Australian Government

AUSTRALIAN ENERGY REGULATOR

Decision

Powerlink electricity transmission determination 2022 to 2027 – amendment to decision to account for the Gladstone Transmission Project

(1 July 2022 to 30 June 2027)

November 2026

© Commonwealth of Australia 2026

This work is copyright. In addition to any use permitted under the *Copyright Act 1968* all material contained within this work is provided under a Creative Commons Attributions 4.0 International licence with the exception of:

- the Commonwealth Coat of Arms
- the AER logo
- any illustration diagram, photograph or graphic over which the AER does not hold copyright but which may be part of or contained within this publication.

The details of the relevant licence conditions are available on the Creative Commons website as is the full legal code for the CC BY 4.0 licence.

Important notice

The information in this publication is for general guidance only. It does not constitute legal or other professional advice. You should seek legal advice or other professional advice in relation to your particular circumstances.

The AER has made every reasonable effort to provide current and accurate information, but it does not warrant or make any guarantees about the accuracy, currency or completeness of information in this publication.

Parties who wish to re-publish or otherwise use the information in this publication should check the information for currency and accuracy prior to publication.

At the AER, we use artificial intelligence (AI) to enhance our internal productivity and data analysis. Our AI tools do not make decisions or take action on our behalf. We maintain high standards of security measures to safeguard personal information. The AER remains fully responsible for all work and oversight, including checking the quality of any AI outputs. We ensure our AI use complies with all legal and regulatory requirements. To learn more, see the AER AI transparency statement. If you have any questions about this statement or would like further information on our use of AI, please contact us.

Inquiries about this publication should be addressed to:

Australian Energy Regulator
GPO Box 3131
Canberra ACT 2601
Email: aerinquiry@aer.gov.au
Tel: 1300 585 165

AER reference: 80,026,951

Amendment record

Version	Date	Pages
1	November 2026	10

Contents

1 Background 1

1.1 Queensland's priority transmission investment framework 1

1.2 Cost recovery under the NER and EIF Act 2

1.3 The Gladstone Project 4

2 Amendments to Powerlink's revenue determination for 2022–27 6

2.1 Decision to give effect to the Primary Allowance Direction for the 2022–27 regulatory period 6

2.2 Decision to give effect to the RAB Direction in relation to 2022–27 8

1 Background

This section provides background on Queensland's priority transmission investment framework, the Gladstone Transmission Project (the Gladstone Project) and the interaction between the framework and the National Electricity Rules.

1.1 Queensland's priority transmission investment framework

The *Energy (Infrastructure Facilitation) Act 2024* (Qld) (**EIF Act**) establishes the priority transmission investment (**PTI**) framework under Part 5. The framework facilitates the identification, assessment and construction of PTIs and provides for associated financial matters. The *Energy (Infrastructure Facilitation) Regulation 2024* (Qld) (**EIF Regulation**) supports the operation of the framework.

The PTI framework makes the responsible ministers the decision-makers regarding the revenue Powerlink will receive in relation to a PTI, which replaces the AER's usual decision-making role under the National Electricity Rules. The PTI framework also establishes a function for a 'suitably qualified person', where along the investment process, the responsible ministers are required to obtain advice on the PTI from a 'suitably qualified person'. In the case of the Gladstone Project, the AER carried out the 'suitably qualified person' function.

In simplified terms, the PTI framework, as it applied to the Gladstone Project, comprises four stages:

- **Identification Stage**
  - In July 2024, the Gladstone Project was prescribed as an eligible PTI project under former section 9(e) of the Regulation and remains prescribed under section 9(1) of the current EIF Regulation.[1]
  - The responsible ministers declared the Gladstone Project to be a candidate PTI on 13 August 2024.
- **Assessment Stage**
  - The responsible ministers were required to direct Powerlink to provide a submission on how Powerlink should assess the Gladstone Project using the Regulatory Investment Test for Transmission, with appropriate modifications that were as minimal as practicable.[2] The responsible ministers issued this direction on 13 August 2024.

[1] A regulation may prescribe a project as an eligible PTI (EIF Act, section 20).

[2] This step was required under a previous version of section 22 of the EIF Act, which was applicable to the Gladstone Project at the time it progressed through this step.

