January 2026

Powerlink 2027-32 Revenue Proposal

Appendix 10.01

Pricing Impact Scenarios

1 Purpose

This document has been prepared to provide further transparency on the potential price impact of projects subject to regulatory mechanisms outside the revenue determination process of the National Electricity Rules (Rules). While these projects are not included in our 2027-32 Revenue Proposal, they may impact prescribed transmission prices in the 2027-32 regulatory period if relevant decision-makers approve the recovery of their associated costs within period.

2 Overview

Powerlink has consistently and openly engaged with our Customer Panel and the Revenue Proposal Reference Group (RPRG) on all elements of our 2027-32 Revenue Proposal. This includes known projects that are subject to regulatory mechanisms outside the revenue determination process and not included in our Revenue Proposal. As our understanding and approach to these projects has evolved over time, we have made the RPRG aware of the progress and the potential revenue and price impacts.

Throughout our engagement on the development of our 2027-32 Revenue Proposal, our customers and other stakeholders have emphasised the importance of transparency in price impacts on customers. We outline our forecast of Maximum Allowed Revenue (MAR) and resulting indicative price impacts in Chapter 10 of our 2027-32 Revenue Proposal. This includes the impact of all forecast capital and operating expenditure included in our Revenue Proposal, which is discussed in chapters 4 and 5, respectively.

Our Revenue Proposal also includes nine contingent projects (refer Chapter 4 and Appendix 4.04) and proposed nominated pass through events (refer Chapter 11), which if triggered could impact prescribed transmission prices in the 2027-32 regulatory period. Given the uncertainty around such events at this time, we have not reflected potential price impacts for contingent projects or nominated pass through events in our Revenue proposal or this appendix.

However, there are other proposed capital projects and associated operating expenditure that are subject to regulatory mechanisms outside the revenue determination process which may affect prescribed transmission prices in the 2027-32 regulatory period. These include the contingent project application related to the provision of system strength services, including the cost pass through of network support costs, and the Gladstone Project that is subject to the Priority Transmission Investment (PTI) framework under Queensland legislation[1].

Again, while the capital and operating expenditure for the provision of system strength services and the Gladstone PTI project is not included in the forecasts in our Revenue Proposal, this appendix provides an overview of the potential revenue and price impacts of these projects in the event relevant parties approve their cost recovery within the 2027-32 regulatory period.

[1] Energy (Infrastructure Facilitation) Act 2024.

3 Modelled scenarios

We have modelled the potential additional impact on MAR and indicative prices arising from:

- the capital and operating expenditure related to the provision of **system strength services** – this will be subject to a contingent project application to the Australian Energy Regulator (AER) in the current 2022-27 regulatory period, and a cost pass through under the annual transmission pricing arrangements for the related system security network support costs, and
- the capital and operating expenditure related to the **Gladstone Project** – this is subject to the PTI framework and is currently being assessed by the suitably qualified person appointed by the responsible ministers. The suitably qualified person in this case is the AER.

3.1. System strength services

Powerlink is Queensland's System Strength Service Provider under the NER[2] and must take action to acquire and make available system strength services to meet its regulatory requirements from 2 December 2025. These new requirements were introduced through a Rule change in 2021[3].

We completed a Regulatory Investment Test for Transmission (RIT-T) for System Strength in July 2025[4], recommending investment in up to nine synchronous condensers across Central and Southern Queensland by June 2034. We currently anticipate that we will need to install four synchronous condensers in Central Queensland by 2030 and contract for system security network support to acquire the necessary system strength services.

The lead time of the major plant items means that significant additional capital expenditure will be incurred in the current 2022-27 regulatory period, which was not included in our capital expenditure allowance for the current period. Powerlink intends to lodge a contingent project application with the AER for the capital expenditure it expects to incur in the 2022-27 and 2027-32 regulatory periods and the incremental operating expenditure for the 2027-32 regulatory period. We have been engaging with the AER on this matter for some time and anticipate lodging this application in mid-2026.

As part of the same Rule change, the AEMC determined that system security network support costs be recovered by an annual forecasting and true up process, which forms part of the annual prescribed transmission service pricing process – effectively a direct pass through to customers. These changes to cost recovery arrangements commenced in December 2024.

[2] National Electricity Rules, clause 5.20C.3.
[3] AEMC Rule Determination, National Electricity Amendment (Efficient Management of System Strength on the Power System) Rule 2021.
[4] Addressing System Strength Requirements in Queensland from December 2025 Project Assessment Conclusions Report, Powerlink, June 2025.

3.2 Gladstone Project

In July 2024, Powerlink was directed by relevant Queensland Government ministers to commence the verification of need and options for the Gladstone Project under the PTI framework. The PTI framework is separate to the Rules and the revenue determination process, hence the expenditure and revenue forecasts associated with the Gladstone Project are not included in our Revenue Proposal for the 2027-32 regulatory period. More information on this process and the Gladstone Project is available on our website[5].

The key purpose of the Gladstone Project is to maintain system security and reliability to all customers in the Gladstone region, which is a prescribed transmission service. The PTI framework provides for relevant ministers to direct Powerlink to recover costs, or part thereof, through our MAR. In making their decision, the ministers will consider advice from the AER on the prudency of the investment, as the suitably qualified person appointed by the responsible ministers.

In June 2025, Powerlink published and submitted its Final Assessment Report to the Queensland Government. The report assessed options to meet the identified need and recommended a preferred option. The preferred option of the Gladstone Project is currently being assessed by the AER. We continue to work closely with the Queensland Government and the AER as we move through the steps of the PTI process towards the anticipated declaration from the responsible ministers, later in 2026.

