

January 2026

Powerlink 2027-32 Revenue Proposal

Appendix 3.03

Engagement Approach and Outcomes



Purpose

This document summarises our approach to engagement throughout the development of our 2027-32 Revenue Proposal, the feedback we received, and how this feedback has shaped our Revenue proposal. This appendix expands on principles set out in our Engagement Plan (refer Appendix 3.01).

Engagement Approach

We commenced discussions regarding our 2027-32 Revenue Proposal with our Customer Panel in early 2024 and held a co-design workshop to shape our engagement approach in November 2024 (described in Section 3.3.1 of our Revenue Proposal). This engagement approach was captured in our Engagement Plan, made publicly available in December 2024, and updated in June 2025 and January 2026.

Engagement approach key elements

We consider that our approach to engagement on the revenue determination process is an extension of BAU engagement. Our engagement approach for this Revenue Proposal is built on four foundational elements. These reflect feedback from customers about what comprises effective engagement for a Revenue Proposal. The foundational elements are detailed our Engagement Plan and Table 1.

Table 1: Engagement approach key elements

Foundational element	Approach
Targeted and fit for purpose	We are leveraging BAU engagement activities and have established a dedicated Revenue Proposal Reference Group (RPRG) for targeted engagement.
Support a clear Business Narrative	We developed a Business Narrative ¹ with input from our Customer Panel and other stakeholders in late 2024. The document is intended to provide broader context. We have expanded on our Business Narrative in Chapter 2 Operating Environment.
Seek early involvement from the AER	Powerlink engages with the AER on various matters in the normal course of business and has maintained regular contact with AER staff to discuss some of the key developments and challenges faced by our business. We engaged with senior AER management in August 2024 to discuss early preparations and expectations for our 2027-32 revenue determination process. AER representatives and the AER's two Consumer Challenge Panel representatives (CCP34) are invited to all our Customer Panel and RPRG meetings and we meet regularly with AER staff to discuss the process. We are committed to a 'no surprises' approach and consider there to be significant value to Powerlink, our customers and the AER in having its representatives attend our engagement forums.
Apply a transparent and rigorous approach	We have established protocols regarding confidentiality, conflicts of interest and behaviour at our engagement forums. The RPRG Terms of Reference is kept up to date to ensure its purpose, composition, responsibilities, evaluation and reporting requirements are clear. All presentation slides and minutes for Customer Panel and RPRG meetings are circulated to members for comment before being published on Powerlink's website for broader review.

¹ Appendix 2.01 – Business Narrative

Engagement Outcomes

The key topics discussed with the RPRG, Customer Panel and at engagement forums, feedback received and how that feedback influenced engagement and decision-making is summarised in Table 1.

The date provided reflects when topics were discussed with the relevant customer representatives, or when feedback was received.

Table 1: Engagement outcomes

Topic	Feedback received	What we've done
Engagement		
Business Narrative (RPRG, Nov 2024)	<ul style="list-style-type: none">First draft did not adequately represent customer drivers in the business and operating environmentEncouraged Powerlink to represent needs of different customer groups including households, commercial and industrial and agricultural sectors	<ul style="list-style-type: none">Restructured our Business Narrative to commence with an overview of customer drivers from the perspective of each customer group
Engagement Scope (RPRG, Nov 2024)	<ul style="list-style-type: none">Customer and other stakeholder representatives volunteered to participate in the co-design workshopNine new engagement topics were identified for 2027-32, in addition to 24 topics carried over from 2022-27 (refer Figure 3.2)Topics were prioritised for engagement focus, based on their relative impact on MAR and ability to be influenced by the revenue determination process	<ul style="list-style-type: none">Developed and executed our engagement schedule according to the topics identified in co-design process and subsequent engagement with the RPRGEngaged on each topic at the appropriate IAP2 Spectrum Participation Level according to the prioritisation of topics during the co-design workshop and subsequent RPRG engagement

