Queenslanders and 241,000 businesses.

Through our unique central position in the power system, Powerlink is guiding the market to help influence the energy system of the future – one that balances customer needs while transforming to a future comprising a diverse array of generation and storage technologies.

Powerlink's network serves as the platform for the provision of these and many other energy services while maintaining a sharp focus on safety, affordability and reliability of supply for our customers.

Transmission network in Queensland

As well as connecting large generators to end-use customers through the distribution networks owned by Energex and Ergon Energy (part of the Energy Queensland Group), and Essential Energy (in northern NSW), we also provide electricity directly to large industrial customers such as rail companies, mines and mineral processing facilities.

For a typical Queensland residential electricity consumer, the cost of Powerlink's high voltage electricity grid represents around 7% of the total delivered cost of electricity.

Electricity supply chain components	Proportion of electricity bill
Generation	39%
Transmission	7%
Distribution	30%
Retail	21%
Environmental policies	3%

Customer engagement

Powerlink has a long history of strong engagement with our customers and other stakeholders. For our 2023-27 Revenue Proposal, we were the first network business to co-design our engagement approach with customer input and insights.

Genuine and timely engagement informs our decision-making as part of normal business operations. It is fundamental to the way we do business and has consistently delivered improved outcomes for our customers and other stakeholders.

We regularly engage with our customers via our Customer Panel, Transmission Network Forums and targeted research and engagement with broader stakeholders including government, households and communities.

Our customers have told us they support investment in the transmission network to deliver long-term benefits for both customers and the local economy. They also want greater transparency, coordination and predictability of this investment, especially from within the energy industry and among commercial and industrial customers.

Customers and other stakeholders shaped every major element of the engagement approach and plan, including the scope, breadth and schedule.

Engagement goal

Powerlink's engagement goal remains:

To deliver a Revenue Proposal
that is capable of acceptance
by our customers, the AER and Powerlink.

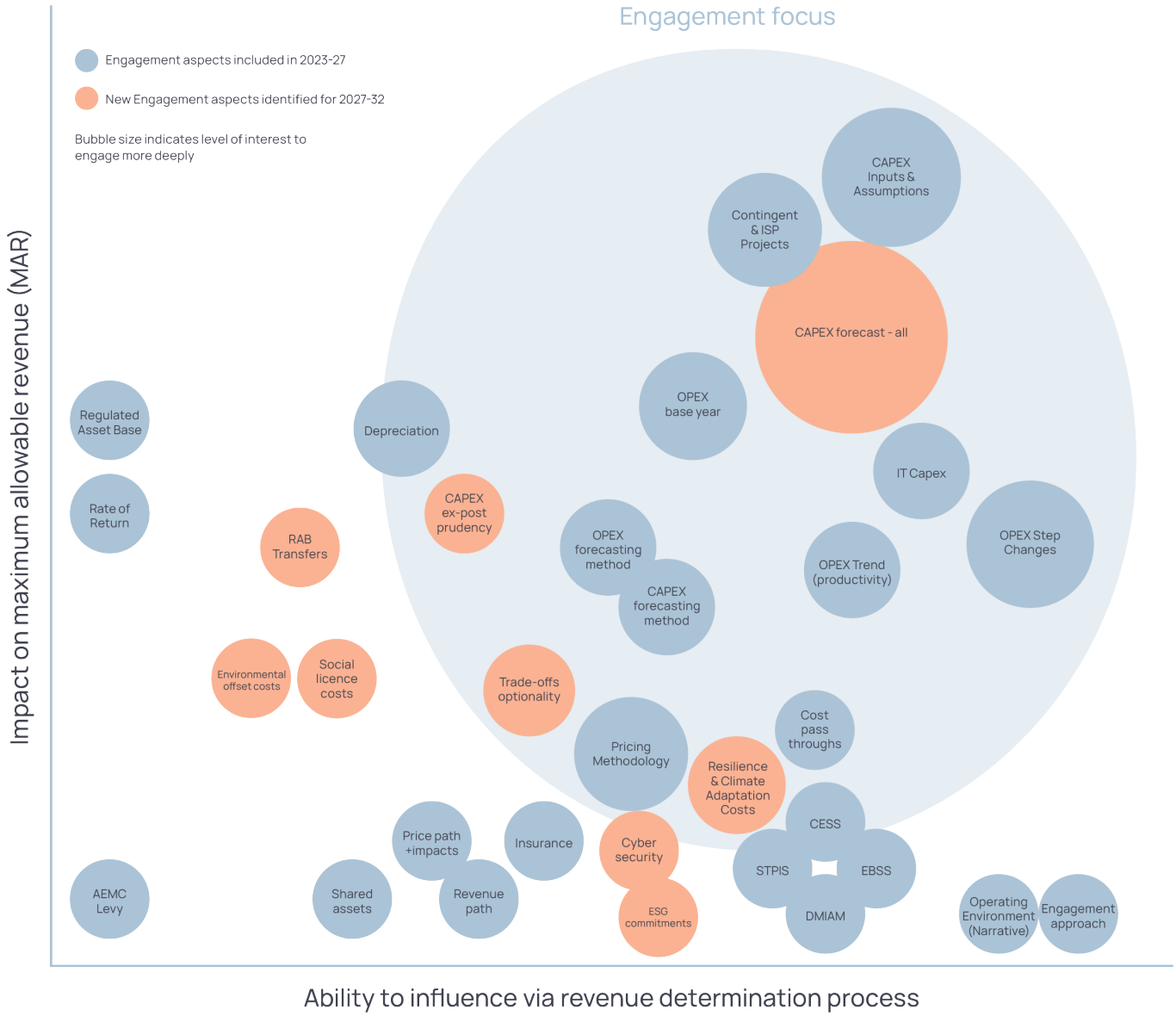
We engaged with our Customer Panel to clearly define capable of acceptance criteria.