- The responsible ministers were required to obtain advice from a 'suitably qualified person' about Powerlink's assessment method.[3] The AER provided this advice on 19 September 2024.[4]
- The responsible ministers then directed Powerlink to assess the Gladstone Project. Powerlink released a final assessment report in June 2025.
- The responsible ministers were then required to obtain advice from a 'suitably qualified person' about whether Powerlink had assessed the Gladstone Project as directed. The AER provided this advice on 16 September 2025.[5]
- The responsible ministers were also required to obtain advice from a 'suitably qualified person' about whether Powerlink's proposed expenditure on the Gladstone Project was that which would be required by an efficient and prudent operator in Powerlink's circumstances. The AER provided this advice on 18 March 2026.[6]

- **Construction Stage – this is the current stage**
  - The responsible ministers declared the Gladstone Project to be a PTI on 1 August 2026 and this the declaration was published in the Queensland Government Gazette on 21 August 2026. The responsible ministers subsequently directed Powerlink to construct the Gladstone Project.[7]
- **Review Stage**
  - If, in the future, there is a material change in circumstances in relation to the Gladstone Project, any additional expenditure incurred on the project may be reviewed for efficiency by the suitably qualified person.[8]

1.2 Cost recovery under the NER and EIF Act

Under chapter 6A the National Electricity Rules, the AER has the role of deciding on the prudent and efficient costs that a Transmission Network Service Provider is able to recover from customers connected to the relevant transmission network through transmission pricing.

The EIF framework establishes a separate statutory decision-making regime for PTIs in Queensland, under which the responsible ministers are the decision-maker.[9] Once a project has been declared a PTI, the responsible ministers are required to issue the following directions under Part 4 of the EIF Regulation that set the cost recovery arrangements for the PTI.

---

[3] This was required under section 23 of the EIF Act at the time, which has since been amended.

[4] The advice was provided confidentially and its release is at the discretion of the responsible ministers.

[5] EIF Act, section 25(2)(a). The advice was provided confidentially and its release is at the discretion of the responsible ministers.

[6] EIF Act, section 25(2)(b). The advice was provided confidentially and its release is at the discretion of the responsible ministers.

[7] If satisfied that the candidate PTI has been assessed appropriately and that construction of the investment would address the identified need, the responsible ministers may declare the candidate PTI to be a priority transmission investment and direct Powerlink to construct the investment using a specified option and within the anticipated construction timeframes (EIF Act, s 26).

[8] EIF Regulation, section 38.

[9] Part 5 of the EIF Act; Part 4 of EIF Regulation.

- **Primary PTI allowance direction (hereafter referred to as Primary Allowance Direction)**
    - The Primary Allowance Direction provides a mechanism for the responsible ministers' directed capital and operating expenditure in relation to a PTI to be accounted for in the relevant AER revenue determinations under the National Electricity Rules.
    - The responsible ministers issued a Primary Allowance Direction in relation to the Gladstone Project following the gazettal of the project as a PTI on 21 August 2026.[10]
- **Regulatory asset base allocation direction (hereafter referred to as the RAB Direction)**
    - The RAB Direction provides the responsible ministers with the ability to direct Powerlink to apply to the AER to include all, or 1 or more stated parts, of the directed forecast capital expenditure in Powerlink's regulatory asset base. In effect, this provides the responsible ministers with the ability to change the proportion of project costs that are recovered through transmission pricing under the National Electricity Rules (that is, to specify that all or part of the costs of a project are recovered through transmission pricing).
    - The responsible ministers issued a RAB Direction in relation to the Gladstone Project following the gazettal of the project as a PTI on 21 August 2026.[11]
- The Primary Allowance Direction and RAB Direction (collectively, **the directions**) require Powerlink to:
    - apply to the AER for an amendment of Powerlink's revenue determination for the 2022–27 regulatory control period; and
    - include in its revised revenue proposal for the 2027–32 regulatory control period stated amounts relating to the Gladstone Project.

Powerlink applied to the AER to give effect to the Primary Allowance Direction and RAB Direction on 1 October 2026 (**Attachment A**).

