

# Directlink

2025-30 Distribution Revenue Proposals  
Online Public forum

# Acknowledgement of Country

Gavin Fox

AER General Manager – Network Pricing

# AER welcome and introductions

Gavin Fox

AER General Manager – Network Pricing

## Agenda/Contents

Topic	Speaker	Duration
Welcome/ Acknowledgment of country	Gavin Fox, AER General Manager	5 mins
Directlink presentation	1. Darren Rogers (Director) 2. Mark Allen (Regulatory manager)	15 mins
Overview of Issues Paper	Gavin Fox, AER GM	10 mins
Facilitated discussion	Dale Johansen, AER Executive Director	25 mins
Closing remarks, next steps - submissions 15 May	Gavin Fox, AER GM	5 mins



# Directlink



# Directlink 2025-2030

Public forum  
10 April 2024







## Acknowledgement of Country

At Directlink, we acknowledge the Traditional Owners and Custodians of **Bundjalung** country on which our asset is operated and maintained.

We acknowledge their connections to land, sea and community.

We pay our respects to their Elders past and present, and commit to ensuring Directlink operates in a fair and ethical manner that respects First Nations peoples' rights and interests.





# About Directlink



## Interconnector

Operates like a two-way highway for electricity to be sent between QLD and NSW



## 180MW

Delivery of capacity to both NSW and QLD



## 63 km

of transmission lines consisting of 3 parallel high voltage direct current transmission lines



## 2

Converter stations at Bungalora and Mullumbimby



## December 2000

Directlink was commissioned in 2000 using leading edge technology for the time. It is due to reach the end of its economic life in 2042



## 3 Owners

MM Midstream Investments Pty Ltd (49.9%)  
Osaka Gas Energy Oceania Pty Ltd (30.2%)  
APA Group Limited (19.9%)



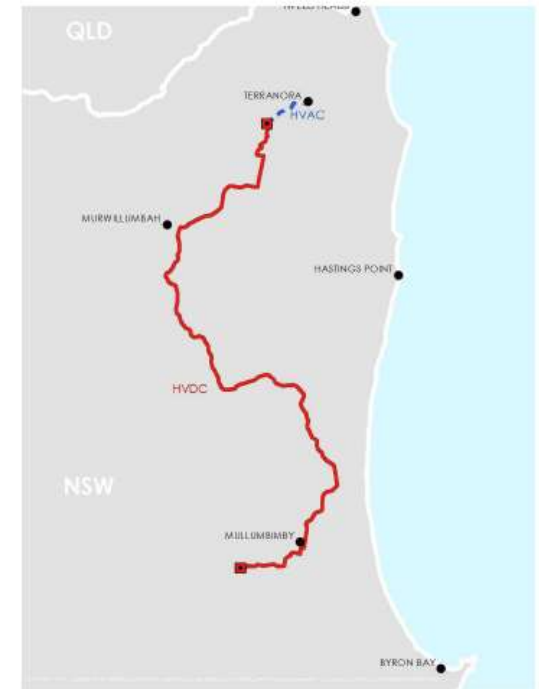
## ~\$16M

Approximate current annual revenue



## 0.10%

of NSW customers' total electricity bills comprise of Directlink costs



Energy  
Infrastructure  
Investments

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# Operating context



## Growth

Helps to meet the electricity needs of the growing population centre south of the Gold Coast and provides important voltage support to increasing solar penetration in Northern NSW



## Challenging environment

High rainfall Average annual rainfall of 1,800mm in the Mullumbimby area  
Difficult terrain - Easements run through steep terrain, environmentally sensitive land and across different land uses



## Energy transition

Directlink assists in stabilising the electricity grid when renewable energy is intermittent. This role will be increasingly critical during the energy transition.



## Planning for end of life

Key technology in the original design of Directlink will be obsolete or sub-optimal by approximately 2042. Planning for its end of life has been a key consideration for the 2025-30 period to ensure reliability and affordability is balanced for continued operation to 2042.

