

Powerlink 2027-32 Electricity Transmission Revenue Proposal

Public Forum

9 April 2026

Acknowledgement of Country

Lynne Gallagher
AER Board Member

AER welcome and introductions

Lynne Gallagher
AER Board Member



Agenda

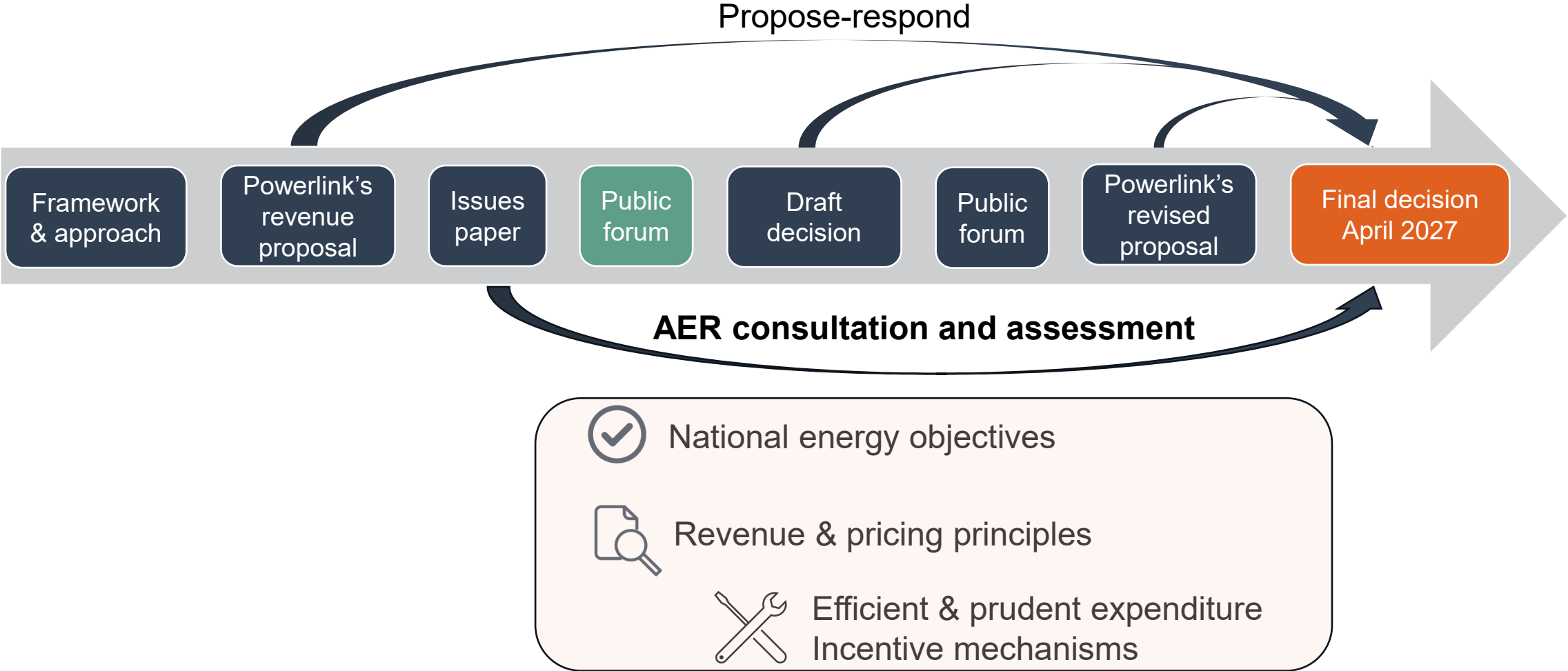
Topic	Speaker	Duration
Welcome and Acknowledgment of country	Lynne Gallagher AER Board member	10 min
Overview - Our regulatory framework - The transmission system in Queensland		
Powerlink's proposal and our preliminary issues	Gavin Fox GM, Network Regulation, AER	10 min
Regulatory Proposal Reference Group (RPRG) insights	Nardia Yeates, Aurizon Revenue Proposal Reference Group	10 min
CCP insights	Mike Swanston Consumer Challenge Panel 34	10 min
Powerlink's next steps in consumer engagement	Darryl Rowell Interim Chief Executive Manager, Powerlink	5 min
Facilitated discussion	Gavin Fox GM, Network Regulation, AER	10 min
Closing remarks and next steps	Lynne Gallagher AER Board member	5 min

