Revenue Proposal Reference Group Meeting No.17

Details of Meeting	
Date and time of meeting	14:00 – 17:00, Thursday, 15 October 2026
Location	Powerlink Offices, Virginia

Attendees	Organisation
RPRG members – customer representatives	
Chris Hazzard (online)	St Vincent de Paul Society
Katie-Anne Mulder (partial)	Queensland Renewable Energy Council (QREC)
Mark Grenning (Independent Chair)	Consumer Advocate
Nardia Yeates	Aurizon
Robyn Robinson	Council on the Ageing (COTA)
Stephanie McKechnie (online)	Queensland Farmers' Federation (QFF)
RPRG members – Powerlink representatives	
Gerard Reilly	General Manager Communications, Customer and Engagement
Jenny Harris	General Manager Network Regulation
Roger Smith (RPRG Chair)	Director Revenue Reset
Guests and speakers	
Aidan Lawlor	Capex Lead Revenue Reset
Jessica Purdy (Convenor)	Customer Engagement Specialist
Jacqui Bridge	Executive General Manager Network Investment
Kara Healey (online)	Opex Analyst Revenue Reset
Martin Pavelka (online)	Finance and Modelling Analyst Revenue Reset
Michelle Beavis	Opex Lead Revenue Reset
Nina Zhuang (online)	Finance & Modelling Lead Revenue Reset
Simon Hendry (online)	Governance, Assurance and Estimating Coordinator Revenue Reset
Vanessa Morris (online)	Capex Analyst Revenue Reset
Invited stakeholders	
Albert Tong (online)	Australian Energy Regulator (AER)
Anthony Weir (online)	Australian Energy Regulator (AER)
Arwin Lee (online)	Australian Energy Regulator (AER)
Ben Fu (online)	Australian Energy Regulator (AER)
Cameron Martin (online)	Australian Energy Regulator (AER)
John Thompson (online)	Australian Energy Regulator (AER)
Michael Brothers (online)	Australian Energy Regulator (AER)
Sam McGinty (online)	Australian Energy Regulator (AER)

Meeting agenda

1. AER Draft Decision
2. Capex update
3. Opex update
4. RPRG perspectives and questions
5. RPRG submission and forward-looking engagement agenda

Meeting notes

Presentation slides that accompany these notes are published on the Powerlink Customer Panel webpage.

AER Draft Decision

Presenter: Roger Smith, Director Revenue Reset

Roger provided an overview of the meeting agenda and the AER's Draft Decision on Powerlink's 2027-32 Revenue Proposal.

Discussion, questions and responses

Members asked whether Powerlink's workshop with the AER improved understanding of the Draft Decision and additional information required by the AER in the Revised Revenue Proposal. Powerlink confirmed it had a clearer understanding of the AER's requests. The AER will provide further feedback to Powerlink prior to lodgement of the Revised Revenue Proposal to ensure additional documentation is suitable to resolve analysis gaps.

Capex update

Presenter: Roger Smith, Director Revenue Reset

Roger asked the RPRG for their feedback on potential changes to Powerlink's capital expenditure forecasts to inform the Revised Revenue Proposal and outlined further analysis to be completed in support of Powerlink's positions. The issue of capitalised overheads remains outstanding and will be resolved between Powerlink and the AER prior to lodgement of the Revised Revenue Proposal.

Discussion, questions and responses

Powerlink confirmed it had applied the Asset Reinvestment Review to its forecast line reinvestment projects.

For the Woree-Kamerunga line replacement, Powerlink confirmed it would provide more project history and supporting analysis to demonstrate urban encroachment on the existing alignment, the lack of a credible alternative overhead alignment and hence the need for an underground cable to address safety, reliability and operational concerns.

The RPRG asked whether Powerlink will seek the full proposed physical security funding in its Revised Revenue Proposal. Powerlink confirmed that the physical security project remained a key issue that will be included in the Revised Revenue Proposal. While the expenditure forecast is currently under review, it will be supported by and based on additional site specific assessments and independent validation of costs.

Members noted that the Future Grid Operational Technology program was assigned a zero forecast by the AER and would require additional justification. Powerlink explained that the AER considered the timing of this expenditure to be insufficiently supported and that the business case would be revised to more clearly demonstrate the benefits in the 2027-32 regulatory period. Cost-benefit analyses for the second spare

transformer and cyber security initiatives will also be revisited, with consideration of legislative changes since lodgement of the Revenue Proposal.

Members discussed the implications of removing strategic easements from the expenditure forecast. Since lodgement of the Revenue Proposal, AEMO's 2026 Integrated System Plan (ISP) has been published and identified stage 1 of the Central Queensland (CQ) to North Queensland (NQ) reinforcement project as an actionable ISP project. This requires a Regulatory Investment Test for Transmission (RIT-T) to be undertaken that will assess the efficient timing of subsequent stages of the reinforcement. The RIT-T assessment for the actionable ISP project provides a pathway for early works, including easement activities, to progress should the RIT-T demonstrate that it would be prudent to progress these works within the 2027-32 regulatory period.