Subject to the progression of this process, the outcome of any such directions may be implemented as part of the AER's Final Determination on Powerlink's 2027-32 Revenue Proposal in April 2027, if practicable. However, Powerlink will provide an update on any material developments to the RPRG and its Customer Panel on this matter where appropriate.

4 MAR and price impact from modelled scenarios

4.1 Forecast capital and operating expenditures

To calculate the impact on MAR and prices from the modelled scenarios, we have used high-level forecasts of capital and operating expenditure (including debt raising costs) for system strength services and the Gladstone Project as presented in Table 1.

These figures are provided for illustrative purposes only, as there is significant work still to be undertaken to finalise the cost and timing of these projects. The expenditure figures included in this assessment are as at 30 November 2025 and include a nominal allowance for risk and contingency. Importantly, for the purposes of this assessment, the full cost of the Gladstone Project is assumed to be recovered through our MAR. The responsible ministers retain discretion to determine the efficient cost to be recovered via our MAR.

Table 1 - Forecast total capital and operating expenditure from modelled scenarios ($million real, 2026/27)

	Capital Expenditure	Operating Expenditure
System Strength	963	249
Gladstone Project (1)	2,333	36
Total	**3,296**	**285**

[5] Refer www.powerlink.com.au/priority-transmission-investments.

4.2 Forecast impact on MAR and indicative prices

We calculated the smoothed MAR and associated indicative price impact using the same methodology as outlined in Chapter 10 Maximum Allowed Revenue and Price Impact.

The impact on MAR for the 2027-32 regulatory period is summarised in Table 2.

Table 2 - Forecast smoothed MAR 2027-32 ($million nominal)

	Total MAR 2027-32
MAR included in Revenue Proposal	5,710
plus System Strength	476
plus Gladstone Project	479
Total potential MAR	**6,665**

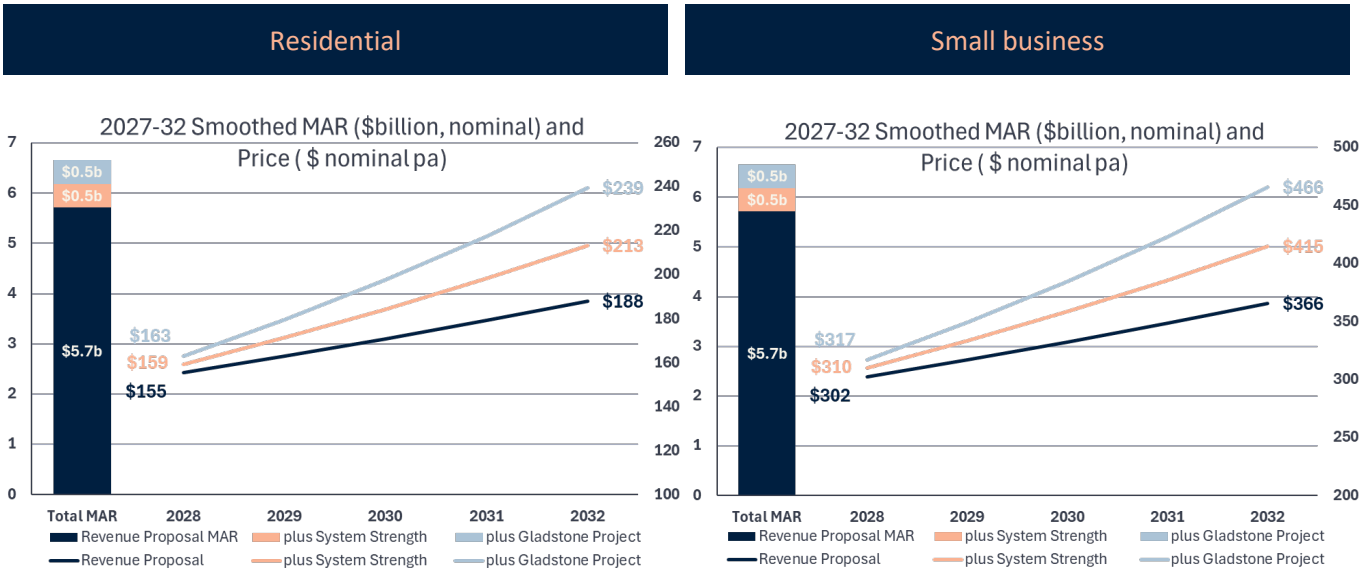
Based on our forecast smoothed revenue, the indicative impact on the transmission component of electricity prices over the 2027-32 regulatory period is shown in Table 3.

Table 3 - Indicative impact on transmission component of average annual electricity bills in the 2027-32 regulatory period ($ nominal)

		Revenue Proposal	Revenue Proposal +system strength	Revenue Proposal +system strength +Gladstone Project
First-year (2027/28)	Residential	+$7 (+5%)	+$11 (+8%)	+$15 (+10%)
	Small business	+$14 (+5%)	+$22 (+8%)	+$29 (+10%)
Remainder of the period	Residential and small business	+5%	+8%	+10%

Figure 1 illustrates the cumulative impact on MAR and the indicative price path for each of these scenarios over the price 2027-32 regulatory period.

Figure 1 - Forecast impact on MAR and transmission component of prices in the 2027-32 regulatory period



The bar chart on the left of these figures illustrates the total forecast revenue requirements included in our Revenue Proposal, and the potential additional revenue requirements associated with both our system strength obligations and the Gladstone Project.

The line chart on the right of the figures illustrates the indicative cumulative price impacts for an average Queensland electricity bill over the regulatory period. For example, an average annual residential customer bill will include a total transmission component of $239 in 2032, which is the combined impact of the Revenue Proposal, system strength obligations and Gladstone Project.