Overview

Lynne Gallagher
AER Board Member



Our regulatory framework



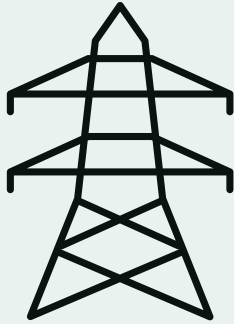
The transmission system in Queensland

Queensland transmission network planning



Powerlink

Operates, maintains
& develops the
existing network



Energy Roadmap & ISP

Details future plans,
developments &
expansion to the
network



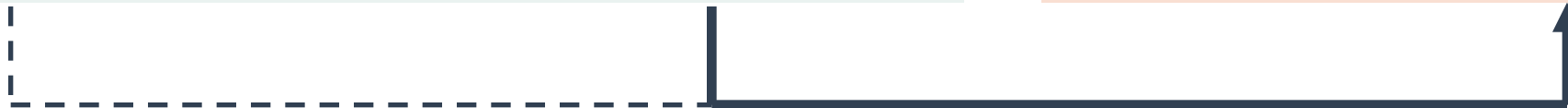
Developments in Queensland



Changing demand and supply patterns



Queensland Energy Roadmap



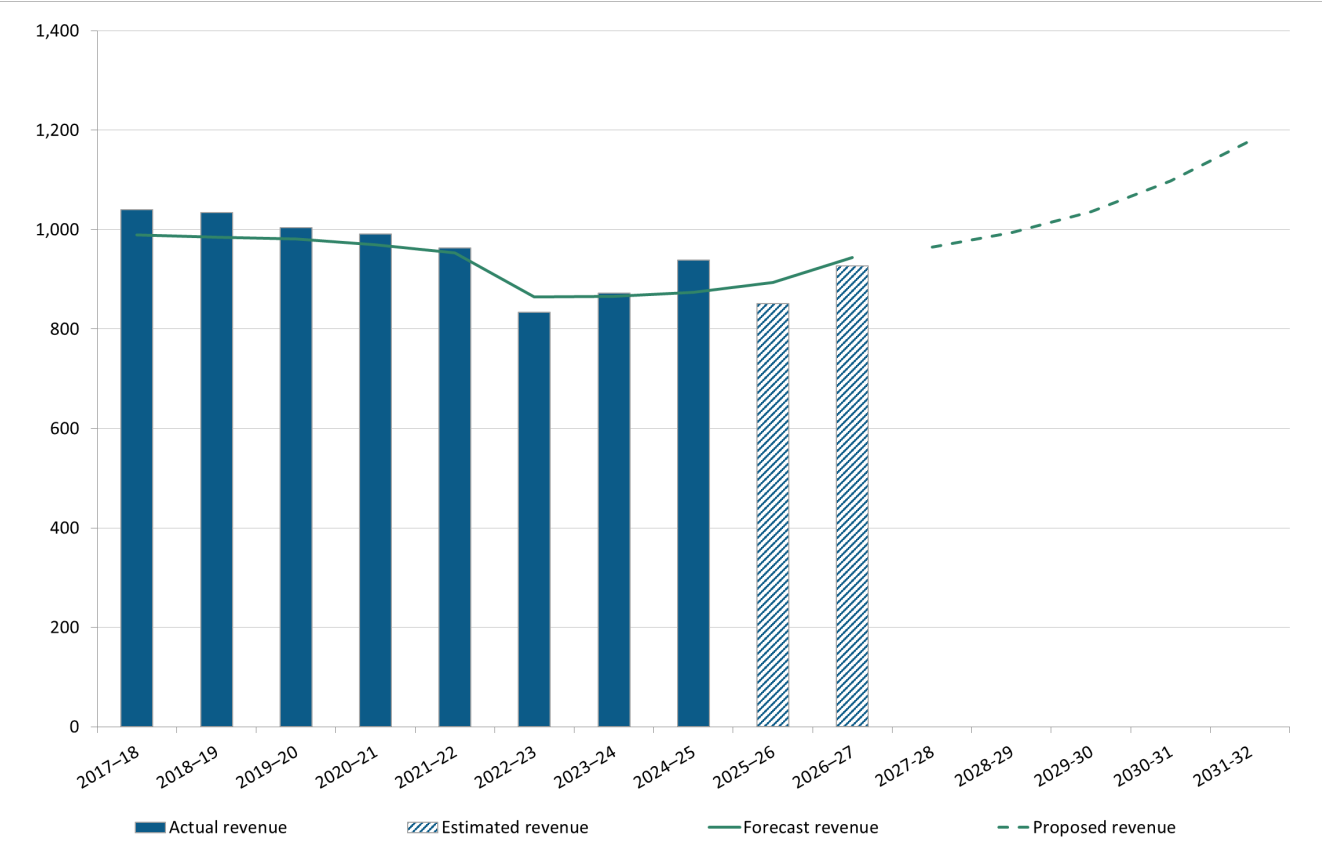
Powerlink's proposal and our preliminary issues