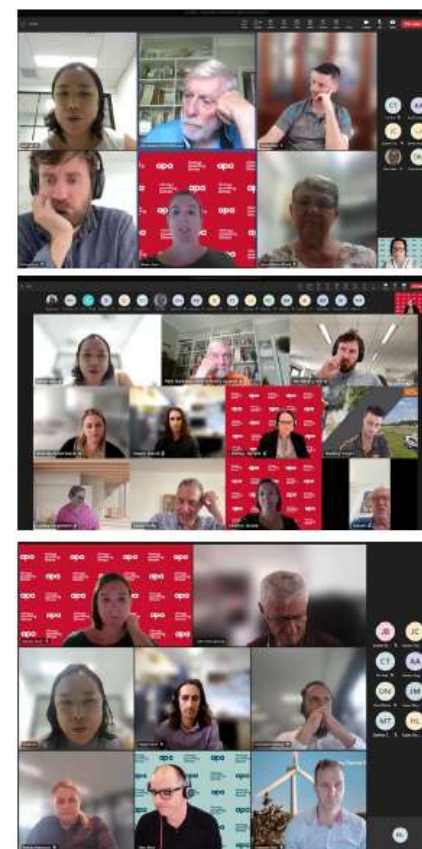


# Engagement

- We have approached stakeholder engagement with the understanding that, although Directlink is the smallest transmission network in the NEM, it plays an important role in supporting NSW and QLD customers
- To date, we have conducted a co-creation workshop, four stakeholder meetings and seven individual stakeholder meetings
- 100% of stakeholder respondents indicated they 'somewhat agree' or 'strongly agree the proposal reflects customers' priorities and preferred outcomes and is in the long-term interests of customers

*"Keep up the good work and just keep asking"*  
- Participant from Stakeholder Meeting 2

*"I valued the approach of describing the "building blocks" of the proposal...the explanations of the various items in the plans were appreciated"*  
- Participant from Stakeholder Meeting 4



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# Plan on a page

## Improving safety and protection



To help protect against the increasing risk of break-ins and loss and damage of key assets, we propose to improve fencing to deter break-ins and improve 24/7 site monitoring through the installation of CCTV. To improve safety, support systems will be installed in high-risk landslip areas.

\$5.0M

## Asset monitoring



To ensure Directlink continues to operate reliably, general upkeep and maintenance of existing control systems is required. A feasibility study will also be undertaken to determine if a master controller should be installed to improve monitoring and reliability performance.

\$1.4M

## Continue major maintenance



To ensure ongoing safety and compliance of Directlink, we propose to undertake key asset replacements and upgrades including circuit break replacement fire system upgrades, cooling system maintenance and replacement of major structural components.

\$8.6M

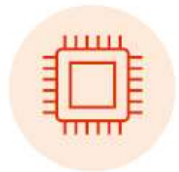
## Refreshed Spares strategy



To help protect supply chain vulnerabilities and ensure the ongoing safe and reliable operation of Directlink an updated spares strategy is proposed. Key electrical components have an increasingly long lead time post COVID and some are becoming obsolete with limited notice from the manufacturer.

\$12.5M

## Complete Insulated-gate bipolar transistors (IGBT) upgrade



The IGBT upgrade commenced in 2022 and is due to be completed during 2025/26. The total investment is \$25.6M and will ensure this critical infrastructure is operational and there are sufficient spares available for the longer term. This upgrade reduces the risk of prolonged outages.

\$6.0M

## Planning for end of life



An allowance for end-of-life costs is proposed to cover costs associated with removal of equipment and rehabilitation of land for decommissioning of Directlink in the longer term. This ensures current consumers, rather than future consumers, pay for the asset.