The EIF Regulation sets out actions the AER must take once Powerlink has applied to the AER to give effect to a Primary Allowance Direction and RAB Direction. In the case of the Gladstone Project, the AER must take the actions set out in:

- section 19 of the EIF Regulation, which requires the AER to adjust Powerlink's forecast capital and operating expenditure to give effect to the Primary Allowance Direction. The actions required to be taken by the AER are set out in detail Table 1 below; and
- section 35 of the EIF Regulation, which requires the AER to adjust Powerlink's regulatory asset base to give effect to the RAB Direction. The actions required to be taken by the AER are set out in detail in Table 3 below.

The AER has no discretion to depart from the directions.

[10] EIF Regulation, section 15.

[11] EIF Regulation, section 34.

1.3 Gladstone Project

The Gladstone Project has been progressed under the EIF Act to augment the transmission network in the area around Gladstone. This is the first project to be undertaken under the PTI framework set out in the EIF Act.

The Gladstone Project is intended to help ensure Central Queensland continues to have a safe, reliable and secure electricity supply as the region's energy system evolves. The Gladstone Project has been identified under AEMO's Integrated System Plan as actionable since 2024.[12]

The network in the Gladstone area supports a diverse range of electricity users, including local communities, businesses and major industrial customers.[13] Electricity demand is expected to increase across the region in the coming years as communities and industries grow and industrial customers electrify their operations. At the same time, the Gladstone Power Station is expected to retire, with AEMO's Expected Closure Year[14] document currently indicating a closure date of March 2029. As a result, more electricity will need to be supplied into the region from existing and new sources of generation.

The identified need for the Gladstone Project is to ensure the ongoing reliability and security of supply in the Gladstone area to:

- meet the forecast electrical load in anticipation of the closure of the Gladstone Power Station;
- support the decarbonisation of major industries; and
- compensate for loss of essential system services, such as inertia, system strength and voltage control capability, following the closure of Gladstone Power Station.

The final scope of the project was established by the construction direction the responsible ministers issued to Powerlink following the gazettal of the project on 21 August 2026. As stated in Powerlink's application at **Attachment A**, the final scope of the Gladstone Project is the preferred option identified in Powerlink's final assessment report (**the Preferred Option**), varied to exclude:

a) construction of a new 275kV high-capacity, double circuit transmission line from the existing Larcom Creek Substation to the new Gladstone West Substation, which includes:
    - approximately 14.2km of the 95km Bouldercombe to Gladstone West to Larcom Creek double circuit transmission line construction;
    - the Larcom Creek Substation construction; and
    - Larcom Creek line feeder bay construction at Gladstone West Substation;

b) the establishment of power flow control for feeder 871 to manage thermal limits;

[12] AEMO, *2024 Integrated System Plan for the National Electricity Market*, June 2024; AEMO, 2026 Integrated System Plan for the National Electricity Market, June 2026.

[13] Major industrial customers include two alumina refineries, an aluminum smelter, chemical manufacturing, Queensland's largest multi-commodity port and a range of other industries.

[14] Generating Unit Expected Closure Year - July 2026

c) the installation of 200MVAr shunt capacitor bank at the Calliope River Substation; and

d) any components forming part of the Preferred Option that would have been required only for the major components outlined in items a), b) or c), other than land or easements for land that have been or may be acquired for purposes associated with the Preferred Option.

Powerlink has published materials about the Gladstone Project on its website.[15]

[15] Priority Transmission Investment: Gladstone Project | Powerlink's Community Hub

2 Amendments to Powerlink's revenue determination for 2022–27

2.1 Decision to give effect to the Primary Allowance Direction for the 2022–27 regulatory control period

On 1 October 2026, Powerlink submitted an application to the AER to give effect to the responsible ministers' Primary Allowance Direction. The actions the AER is required to undertake to give effect to the Primary Allowance Direction for the 2022–27 regulatory control period are set out in section 19 of the EIF Regulation. We set out the AER's decision in Table 1 below.