Engagement scope

A clear scope helps to better allocate time, energy and resources to the areas of the Revenue Proposal that have material impacts and can be influenced through engagement.

Powerlink held a co-design process at a workshop in November 2024 to establish the scope of engagement for our Revenue Proposal. The workshop comprised representatives from Powerlink's Customer Panel, the AER, the AER Consumer Challenge Panel, as well as members of Powerlink's Board and Executive.

At the session, participants proposed elements they considered would have the greatest impact on Powerlink's Maximum Allowed Revenue (MAR) and mapped these against their potential to be influenced through engagement. As engagement progressed and the actual impact on MAR was quantified, the engagement scope was updated accordingly.



Role of Customer Panel and Revenue Proposal Reference Group

Established in 2015, Powerlink's Customer Panel has played, and will continue to play, a primary role in informing our BAU decisions, while also influencing Powerlink's Revenue Proposal.

In late 2024, Powerlink established a Revenue Proposal Reference Group (RPRG) as a subset of its existing Customer Panel. The RPRG is an advisory body that meets more frequently to discuss topics in greater detail.

Consistent with early advice from the RPRG we also broadened participation and expanded the scope of our annual customer and stakeholder research programs to deliver greater insight into customer priorities for the Revenue Proposal. This research highlighted that all customer groups, from households to heavy industry, considered it critical for our Revenue Proposal to get the balance right between affordability and reliability.

Engagement activities

Engagement focus areas informed the schedule and agendas for RPRG meetings. RPRG members were provided six updates on forecasts for capital and operating expenditure across 11 meetings during 2025, with a timeline of activities for the Revenue Proposal shown below.

