# 2018-22 POWERLINK QUEENSLAND REVENUE PROPOSAL

Regulatory Information Notice

KPMG Audit Opinion

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# Independent auditor's report to Queensland Electricity Transmission Corporation Limited (Powerlink) on the Regulatory Reporting Statements for the regulatory years 2008 - 2015

We have audited the accompanying Regulatory Reporting Statements of Powerlink ("the Licensee"), which comprises the Actual Historical Financial Information for the regulatory years 2008 - 2015 contained in templates 2.11, 2.14, 7.4, 7.5 and 7.9 and the Basis of Preparation prescribed by the Regulatory Information Notice ("RIN") issued under Division 4 of Part 3 of the National Electricity (Queensland) Law by the Australian Energy Regulator ("the AER") on 4 December 2015 for the purpose of making a transmission determination for the regulatory control period commencing 1 July 2017 and ending 30 June 2022 ("the Notice").

Powerlink and its Officers responsibility for the Regulatory Reporting Statements

Management of the Licensee are responsible for the preparation of the Regulatory Reporting Statements which comprises the Actual Historical Financial Information for the regulatory years 2008-2015 contained in templates 2.11, 2.14, 7.4, 7.5 and 7.9 and the Basis of Preparation in accordance with the Notice 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 responsibility

Our responsibility is to express an opinion on the Regulatory Reporting Statements based on our audit. We conducted our audit in accordance with the Australian Auditing Standards ASA 805 Special Considerations – Audits of Single Financial Statements and Specific Elements, Accounts or Items of a Financial Statement. Auditing Standards require that we comply with relevant ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the Regulatory Reporting Statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the Regulatory Reporting Statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the Regulatory Reporting Statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the Regulatory Reporting Statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Licensee's internal control. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of accounting estimates made by Management, as well as evaluating the overall presentation of the Regulatory Reporting Statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.



#### Independence

In conducting our audit, we have complied with the independence requirements of the Accounting Professional and Ethical Standards Board.

#### Auditor's Opinion

In our opinion, the accompanying Regulatory Reporting Statements of Powerlink, which comprise the Actual Historical Financial Information for the regulatory years 2008 – 2015 contained in templates 2.11, 2.14, 7.4, 7.5 and 7.9 and the Basis of Preparation are 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 on 4 December 2015 for the purpose of making a transmission determination for the regulatory control period commencing on 1 July 2017 and ending on 30 June 2022.

Basis of preparation and restriction on distribution and use

The Regulatory Reporting Statements which comprises the Actual Historical Financial Information have 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. 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.

KPMG

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Scott Guse *Partner* 

Brisbane

27 January 2016



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2.11 LABOUR

Table numbering in this template starts at 2.11.3.

## 2.11.3 - LABOUR / NON-LABOUR EXPENDITURE SPLIT

	No. of the last					EXPEND	ITURE	Section 2		20 100	War of the	THE PARTY
			(\$0's, nominal)						0's, real June 201	7)		
	2010-11	2011-12	2012-13	2013-14	2014-15	2015-16	2016-17	2017-18	2018-19	2019-20	2020-21	2021-22
In-house labour expenditure												
Labour expenditure outsourced to related parties		100										
Labour expenditure outsourced to unrelated parties												
Controllable non-labour expenditure												
Uncontrollable non-labour expenditure												
Total	T .											

2.11.3.2 - Labour Capex							7-11-5				M-015	
	- 10 1000		(\$0's, nominal)			EXPEND	ITURE			DATE OF		
	2010-11	2011-12	2012-13	2013-14	2014-15	2045.46	2040.47		\$0°s, real June 201		Companies III	
In-house labour expenditure		No. of Control	2012-13	2015-14	2014-15	2015-16	2016-17	2017-18	2018-19	2019-20	2020-21	2021-22
Labour expenditure outsourced to related parties												
Labour expenditure outsourced to unrelated parties												
Controllable non-labour expenditure												
Uncontrollable non-labour expenditure												
Total												





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2.14 FORECAST PRICE CHANGES

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#### Instructions

The TNSP must provide all forecast price changes used to forecast opex and capex, including forecast changes in CPI. Forecast price changes must be expressed in real terms, except for CPI. If the same escalators are not used for capex and opex, report capex and opex escalators separately. If price changes for a given year were not used to forecast either opex or capex enter '0' for that year.