\$4.7M



# Revenue and price impacts



**~\$24.8M**

Annual average  
revenue for the  
period 2025 to 2030



**10.31%**

Annual average  
change in revenue  
(real)



**0.28%**

of NSW customers'  
total electricity bills



**\$1.24**

Increase in the  
annual cost for a  
typical  
residential customer  
by 2029-30  
(assuming market  
offer of \$1,203 per  
year)



# Thankyou



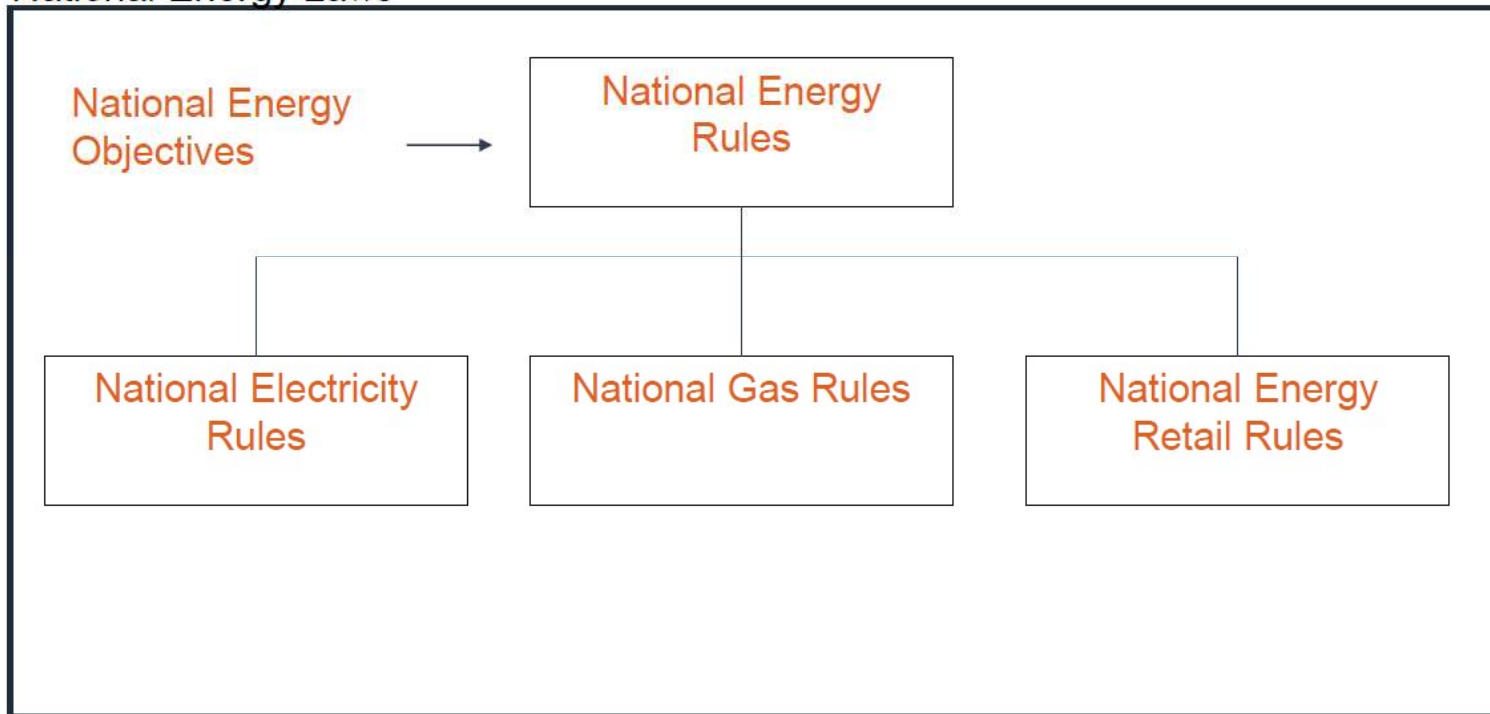
# Overview of Issues Paper

Gavin Fox  
General Manager - Network Pricing



# Legal Framework

## National Energy Laws



# Better Resets Handbook

Sets out the **AER's expectations** for **consumer engagement** by the network in formulating a regulatory proposal



