

Directlink 2025-30 Draft Decision

Predetermination conference

14 October 2024

Acknowledgement of Country

Kris Funston

Executive General Manager

Welcome and introductions

Kris Funston

Executive General Manager



Agenda

| Topic | Speaker |
|---|--|
| Welcome and Acknowledgment of country | Kris Funston Executive General Manager |
| Key themes of our draft decision | Kris Funston, Executive General Manager |
| Our draft decision | Paul Harrigan General Manager |
| Directlink – next steps and reflections | Paul Alexander General Manager |
| Facilitated Discussion | Paul Harrigan General Manager |
| Closing remarks and next steps | Kris Funston Executive General Manager |

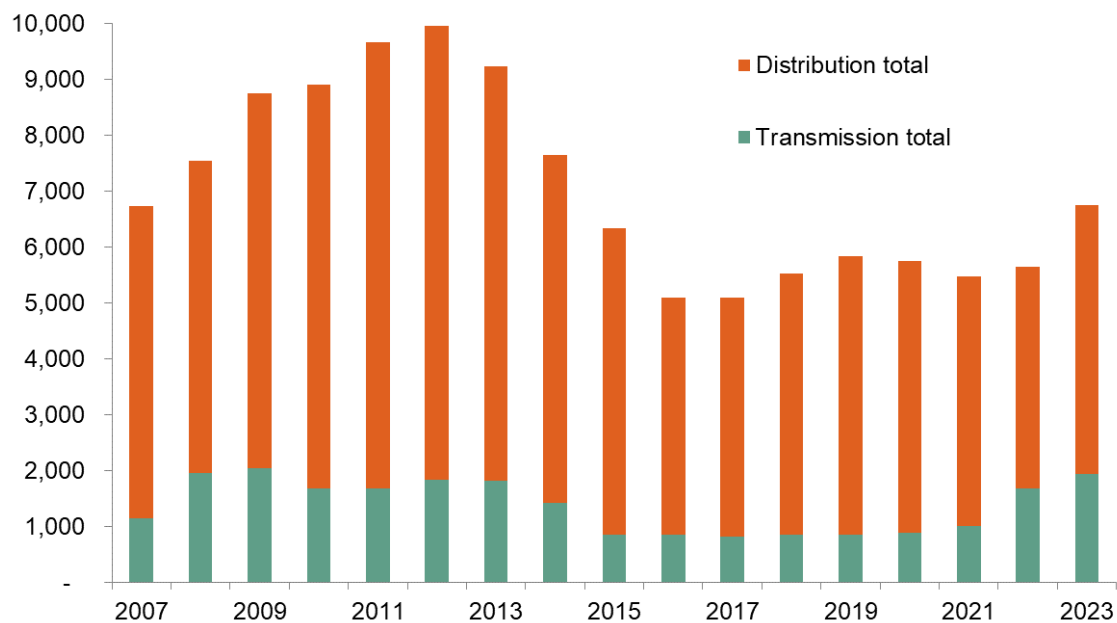
Key themes of our draft decisions

Kris Funston
Executive General Manager

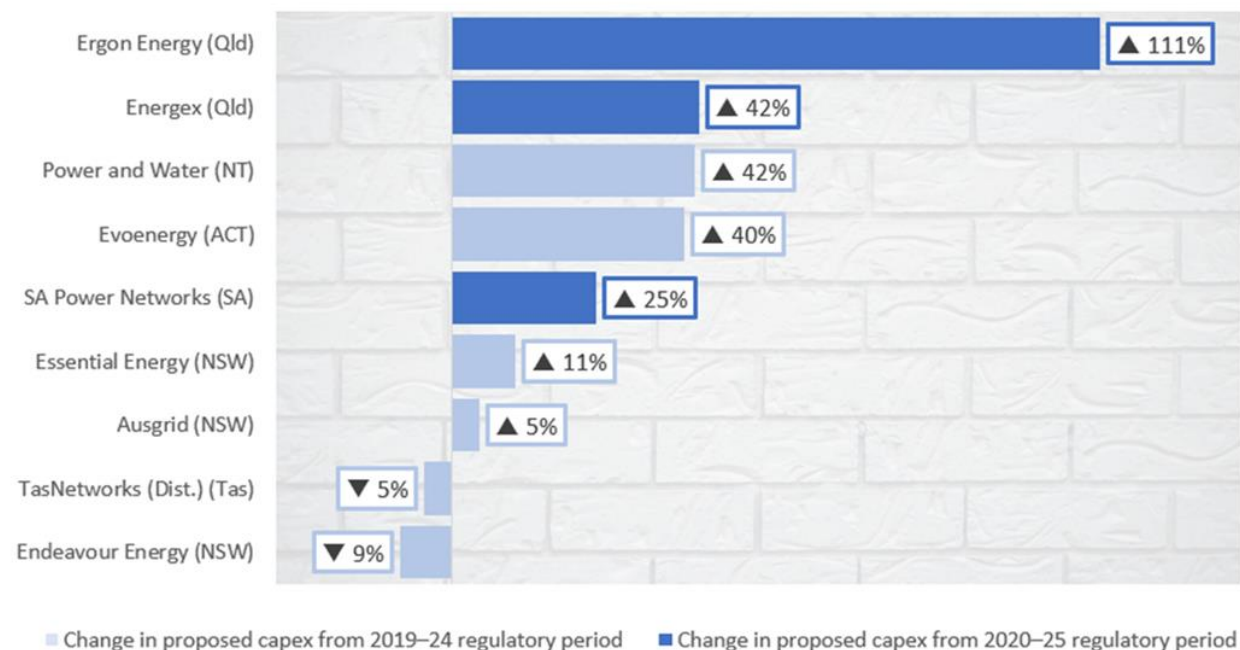


Electricity customers are facing a ‘wall of capex’

Actual capex over time (\$m 2023-24)



Recent resets - proposed capex compared to previously approved forecasts



Our expectations from networks proposing significant increases in revenue

- Through consultation with stakeholders
- Robust business cases
- Seek to maintain and improve asset utilisation