Engagement Approach and Outcomes

Powerlink 2027-32 Revenue Proposal

January 2026

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Engagement approach (RPRG, Feb-Apr 2025)	<ul style="list-style-type: none">• Support for inclusion of additional questions in the 2025 QHES to inform the 2027-32 Revenue Proposal• Encouraged Powerlink to frame the questions to determine customer understanding and appetite for investment to deliver benefits such as reliability and climate resilience• Encouraged Powerlink to broaden the reach of our engagement by involving large load customers and providing in-person engagement forums for regional customers	<ul style="list-style-type: none">• Two additional questions included in the 2025 QHES, testing customer support for upfront investment in the power system and relative importance of investment benefits including climate resilience, reliability, affordability and sustainability• Undertook dedicated engagement approach for directly connected and C&I customers, including launch of an EOI and online survey• Hosted an interactive session on the 2027-32 Revenue Proposal at the Central Queensland Transmission Network Forum in Gladstone in August• Forums in Gladstone and Brisbane provided customers with the latest update on our plans for network development• Invited directly connected customers and C&I customers to comment on our draft Revenue Proposal along with other interested stakeholders
Engagement approach (RPRG, Mar 2025)	<ul style="list-style-type: none">• Proposed nomination of an Independent Chair of customer representatives of the RPRG to coordinate formal responses and convene additional meetings outside of Powerlink schedule	<ul style="list-style-type: none">• Established an Independent Chair of customer representatives and updated the RPRG Terms of Reference to reflect the role
Capable of acceptance criteria (RPRG, Apr 2025)	<ul style="list-style-type: none">• Support for retention of three capable of acceptance criteria from the 2023-27 Revenue Proposal (refer Section 3.4)• Support for updating the proof point criterion to reflect current operating environment while retaining focus on cost impacts for customers• Support for application framework (refer Table 3.2), setting the expectation for the Customer Panel to provide assessment of the engagement criteria with the option to also assess the proof point• Encouraged Powerlink to reference the AER Better Resets Handbook² directly in the proof point criterion	<ul style="list-style-type: none">• Capable of acceptance criteria retained and proof point criterion updated• Application framework included in our Engagement Plan and 2027-32 Revenue Proposal• Direct reference to AER Better Resets Handbook included in our proof point criterion

² Better Resets Handbook - Towards Consumer Centric Network Proposals, Australian Energy Regulator, July 2024.