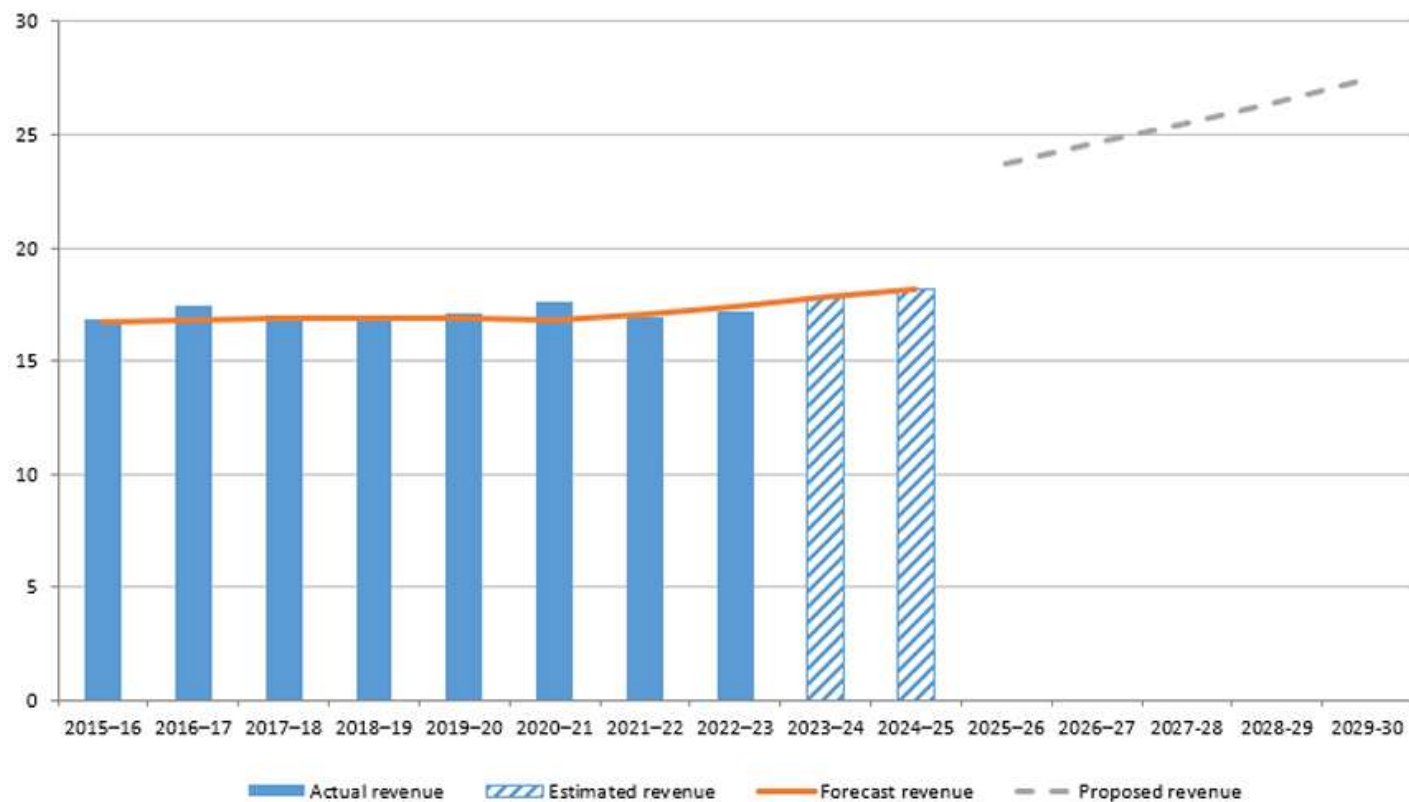
Sets out the AER's expectations for **expenditure forecasts**