2024	JUNE	**Customer Panel meeting** – Regulatory timeframes and initial engagement proposal
	SEPTEMBER	**Revenue Determinations 101** – Introductory training session for our Customer Panel
	NOVEMBER	**Revenue Determination Scoping Workshop** – Co-design of engagement scope
2025	FEBRUARY	**RPRG meeting 1 –** Initial expenditure forecasts
	MARCH	**RPRG meeting 2 –** Capital and operating expenditure forecasting methodologies
	APRIL	**Customer Panel meeting –** RPRG member report back and criteria for capable of acceptance **RPRG meeting 3 –** Capital expenditure forecasting methodology
	MAY	**RPRG meeting 4 –** Updated expenditure forecasts **Queensland Household Energy Survey –** Incl. two questions to inform our Revenue Proposal
	JUNE	**RPRG meeting 5 –** Cyber security and business IT, and network contingent projects **Customer Engagement Survey –** Directly connected and C&I customers
	JULY	**Customer Panel meeting –** RPRG member report back and updated expenditure forecasts **RPRG meeting 6 –** Operating expenditure base year, step changes and trend
	AUGUST	**RPRG meeting 7 (incl. tour of Powerlink Substation and Control Room)** – depreciation **Central Queensland Transmission Network Forum**
	SEPTEMBER	**RPRG meeting 8** – Overview of draft Revenue Proposal **Customer Panel meeting** – Overview of draft Revenue Proposal
	OCTOBER	**RPRG meeting 9** – Operational Technology and related programs, incentive schemes
	NOVEMBER	**RPRG meeting 10** – Insurance, non-network property, lessons learnt and project deliverability **Annual Transmission Network Forum**
	DECEMBER	**RPRG meeting 11** – Updated expenditure forecasts, engagement report back

How feedback influenced decision-making

Customer and other stakeholder feedback has materially shaped Powerlink's Revenue Proposal including impacts on our engagement approach, expenditure forecasts, revenue and pricing.

Engagement approach

- In response to feedback to broaden its engagement – Powerlink included questions in the Queensland Household Energy Survey and undertook dedicated engagement with directly connected and C&I customers, including an online survey.
- Established an Independent Chair for customer representatives of the RPRG to coordinate their consideration and input.

Expenditure forecasts

- Powerlink empowered the RPRG to determine the metrics for forecasting the output growth component of Powerlink's operating expenditure. Consistent with the RPRG's decision, Powerlink proposes to use the AER's existing metrics.
- Additional engagement sessions were held to 'deep dive' on capital expenditure forecasting and deliverability in our engagement schedule. These sessions were organised in direct response to feedback received from the RPRG.

Revenue and price impact

- Powerlink sought feedback from the RPRG on the indicative price path. Following the RPRG's recommendation, Powerlink has adopted an indicative price path that smooths the impact for customers to provide greater predictability over the five-year regulatory period.
- The RPRG advocated for customers to have transparency on the potential impacts of other transmission investments in Queensland in the 2022-27 and 2027-32 regulatory periods. Powerlink has included analysis of the cumulative impact of regulated expenditure and investments that fall outside the scope of the revenue determination process in an Appendix 10.01 to our Revenue Proposal.
- Powerlink sought feedback from the RPRG on an alternative approach to calculating net carryovers under the Capital Expenditure Sharing Scheme (CESS). Consistent with the RPRG's feedback, Powerlink decided not to adopt the alternative CESS approach in its Revenue Proposal.
- We also sought the RPRG's feedback on whether to include an allowance under the Demand Management Innovation Allowance Mechanism (DMIAM) in our Revenue Proposal. Consistent with their feedback, we have not applied for an allowance under the DMAIM.

When RPRG members were asked if they were engaged at the appropriate level, 100% responded that Powerlink's engagement process had allowed appropriate influence on decision making and that they had been engaged at an appropriate level.

