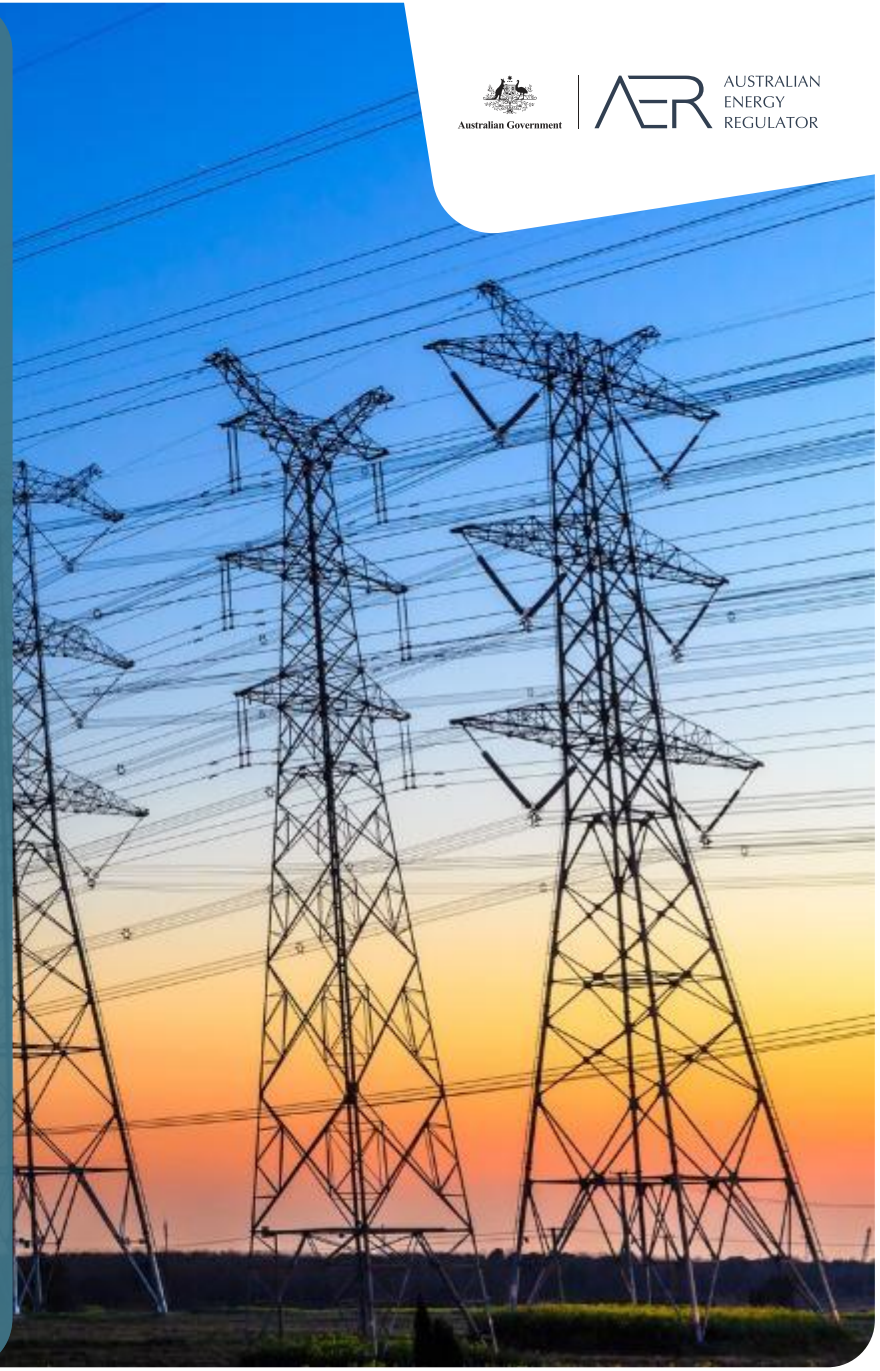
# Draft decision on Powerlink's 2027–2032 electricity transmission revenue proposal

## Predetermination conference

22 October 2026





# Acknowledgement of Country

I acknowledge the Traditional Owners of Country throughout Australia and recognise their continuing connection to land, waters and community.