Gavin Fox

GM, Network Pricing, AER

Powerlink’s revenue and bill impacts

Changes in regulated revenue over time (\$ million, 2026–27)



Proposed revenue (nominal)

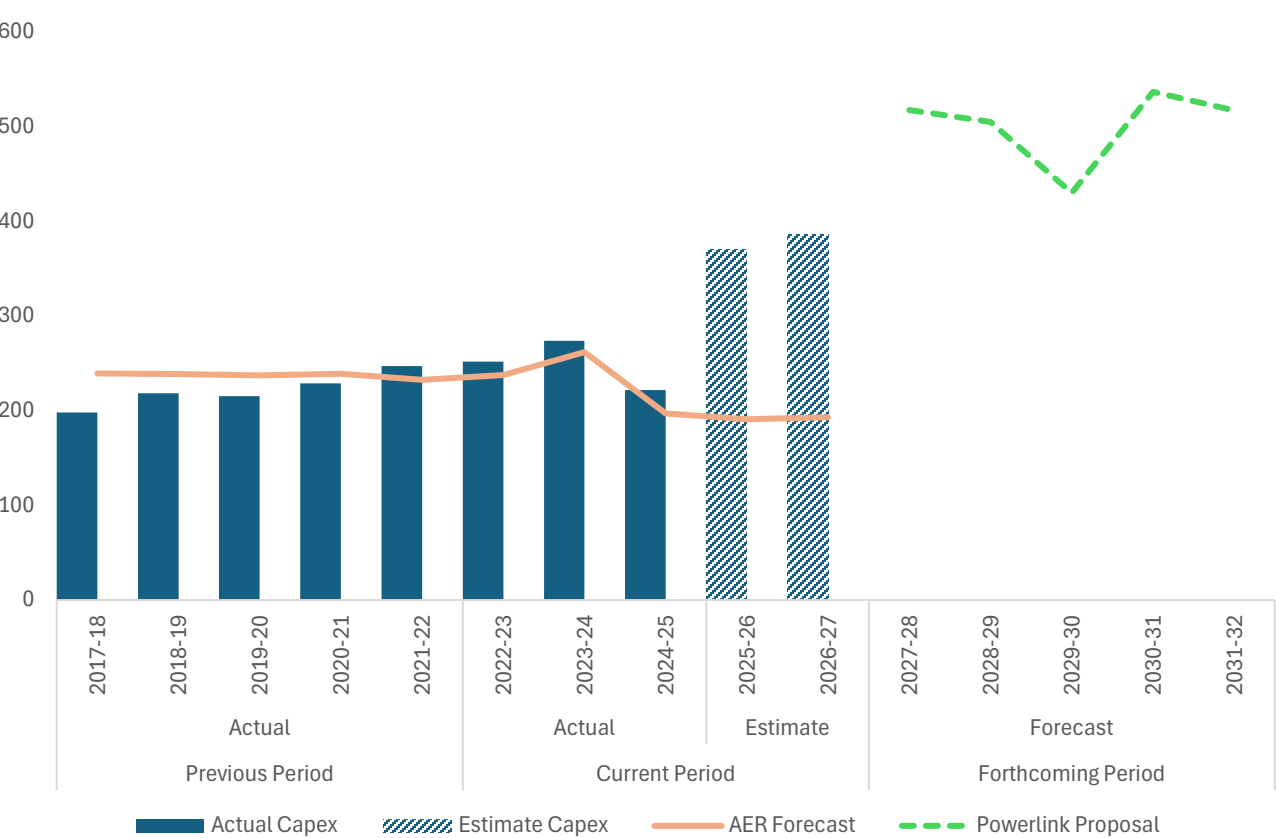
Maximum allowed revenue (MAR)	\$5,710 million (nominal, smoothed) 45% ↑ from current (2022–27) allowance
Drivers of MAR increase	51% ↑ due to higher capital and operating expenditure 49% ↑ due to inflation and regulated rate of return

