



OFFICE OF THE CHIEF EXECUTIVE

Ref: A2420321

28 January 2016

Ms Paula Conboy
Chair
Australian Energy Regulator
GPO Box 520
MELBOURNE, VIC 3001

Dear Paula,

Powerlink's 2018-22 Revenue Proposal

Powerlink provides its Revenue Proposal, Proposed Pricing Methodology, Proposed Negotiating Framework and supporting information for the five years from 1 July 2017 to 30 June 2022.

The Revenue Proposal has been prepared in accordance with the Rules, the AER's Final Framework and Approach Paper for Powerlink and the Regulatory Information Notice (RIN) issued by the AER with respect to Powerlink's Revenue Proposal.

Since its last Revenue Proposal, Powerlink's business and operating environment has been subject to fundamental shifts in economic outlook, electricity consumer behaviour, government policy and regulation and emerging technologies. All these factors have reshaped the environment in which Powerlink delivers its transmission services.

In preparing this Revenue Proposal, Powerlink's focus has been on delivering better value to its customers and consumers in this changed environment.

Through Powerlink's engagement activities, customers and consumers have consistently reinforced their concern over electricity prices and the expectation that Powerlink should drive change in its business to increase efficiency and deliver cost reductions, while seeking to maintain the levels of reliability of supply consumers have come to expect.

Powerlink has responded to these factors in developing the key building-blocks of its Revenue Proposal. In the first year of the regulatory period the proposal delivers a 28% reduction in the indicative transmission price, with price growth expected to remain within CPI on average for the remainder of the period. For a residential electricity consumer, Powerlink's Revenue Proposal is expected to reduce the average annual electricity bill by about 2.6% in the first year. On the basis of assumed tariffs and consumption, this presents an estimated initial saving of between \$22 and \$37.

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Powerlink Queensland is the registered business name of the
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ABN 82 078 849 233

Powerlink Revenue Proposal 2018-22

This outcome has been delivered through significant reductions in forecast capital expenditure, and real annual reductions in forecast operating expenditure that will drive further efficiency and cost reductions within Powerlink's business. At the same time, Powerlink has worked with the AER to develop stronger incentives and targets for network reliability and performance over the forthcoming regulatory period.

Powerlink looks forward to working with the AER, customers and other interested parties in the review of its Revenue Proposal.

All information provided as part of the Revenue Proposal may be publically disclosed unless identified in the confidentiality register submitted as part of the proposal.

If you have any queries in relation to this matter, please contact Ian Lowry.

Yours sincerely



Merryn York
CHIEF EXECUTIVE

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