We pay our respects to them and their cultures: Elders past, present and future. I extend that respect to other Aboriginal and Torres Strait Islander people who are present today.

**Artwork:**
*Community Safety*
by Tamara May Murray
for the ACCC/AER Reconciliation Action Plan 2025–27

# AER welcome and introductions

Justin Oliver

AER Member

# Agenda

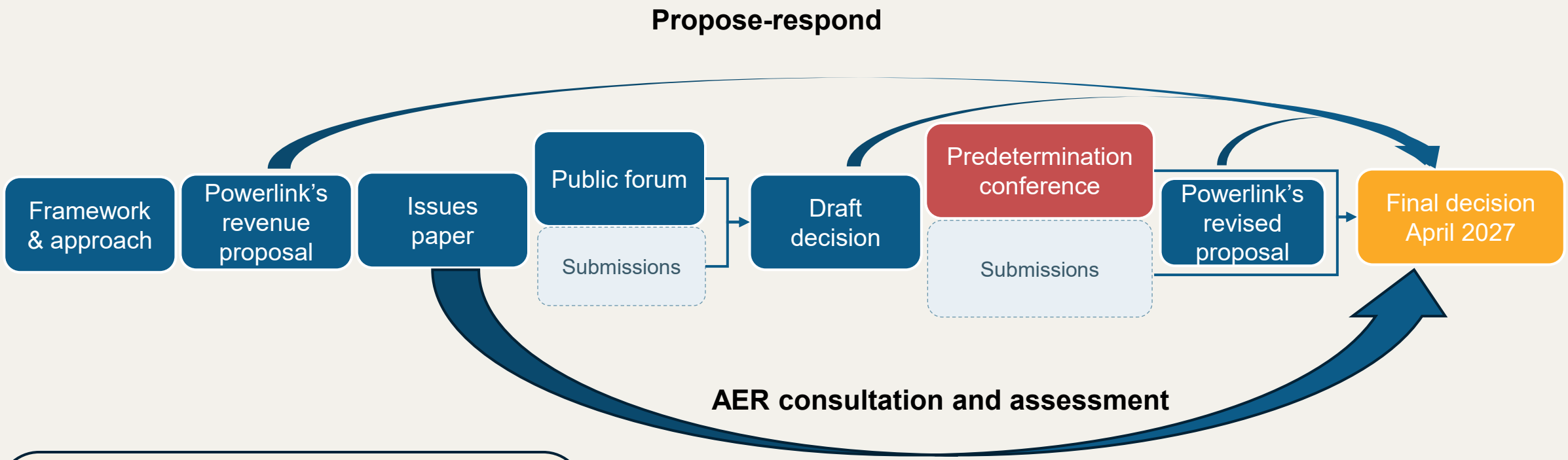
1. **Introductions and the context for our draft decision**
   Justin Oliver – AER Member
2. **Our draft decision**
   Ben Stonehouse – GM, Network Expenditure, AER
3. **Expectations for the revised proposal**
   Justin Oliver – AER Member
4. **Powerlink – next steps**
   Craig Doyle – Chair of Powerlink's Board
   Dr Seán Mc Goldrick – Powerlink Chief Executive
5. **Regulatory Proposal Reference Group (RPRG) insights**
   Nardia Yeates – Independent member of Powerlink's RPRG
6. **Facilitated discussion**
   Justin Oliver – AER Member
7. **Closing remarks and next steps**
   Justin Oliver – AER Member