Table 1: The AER's decisions under section 19 of the EIF Regulation

Actions the AER is required to undertake under section 19 of the EIF Regulation	The AER's decision
19 Action AER must take in first period … (2) As soon as practicable after receiving the application, the AER must amend Powerlink's revenue determination for the first period by— (a) adjusting Powerlink's forecast capital expenditure to accommodate the forecast total capital expenditure for the priority transmission investment for each remaining regulatory year of the first period stated in the application; and	The forecast capital expenditure for the Gladstone Project for the 2022–27 regulatory control period is set out in Table 2 below. The AER has decided to adopt the forecast capital expenditure in Table 2 below as an adjustment to Powerlink's revenue determination for 2022–27, in line with Powerlink's application. However, consistent with Powerlink's application, the AER has decided to not implement this forecast capital expenditure through an adjustment to Powerlink's Post Tax Revenue Model for 2022–27. This is because Powerlink's prices for year 5 of the 2022–27 regulatory control period have already been set and therefore Powerlink would be unable to recover any revenues related to additional capital expenditure for this period. Rather, to account for Powerlink's forecast capital expenditure incurred during the 2022–27 period, the AER will adjust Powerlink's opening regulatory asset base for the 2027–32 regulatory control period through a final year asset adjustment as part of the AER's revenue determination for 2027–32, in line with Table 1(a) of Appendix 2 of Powerlink's application. We will also adjust the amount in Table 1(a) to account for the time value of

	money at the allowed rate of return for the relevant regulatory year under the National Electricity Rules, in line with Powerlink's application. Powerlink will include this adjustment in the Roll Forward Model it submits to the AER with its revised revenue proposal for 2027–32, which it is scheduled to lodge on 2 December 2026.
(b) adjusting Powerlink's forecast operating expenditure to accommodate the total incremental operating expenditure for the priority transmission investment stated in the application; and	No adjustment to Powerlink's revenue determination for 2022–27 is necessary. In line with Table 1 of Appendix 1 of Powerlink's application, no operating expenditure in relation to the Gladstone Project is forecast for 2022–27.
(c) adjusting the following for each remaining regulatory year of the first period to reflect the effect of the increase in Powerlink's forecast operating expenditure, including any necessary consequential adjustment to Powerlink's annual building block revenue requirement for each remaining regulatory year— (i) Powerlink's maximum allowed revenue; (ii) the X factor; and	No adjustment to Powerlink's maximum allowed revenue or X factor is necessary. In line with Table 1 of Appendix 1 of Powerlink's application, no operating expenditure in relation to the Gladstone Project is forecast for 2022–27.
(d) adjusting the values to be attributed to the capital expenditure sharing scheme and efficiency benefit sharing scheme to reflect the increase in Powerlink's forecast capital expenditure and forecast operating expenditure.	The AER has published a separate draft decision on incentive schemes in relation to the Gladstone Project, which addresses this requirement.

Table 2: Powerlink's forecast capital expenditure in relation to the Gladstone Project for the 2022–27 regulatory control period ($ million, real 2025–26, mid-year)

	2022–23	2023–24	2024–25	2025–26	2026–27	Total
Directed amount	0.000	0.000	33.534	127.666	439.731	600.931

Powerlink's application also seeks to give effect to the Primary Allowance Direction in relation to the 2027–32 regulatory control period. Table 1 of Appendix 1 of Powerlink's application sets out the forecast capital and operating expenditure for the 2027–32 regulatory control period.

Powerlink will include these amounts in its revised revenue proposal for the 2027–32 regulatory control period, scheduled for 2 December 2026, which will trigger actions the AER is required to take to give effect to Powerlink's application under section 20 of the EIF Regulation. We will address these actions in our final revenue determination for 2027–32, scheduled for April 2027.

2.2 Decision to give effect to the RAB Direction for the 2022–27 regulatory control period

On 1 October 2026, Powerlink submitted an application to give effect to the responsible ministers' RAB Direction. The actions the AER is required to undertake to give effect to the RAB Direction for the 2022–27 regulatory control period are set out in section 35 of the EIF Regulation. We set out the AER's decision in Table 3 below.

