



# Independent Auditor's Report

To Queensland Electricity Transmission Corporation Limited (Powerlink)

## Report on the audit of the Actual Financial Information in the Revenue Reset Regulatory Reporting Statements for the regulatory years 2006 - 2020

### Opinion

We have audited the Actual Financial Information in the attached Revenue Reset Regulatory Reporting Statements of Powerlink ("the Licensee") for the regulatory years 2006 - 2020.

In our opinion, the Revenue Reset Regulatory Reporting Statements of Powerlink, which comprise the Actual Financial Information in templates 2.16, 7.4, 7.9, 2.11, 3.7, CESS, 7.5 and 8.2 and the Basis of Preparation for the 2006 - 2020 regulatory years ("the Regulatory Reporting Statements") is prepared, in all material respects, in accordance with the requirements of the Notice issued under Division 4 of Part 3 of the National Electricity (Queensland) Law by the Australian Energy Regulator (AER) on 14 October 2020 for the purpose of making a transmission determination for the regulatory control period commencing 1 July 2022 and ending 30 June 2027 ("the Notice").

### Basis for opinion

We conducted our audit in accordance with *Australian Auditing Standards*. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the Regulatory Reporting Statements* section of our report.

We are independent of the Licensee in accordance with the ethical requirements of the *Accounting Professional and Ethical Standards Board's APES 110 Code of Ethics for Professional Accountants* (the Code) that are relevant to our audit of the Actual Financial Information. We have fulfilled our other ethical responsibilities in accordance with the Code.

### Emphasis of matter – basis of preparation and restriction on use and distribution

The Actual Financial Information in the Regulatory Reporting Statements has been prepared based on the Basis of Preparation as prescribed by the Notice. This report and the accompanying Regulatory Reporting Statements have been prepared for Powerlink, for the purpose of fulfilling its regulatory reporting requirements under the Notice issued under Division 4 Part 3 of the National Electricity (Queensland) Law by the AER on 14 October 2020. As a result, the report and the accompanying Regulatory Reporting Statements may not be suitable for another purpose.

We disclaim any assumption of responsibility for any reliance on this report, or on the Regulatory Reporting Statements to which it relates, to any person other than the Licensee and the AER or for any other purpose than that for which it was prepared.



## Responsibilities of Powerlink and its Officers for the Regulatory Reporting Statements

Management of the Licensee are responsible for the preparation of the Regulatory Reporting Statements which comprise the Actual Financial Information and the Basis of Preparation in accordance with the Regulatory Information Notice issued under Division 4 of Part 3 of the National Electricity (Queensland) Law by the AER on 14 October 2020 and for such internal control as Management determine necessary to enable the preparation of the Regulatory Reporting Statements that are free from material misstatement whether due to fraud or error.

## Auditor's responsibilities for the audit of the Regulatory Reporting Statements

Our objective is:

- to obtain reasonable assurance about whether the Actual Financial Information as a whole is free from material misstatement, whether due to fraud or error; and
- to issue an Auditor's Report that includes our opinion.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with *Australian Auditing Standards* will always detect a material misstatement when it exists.

Misstatements can arise from fraud or error. They are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of this Financial Information.

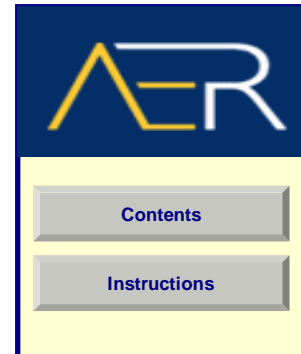
A further description of our responsibilities for the audit of the Actual Financial Information is located at the *Auditing and Assurance Standards Board* website at: [http://www.auasb.gov.au/auditors\\_responsibilities/ar8.pdf](http://www.auasb.gov.au/auditors_responsibilities/ar8.pdf). This description forms part of our Auditor's Report.

KPMG

Scott Guse  
Partner

Brisbane

27 January 2021



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2.16 OPEX SUMMARY

Instructions

Complete the tables below in accordance with the regulatory information notice.
Powerlink's total forecast opex must reconcile to Table 2.16.1. If Powerlink did not forecast its total opex using a Base Year approach, total forecast opex must reconcile to Table 2.16.2
The total step changes and category specific forecasts in Table 2.16.1 must reconcile (in each year) to the total step changes and category specific forecasts for each year in Tables 2.17.1 and 2.17.5 of worksheet 2.17 Step Changes."