Estimated bill impacts

Residential bill impact	\$8↑ per annum (average over 2027-32)
Small business bill impact	\$16↑ per annum (average over 2027-32)

Powerlink’s forecast and actual capital expenditure over time

Trend in Powerlink’s forecast and actual capex over time
(\$ million, 2026–27)

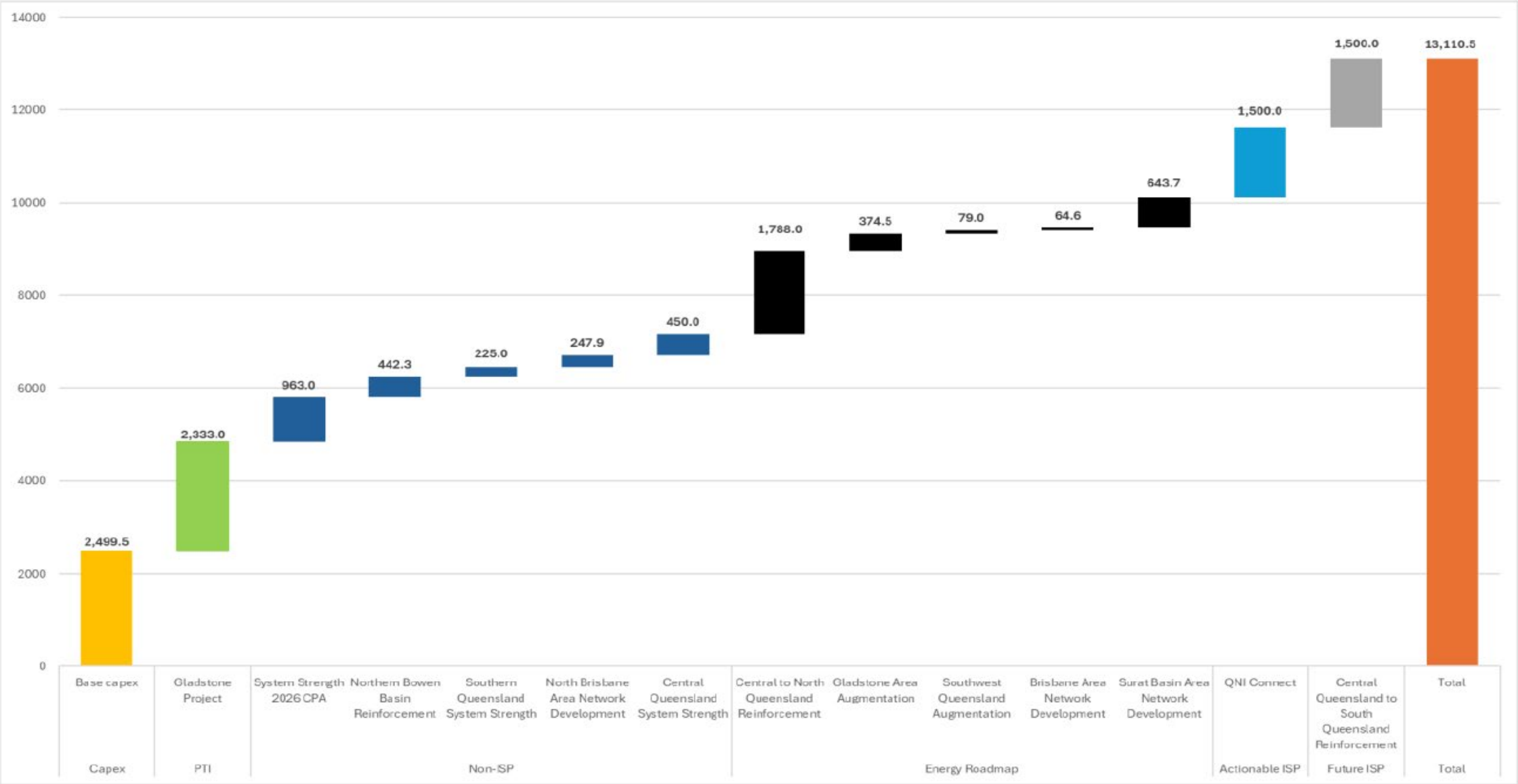


Key capex figures (\$2026–27)

Category	Forecast (2027-32)	Difference from 2022-27*
Total capex	\$2,499.5 million	↑ \$995 million (66%)
Asset reinvestment (replacement)	\$1,674.3 million	↑ 53.8%
Easements	\$295.1 million	↑ 789.9%
Support the Business	\$231.9 million	↑ 178.1%
Security & compliance	\$166.8 million	↑ 198.4%