Table 3: The AER's decisions under section 35 of the EIF Regulation

Actions the AER is required to undertake under section 35 of the EIF Regulation	The AER's decision
35 Action AER must take in relation to Powerlink's application (1) This section applies if Powerlink applies to the AER under a direction given under section 34(2) in relation to a regulatory control period (the *primary period*) for which Powerlink— (a) is, under a primary PTI allowance direction given under section 18(1), required to apply for an amendment of a revenue determination; or (b) is, under a primary PTI allowance direction, required to state forecast capital expenditure in an application to the AER under section 18(4)(c), 18(4)(d), 28(1)(a) or 29(1)(a).	In the case of the Gladstone Project, both sections 35(1)(a) and (b) apply, because: • section 18(1) of the EIF Regulation applies, in that the Primary Allowance Direction required Powerlink to apply to the AER for the amendment of a revenue determination in relation to 'first period', which is 2022–27; and • section 18(4)(c) of the EIF Regulation applies, in that the Primary Allowance Direction required Powerlink to state the forecast expenditure in an application to the AER in relation to the 'second period', which is 2027–32.
(2) The AER— (a) must either— (i) if subsection (1)(a) applies—adjust the value of Powerlink's regulatory asset base by accepting the amounts applied for, and ensure the amounts are adjusted, under the post-tax revenue model	In the case of the Gladstone Project, subsection 1(a)(i) applies. In line with the RAB Direction and Powerlink's application, the AER decides to not adjust Powerlink's regulatory asset base for the 2022–27 regulatory control period. Rather, to account for Powerlink's forecast capital expenditure incurred over the 2022–27 period, the AER will adjust

for the regulatory control period during which the adjustment is made and, if necessary, under other economic regulatory models, to ensure the AER's treatment of the amounts is, to the extent practicable, consistent with the AER's treatment of other amounts of forecast capital expenditure for the revenue proposal for that period; or	Powerlink's opening regulatory asset base for the 2027–32 regulatory control period through a final year asset adjustment as part of the AER's revenue determination for 2027–32, in line with Table 1(a) of Appendix 2 of Powerlink's application. We will adjust the amount in Table 1(a) to account for the time value of money at the allowed rate of return for the relevant regulatory year under the National Electricity Rules, in line with Powerlink's application. Powerlink will submit this adjustment in the Roll Forward Model it submits to the AER with its revised revenue proposal for 2027–32, which is scheduled to be lodged on 2 December 2026.
(ii) otherwise—adjust the value of Powerlink's regulatory asset base at the beginning of each regulatory year of the primary period, other than the first regulatory year, to include the forecast capital expenditure or part of that expenditure identified in the application to be included in Powerlink's regulatory asset base for the regulatory year; and	In the case of the Gladstone Project, subsection (2)(a)(ii) does not apply.
(b) must adjust the value of Powerlink's regulatory asset base at the beginning of the first regulatory year in the regulatory control period immediately following the primary period (the *secondary period*) to include the lesser of the following amounts— (i) the total of the directed forecast capital expenditure mentioned in section 34(2)(a) or part of that expenditure for the priority investment stated in the application to be included in Powerlink's regulatory asset base for the primary period; (ii) the total of— (A) the total amount of actual capital expenditure for the priority transmission investment for any of the regulatory years as at the end of the primary period; and (B) the total of the amounts by which an adjustment was made under section 19(2)(a) or accepted and included under	In the case of the Gladstone Project, the RAB Direction, issued under section 34(2)(a)(i) of the EIF Regulation, requires Powerlink to apply to the AER to include the amounts set out in Table 2 of Powerlink's application in the value of its regulatory asset base for the 2027–32 regulatory control period. Powerlink's revised revenue proposal for 2027–32, scheduled to be lodged on 2 December 2026, will include the amounts set out in Table 2 of Powerlink's application, to give effect to the RAB Direction for 2027–32. We will give effect to Powerlink's application to implement the RAB Direction in relation to the 2027–32 regulatory control period as part of our final revenue determination for 2027–32, scheduled for April 2027. This will be undertaken through the inclusion of the directed capital expenditure for the 2027–32 period in the Post Tax Revenue Model, consistent with Table 2 in Powerlink's application.

section 20(3)(a), 21(3)(a), 30(3)(a) or 31(3)(a) for any of the regulatory years in the primary period for which the actual capital expenditure is not known; and …	

Attachment A

Ref. A6460575

1 October 2026

Clare Savage
Chair
Australian Energy Regulator
GPO Box 520
MELBOURNE VIC 3001

Dear Clare,

Application following regulatory direction to account for the Gladstone Project

Powerlink Queensland (Powerlink) applies to the Australian Energy Regulator (AER) to amend the *Final Decision: Powerlink Queensland Transmission Determination 2022 to 2027* (Powerlink's 2022-27 Revenue Determination) to account for the Gladstone Priority Transmission Investment (Gladstone Project).