IMPORTANT!
Has Powerlink used a base-step-trend model to derive its opex forecast? Yes
Please nominate the base year. 2018-19

2.16.1 - PRESCRIBED TRANSMISSION SERVICES - OPEX BY DRIVER

Table with columns for years 2017-18 to 2026-27 and rows for opex drivers: Base year total opex, Increment from base year to final year (Price growth, Output growth, Productivity growth, Step changes, Category specific), Total opex.

2.16.2 - PRESCRIBED TRANSMISSION SERVICES - OPEX BY CATEGORY

Table with columns for years 2017-18 to 2026-27 and multiple rows for opex categories, ending with Total opex.





7.9.4 - Market impact component



		Market impact parameter				Market impact parameters
		Planned outage count(DI)		Unplanned outage count (DI)		
Year	Month	without exclusions	with exclusions	without exclusions	with exclusions	
2013	January					
2013	February					
2013	March					
2013	April					
2013	May					
2013	June					
2013	July					
2013	August					
2013	September					
2013	October					
2013	November					
2013	December					
<b>Total 2013</b>						
2014	January					
2014	February					
2014	March					
2014	April					
2014	May					
2014	June					
2014	July					
2014	August					
2014	September					
2014	October					
2014	November					
2014	December					
<b>Total 2014</b>						
2015	January					
2015	February					
2015	March					
2015	April					
2015	May					
2015	June					
2015	July					
2015	August					
2015	September					
2015	October					
2015	November					
2015	December					
<b>Total 2015</b>						
2016	January					
2016	February					
2016	March					
2016	April					
2016	May					
2016	June					
2016	July					
2016	August					
2016	September					
2016	October					
2016	November					
2016	December					
<b>Total 2016</b>						
2017	January					
2017	February					
2017	March					
2017	April					
2017	May					
2017	June					
2017	July					
2017	August					
2017	September					
2017	October					
2017	November					
2017	December					
<b>Total 2017</b>						
2018	January					
2018	February					
2018	March					
2018	April					
2018	May					
2018	June					
2018	July					
2018	August					
2018	September					
2018	October					
2018	November					
2018	December					
<b>Total 2018</b>						
2019	January					
2019	February					
2019	March					
2019	April					
2019	May					
2019	June					
2019	July					
2019	August					
2019	September					
2019	October					
2019	November					
2019	December					
<b>Total 2019</b>						
2020	January					
2020	February					
2020	March					
2020	April					
2020	May					
2020	June					
2020	July					
2020	August					
2020	September					
2020	October					
2020	November					
2020	December					
<b>Total 2020</b>						









# Powerlink 2022-27 Proposal - Capital expenditure sharing scheme model

Index



Model index	
Sheet Name	Sheet Description
<a href="#">Input   General</a>	Inputs NSP name, regulatory years for the prior and forecast regulatory control period etc.
<a href="#">Input   Inflation and Disc Rate</a>	Inputs the inflation and discount rate
<a href="#">Input   Reported Capex</a>	Inputs the reported capital expenditure from the prior regulatory control period as well as the AER's forecast etc.
<a href="#">Calc   CESS Revenue Increments</a>	Calculates the CESS payments from the prior regulatory control period
<a href="#">Output   Models</a>	Outputs the CESS revenue increments needed as a post tax revenue model input
End	

**Powerlink 2022-27 Proposal - Capital expenditure sharing scheme model**

Key: Input Internal Link



*Input | General*

**Input | General**

NSP Name	Powerlink
Determination stage	Proposal
Determination years	2022-27
Base regulatory year	2022-23

**Regulatory control period details**

	Year 1	Year 2	Year 3	Year 4	Year 5
Regulatory control period CESS applied in (regulatory years)	2017-18	2018-19	2019-20	2020-21	2021-22
CESS to apply to this year's expenditure (Yes/No)	Yes	Yes	Yes	Yes	Yes
Actual or estimate year	Actual	Actual	Actual	Estimate	Estimate

	Year 1	Year 2	Year 3	Year 4	Year 5
Regulatory control period CESS revenue increment applied in (regulatory years)	2022-23	2023-24	2024-25	2025-26	2026-27

**End**



**Powerlink 2022-27 Proposal - Capital expenditure sharing scheme model**

Key: Input Internal Link

*Input | Inflation and Discount rate*

**Input | Inflation**

	Source	Unit	2016-17	2017-18	2018-19	2019-20	2020-21	2021-22	2022-23	2023-24	2024-25	2025-26	2026-27
Actual CPI Inflation Rate	TNSP	Per cent											
Forecast CPI Inflation Rate	TNSP	Per cent											
CPI Index (base year 2016-17)	TNSP	Index											
Actual CPI Inflation Rate	AER	Per cent											
Forecast CPI Inflation Rate	AER	Per cent											
CPI Index (base year 2016-17)	AER	Index											