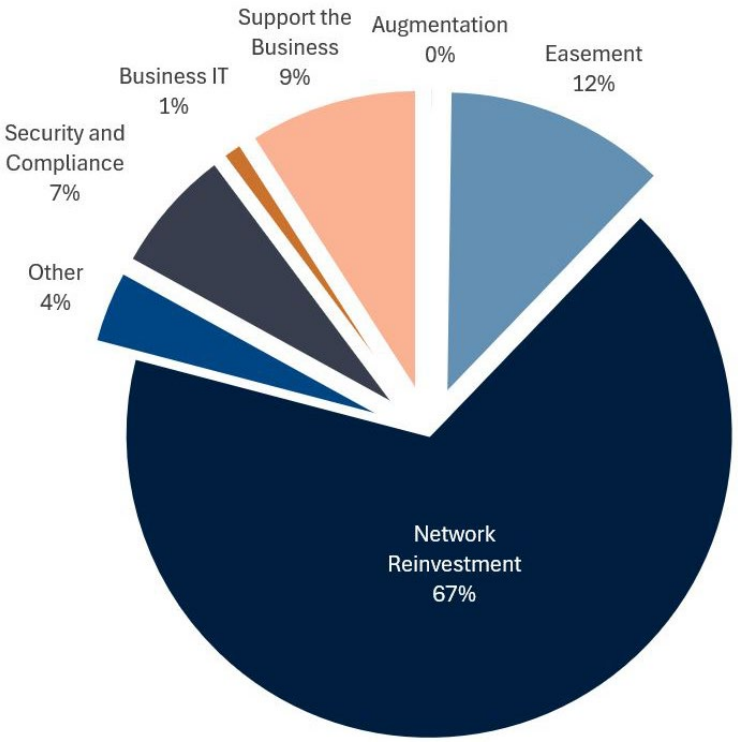
"Powerlink's Regulatory Proposal Reference Group consider that their involvement in development of Powerlink's 2027-32 Regulatory Proposal has been highly collaborative with Powerlink showing a genuine commitment to best practice engagement."

Forecast capital expenditure

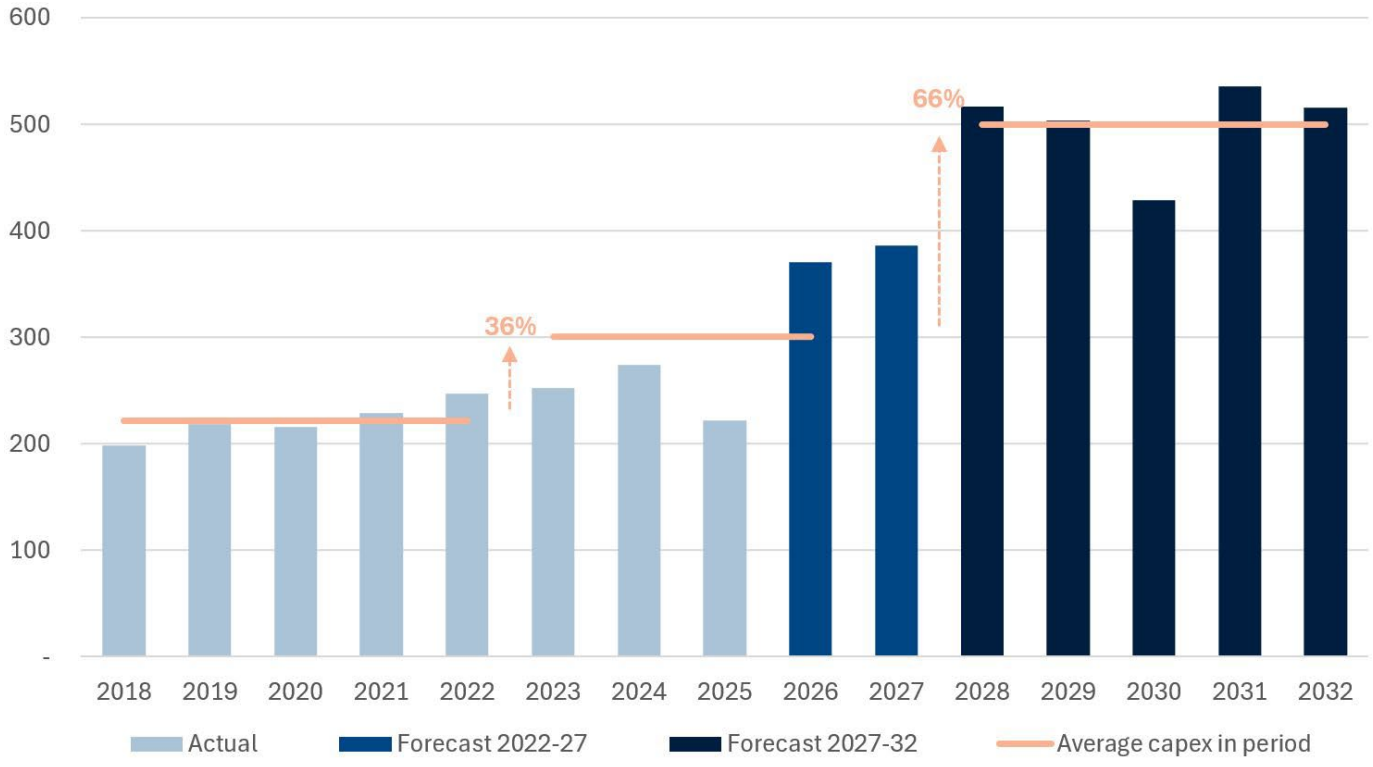
Our total capital expenditure proposal for the 2027-32 regulatory period is $2,499.5 million**.** This is a $994.7 million, or 66%, increase from the actual/forecast capital expenditure for the 2022-27 regulatory period.