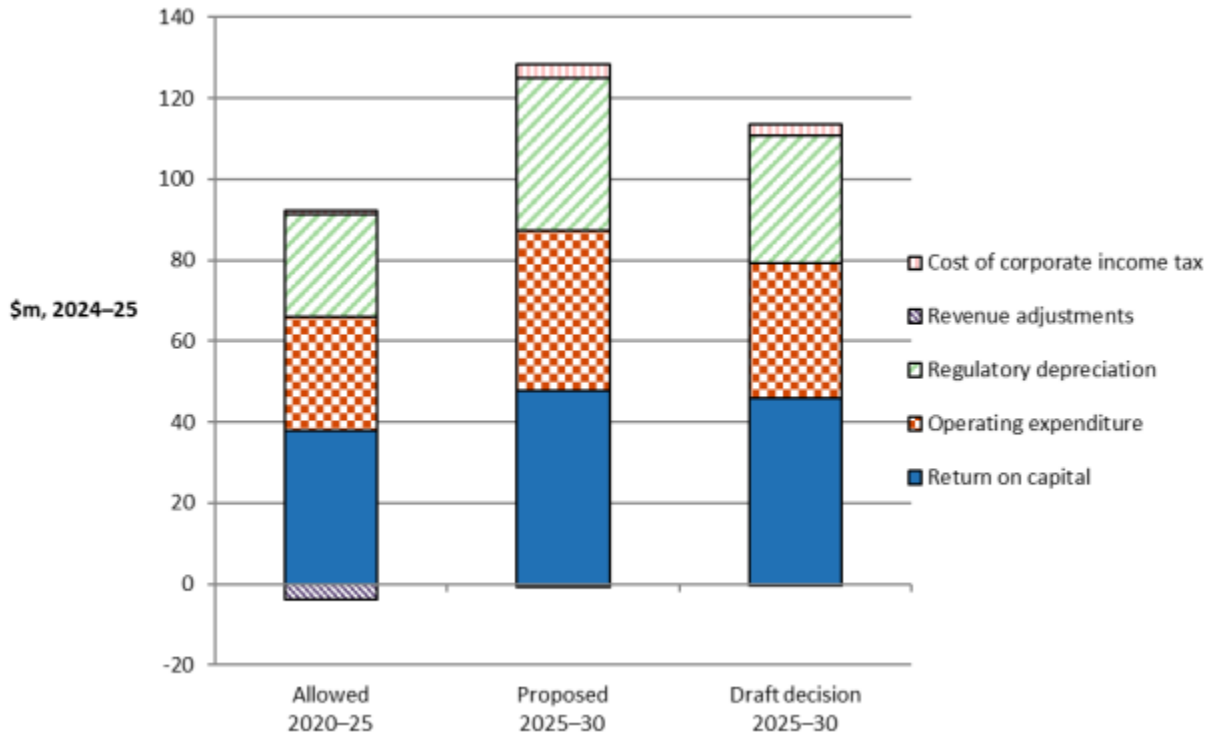
Draft decisions

Paul Harrigan
General Manager



Draft decision summary

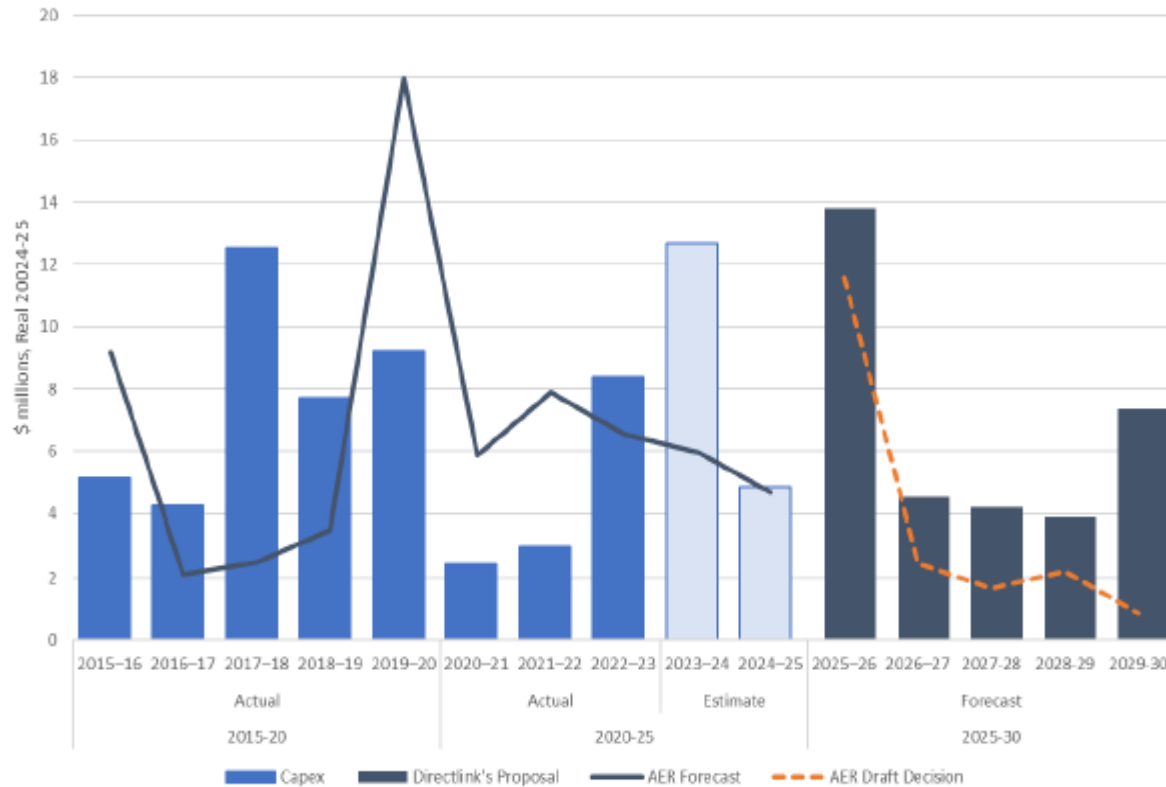
Total revenue by building block components (\$m 2024-25)



Building block revenue requirement (Draft decision vs proposal)

| Category | Key figures - Directlink |
|---|---|
| Revenue (\$nominal, smoothed) | \$123.8M (\$14.7M / 10.6% ↓ than proposed) |
| Return on capital (\$nominal) | \$49.8M (\$1.8M / 3.5% ↓ than proposed) |
| Regulatory depreciation (\$nominal) | \$34.5M (\$6.4M / 15.7% ↓ than proposed) |
| Operating expenditure (\$nominal) | \$36.5M (\$6.2M / 14.5% ↓ than proposed) |