# Context for our draft decision

Justin Oliver

AER Member

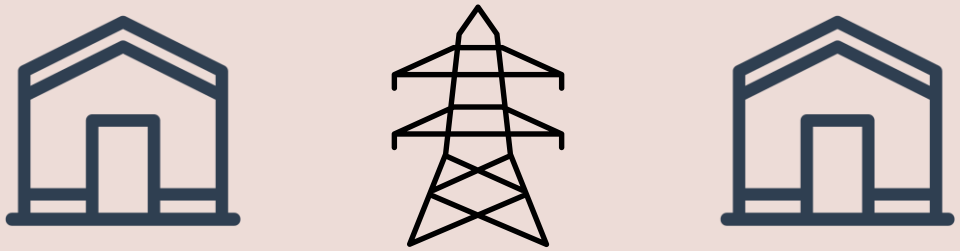
# Our regulatory framework




- National energy objectives
- Revenue & pricing principles
- Efficient & prudent expenditure
- Incentive mechanisms

# The transmission system in Queensland

## Queensland transmission network planning



**Powerlink**
Operates, maintains & develops the existing network

**Energy Roadmap & ISP**
Details additional future plans, developments & expansions of the network

## Ongoing developments in Queensland's transmission system

- Significant investment in new transmission projects
- Changing demand and supply pattern
- System strength

# Stakeholder feedback

**We received 6 submissions on Powerlink's proposal and our issues paper.**

The key areas of interests that we heard from stakeholders are as follows:

**Affordability and bill impacts**

The uplift in proposed expenditure, combined with costs from external transmission projects could result in a significant increase in bills.

**Capital expenditure scale and timing**

Stakeholders requested that the AER closely scrutinise the prudency and efficiency of the proposed capex.

**Deliverability risk**

Stakeholders requested scrutiny of deliverability to confirm that the scale, timing and sequencing of the program of work are appropriate. Labour constraints, supply-chain pressures and interaction with broader Queensland construction programs create material uncertainty about whether projects can be delivered within the 2027–32 period and expected timeframes without possible cost escalation

**Revenue smoothing**

Stakeholders supported aligning revenue smoothing with forecast growth in energy delivered to provide consumers with a smoother, more predictable price path and some relief in the early years.

**Pricing transparency**

Large directly connected customers requested greater transparency about transmission pricing and the transmission pricing methodology.