The majority of the forecast ($1,939.3 million or 78%) is network expenditure to maintain safety, security and reliability of supply as our assets continue to age (combination of Network Reinvestment, Security and Compliance and Other).

The operating environment has changed significantly since we lodged our last Revenue Proposal in January 2021, with increased demand for equipment and skilled resources. We are also responding to the changing use of electricity and our transmission network, investing in easements to support new and upgraded transmission infrastructure and developing new facilities for our evolving workforce.



Forecast capital expenditure by category 2027-32



Total actual historical and forecast capital expenditure ($million real, 2026/27)

Forecast operating expenditure

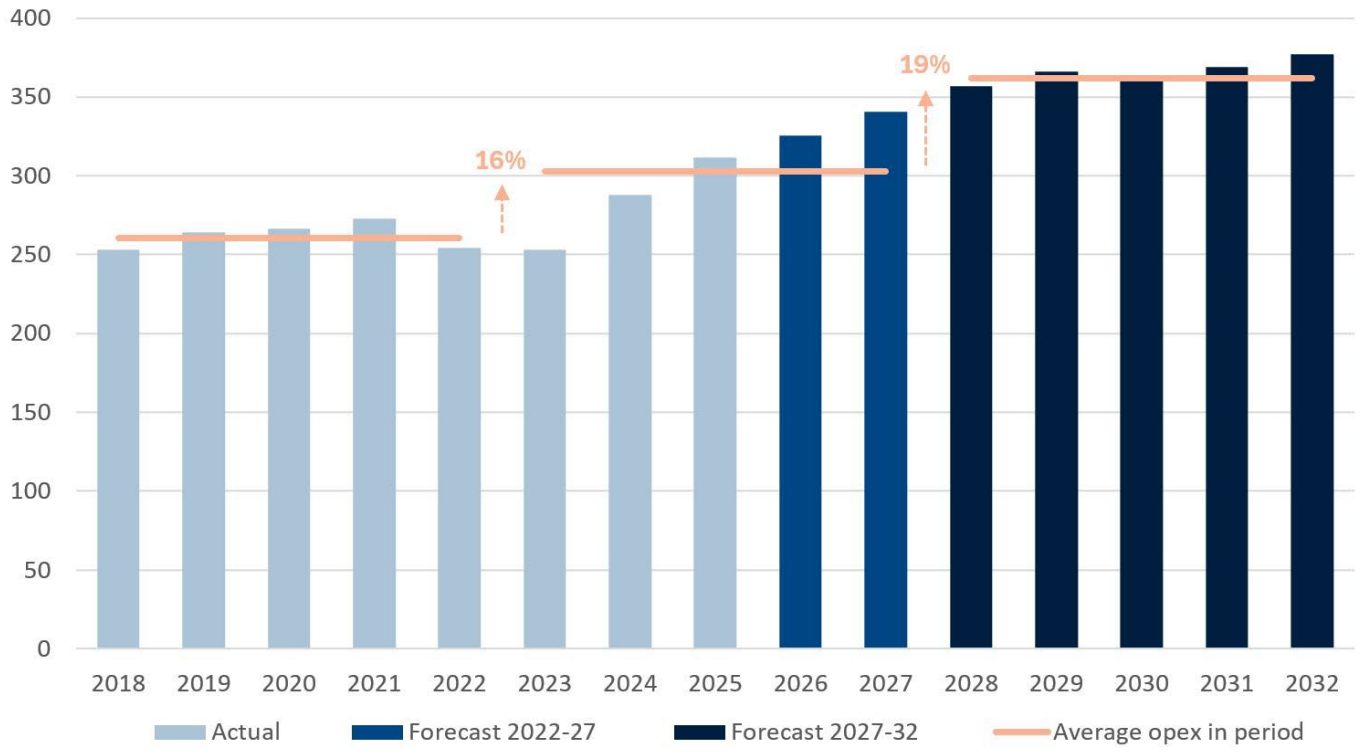
Our forecast total operating expenditure proposal for the 2027-32 regulatory period is $1,810.2 million**.** This is a $293.0 million, or 19%, increase from the actual/forecast operating expenditure for the 2022-27 regulatory period.