Where a proposal **meets expectations** the AER can undertake a **targeted review**

## Early signal pathway

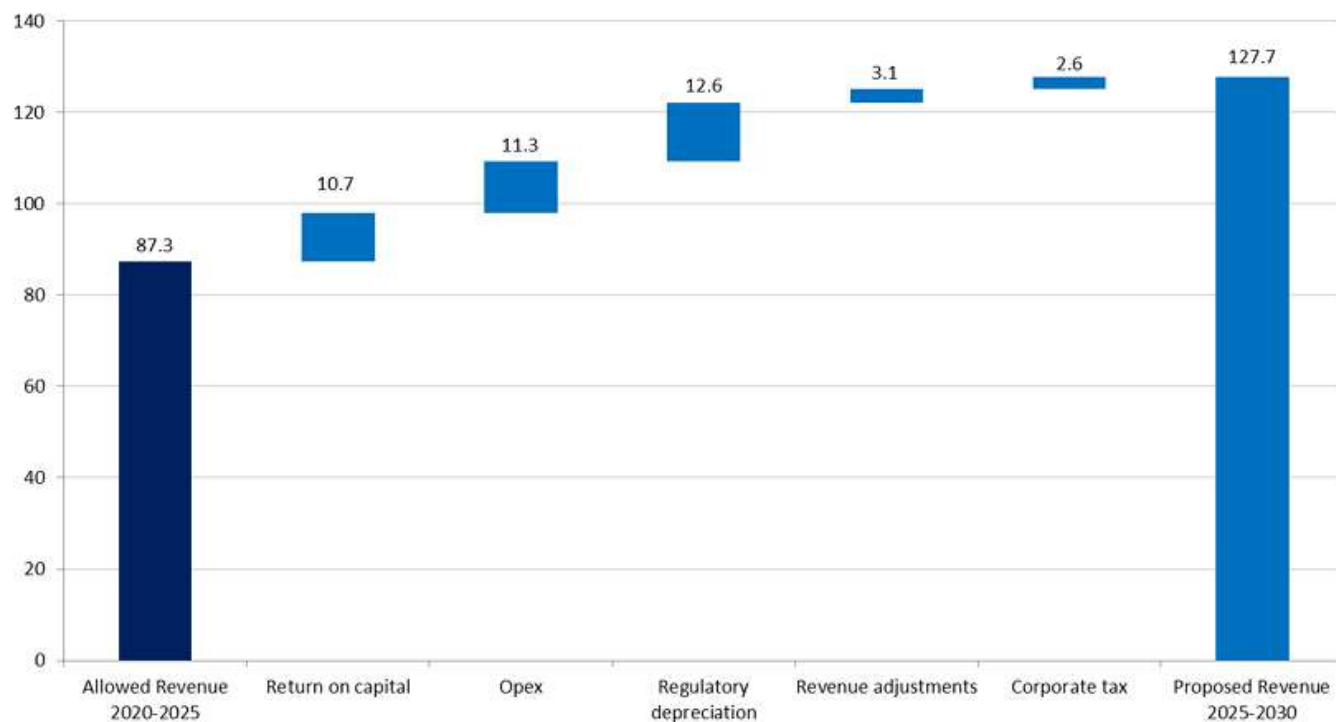
- Network commits to plan to develop proposal with consumers
- AER agrees provides feedback before lodgment
- AER gives an 'early signal' (ie pre-draft decision) on areas for targeted review