In addition, Powerlink provides information in relation to the 2027-32 regulatory period that relates to the Gladstone Project.

Regulatory Basis for Application

Powerlink makes this application pursuant to Queensland Ministerial Directions under sections 15, 18 and 34 of the *Energy (Infrastructure Facilitation) Regulation 2024* (Regulation).

In July 2024 the Gladstone Project was prescribed as an Eligible Priority Transmission Investment under section 9(1) of the Regulation, for the purposes of section 20(1) of the *Energy (Infrastructure Facilitation) Act 2024* (the Act).

On 13 August 2024, the Gladstone Project was declared to be a Candidate Priority Transmission Investment (see section 24(1) of the Act).

On 1 August 2026, the Gladstone Project was declared a Priority Transmission Investment pursuant to section 26(2) of the Act. Notification of the Declaration was made by the Queensland Government in the Queensland Government Gazette on 21 August 2026**.**

Construction Direction

Following the Gladstone Project being declared a Priority Transmission Investment, Powerlink received the Gladstone Project Construction Direction for the Gladstone Project pursuant to section 26(4) of the Act. The Construction Direction sets out the final directed scope of the Gladstone Project and anticipated construction dates.

The anticipated project construction commencement is by 31 July 2026, and anticipated completion on 31 August 2030.

The Gladstone Project comprises the Preferred Option, meaning Option 1(c) as contained in Powerlink's "Gladstone Project: Candidate Priority Transmission Investment Assessment Final Assessment Report" dated 6 June 2025, varied to exclude:

a) Construction of a new 275kV high-capacity, double circuit transmission line from the existing Larcom Creek Substation to the new Gladstone West Substation, which includes:
    - approximately 14.2km of the 95km Bouldercombe to Gladstone West to Larcom Creek double circuit transmission line construction;
    - the Larcom Creek Substation construction; and
    - Larcom Creek line feeder bay construction at Gladstone West Substation;
b) the establishment of power flow control for feeder 871 to manage thermal limits;
c) the installation of a 200MVAr shunt capacitor bank at the Calliope River Substation; and
d) any components forming part of the Preferred Option that would have been required only for the major components outlined in items a), b) or c), other than land or easements for land that have been or may be acquired for purposes associated with the Preferred Option.

Financial Directions

Following the Gladstone Project being declared a Priority Transmission Investment, Powerlink received the following financial directions for the Gladstone Project in accordance with the Regulation and section 28 of the Act:

a) Primary PTI Allowance Direction (PPTIAD), pursuant to section 15(2) and 18 of the Regulation; and
b) Regulatory Asset Base Allocation Direction (RABAD), pursuant to section 34 of the Regulation, following the issue of the PPTIAD.

Table 1 of the PPTIAD is provided in Appendix 1. Tables 1(a), 1(b) and 2 of the RABAD are provided in Appendix 2.

Forecast of the Total Capital Expenditure

As stated in the PPTIAD the directed forecast of the total capital expenditure for the Gladstone Project is $1,744.763 million ($2025/26, real, mid-year).

2022-27 Regulatory Period

Powerlink applies to the AER to amend Powerlink's 2022-27 Revenue Determination to account for the Gladstone Project.

Consistent with the PPTIAD and RABAD, the forecast as incurred capital expenditure for the Gladstone Project during the 2022-27 regulatory period is to be recognised through an adjustment to Powerlink's opening Regulatory Asset Base (RAB) as at 1 July 2027. This will form part of Powerlink's Revised Revenue Proposal for the 2027-32 regulatory period, with the associated revenue to be recovered in the 2027-32 regulatory period.

- *Capital Expenditure* - Table 1 of the PPTIAD (refer Appendix 1) sets out the Gladstone Project forecast capital expenditure for the 2022-27 regulatory period. Powerlink does not seek any change to its 2022-27 Post-Tax Revenue Model (PTRM). The RAB treatment of this expenditure via the Revised Revenue Proposal for the 2027-32 regulatory period, is described below.

