January 2026

Powerlink 2027-32 Revenue Proposal

Appendix 5.04

Operating Expenditure Productivity Approach and Potential Initiatives

1. Purpose

This appendix provides further information about Powerlink's approach to innovation that will support and enable improvements to our productivity and contribute toward meeting our operating expenditure target for the 2027-32 regulatory period.

2. Approach to productivity forecast

Powerlink has set a productivity target of 0.42% in line with the Australian Energy Regulator's (AER's) latest industry average in its Annual Benchmarking Report on electricity transmission network service providers, published in November 2025.

We recognise that this is a challenging target but consider it essential to focus and drive innovation in how we deliver prescribed transmission services and find sustainable business efficiencies following a period of declining productivity. Focussed effort and deliberate actions will be required to achieve this productivity target through the next regulatory period.

Our productivity goals rely on embedding innovation and driving efficiency across all our activities to meet our operating expenditure targets for the 2027-32 regulatory period while continuing to deliver safe, reliable and cost-effective services to our customers.

In this document, we have focused on our approach to innovation and the framework we have developed to support innovation in the normal course of business and identified specific productivity themes in which we will be targeting innovation.

3. Our innovation approach

Powerlink's innovation approach targets people, process and performance ensuring improvements and innovations are realised across our value chain.

- By focusing on people, we build capability, foster diversity, and empower teams to challenge the status quo and embrace new possibilities. Leadership development, cross-functional collaboration, and innovation mindsets are core to this work.
- Through process, we embed structured experimentation, agile ways of working, and continuous improvement into our daily operations. Our processes are designed to be transparent, repeatable, and adaptable, enabling teams to respond quickly to new challenges and opportunities.
- Performance is measured rigorously, with outcomes tracked and innovations aligned to our strategic goals. Metrics are integrated into scorecards and reporting systems, ensuring accountability and transparency.

Supporting this is Powerlink's Innovation Framework – a practical approach we apply across people, process, and performance to ensure that productivity improvements are realised throughout our value chain.

The framework is iterative and non-linear, designed to foster creativity, collaboration, and deliver outcomes. It comprises five interconnected phases: Engage, Explore, Ideate, Experiment, and Implement.

Figure 3.1 - Powerlink innovation framework

The Innovation Framework is designed to move ideas from inception to implementation rapidly, ensuring that every initiative aligns with strategic objectives and delivers measurable outcomes. Initiatives may include the adaption and adoption of technologies, products and ways of working that have been tried and tested elsewhere, as well as true innovations. It is supported by active governance, clear processes, and funding mechanisms that nurture ideas and ensure their realisation.

Building strategic partnerships with universities and industry bodies, such as the University of Queensland and EnergyLab, accelerate learning, technology adoption and workforce development, further strengthening Powerlink's innovation ecosystem.

4. Productivity focus areas

The application of the Innovation Framework across people, process and performance drives productivity improvements across Powerlink's value chain. Some productivity initiatives have been identified throughout the preparation of this Revenue Proposal which have not been incorporated into the forecasts due to the level of their maturity. We intend to work through these and other initiatives further in the normal course of business.

- New or alternative construction methods, products and technologies enhance efficiency, safety, and quality control in **project delivery**. Examples to date include robotic spacer installation, drone stringing, steel pile foundations and concrete maturity measurement. Advanced project management methodologies, digital tools, and data analytics optimise planning, design, execution, and risk management.
- Advanced asset monitoring and analytics optimise network performance and minimise downtime in **asset management,** ensuring the reliability and resilience of the transmission network. Examples include predictive maintenance, real-time monitoring, and advanced analytics.
- Leveraging data and technology advancements to plan **asset maintenance**, prioritise investments, and balance risk and cost to sustain asset performance and extend infrastructure life. Examples include dynamic line rating, drone-based inspections and predictive maintenance powered by machine learning and IoT sensors to improve asset reliability, reduce costs, and optimize lifecycle management.

Powerlink's innovation approach to the productivity model across the value chain provides a robust foundation for meeting regulatory targets and driving sustainable business efficiencies.