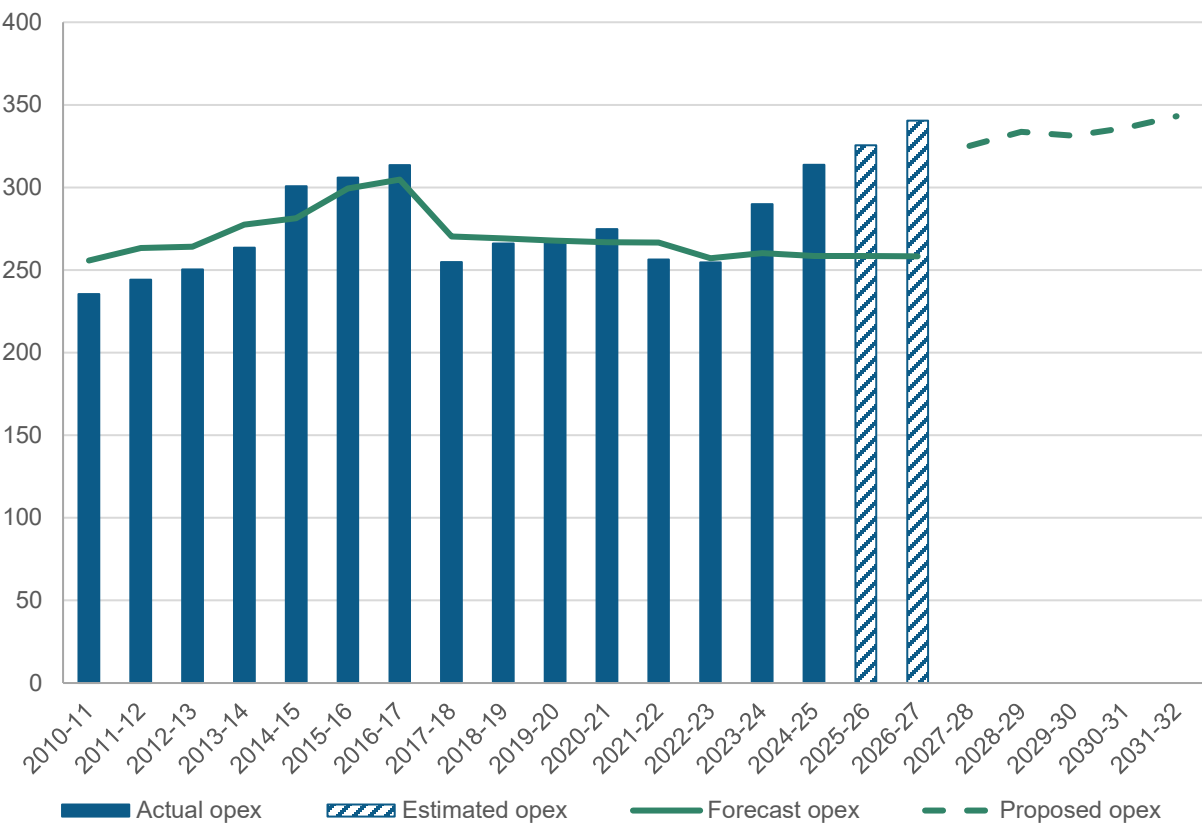
*actual/estimated expenditure

Powerlink’s probable capex over the next 10 years – includes ISP-related and Energy Roadmap capex



Powerlink’s operating expenditure

Comparison of Powerlink’s opex over time (\$ million, 2026–27)



Key opex figures

Total opex forecast <i>inc. debt raising costs</i>	\$1,832.2 million	\$307.7 million (20.2%) ↑ than actual/est.
Drivers of forecast opex increase	Choice of base year (2025–26)	
	Step changes (\$85.1 million) (4.6% of total opex) ➤ Transition to cloud-based solutions (\$60.0 million) ➤ Physical security uplift (\$16.4 million) ➤ Overnight network monitoring (\$8.7 million)	

Preliminary issues

- Prudent and efficient replacement expenditure
- Efficient operating expenditure
- Current period capex and ex-post review
- Contingent projects

RPRG insights

Nardia Yeates

Revenue Proposal Reference Group (RPRG)

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

9 April 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, 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.”

The role of the RPRG is to...

- Assess Powerlink’s proposal against the co-designed Capable of Acceptance criteria.
- Prepare a submission on the draft Revenue Proposal.
- Prepare a submission on the Revenue Proposal.

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

Impact of Challenging Times

CHALLENGES...

- Cost pressures on labour and materials
- Increased system complexity with renewal integration
- Balancing system reliability and increased renewables
- Balancing resilience with significant weather events
- Customer focus on affordability and social licensing.

RESULTED IN...

FORECAST REAL 2022-27 EXPENDITURE

- Significantly above AER allowances.
- Opex increase by 20%
- Capex increase by 39%

FORECAST REAL 2027-32 EXPENDITURE

- Significantly above 2022-27 forecast.