Engagement Approach and Outcomes

Powerlink 2027-32 Revenue Proposal

January 2026

Topic	Feedback received	What we've done
Engagement approach (Commercial and industrial load customers, Jun 2025)	<ul style="list-style-type: none"> Customers advocated for targeted and timely investment to ensure costs will not disproportionately impact existing customers Customers indicated continued prioritisation of electrification and emissions reduction 	<ul style="list-style-type: none"> One-on-one briefings for directly connected customers to discuss their future energy plans
Alignment with customer priorities (CQ Transmission Network Forum Aug 2025)	<ul style="list-style-type: none"> Attendees identified reliability and affordability as the most important benefits of investing in the power system and as critical focus areas for Powerlink's long-term investment plans In the ranking of benefits, reliability and affordability were followed by investment certainty and economic growth, local skills and job opportunities Other key focus areas for Powerlink's investment plans included resilience and community 	<ul style="list-style-type: none"> Attendees were invited to comment on our draft Revenue Proposal Increased focus on in-person rather than digital engagement activities, given significantly higher participation at the live forum compared to the online survey of direct-connect and C&I customers (69 versus 9)
Business and operating environment (RPRG, Oct 2025)	<ul style="list-style-type: none"> Recommended additional operating environment factors to consider, including workforce capability and skills, insurance market volatility, Enterprise Bargaining and Queensland Government's Energy Roadmap 	<ul style="list-style-type: none"> Additional operating environment factors addressed in Chapter 2 Alignment of forecast capital expenditure and contingent projects with Queensland Government's Energy Roadmap presented at the RPRG meeting in November 2025
Business and operating environment (Customer advocate, Oct 2025)	<ul style="list-style-type: none"> Identified additional operating environment factors to consider, including workforce skills shortages and digitisation 	<ul style="list-style-type: none"> Additional operating environment factors are addressed in Chapter 2
Engagement approach (Annual Transmission Network Forum, Nov 2025)	<ul style="list-style-type: none"> Reinforced the importance of transparency and information sharing between Powerlink and its increasingly diverse stakeholder groups to enable effective decision-making 	<ul style="list-style-type: none"> Continuing to provide transparency to our customer representatives on activities and expenditure that fall outside of the Revenue Proposal so that they may consider our forecasts in the context of Powerlink's broader project portfolio
Expenditure forecasts		
Expenditure Forecasting Methodology (RPRG, Mar-Jun 2025)	<ul style="list-style-type: none"> Requested an additional meeting to cover the capital expenditure forecasting methodology and Powerlink's project identification and estimating processes in more detail Encouraged Powerlink to improve coverage of operating expenditure step changes in its Expenditure Forecasting Methodology 	<ul style="list-style-type: none"> Held an additional meeting on capital expenditure forecasting in April 2025 with presentations from relevant subject matter experts Added an additional section on step changes to our Expenditure Forecasting Methodology

Engagement Approach and Outcomes

Powerlink 2027-32 Revenue Proposal

January 2026

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Alignment with customer priorities (QHEs, Apr 2025)	<ul style="list-style-type: none">• >57% of surveyed households support upfront investment in the power system for long term benefits, <7% are opposed with the remainder neutral or unsure• >90% of households rated long term benefits of “maintaining a reliable energy system”, “affordable bills for all” and “ensuring a resilient network after disasters” as high or very high importance	<ul style="list-style-type: none">• Expenditure forecasts reviewed, challenged and updated to ensure safety and reliability of the transmission network prioritised at reasonable cost.• Given the equal importance placed on affordability, reliability, and resilience—and the interest expressed by Customer Panel members during engagement scoping—a dedicated session for the panel will be held in mid-2026 to address climate adaptation, ESG requirements, resilience planning, and response and recovery activities.
Operating expenditure (RPRG, May 2025)	<ul style="list-style-type: none">• Challenged increases in Powerlink’s operating expenditure forecasts compared to the 2023-27 Revenue Proposal, seeking to understand how increasing labour and insurance costs are carried forward and how productivity factors are calculated• Requested further information on our method for forecasting revenue adjustments arising from the Efficiency Benefit Sharing Scheme (EBSS)	<ul style="list-style-type: none">• Increased engagement on opex base year, step changes and trend at the RPRG meeting in July 2025• Detailed coverage of insurance cost discussed at RPRG meeting in November 2025• Informed review and challenge of expenditure needs and timing• Presented a detailed breakdown of drivers for MAR increases from 2022-27 to 2027-32 regulatory periods• Published customer overview explaining the EBSS
Capital expenditure (RPRG, May 2025)	<ul style="list-style-type: none">• Challenged increases in Powerlink’s capital expenditure forecasts compared to the 2023-27 Revenue Proposal, seeking to understand costs associated with system strength, replacement, augmentation and non-network projects	<ul style="list-style-type: none">• Increased engagement on non-network projects and published a system strength customer overview• Informed review and challenge of expenditure needs and timing• Presented a detailed breakdown of drivers for MAR increases from 2022-27 to 2027-32 regulatory periods