**Input | Discount rate**

	Source	Unit	2017-18	2018-19	2019-20	2020-21	2021-22	2022-23	2023-24	2024-25	2025-26	2026-27
Real Vanilla WACC	AER	Per cent										
Forecast Real Vanilla WACC	AER	Per cent										
Nominal Vanilla WACC (fixed, real, time varying)	Calculated	Per cent										

**End**

**Powerlink 2022-27 Proposal - Capital expenditure sharing scheme model**

Input | Capex

Key: Input Internal Link



**Input | Capex Allowance**

	Source	Unit	Basis	2017-18	2018-19	2019-20	2020-21	2021-22
Total capex allowance	AER	\$millions	2016-17					
Asset Disposals	AER	\$millions	2016-17					
<b>Total capex allowance applicable to CESS</b>	<i>Calculated</i>	<i>\$millions</i>	<i>2016-17</i>					

**Input | Actual / Estimate Capex**

	Source	Unit	Basis	2017-18	2018-19	2019-20	2020-21	2021-22
Total capex	AER	\$millions	nominal					
Asset Disposals	AER	\$millions	nominal					
Other excludable capex	AER	\$millions	nominal					
<b>Total actual capex applicable to CESS</b>	<i>Calculated</i>	<i>\$millions</i>	<i>nominal</i>					

**Input | Capex Deferred to following regulatory period**

				2022-23	2023-24	2024-25	2025-26	2026-27
Capex deferred and re-proposed	TNSP	\$millions	nominal					
Capex deferred and re-proposed	<i>Calculated</i>	<i>\$millions</i>	<i>2016-17</i>					
Capex deferred and re-proposed	AER	\$millions	nominal					

**End**

**Powerlink 2022-27 Proposal - Capital expenditure sharing scheme model**

Input | CESS Payments

Key: Input Internal Link



**Calc | NPV of CESS payments**

Regulatory period 1					
Year	2017-18	2018-19	2019-20	2020-21	2021-22
Discount rate (Real WACC)					
Discount rate (Nominal, fixed real WACC)					
Capex allowance					
Actual capex					
Underspend					
Year 1 benefit					
Year 2 benefit					
Year 3 benefit					
Year 4 benefit					
Year 5 benefit					
Total financing benefit					
Discount factor (end of year)					
NPV underspend					
NPV financing benefit					

Regulatory period 2					
Year	2022-23	2023-24	2024-25	2025-26	2026-27
Discount rate:					
Increase in forecast capex in regulatory period 2 attributable to capex deferred in regulatory period 1					
Discount factor (middle of year 5)					
NPV of increase in forecast capex from deferred capex					

CESS calculation (post-adjustment)	
Total underspend (NPV) adjusted for deferrals	
Relevant sharing ratio	
Consumer share	
NSP share	
Total NSP financing benefit (NPV)	
NPV of CESS payments (post-adjustment)	

**Calc | Total CESS Payments**

	2022-23	2023-24	2024-25	2025-26	2026-27
Discount factor					
CESS Payment Per Year (\$2021-22 million)					
Total CESS Payment (\$2021-22 million)					

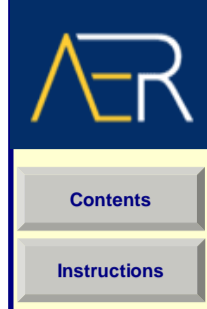
End

**Powerlink 2022-27 Proposal - Capital expenditure sharing scheme model**  
*Output | Models*

Key: Input Internal Link



Inputs for Post Tax Revenue Model				Note. The dollar base should be consistent with the post tax revenue model					
Revenue Adjustments	Source	Unit	Basis	2022-23	2023-24	2024-25	2025-26	2026-27	Total
CESS increments as per NER 6A.5.4(a)(5)	<a href="#">Calc   CESS Revenue Increments</a>	\$millions	2021-22	[REDACTED]					
<b>End</b>									



**EFFICIENCY BENEFIT SHARING SCHEME**  
**Queensland Electricity Transmission Corporation Limited trading as Powerlink Queensland**  
**2020-21 - 2026-27**

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**7.5 EBSS**

**Instructions**

Powerlink is required to populate all input cells (yellow) in this worksheet.  
 Efficiency gains are calculated using the formulae outlined on page 6 and 7 of version 2 of the Efficiency benefit sharing scheme.