# Key draft decision outcomes

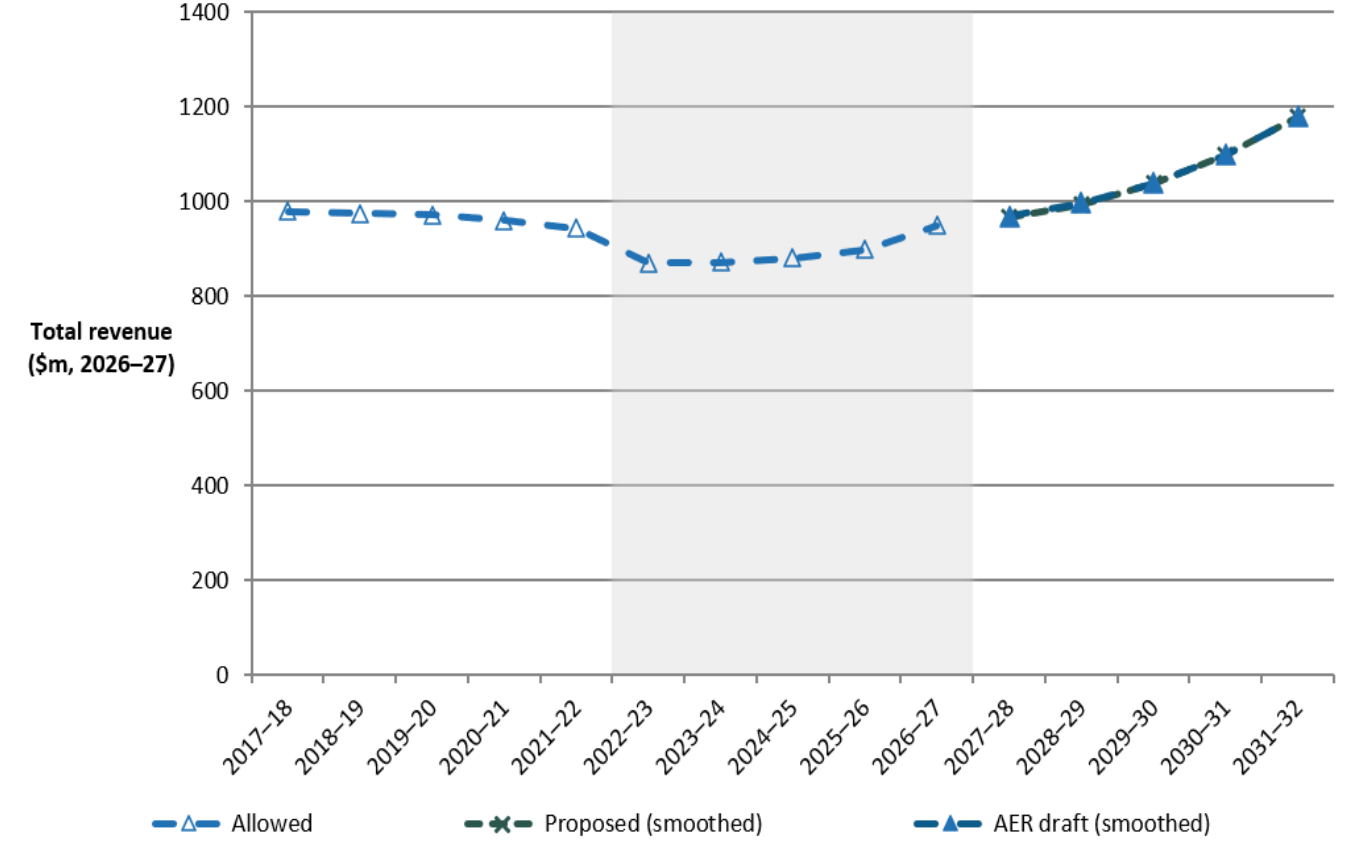
- We have made reductions to Powerlink's forecast expenditure as we are not yet satisfied it is prudent and efficient.
- We encourage Powerlink to undertake further analysis and provide additional supporting information for their capital expenditure program to address the information gaps identified in this draft decision.
- Operating expenditure step changes are reduced where they are not sufficiently justified.
- We found Powerlink's capex overspend in the ex-post period (2020–25) to reasonably reflect the capex criteria and included additional overspend pertaining to the Pinkenba site purchase following our review.
- Our draft decision preserves the role of contingent projects as a mechanism for genuinely uncertain future needs, while ensuring that foreseeable expenditure remains subject to the full ex-ante assessment of prudency, efficiency and consumer engagement.