Engagement Approach and Outcomes

Powerlink 2027-32 Revenue Proposal

January 2026

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Capital expenditure - contingent projects (RPRG, Jun 2025)	<ul style="list-style-type: none"> Requested visibility of expenditure currently outside the scope of the Revenue Proposal, including the Gladstone Priority Transmission Investment (PTI) Challenged the identified triggers and estimated cost of proposed contingent projects, seeking to understand their importance for performance of the shared network and Powerlink's provision of prescribed transmission services Questioned deliverability of the capital expenditure forecast in the case of multiple contingent projects being triggered in the 2027-32 regulatory period 	<ul style="list-style-type: none"> Modelled and presented the hypothetical impact on MAR if <u>all</u> contingent projects proceeded and the Gladstone PTI Informed review and challenge of contingent project triggers, cost and timing Informed review and challenge of deliverability of portfolio of capital and operating works, and consideration of project priorities Presented on deliverability risks and opportunities at the Customer Panel meeting in July 2025 and RPRG meeting in November 2025
Operating expenditure (RPRG, Jul 2025)	<ul style="list-style-type: none"> Expressed concerns regarding potential late changes due to realised differences between the initial base year forecasts and the final revealed costs Advised that another TNSP had previously applied for a network complexity step change, but the AER had not allowed it 	<ul style="list-style-type: none"> Committed to update base year costs progressively throughout the Revenue Proposal development to ensure draft figures reasonably represent actual costs and to engage with the RPRG on any material changes Informed review and challenge of proposed step changes
Operating expenditure (RPRG, Jul 2025)	<ul style="list-style-type: none"> Supported Powerlink's proposal to engage with the AER on alternative output growth measures Challenged whether Powerlink can achieve the target productivity improvement given declines in recent years 	<ul style="list-style-type: none"> Informed development and review of alternative output growth factors to enable further engagement with AER, customers and other stakeholders Alternative output growth measures are presented alongside AER standard measures in Chapter 6 of the draft Revenue Proposal Facilitated further engagement with the RPRG on productivity targets prior to lodgement of the Revenue Proposal
Operating expenditure (RPRG submission to draft proposal, Oct 2025)	<ul style="list-style-type: none"> Requested further engagement on alternative opex trend output measure 	<ul style="list-style-type: none"> Further engagement on alternative output measure provided at the November 2025 RPRG meeting RPRG empowered to choose whether to apply the alternative output growth approach in Powerlink's 2027-32 Revenue Proposal Based on the RPRG decision, Powerlink has applied the AER's existing output growth measures to our operating expenditure forecast in this Revenue Proposal

Engagement Approach and Outcomes

Powerlink 2027-32 Revenue Proposal

January 2026

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Operating expenditure (RPRG submission to draft proposal, Oct 2025)	<ul style="list-style-type: none"> Requested further information on opex forecast, base year productivity and Enterprise Bargaining impacts, specifically <ul style="list-style-type: none"> insurance and pass through events how productivity initiatives have influenced forecasts 	<ul style="list-style-type: none"> Additional information on insurance and pass through events provided at the RPRG meeting in November 2025 Additional information on base year productivity and Enterprise Bargaining impacts provided at the RPRG meeting in December 2025
Capital expenditure (RPRG submission to draft proposal, Oct 2025)	<ul style="list-style-type: none"> Requested further engagement on delivery of capital expenditure forecast, specifically <ul style="list-style-type: none"> portfolio deliverability in conjunction with major projects not included in Revenue Proposal accuracy of capex forecasts at project approval stage relevance of portfolio and project risk components, and learnings from recent 'on-cost' and 'on-time' performance 	<ul style="list-style-type: none"> Further engagement on lessons learnt process, estimating accuracy/risk and portfolio deliverability at the RPRG meeting in November 2025
Capital expenditure (RPRG submission to draft proposal, Oct 2025)	<ul style="list-style-type: none"> Raised questions regarding changes to capital expenditure in 2025 relating to application of the Cost Allocation Methodology and principles 	<ul style="list-style-type: none"> Further engagement on 2025 capital expenditure provided at the RPRG meeting in December 2025
Capital expenditure (RPRG, Nov 2025)	<ul style="list-style-type: none"> Encouraged Powerlink to include data on performance of projects subject to the improved approvals and lessons learnt processes in the Revenue Proposal 	<ul style="list-style-type: none"> Project delivery KPIs presented at the RPRG meeting in December 2025.
Revenue and pricing		
Price path (C&I load customers, Jun 2025)	<ul style="list-style-type: none"> Customers identified reliability of supply, resilience to network interruptions and predictability of pricing and network development as being critical to support their long-term planning 	<ul style="list-style-type: none"> Commenced investigation into a more balanced alternative that reduces the initial price impact and smooths price changes over the remainder of the regulatory period Adopted smoothed price path in 2027-32 Revenue Proposal
Price path (RPRG, Jul 2025)	<ul style="list-style-type: none"> RPRG requested further engagement on price path smoothing and raised the importance of price predictability for customers 	<ul style="list-style-type: none"> Proposed alternative approach for price path smoothing in our draft Revenue Proposal to reduce the initial price impact and spread increases over the remainder of the regulatory period Adopted smoothed price path in 2027-32 Revenue Proposal
Depreciation (RPRG, Aug 2025)	<ul style="list-style-type: none"> Supported Powerlink's intent to continue using the year-by-year tracking method with no change to asset classes and no proposed accelerated depreciation 	<ul style="list-style-type: none"> Progressed Revenue Proposal with no change to depreciation calculations