- Opex increase by 19%.
- Capex increase by 66% and significant Regulatory Asset Base (RAB) increase.
- Proposed revenue increase by 25% over 2022-27 approval – half due to increased capex/opex, half due to higher inflation/WACC.
- Increase in price for residential and small businesses.

LED TO...

- Strong RPRG focus on deliverability.
- ‘On time’/‘on budget’ as key issue that the AER highlights.

RPRG Recommendations and Conclusions

Theme	R-A-G	Notes
Business Environment		• Informative and well considered analysis of the operating environment challenges. • Recommend AER focus on productivity and labour cost pressures.
Customer Engagement		• Collaborative and in some cases exceeds principles set out in the Better Resets Handbook. • Recommend RPRG membership and the role of an independent chair in future revenue resets. • Recommend transparency on reporting to Customer Panel.
Capex		• Recommend review of capex forecasts and estimations. • Recommend monitoring of projects outside ex-ante capex. • Recommend ongoing monitoring of stranded asset risk.
Opex		• Credible case for a review of the methodology for calculating output measures in the opex trend component. • Recommend review of base year efficiency assessment. • Recommend sector wide review on output measures. • Recommend monitoring of labour cost assumptions. • Recommend clarification of step change materiality thresholds.
Price Path		• Commendable for transparent price path information. Recommend support for a stable and predictable price path. • Recommend transparency for future price scenarios.
Deliverability		• Powerlink provided extensive information to support their capability of delivering their capex plan. • Recommend AER scrutiny of opex and capex programs.
Capable of Acceptance		• Preliminary conclusion is ‘capable of acceptance’. Evaluation of the proposal continues until final submission.