## 2.14.1 - Forecast labour and materials price changes

	Price changes (% YoY real) Current regulatory period							Price changes (%YoY real) ming regulator		
	Dill S let	Actual	100	100	1000	SENT OF	Forecast	3-120 %	BPK B	100
	2012-13	2013-14	2014-15	2015-16	2016-17	2017-18	2018-19	2019-20	2020-21	2021-22
Materials price changes	27 10 10			ROTTINE ST						
Copper										
Aluminium										
Steel										
Óil										
Construction Costs										
Labour and Other price changes			2000	15		W-0 11				88
Internal Labour										
External Labour										
СРІ				v						





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7.4 SHARED ASSETS

Name of shared asset	Description of shared			Shared at	sset unregulated	revenue (\$0°s, n	ominal)		-119			She	red muset urvey	pulated revenue (	10's, real June 20	217)	1921	Section 2
unregulated service	assets used to provide the service	2007-68	2008-09	2009-10	2010-11	2011-12	2012-13	2013-14	2014-15	2015-10	2010-17	Total 2007-08-2016-	2017-15	2915-19	2019-26	2020-21	2021-22	Total 2017-18-2021-
III Testing	Oil lab, lools and equipment.	521,418	293,098	294,039	373,144	305,508	347,401	260,392	423,787			17		_ ***		and the same	1600	22
roperty Rentals	Relevant properties and land	945,543	1,327,217	1,323,264	1,367,106	1,351,174	1,466,338	206,047	326,440									
ower Access	Transmission and telecommunications towers	1,908,301	1,761,401	2,236,878	2,188,569	2,697,079	2,826,871	3,056,775	2,724,748									

lame of shared asset unregulated service for which revenues were apportioned	Apportionment methodology

SELECT	BASE YEA	R USED	TO FORECAST	<b>OPEX FOR 2017-22</b>	2
				O. LICION EDIT EL	-

2014-15



# ASS CPI index Jun qtr (old base) ASS CPI index Jun qtr (old base) ASS CPI index Jun qtr (richard index) ASS CPI index Jun qtr (richard index) ASS CPI index Jun qtr (richard index) Reconstructed cumulative index (2016-17-1)

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

		Sen, Jun 2	(00)		70.00	So	n. Jun 2012	-	
	10000	Provious p	eriod	Service of the	No. of Lot	Current regu	fatory control	period	
	2008-09	2005-10	2010-11	2011-12	2012-13	2013-14	2014-15	2015-16	2015-17
Total opes allowance		154	145	152	178	185	189		
Approved excludable costs - allowance	A STATE OF THE PARTY.	0	0	0	0/	D	0		
Equity raising costs	1000000	0.0	0.0	0.0	0.0	0.0	0.0		
Debt raising costs	- 1750	(2)	(2)	(3)	(3)	(4)	(4)		
Network support costs	70.00	(22)	(8):	(m)	0	0	0		
Insurance & Self Insurance	SUDMINE.	(6)	(6)	(6)	(9)	(9)	(10)		
Capex Efficiencies	A 1975	(3)	(3)	m	0	. 0	0		
Network growth adjustment	Fold Dill	0	0	0	(1)	(2)	(3)		
Capitalisation policy changes	100	0	0	0	0	0	0		
Movements in provisions related to opex	1000000	(2)	125	(2)	(11)	(10)	(1)		
Opes associated with pase throughs	Mark Cold	0	0	0	0	. 0	0		
Other adjustments or exclusions required by the EBSS	The same of	0	0	0	0	0	0		
Forestant open for ESSS purposes		110	126	126	164	163	172		

7.5.1.2 - Actual and estimated opex applicable to EBSS			Walley .		Water Control	PALL S		PH E .	200
	- Within		by 8-	The same	im, Actual	8 110		Messy	
	1	Previous p			40.00		datory contro		-77.5
	2008-09	2003-10	2010-16	2011-12	2012-13	2013-14	2014-15	2015-16	2015-17
Total opex	10000	152	151	160	167	101	211		
Approved excludable costs	100000000000000000000000000000000000000	0	0		0	0	0		
Equity raising costs	100000000000000000000000000000000000000	0	0	0	- 6	0	0		
Debt raising costs		(0)	(0)	(0)	(1)	(1)	(1)		
Network support costs	100000	(13)	0	0	0	0	(3)		
Insurance & Self Insurance	10000	(7)	(7)	(8)	(0)	(8)	(8)		
AEMC Lovy	5,000	0	0		0	0	(4)		
500Kv Write Off		0	0	0	0	0	(12)		
Redundancy related costs	100000	0	o.		0	0	0		
Network growth adjustment	10.00	0	0	0	0	0	0		
Capitalisation policy changes	-	0	a.	0	0	0	0		
Movements in provisions related to opex		0	(1)	(2)	(0)	(0)	0		
Other adjustments or exclusions required by the EBSS	OF THE REAL PROPERTY.	0	0	0	0	0	0		
Actual opes for EDSS purposes		133	122	151	150	172	154		