We have applied the AER's preferred methodology to forecast operating expenditure – select a base year, then apply growth and productivity adjustments over the period, and then add expenditure not included in either the base year or growth trend.

The base year is that which reflects our efficient, recurrent expenditure. We have selected 2025/26 as our base year, as this reflects our ongoing efficient costs and provides the most recent actual costs at the time the AER makes its Final Decision on our 2027-32 Revenue Proposal in April 2027.

We have applied trend adjustments for growth and productivity in line with the AER's preferred approach.

We have also proposed three operating expenditure step changes, totalling $85 million. These costs result from new regulatory obligations and external market conditions relating to physical security, cloud-based computing solutions and enhancing overnight network monitoring.



Total actual historical and forecast operating expenditure ($million, real 2026/27)

Revenue and price path

Revenue

Our Revenue Proposal forecasts Maximum Allowed Revenue (MAR) of $5,265.3 million. This is $1,059.0 million or 25% higher than the AER's allowance for the current regulatory period.

The increase in revenue is mainly driven by:

- significantly higher rates of return, reflecting a sharp increase in the interest rate environment relative to the historically low rates in the current regulatory period
- growth in the Regulatory Asset Base (RAB) due to increased capital expenditure, and
- higher operating expenditure reflecting changes in the operating environment.

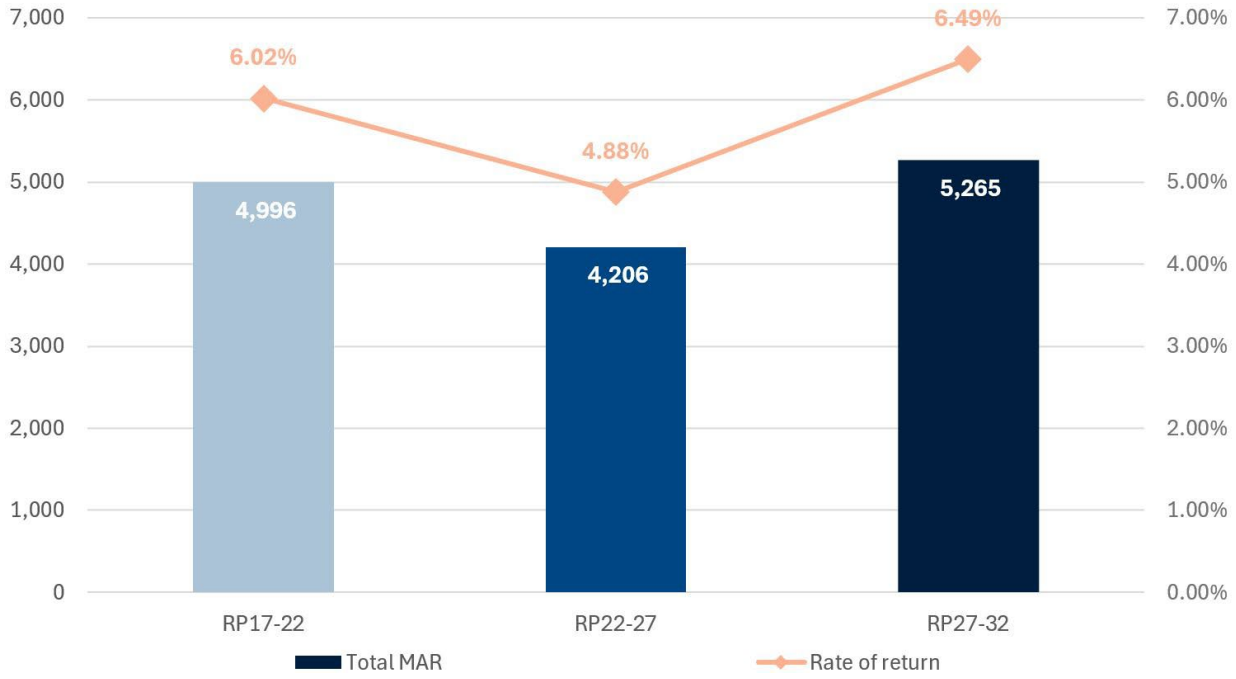


Figure 4 1: Maximum Allowed Revenue ($million, real 2026/27) and average rate of return (%)

Average indicative price path

To provide the indicative impact of our Revenue Proposal on average transmission prices, we divide our forecast MAR by forecast energy delivered in Queensland in each year of the 2027-32 regulatory period.

Based on our forecast smoothed revenue, the indicative impact on the transmission component of electricity bills in the first year of the next regulatory period (2027/28) would be:

- **Average residential –** a nominal increase of $7 (5%)
- **Average small business –** a nominal increase of $14 (5%)

The annual price increases for average residential and small business customers will be 5% in nominal terms for the remainder of the 2027-32 regulatory period. Our price path reflects customers' preference for a stable and predictable price path.