- *Operating Expenditure* - Table 1 of the PPTIAD (refer Appendix 1) states nil forecast incremental operating expenditure for the Gladstone Project for the 2022-27 regulatory period. Therefore, Powerlink does not seek to adjust its approved operating expenditure for the 2022-27 regulatory period.

- *Regulatory Asset Base as at 1 July 2027* - Table 1(a) of the RABAD (refer Appendix 2) sets out the Gladstone Project forecast capital expenditure to be included in the value of Powerlink's RAB as at 1 July 2027. Consistent with the method stated in the RABAD, Powerlink requests the AER to include these amounts in its opening RAB for the 2027-32 regulatory period, adjusted for the time cost of money, at the allowed rate of return under the National Electricity Rules. This is to reflect the period between when the expenditure is forecast to be incurred, as set out in Table 1(b) (refer Appendix 2), and its inclusion in the RAB on 1 July 2027. These adjusted amounts will be given effect through the 2026/27 final year asset adjustment in the 2027–32 Roll Forward Model (RFM), which will be submitted to the AER as part of Powerlink's Revised Revenue Proposal for the 2027-32 regulatory period.

2027-32 Regulatory Period

The PPTIAD and the RABAD require Powerlink to include amounts relating to the Gladstone Project for the 2027-32 regulatory period in this application.

Powerlink's Revised Revenue Proposal for the 2027-32 regulatory period will include amounts for the Gladstone Project. Powerlink will lodge its Revised Revenue Proposal for the 2027-32 regulatory period to the AER by 2 December 2026, including a full set of updated models to reflect the amounts directed in the PPTIAD and the RABAD. Specifically, the amounts relating to the Gladstone Project for the 2027-32 regulatory period are set out below.

- *Capital Expenditure* - Table 1 of the PPTIAD (refer Appendix 1) sets out the Gladstone Project forecast capital expenditure for the 2027-32 regulatory period.

- *Operating Expenditure* - Table 1 of the PPTIAD (refer Appendix 1) sets out forecast incremental operating expenditure.

- *Regulatory Asset Base* - Table 2 of the RABAD (refer Appendix 2) sets out the forecast capital expenditure to be included in the forecast value of Powerlink's RAB for the 2027-32 regulatory period in accordance with the National Electricity Rules, on both an as-incurred and as-commissioned basis. Consistent with the RABAD, Powerlink requests the AER to include these amounts in the value of its RAB from the start of the regulatory years immediately following the regulatory years specified in relation to the relevant amounts.

As a result, Powerlink's Revised Revenue Proposal will be updated to include:

- in the 2027-32 RFM, the opening RAB adjustment as at 1 July 2027, calculated in accordance with Table 1(a) and 1(b) of the RABAD (refer Appendix 2) and adjusted for the time cost of money as described above; and
- in the 2027-32 Post-Tax Revenue Model (PTRM), the forecast capital expenditure and incremental operating expenditure set out in Table 1 of the PPTIAD (refer Appendix 1) and Table 2 of the RABAD (refer Appendix 2), and to reflect the resulting annual building block revenue requirement, X-factors and Maximum Allowed Revenue.

We note that section 28(1)(d) of the Act and sections 19 and 35 of the Regulation provide guidance to the AER on actions required following receipt of this application.

Please contact Jennifer Harris if you require any further information or clarification.

Yours sincerely,

Dr Seán Mc Goldrick
CHIEF EXECUTIVE

Jacqueline Bridge
EXECUTIVE GENERAL MANAGER NETWORK INVESTMENT

Enquiries: Jennifer Harris, General Manager Network Regulation
Email: jenny.harris@powerlink.com.au
Mob.: 0407 125 515

Copy: James Bullock

Attachments:

1. Powerlink - GPTI - Capex and Opex Model - August 2026

Appendix 1 – Primary Priority Transmission Investment Allowance Direction, Table 1

Table 1 – Forecast capital expenditure and incremental operating expenditure

Year	2022/23	2023/24	2024/25	2025/26	2026/27	2027/28	2028/29	2029/30	2030/31	2031/32	Total
Forecast capital expenditure ($million, real 2025/26, mid-year)	0.000	0.000	33.534	127.666	439.731	551.513	390.895	161.632	39.792	0.000	1,744.763
Incremental operating expenditure ($million, real 2026/27, end-of-year)	0.000	0.000	0.000	0.000	0.000	0.000	0.000	5.938	6.107	6.654	N/A

Appendix 2 – Regulatory Asset Base Allocation Direction, Table 1(a), Table 1(b), Table 2

Table 1(a) – Forecast capital expenditure to be included in the forecast value of Powerlink's regulatory asset base ($million, expressed as real 2025/26, mid-year which is to be adjusted according to the method stated below).