CCP Insights

Mike Swanston

Consumer Challenge Panel 34 (CCP34)

Powerlink Qld revenue reset 2027-32

Consumer Engagement

Consumer
Challenge
Panel

Engagement is now occurring in a context of heightened uncertainty. Real cost pressures already being experienced.



Genuine and substantive:

The engagement is **mature, credible, structured, respectful and well-resourced.**



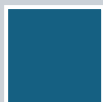
Balanced representation:

The RPRG tended to stakeholder representation, with some reg expert members



Influential in parts:

Price path (smoothing, predictability), proposal transparency and structure and articulation of trade-offs and impacts



There is **limited evidence it has materially constrained costs** for consumers

Powerlink Qld revenue reset 2027-32

Areas of challenge

Consumer
Challenge
Panel



Alternative smoothing to reduce volatility, include all price impacts



Review of output growth methodology (deferred)



Alternative CESS approach and 'costs beyond our control' (not pursued)



Acknowledging productivity deterioration - improvements are uncertain



The potential ultimate capex stack, including ISP and Energy Roadmap

Powerlink Qld revenue reset 2027-32

A challenge for the AER

Consumer
Challenge
Panel

Powerlink deliberately created “constructive discomfort” in its previous proposal to drive cost discipline and deliver lower prices — a strategy welcomed by consumers but also exposed it to downside risk when conditions changed.

In the previous determination, Powerlink responded to strong engagement signals in the last reset and took genuine steps to constrain costs.

The AER explicitly endorsed the quality of Powerlink’s engagement and importantly, that it drove real outcomes.

Powerlink embraced that engagement- they didn’t just listen; they tightened forecasts and made difficult calls to keep prices down.

With hindsight, that position proved optimistic given cost escalation, and we now see overspend relative to allowance.

The risk now is regulatory - if the AER applies strict ex-post penalties (CESS / opex efficiency carryover) it effectively says, “you should have forecast higher costs.”

That creates a perverse incentive - next reset → businesses pad forecasts, and less ambition to find efficiencies, leading to a more combative regulatory environment and a weaker engagement outcome.

Next steps in consumer engagement

Darryl Rowell

Interim Chief Executive, Powerlink

AER Public Forum

Revenue Proposal 2027-32

April 2026



Powerlink acknowledges the Traditional Owners and their custodianship of the lands and waters of Queensland and in particular the lands on which we operate.

We pay our respect to their Ancestors, Elders and knowledge holders and recognise their deep history and ongoing connection to Country.



Operating environment

- Powerlink serves five million Queenslanders, for which the cost of electricity remains a key issue
- Never been more important to get the balance right between appropriate investment and minimising price impacts to customers
- Operating conditions have changed materially, complexity rising
- Workforce and supply chains are under pressure
- Expectations for reliability, resilience, security and social licence have increased

Ongoing Engagement

- Co-designed approach with clear engagement scope and evidence of influence on proposal
- Prior to lodgement: 12 meetings with Revenue Proposal Reference Group (RPRG)
 - *12 of 35 topics engaged at Involve or above on IAP2 public participation spectrum*

Post lodgement:



RPRG meeting

Powerlink outlines Revenue Proposal positions



Customer Panel meeting

RPRG has indicated the proposal is capable of acceptance subject to wider Customer Panel input



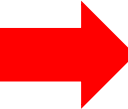
RPRG meeting

Identify future engagement, e.g. deliverability, base year efficiency, priority transmission investments and system strength projects.

Facilitated Discussion

Lynne Gallagher
AER Board Member

Next Steps

Milestone	Date
Regulatory proposal submitted to the AER	30 January 2026
AER published an issues paper	30 March 2026
 AER holds a public forum	9 April 2026
Submissions on regulatory proposals close	13 May 2026
AER publishes draft determination decision	30 September 2026*
AER holds a pre-determination conference	October 2026*
Revised regulatory proposal submitted to AER	2 December 2026*

*Timings are indicative

Submission details

- We invite interested parties to make submissions on the Issues Paper by **5pm AEST, Wednesday, 13 May 2026.**
- Submissions should be emailed to AERresets2027-32@aer.gov.au