Powerlink also considered the potential price impacts of projects outside the scope of the Revenue Proposal, including the Gladstone Priority Investment project. More information on this is provided in our full Revenue Proposal.

Key risks and benefits

BENEFITS	RISKS
A proposal that aligns with our customers priorities Broad and deep customer engagement and research ensure this Revenue Proposal is aligned to customer priorities, delivering reliability while minimising impacts on affordability.	***Uncertain cost environment*** A further step change in plant and labour costs as seen in the current regulatory period could impact our ability to meet forecast operating and capital expenditure.
Reliable and secure energy supply Proposed expenditure forecasts will see Powerlink continue to operate its network in a prudent and efficient manner and deliver secure and reliable and transmission services in a changing operating environment.	***Meeting new regulatory and legislative responsibilities*** New regulatory and legislative responsibilities (such as *Security of Critical Infrastructure Act 2018)* that could not be predicted at the time of the Revenue Proposal lodgement may lead to cost increases.
Safety remains paramount Appropriate investment in ageing assets on our network assets ensures the safety of the community and our field teams.	***Social licence to operate*** Community sentiment associated with transmission projects may impact Powerlink's social licence to operate, with potential implications for project timeframes and deliverability
Price predictability A smoothed price path provides greater stability and predictability of the transmission component of electricity bills over the regulatory period.	***Deliverability of portfolio of work*** In the event of additional unforeseen changes in the construction market there may be a potential impact on the delivery of the regulated capital portfolio due to constrained availability of resources.
Transmission investment that supports economic growth Economic prosperity is reliant on a reliable supply of electricity. Appropriate investment in transmission is a key foundation of the Queensland economy.	

Next steps

The next steps in our revenue determination process are:

DATE	ACTION
January 2026	Powerlink lodges its Revenue Proposal with the AER
February – August 2026*	AER reviews Powerlink's Revenue Proposal, invites public submissions and will hold its Public Forum.
September 2026*	AER releases its Draft Decision
December 2026*	Powerlink lodges its Revised Revenue Proposal with the AER
April 2027	AER releases its Final Decision
1 July 2027	Start of Powerlink's new regulatory period

** Indicative dates*

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