

2023-27

POWERLINK QUEENSLAND REVENUE PROPOSAL

Appendix 5.06 – PUBLIC

Guide to Non-Network Capital Expenditure

© Copyright Powerlink Queensland 2021



1. Purpose

This document is a guide to the forecast capital expenditure for our non-network assets in the 2023-27 regulatory period. Our non-network capital expenditure categories include business Information Technology (IT) and Support the Business (commercial buildings, motor vehicles and moveable plant).

This guide describes expenditure related to these assets and references the documentation provided in our 2023-27 Revenue Proposal to support this forecast expenditure.

2. Business IT

Business IT includes digital technology infrastructure and applications which support the operation of Powerlink's business. Business IT investments for the 2023-27 regulatory period are focused on maintaining business capability and are critical investments to ensure the reliable and secure delivery of transmission services to our customers. Assets delivered through business IT capital expenditure may include servers, workstations, networks, software, licences and printers.

These items are excluded from the scope of Business IT capital expenditure:

- telecommunications;
- Intelligent Electronic Devices connected to the power network; and
- digital systems supporting our operational technology services.

2.1 Business IT supporting documents

We have provided a suite of documents to support our Business IT forecast capital expenditure forecast in the 2023-27 Revenue Proposal. These documents describe our investment strategy and outline key investments proposed for the regulatory period.

IT Plan 2023-27

The IT Plan 2023-27 provides the planned investment roadmap covering key initiatives for forecast capital expenditure in the 2023-27 regulatory period and summarises our IT activities for the 2023-27 regulatory period. Key themes of the plan include:

- managing total IT costs;
- better customer outcomes;
- rationalisation of systems;
- mitigating cyber security threats;
- leveraging data to improve business efficiency; and
- progressively transitioning to commodity cloud hosted services and emerging technologies (where justified).

2023-27 IT Investment Cases

IT Investment Cases describe the need, timing, options analysis and proposed cost for 2023-27 IT capital expenditure investments. IT investments proposed for the 2023-37 regulatory period are focused on expenditure for the following two purposes:

1. maintain existing business operations across the application portfolio; and
2. recurrent investments aligned with asset management lifecycle renewals, updates or upgrades.

To be clear, no 'new' capability investments are proposed for the 2023-27 regulatory period.

Our forecast capital expenditure for Business IT is summarised in Table 2.1, while our proposed investment cases are presented in Table 2.2. Forecast expenditure summarised in this document does not include the impact of real cost increases in labour. These increases are reflected in Chapter 5 Forecast Capital Expenditure of our Revenue Proposal.

Table 2.1: Forecast Business IT capital expenditure (\$m real, 2021/22)

IT Investment Stream	2022/23	2023/24	2024/25	2025/26	2026/27	Total
ERP, EAM and Works Management						
Network & Market Management						
Information, Analytics & Insights						
Corporate Systems						
Technology Applications						
Cybersecurity						
Endpoint Devices						
IT Infrastructure						
Minor Works						
Total	15.8	13.7	9.4	11.4	8.8	59.1

Table 2.2: Investment Cases

IT Investment Case	Non-Recurrent IT Sub-Category
IT01 – Supply Chain and Works Management	Maintain
IT02 – Payroll Renewal	Maintain
IT03 – Network Design Management	Maintain
IT04 – Information, Analytics and Insights	Maintain
IT05 – Stakeholder & Document Management	Maintain
IT06 – Technology Applications Sustainability	Maintain
IT07 – Cybersecurity Maturity	Comply

3. Support the Business

Support the Business capital expenditure includes all remaining non-network capital expenditure, which is broadly categorised by the following three areas:

1. Commercial buildings – this covers Powerlink's facilities at our Virginia complex.
2. Motor vehicles – our motor vehicle fleet includes both passenger and light commercial vehicles, as well as specialised service vehicles customised to carry out expert maintenance and construction works such as, modified trailers and cable brakes.

3. Moveable plant – this subcategory is comprised of predominantly hand-held devices required to maintain the in-service assets, plant and equipment. This may include infra-red cameras to detect hotspots to avoid catastrophic failures, electronic diagnostic equipment, and impedance meters.

3.1 Support the business supporting documents

We have provided a suite of documents to support our Support the Business forecast capital expenditure in our 2023-27 Revenue Proposal. These documents describe our investment management strategy and outline key investments proposed for the regulatory period:

Facilities Asset Management Plan 2020

This document outlines the plan for the management of the relevant facilities assets, including:

- our approach to facility asset management, as reflected through its legislative and regulatory obligations and strategic plans; and
- the key facilities projects and programs underpinning these activities, including forecast costs where available.

Fleet Asset Management Plan 2020

This plan outlines our asset management approach to ensure safe, fit for purpose vehicles for drivers of the Powerlink fleet. It aims to ensure Powerlink receives optimal value from the provision of vehicles. The plan provides context for the procurement of an efficient fleet with a level of flexibility to balance safety, operational requirements, life time value and environmental considerations.

2023-27 Support the Business Investment Case

One investment case has been included for the 2023-27 regulatory period for Support the Business capital expenditure. The Powerlink Future Workplace Options Analysis report reviews investment alternatives for Powerlink's workplace accommodation strategy in relation our Virginia workplace.

This investment has been deferred from the 2018-22 regulatory period. The options analysis describes the inputs and outcomes for both cost and non-cost review criteria used to assess workplace investment options. We discuss the office refit and deferral further in Chapter 5 Forecast Capital Expenditure of our Revenue Proposal.

Our forecast capital expenditure for the Support the Business categories is summarised in Table 3.1

Table 3.1: Forecast Support the Business capital expenditure (\$m real, 2021/22)

Category	2022/23	2023/24	2024/25	2025/26	2026/27	Total
Buildings (nett)	3.7	22.9	1.1	0.5	0.0	28.3
Motor vehicles (nett)	2.3	1.7	2.4	3.3	3.2	12.9
Tools	1.4	1.4	1.4	1.5	1.5	7.2
Total	7.5	26.1	4.9	5.2	4.7	48.4