The RPRG asked whether Powerlink would be costing all secondary systems replacements based on the in-situ approach. Powerlink confirmed it would, citing a $30-$50 million capex saving, but that it had not yet identified viable in-situ solutions for four of its sites. Powerlink also confirmed a significant saving expected for new options currently being considered by management to address the building uplift at its Virginia site.

Members questioned whether a fifth synchronous condenser could still be required in future, with costs to be recovered from consumers. Powerlink explained that a market-provided system-strength service now appeared more likely, while acknowledging the specific timing of the need and potential alternatives remained uncertain.

Opex update

Presenter: Roger Smith, Director Revenue Reset

Roger asked the RPRG for their feedback on potential changes to the operating expenditure forecast to inform the Revised Revenue Proposal and outlined further analysis to be completed in support of Powerlink's positions.

Discussion, questions and responses

The RPRG were supportive of Powerlink's proposed approach to operating expenditure in the Revised Revenue Proposal. Further analysis will include a potential change to the base year and additional documentation to demonstrate the prudency and efficiency of two step changes. Powerlink will likely accept the AER's approach for AEMO participant fees and the third step change, overnight network monitoring.

Powerlink confirmed productivity savings include those negotiated under the Enterprise Bargaining Agreement (EBA) as well as broader initiatives. The operating expenditure forecast for 2027-32 includes industry standard assumptions for wage growth and does not attempt to forecast changes that may arise from negotiation of a new EBA during the 2027-32 period.

RPRG perspectives and questions

Presenter: Mark Grenning, RPRG Independent Chair

An opportunity was provided for RPRG members to ask questions directly of AER attendees.

Discussion, questions and responses

The RPRG asked if the AER's Draft Decision was predominantly driven by a need for further information and whether its workshop with Powerlink had helped resolve the identified issues.

The AER will revisit its positions after assessing additional supporting evidence to be provided by Powerlink. The Revised Revenue Proposal will be assessed as an overall package and via granular analysis of individual projects. For replacement expenditure, the AER requires clearer evidence linking asset condition and health indices to

probability of failure and a customer value framework. Powerlink will ensure its customer-value framework and associated assumptions are provided to the AER and RPRG with the Revised Revenue Proposal.

On deliverability, the AER requires additional information on estimating and resourcing. Powerlink confirmed its deliverability assessment and price path information will be updated to reflect the revised capital expenditure forecast and relevant contingent projects. The AER noted that expenditure increases are occurring across the sector due to pressures of the energy transition, project complexity, cybersecurity and competition for resources.

RPRG members queried the AER's decision to use an earlier base year, rather than applying an efficiency adjustment to Powerlink's proposed base year.

The AER explained that it had selected an earlier base year because available information raised concerns about labour costs and workforce growth. It was noted that there is no precedent for base year adjustments in the transmission sector and that changing the base year also lowered the Efficiency Benefit Sharing Scheme carryover, thereby offsetting the total impact to Powerlink's operational revenue. Evidence explaining the rates and conditions agreed in the EBA, workforce growth and productivity initiatives may enable the AER to accept Powerlink's proposed labour cost increases.

Members questioned what actions Powerlink can take to address customer feedback on their Pricing methodology prior to lodging the Revised Revenue Proposal. Powerlink committed to further engagement, noting that some issues raised were unlikely to be resolved in the short period before lodgement of the Revised Revenue Proposal. The AER agreed and indicated further discussion is warranted.

RPRG submission and forward-looking agenda

Presenter: Roger Smith, Director Revenue Reset

Powerlink and the RPRG agreed that the final RPRG meeting prior to lodgement of the Revised Revenue Proposal will cover the updated deliverability and price path assessment. Outcomes of other relevant analyses will be reported if available.

The meeting will also provide time for RPRG questions to inform their draft submission, which will be circulated in December. Powerlink will share available advance materials with the RPRG prior to the meeting, currently scheduled for 17 November.

Actions

Item	Action	Responsible person	Due
16.1	Update Appendix 10.01 with new modelling to: • Include estimate maturity and basis for selected estimates. • Total project cost incl. expenditure outside 27-32. • Clarify what the 2032 impact represents i.e. annual increase and beyond the period.	Aidan Lawlor	November
16.2	Provide an update on cost recovery options and decisions for the fifth system strength service.	Roger Smith	Complete
17.1	Provide customer-value framework and associated assumptions with the Revised Revenue Proposal.	Damien Scott	December
17.2	Provide advance materials for the November RPRG meeting	Jessica Purdy	November