



12 May 2026

Our Reference: APLNG – COR – 1054779

Gavin Fox
General Manager—Network Pricing
Australian Energy Regulator
GPO Box 3131
Canberra ACT 2601

Via email to: AERresets2027-32@aer.gov.au

Dear Mr Fox

Australia Pacific LNG Pty Limited (APLNG) welcomes the opportunity to contribute to the consultation process on the *Powerlink electricity transmission determination 2027–32* issues paper.

APLNG is an incorporated company and one of the largest producers of natural gas in eastern Australia, delivering a reliable energy source to customers in Australia and Asia. As one of its three joint venture partners, Origin Energy is the upstream operator for APLNG, and operates electricity-powered gas processing facilities in regional Queensland.

As a large Powerlink customer, APLNG is concerned by the proposed 18 per cent increase (in real terms) to Powerlink's regulated revenue for the 2027–32 period. While reliability and availability are very important to APLNG's operations, we consider Powerlink should focus on its cost drivers, to keep the cost of its transmission services low, including prudent and efficient capital expenditures, and a focus on increased efficiencies to operating costs. APLNG's Powerlink prescribed transmission service prices have already increased for the upcoming 2026–27 financial year. In a context of increased cost of living, when Powerlink's customers are facing inflationary pressures on most fronts, APLNG would welcome Powerlink making a demonstrable effort to manage and reduce its costs.

Increasing operating expenditure

Powerlink's operating expenditure proposal is 42 per cent higher than the forecast the AER approved for the current period, which seems a very large increase. APLNG expects the AER will assess Powerlink's proposed operating expenditure with a view of finding efficiencies. In particular, APLNG notes the substantial increase in workforce highlighted in the AER's issues paper and questions whether this is appropriate in an environment where many companies, including APLNG, are looking to find cost efficiencies, including reducing workforce size. APLNG also queries whether the new enterprise agreement is offering good value to Queenslanders. Like Powerlink, APLNG faces increased regulatory and compliance obligations, and is asking the AER to look at opportunities to reduce and streamline the regulatory burden on Transmission Network Service Providers, including Powerlink.

Capital expenditure deliverability

Powerlink's proposed total forecast capital expenditure for the 2027–32 period is 131 per cent higher than the previous period approved forecast. APLNG is questioning whether Powerlink can even deliver this amount of capex, given it is more than double its trend capex since 2017, especially at times when the construction industry is resource-constrained and other large projects are underfoot in Queensland (including delivery of the 2032 Olympic games infrastructure). The

Queensland Audit Office (QAO) recently stated that delivering large projects in Queensland is becoming increasingly challenging due to the scale and growth of the state's infrastructure pipeline, significant workforce shortages and ongoing cost pressures. The QAO notes that labour shortages are expected to peak at around 50,000 workers in 2026–27, increasing the risk of delays and higher project costs if not effectively managed. This context makes Powerlink's proposed capex program seem over-ambitious.

The regulatory reset process incentivises regulated entities to propose as much *ex ante* capital expenditure as possible, knowing the regulator might not approve the full allowance requested. If the regulator approves proposed capital expenditure that is not prudent and efficient, it will be at the expense of the customers, who will pay inflated tariffs unnecessarily, if the regulated entity cannot efficiently deliver the full program put forward. APLNG therefore encourages the AER to scrutinise Powerlink's capital expenditure, including an assessment of deliverability and efficiency.

Pricing methodology

At a time when supply and demand patterns are increasing in variability, APLNG's electricity-powered gas processing facilities operate 24/7 and draw a constant, and substantial, baseload from the electricity grid, including Powerlink's transmission network. As an existing, baseload Powerlink customer, APLNG should be rewarded for contributing to the stability and predictability of the grid, by being offered the lowest transmission charges possible.

We note the increased complexity of Powerlink's operations as more generators, including distributed electricity generators connect to its network, and Powerlink's investment in new solutions to accommodate changes in both supply and usage. APLNG is of the view that the assignment of new costs should be carefully considered to ensure they are distributed appropriately and do not disproportionately impact existing users.

APLNG acknowledges that Powerlink made the effort to consult with us when developing its revenue proposal, by way of a customer questionnaire in June 2025.

Thank you for the opportunity to provide feedback on the issues paper. Should you have any queries relating to this submission, please contact Courtney Czechowski, Regulatory Affairs Lead, on [REDACTED] or via email at [REDACTED].

Yours sincerely



Aleta Nicoll

General Manager – Technical, Planning & Performance, Integrated Gas
Origin Energy on behalf of Australia Pacific LNG Pty Limited