Actual and estimated inflation	Actual										Estimated	
	2010-11	2011-12	2012-13	2013-14	2014-15	2015-16	2016-17	2017-18	2018-19	2019-20	2020-21	2021-22
ABS CPI index - June												
Inflation rate (per cent)												
Reconstructed cumulative index (2021-22=1)												

**7.5.1 - The carryover amounts that arise from applying the EBSS during the current regulatory control period**

Base year used to forecast opex for the current period (drop down menu) 2014-15  
 Non-recurrent efficiency adjustment made to 2014-15 opex, \$m, nominal

7.5.1.1 - Opex allowance applicable to EBSS (EBSS target)	\$m, real June 2012						\$m, real June 2017						\$m, real June 2022									
	Previous period		Current regulatory control period				Previous period		Current regulatory control period				Previous period		Current regulatory control period							
	2014-15	2016-17	2017-18	2018-19	2019-20	2020-21	2021-22	2014-15	2016-17	2017-18	2018-19	2019-20	2020-21	2021-22	2014-15	2016-17	2017-18	2018-19	2019-20	2020-21	2021-22	
Total opex allowance																						
Approved excludable costs - allowance																						
Debt raising costs																						
Network support costs																						
Excluded cost category 3																						
Capitalisation policy changes																						
Approved opex, pass throughs and contingent projects																						
Other adjustments or exclusions required by the EBSS																						
Forecast opex for EBSS purposes																						

**7.5.1.2 - Actual and estimated opex applicable to EBSS**

7.5.1.2 - Actual and estimated opex applicable to EBSS	\$m, Actual						\$m, real June 2022							
	Previous period		Current regulatory control period				Previous period		Current regulatory control period					
	2014-15	2016-17	2017-18	2018-19	2019-20	2020-21	2021-22	2014-15	2016-17	2017-18	2018-19	2019-20	2020-21	2021-22
Total opex	211.3	226.3	187.6	199.4	202.1									
Approved excludable costs														
Debt raising costs	-0.5	-0.6	-0.5	-0.6	-0.5									
Network support costs	-2.6	-1.8	0.0	0.0										
Excluded cost category 3														
Capitalised opex that has been excluded from the regulatory asset base														
Movements in provisions related to opex														
Other adjustments or exclusions required by the EBSS			-0.1	-0.3										
Actual opex for EBSS purposes														

Powerlink to nominate base year used to forecast opex (drop down menu)

Base year non-recurrent efficiency gain \$m, real June 2022

Incremental gain \$m, real June 2022						
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Carryover	Current regulatory control period						Forthcoming regulatory control period					
	\$m, real June 2022						\$m, real June 2022					
	2017-18	2018-19	2019-20	2020-21	2021-22	2022-23	2023-24	2024-25	2025-26	2026-27	Total	
2017-18												
2018-19												
2019-20												
2020-21												
2021-22												
Total Carryover Amount (\$m, June 2022)												

PTRM inputs (\$m, June 2022)

**7.5.2 - Proposed forecast opex for the EBSS for the forthcoming regulatory control period**

7.5.2 - Proposed forecast opex for the EBSS for the forthcoming regulatory control period	Forthcoming regulatory control period				
	\$m, real June 2022				
	2022-23	2023-24	2024-25	2025-26	2026-27
Forecast opex					
Less excluded costs					
< Enter category proposed for exclusion > eg. Debt raising costs					
Adjusted forecast opex (\$m, 2021-22)					





# NEW HISTORICAL ANNUAL REPORTING

Queensland Electricity Transmission Corporation Limited trading as Powerlink

2017-18 to 2019-20

## 8.2 - CAPEX

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### 8.2.7 - IMMEDIATE EXPENSING OF CAPEX

ESTIMATED - AS INCURRED

	EXPENDITURE (\$0's)		
	2017-18	2018-19	2019-20
Transmission Lines - Overhead			
Transmission Lines - Underground			
Transmission Lines - Refit			
Substations Primary Plant			
Substations Secondary Systems			
Communications Other Assets			
Comms - Civil Works			
Network Switching Centres			
Land			
Easements			
Commercial Buildings			
Computer Equipment			
Office Furniture & Miscellaneous			
Office Machines			
Vehicles			
Moveable Plant			
Insurance Spares			
<b>Total</b>			