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January 2026

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Alternative CESS approach (RPRG, Aug 2025)	<ul style="list-style-type: none">• Considered Powerlink's alternative approach to re-state the regulatory allowance for 2027-32 to reflect actual cost escalations outside Powerlink's control• Requested further engagement on this topic and clarification on the level of influence the RPRG would have over its representation in the Revenue Proposal	<ul style="list-style-type: none">• Confirmed RPRG feedback directly informs Powerlink's decision on whether to progress this issue from the draft to the final Revenue Proposal• Further engagement with the RPRG undertaken following publication of the draft Revenue Proposal at the October 2025 RPRG meeting• Not proceeding with an alternative CESS approach as part of 2027-32 Revenue Proposal
Alternative CESS approach (RPRG submission to draft proposal, Oct 2025)	<ul style="list-style-type: none">• Requested further engagement on alternative calculation of CESS net carryover	<ul style="list-style-type: none">• Further engagement on alternative calculation of CESS net carryover provided at the October 2025 RPRG meeting• Not proceeding with an alternative CESS approach as part of 2027-32 Revenue Proposal
Revenue and price impacts (RPRG submission to draft proposal, Oct 2025)	<ul style="list-style-type: none">• Recommended Powerlink provide analysis on potential cumulative price impacts for customers of Revenue Proposal, network support costs, Contingent Projects and Priority Transmission Investments	<ul style="list-style-type: none">• Cumulative price impacts presented at the December 2025 RPRG meeting impacts• Capital costs and analysis of revenue and price impacts for customers is provided in Appendix 10.01 of this Revenue Proposal
Price path (Customer advocate, Oct 2025)	<ul style="list-style-type: none">• Support for alternative approach to smooth the price impact in the first year of the 2027-32 regulatory period	<ul style="list-style-type: none">• Adopted smoothed price path in 2027-32 Revenue Proposal
DMIAM (RPRG, Dec 2025)	<ul style="list-style-type: none">• Following discussion at RPRG on Powerlink's proposal not to seek DMIAM allowance, the RPRG was asked to respond formally to confirm its position. The RPRG confirmed support for this approach, citing:<ul style="list-style-type: none">○ demand management innovation is managed as part of BAU at Powerlink○ Powerlink's Unlocking Battery Potential report is indicative of the leading approach taken by Powerlink, and○ it believes Powerlink will continue to develop innovation programs as BAU	<ul style="list-style-type: none">• We will not seek DMIAM allowance in our 2027-32 Revenue Proposal