# Draft decision

Ben Stonehouse – AER GM, Network Expenditure

# Revenue

### Changes in regulated revenue over time ($ 2026–27)




.Source: AER analysis

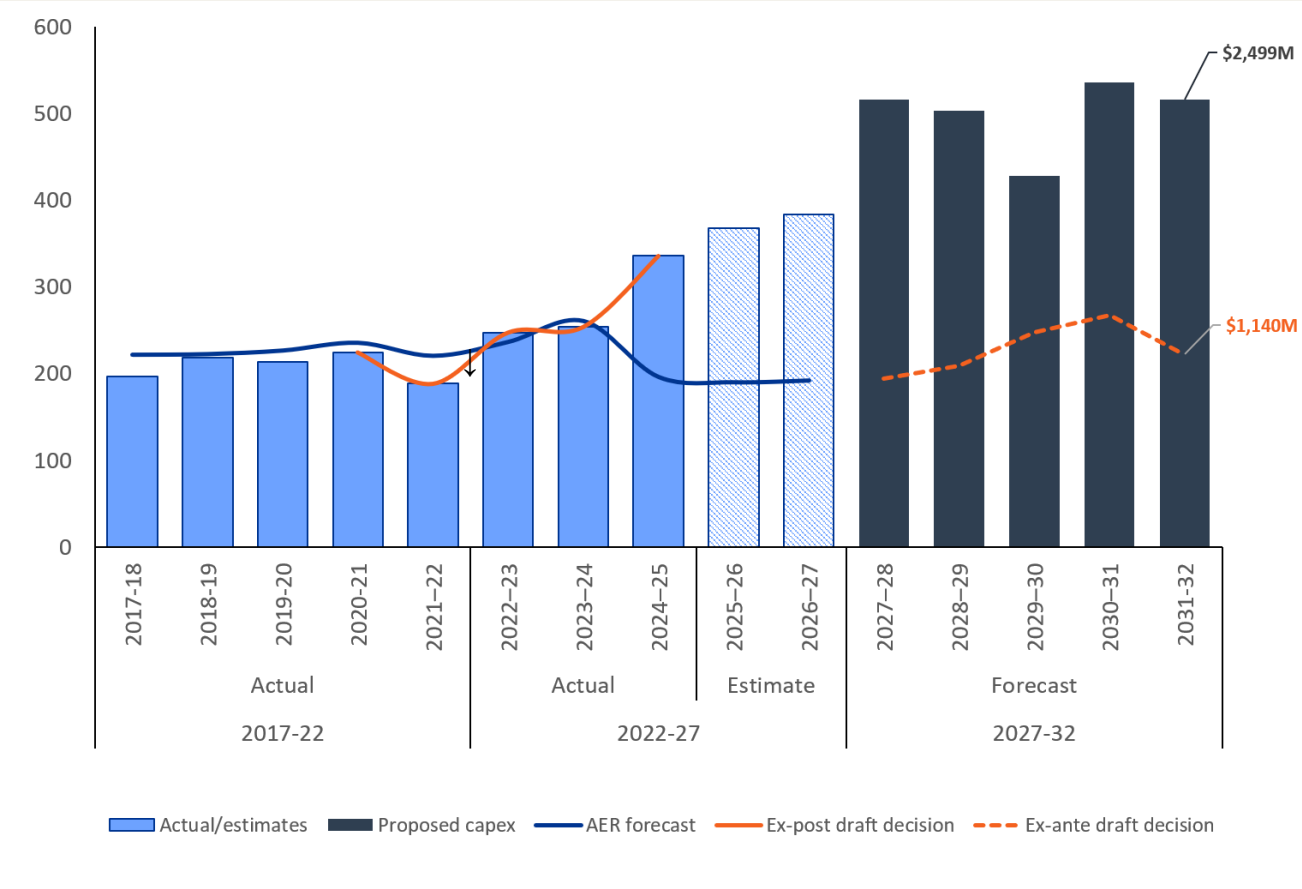
### Draft decision forecast (2027–32)

| | Revenue ($ nominal) |
|---|---|
| Maximum allowed revenue (MAR) | $5,694.1 million (smoothed)<br><br>0.3% ↓ from Powerlink's proposal<br><br>44.6% ↑ from current (2022–27) allowance |
| Drivers of MAR increase from 2022– 27 | ➢ **54.2%** ↑ due to higher interest rates and inflation<br><br>➢ **45.8%** ↑ due to higher capital and operating expenditure |

| | Revenue ($ 2026–27 ) |
|---|---|
| Maximum allowed revenue (MAR) | $5,279.5 million (smoothed)<br><br>0.2% ↓ from Powerlink's proposal<br><br>18.2% ↑ from current (2022–27) allowance |