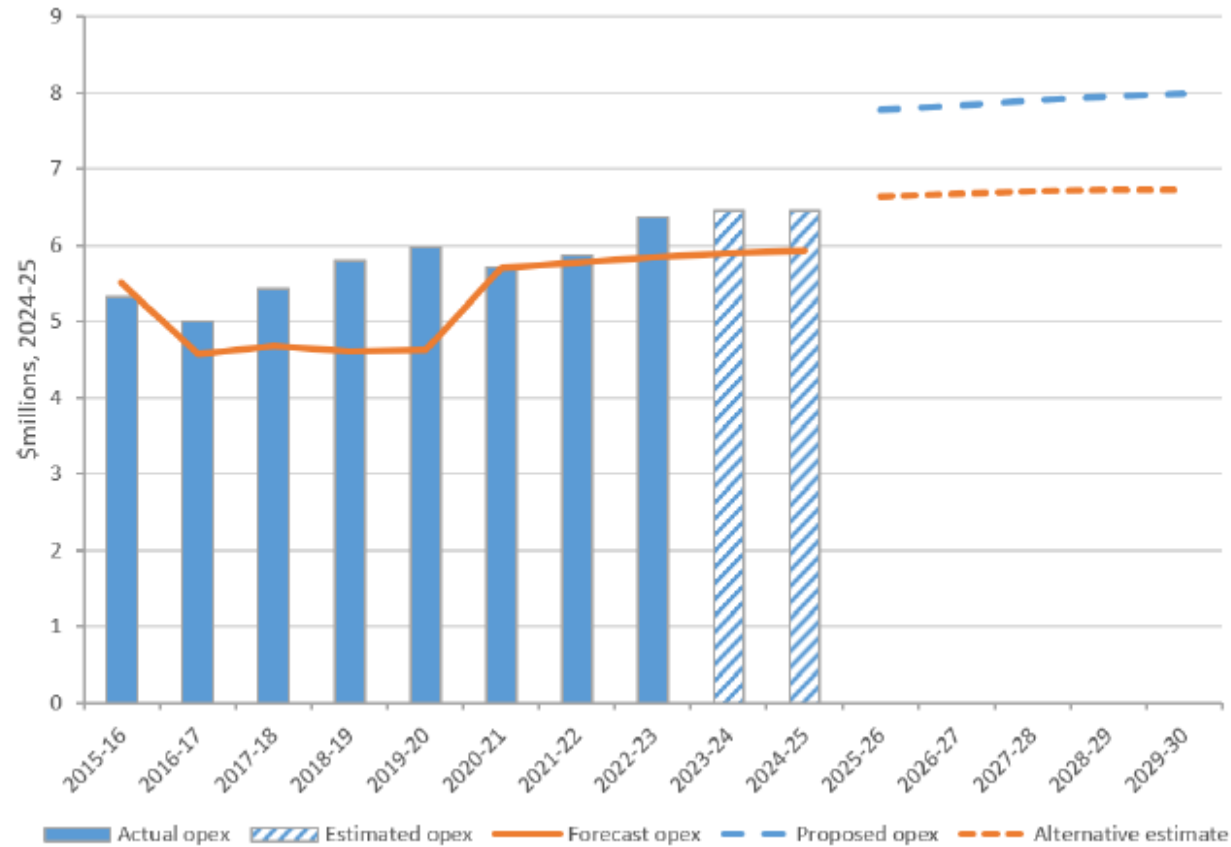
Directlink capital expenditure



Key Capex figures

| Category | Proposal | Draft decision |
|---|----------|---|
| Capex forecast (\$2024–25) (Not Accepted) | \$33.8M | \$18.8M (\$15.0M / 44.4% ↓ than proposed) |
| Major projects subject to review (\$2024–25) | | |
| → Spares management | \$12.5M | \$0.0M (placeholder) |
| → Reactor cooling enhancements | \$2.1M | \$0.0M (placeholder) |

Directlink operating expenditure



Key Opex figures

| Category | Proposal | Draft decision |
|--|----------|---|
| Opex forecast (\$2024–25) (Not Accepted) | \$39.4M | \$33.5M (\$5.9M / 15.0% ↓ than proposed) |
| Reasons for lower Opex estimate (\$2024–25) in Draft decision | | |
| → Removal of proposed provision for end-of-life costs | \$10.0M | \$5.3M (\$4.7M / 11.9% ↓ than proposed) |
| → Removal of proposed apprenticeship program step change | \$0.9M | \$0.0M (\$0.9M / 2.2% ↓ than proposed) |
| → Inclusion of a productivity growth factor | \$0.0M | -\$0.5M (\$0.5M / 1.2% ↓ than proposed) |

Directlink

Paul Alexander
General Manager



Facilitated Discussion

Paul Harrigan
General Manager



Next Steps

| Milestone | Date |
|--|-------------------|
| Directlink submitted regulatory proposal to the AER | 31 January 2024 |
| AER published an issues paper | 26 March 2024 |
| AER holds a public forum | 10 April 2024 |
| Submissions on regulatory proposals close | 15 May 2024 |
| AER publishes draft determination decision | 27 September 2024 |
| AER holds a pre-determination conference | 14 October 2024 |
| Directlink submits revised regulatory proposal to AER | 2 December 2024 |
| Submissions on revised regulatory proposal and draft decision close | 17 January 2025 |
| AER publishes transmission determination for regulatory control period | 30 April 2025 |

Submission details

- We invite interested parties to make submissions on the Draft Decision by
- **17 January 2025.**

- **We encourage early submissions, where possible, to inform the next phase of consultation.**

- Submissions should be emailed to Directlink2025@aer.gov.au