## Directlink's regulated revenue over time (\$million, 2024-25)

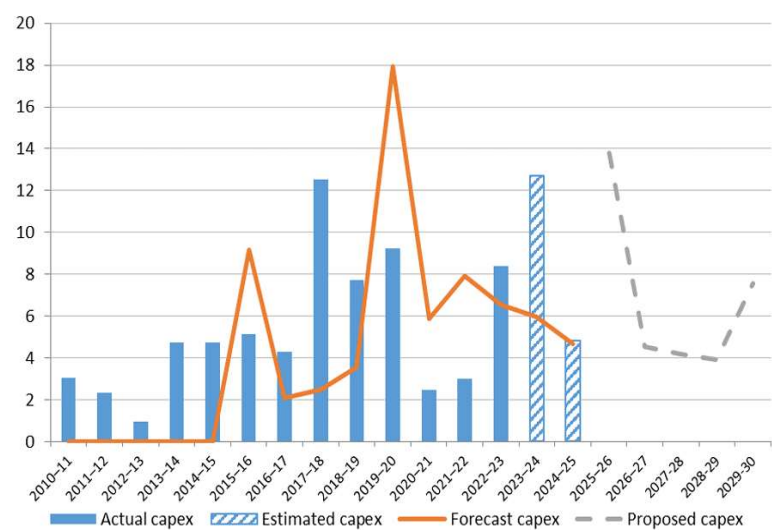




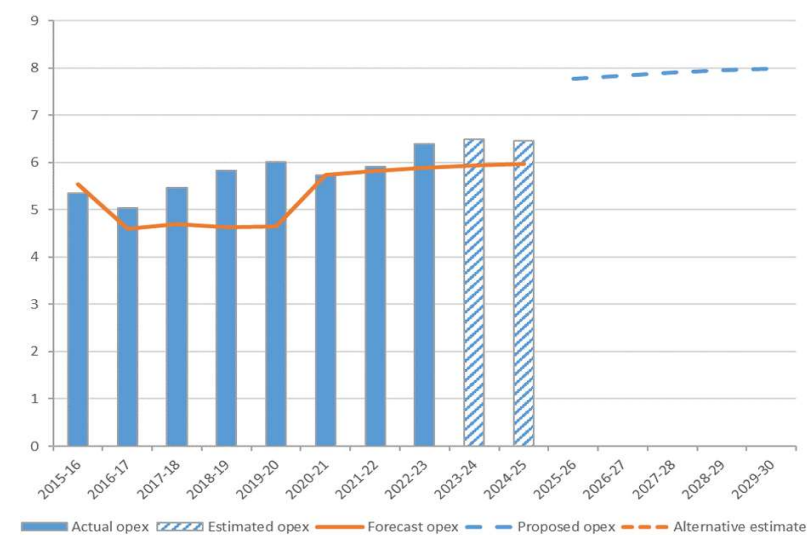
## Changes in Directlink's revenue building blocks: 2020-25 to 2025-30 (\$million, 2024-25)



**Directlink's forecast and actual capex over time (\$million, 2024-25)**



**Directlink's forecast and actual opex over time (million, \$2024-25)**



# Issues Paper

Directlink electricity transmission determination  
2025–30

March 2024



## We would like stakeholder views on:

- Directlink's approach to end-of-life costs
- Directlink's approach to capex (particularly spare parts)

	Proposed focus areas for AER review
Capex	High-level review
Opex	End of life costs
Depreciation	High-level review
Tariffs	High-level review



# Facilitated Discussion

## Next Steps

Milestone	Date
Directlink submitted regulatory proposal to the AER	30 January 2024
AER published an issues paper	26 March 2024
AER holds a public forum	10 April 2024
Submissions on regulatory proposals close	15 May 2024
AER publishes draft determination decision	September 2024
AER holds a pre-determination conference	October 2024
Directlink submits revised regulatory proposal to AER	December 2024
Submissions on revised regulatory proposal and draft decision close	January 2025
AER publishes distribution determination for regulatory control period	April 2025

## Submission details

- We invite interested parties to make submissions on the Issues Paper by **5pm AEST, 15 May 2024**.
- We encourage early submissions, where possible, to inform the next phase of consultation.
- Submissions should be emailed to [directlink2025@aer.gov.au](mailto:directlink2025@aer.gov.au)