# Capital expenditure

**Powerlink's historical and forecast net capital expenditure($ million 2026–27)**



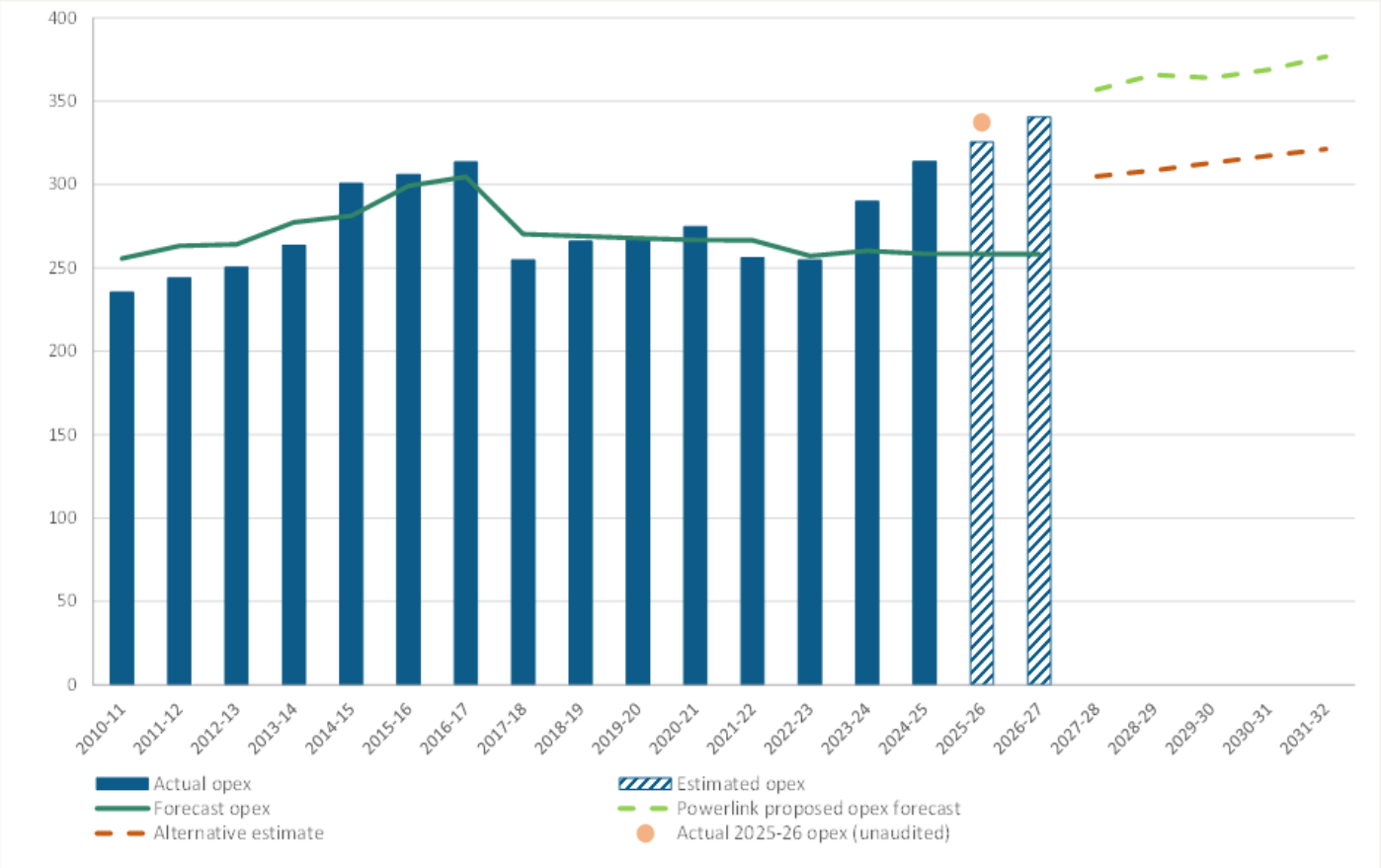

.Source: AER analysis

**Key capex figures ($ million, 2026–27)**

| Category | Draft decision forecast (2027–32) | Difference from Powerlink's proposal |
|---|---|---|
| Net capex | 1,140.0 | ↓ 1,359.5 (54.4%) |
| Replacement | 875.7 | ↓ 792.2 (47.5%) |
| Capitalised overheads | 168.6 | ↓ 182.3 (52%) |
| Augmentation | 22.1 | ↓ 236.7 (91.5%) |
| Property | 35.1 | ↓ 130.4 (78.8%) |