Date	**01/07/27**
Amount to be included in regulatory asset base (as incurred)	
- Transmission Lines – Overhead	335.189
- Substations – Primary Plant	134.760
- Substations – Secondary Systems	32.555
- Communications Other Assets	4.406
- Easements	73.779
- Land	20.242
Total	**600.931**

Method for adjustment of forecast capital expenditure in Table 1(a): To be adjusted to provide Powerlink with the time cost of money based on the allowed rate of return under the National Electricity Rules for the relevant regulatory year arising from the delay in the inclusion in the value of Powerlink's regulatory asset base from the forecast amounts and years specified in Table 1(b).

Table 1(b) — Historical and forecast capital expenditure amounts ($million, real 2025/26, mid-year)

Year	2022/23	2023/24	2024/25	2025/26	2026/27	Total
Forecast capital expenditure (as incurred)						
- Transmission Lines – Overhead	0.000	0.000	15.422	46.972	272.794	335.189
- Substations – Primary Plant	0.000	0.000	4.651	33.139	96.970	134.760
- Substations – Secondary Systems	0.000	0.000	0.970	9.591	21.993	32.555
- Communications Other Assets	0.000	0.000	0.074	2.056	2.276	4.406
- Easements	0.000	0.000	12.373	29.071	32.336	73.779
- Land	0.000	0.000	0.044	6.836	13.362	20.242
Total	**0.000**	**0.000**	**33.534**	**127.666**	**439.731**	**600.931**
Forecast capital expenditure (as commissioned)						
- Transmission Lines – Overhead	0.000	0.000	0.000	0.000	0.000	0.000
- Substations – Primary Plant	0.000	0.000	0.000	0.000	0.000	0.000
- Substations – Secondary Systems	0.000	0.000	0.000	0.000	0.000	0.000
- Communications Other Assets	0.000	0.000	0.000	0.000	0.000	0.000
- Easements	0.000	0.000	0.000	0.000	0.000	0.000
- Land	0.000	0.000	0.000	0.000	0.000	0.000
Total	**0.000**	**0.000**	**0.000**	**0.000**	**0.000**	**0.000**

Table 2 — Forecast capital expenditure to be included in the forecast value of Powerlink's regulatory asset base as per the National Electricity Rules ($million, expressed as real 2025/26, mid-year)

Year	2027/28	2028/29	2029/30	2030/31	2031/32	Total
Forecast capital expenditure (as incurred)						
- Transmission Lines – Overhead	400.968	240.635	119.708	35.523	0.000	796.834
- Substations – Primary Plant	112.933	113.725	28.262	3.153	0.000	258.074
- Substations – Secondary Systems	22.535	33.028	12.960	1.044	0.000	69.566
- Communications Other Assets	1.782	1.232	0.383	0.072	0.000	3.468
- Easements	3.577	0.109	0.000	0.000	0.000	3.687
- Land	9.718	2.167	0.319	0.000	0.000	12.204
Total	**551.513**	**390.895**	**161.632**	**39.792**	**0.000**	**1,143.832**
Forecast capital expenditure (as commissioned)						
- Transmission Lines – Overhead	0.000	585.399	0.000	546.623	0.000	1,132.022
- Substations – Primary Plant	0.000	155.615	164.399	72.821	0.000	392.834
- Substations – Secondary Systems	0.000	60.520	17.493	24.108	0.000	102.121
- Communications Other Assets	0.000	4.144	2.066	1.665	0.000	7.875
- Easements	0.000	25.960	2.468	57.555	0.000	85.983
- Land	0.000	11.945	0.000	11.984	0.000	23.929
Total	**0.000**	**843.582**	**186.426**	**714.755**	**0.000**	**1,744.763**