# Operating expenditure

**Powerlink's historical and forecast operating expenditure($ million 2026–27)**




.Source: AER analysis

**Key opex figures ($ million, 2026–27)**

| Category | Draft decision forecast (2027–32) |
|---|---|
| Total opex | $1,563.5 million<br><br>$268.7 million (14.7%) ↓ than Powerlink's proposal |
| Key drivers of decrease | Used 2023–24 as the base year rather than the estimate of 2025–26 proposed by Powerlink<br><br>Not accept **overnight network-monitoring step change** ($8.7 million)<br><br>Not accept **physical security uplift step change** ($16.4 million)<br><br>Alternative forecast of $21.4 million for the **cloud-based services step change** ($38.6 million ↓ than Powerlink's proposal) |

# Contingent Projects

- Our draft decision is to not accept Powerlink's 7 proposed contingent projects.
- We consider that Powerlink's proposed contingent projects do not meet the requirements in the NER to be included as contingent projects.
- For two contingent projects, we found that they may be sufficiently certain to be included as augmentation expenditure for the 2027–32 period.
- The remaining 5 contingent projects we found the trigger events do not meet the requirements of the NER.

| Decision | Contingent Project |
|---|---|
| Not accepted | Surat Basin Area Network Development |
| Not accepted | Northern Bowen Basin Reinforcement |
| Not accepted | Central Queensland to North Queensland Augmentation |
| Not accepted | South West Queensland Augmentation |
| Not accepted | Gladstone Area Augmentation |
| Not accepted | Central Queensland System Strength |
| Not accepted | North Brisbane Area Network Development |

# Gladstone Project

- The Gladstone Project is the first project to be delivered under Queensland's Priority Transmission Investment framework.
- In August the responsible ministers made directions on the capital and operating expenditures for the Gladstone Project.
- The Queensland *Energy (Infrastructure Facilitation) Regulation 2024* requires the AER to give effect to the responsible minister's directions by:
  - amending Powerlink's existing 2022–27 determination for the Gladstone Project; and
  - adjusting Powerlink's 2027–32 determination for the Gladstone Project.
- On 1 October, Powerlink applied to the AER to amend its 2022–27 determination to account for the Gladstone Project and how incentive schemes should be applied to the Project.
- The AER has no substantive discretion in implementing Powerlink's application to amend its 2022–27 revenue determination if it is consistent with the responsible ministers' directions.

# Gladstone Project – next steps

- We will publish a package in early November containing Powerlink's application and our draft decision on the application of incentive schemes to the Project (seeking submissions).
- The November package will also include our decision to amend Powerlink's determination for the 2022–27 period.
- Powerlink's revised revenue proposal will include the directed expenditures and associated revenue relating to the Gladstone Project.
- Our final revenue determination in April 2027 will include all adjustments made to account for the Gladstone Project including:
  - An updated RFM for 2027–32 including Gladstone Project amounts
  - An updated PTRM for 2027–32 including Gladstone Project amounts
  - An updated MAR including the Gladstone Project
  - Our final decision on application of incentive schemes to the Gladstone Project.

# Expectations for revised proposal

Justin Oliver

AER Member

# Expectations for revised proposal

Powerlink's revised proposal should address the key issues and information gaps identified in our draft decision.

Any new expenditure proposals should be limited to genuinely necessary matters, such as new obligations or legislative changes that could not reasonably have been reflected in the initial proposal.

AER Pre-Determination Conference

# Powerlink's 2027-32 Revenue Determination



Craig Doyle, Chair Powerlink Board
Dr Seán Mc Goldrick, Chief Executive

22 October 2026

# Revised Revenue Proposal focus

Constructive engagement with the AER and customers throughout the Revenue Determination process

This will continue in the development of our Revised Revenue Proposal

We cannot accept the Draft Decision as it stands

Focus on providing further information to demonstrate prudency and efficiency of our proposed expenditure

We will not compromise on safety or the reliability of our network

# Revised Revenue Proposal focus

## The environment has changed since we lodged our Revenue Proposal

This provides opportunity to reassess some of the proposed investments

- Strategic easements
- Reinvestment at traction supply points
- Virginia uplift project

## Investment necessary to support the safety, reliability and security of our assets is paramount

We will work with the AER, our customers and other stakeholders to demonstrate the prudency and efficiency of key programs

- Woree to Kamerunga line replacement
- Transmission line refit
- Replacement program at substations
- Physical and cyber security uplift

# Revenue Proposal Reference Group - Insights

Nardia Yeates

Revenue Proposal Reference Group

# Comments to AER Public Forum on Powerlink 2027-32 Revenue Proposal Draft Decision

22 October 2026

Powerlink Revenue Proposal Reference Group (RPRG)

- Mark Grenning (Independent Chair)
- Robyn Robinson, Council on the Ageing
- Chris Hazzard, St Vincent De Paul
- Katie Anne Mulder, Queensland Renewable Energy Council
- Stephanie McKechnie/Alicia Kennedy, Queensland Farmers' Federation
- Nardia Yeates, Aurizon

# Revenue Proposal Reference Group (RPRG)

Appointed from the Customer Panel members to provide 'customer centric' input to the 2027-32 revenue proposal, designed to…

***"Deliver a Revenue Proposal that is capable of acceptance by our customers, the AER and Powerlink."***

- We assessed the proposal was 'capable of acceptance' based on the Better Resets Handbook criteria.
- The AER Draft Decision found 'Powerlink's engagement …to be genuine and to have met—and, in some areas, exceeded—the expectations set out in our Better Resets Handbook".
- On 'Proof Points' we recommended that the AER focus on several capex and opex factors e.g. deliverability, cost estimation, EBA costs, productivity and overall affordability.

| | Capable of Acceptance Criteria | Customer Panel | AER | Powerlink |
|---|---|---|---|---|
| **Better Resets Handbook** | Nature of engagement | Yes | Yes | Yes |
| | Breadth and depth | Yes | Yes | Yes |
| | Clearly evidenced impact | Yes | Yes | Yes |
| **Build consumer understanding of expenditure forecast** | Proof point | Optional | Yes | Yes |

# Comments on the Draft Decision (DD)

## RPRG Observations

- Surprised by how far apart the DD was from the proposal
- Acknowledge that current operating environment is challenging
- Recognise that regulatory framework may not be fit for purpose in this operating environment
- Note that consumers have been told the transition will result in lower prices
- Encouraged by the AER and Powerlink's engagement post DD

## RPRG Next Steps

- RPRG will continue to engage with Powerlink post DD
- RPRG will be making our submission in January 2027

# Facilitated discussion

Justin Oliver

AER Member

# Next steps

| Milestone | Date |
|---|---|
| Revenue Proposal submitted to the AER | 30 January 2026 |
| AER published an issues paper | 30 March 2026 |
| AER held a public forum | 9 April 2026 |
| Submissions on revenue proposal and issues paper closed | 13 May 2026 |
| AER published draft determination decision | 30 September 2026 |
| AER holds a pre-determination conference | 22 October 2026 |
| Revised revenue proposal to be submitted to the AER | 2 December 2026 |
| Submissions on revised revenue proposal and draft decision close | 19 January 2027 |
| AER publishes final determination decision | 30 April 2027 |

# Submission details

- We invite interested parties to make submission on the draft decision by **Tuesday**, **19 January 2027.**
- We encourage early submission where possible, to inform our final decision.
- Submissions should be emailed to AERresets2027-32@aer.gov.au