1// = 1		-	1	n, Jun 2017			R-1	
2008-09	Previous p 2009-10	2010-11	2011-12	2012-13	Corrent regi 2013-14	fatory control period 2014-15: 2015-16 20		

1000
2016-17

#### Incremental gain (\$m, 2921-22)

200		Current reg	datory contri	period		wal Juma 2017	orthcoming ra	guistory con	troi period	
	2012-13	2013-14	2014-15	2015-16	2016-17	2017-18	2015-17	2019-20	2029-21	2021-22 Total
2012-13										
2013-14										
2014-15										
2015-18										
2016-17										
Total Carryover Amount										

			egulatory contr real June 2017	of period	
	2017-18	2918-15	2915-20	2026-21	2021-2
Forecast opes	-	-	-	-	-
Loca explored coate					
Insurance Premiums					
Self-Insurance					
AEMC Levy					
Debt Raising					
Redundancy related costs					



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# 7.9 SERVICE TARGET PERFORMANCE INCENTIVE SCHEME (STPIS)

#### Instructions

Powerlink is required to provide the performance actuals for the most recent seven years, and the proposed caps, collars and targets for the next regulatory control period for the parameters under the service component of the STPIS in table 7.9.1 below.

Parameter	Performance actuals					CHEST NOT WHO WAS	Admitted of emphasismen			
										i
	2011	2012	2013	2014	2015	Average of actual				Weighting
Unplanned outage circuit event rate:				A PROPERTY OF	MENT A CHARLES	performance	Floor	Target	Cap	(% of MAR)
Transmission line outage - fault						160 miles 11 / 10 / 10 / 10 / 10 / 10 / 10 / 10		STATISTICAL COL	SEAS IN COLUMN	
Transformer outage – fault				1			-			
Reactive plant - fault										
Transmission line outage – forced outage										
Transformer outage – forced outage										
Reactive plant – forced outage										
Loss of supply event frequency (number of events):			STATE OF THE SHAPE	The second second						
> (x) system minutes			- W - CONT. D. 100					3 / 17 / 12 / 1		
> (y) system minutes										
Average outage duration (minutes):										
Proper operation of equipment (number of events):	(B.5-1) (B.5-1)	THE STREET STREET	ACCUPATION OF THE PARTY.		2 700			- Samuel		
Failure of protection system					No. of Concession, Name of Street, or other Publisher, or other Publisher, Name of Street, or other Pu					
Material failure of SCADA										
Incorrect operational isolation of primary or secondary equipment						<del> </del>		*		

#### Instructions

Powerlink is required to provide a list of proposed priority projects for the network capability incentive parameter including a brief description and the cost for each proposed project in table 7.9.2 below.

Project ranking)	Transmission Circuit /		works If applicable, the present value of quantified benefits associated with the project (\$0's, 2016-17)	Project cost (\$0's, 2016-17)						
	Injection Point	Scope of works		2017-18	2018-19	2019-20	2020-21	2021-22	Орея	Сарех



	UI 3 DAIS
3	

#### Instructions

Powerlink is required to provide the following information in table 7.9.3 below.

imit identification	Define limit	Reason for the limit	Is limit addressed by priority project	Supporting information reference
				-1 -

Instructions

Powerlink is required to provide performance data in accordance with Appendix C of the STPIS for the preceding six calendar years in table 7.9-4 below.

Powerlink is also required to provide relevant information in the MiC workbook attached to Appendix G of the Notice.

7.9.4 - Market impact component

			Market Impact parameter						
			Planned out						
	Year	Month	without exclusions	with exclusions	Unplanned out without exclusions	with exclusions	Market impac		
	2009	January					parameters		
	2009	February			-				
	2009	March							
	2009	April			-7				
	2009	May							
	2009	June							
	2009	July							
	2009	August							
	2009	September	_		-10				
	2009	October							
	2009	November							
	2009	December			THE CHARLES				
Total 2009	S. O. Kulley								
	2010	January							
	2010	February							
	2010	March							
	2010	April							
	2010	May							
	2010	June							
	2010								
	2010	July							
		August							
	2010 2010	September							
		October							
	2010 2010	November							
otal 2010	2010	December							
0121 2020	District Control of the	100							
	2011	January							
	2011	February				the state of the s			
	2011	March			7				
	2011	April							
	2011	May							
	2011	June			): O'L				
	2011	July							
	2011	August							
	2011	September							
	2011	October							
	2011	November							
	2011	December							
otal 2011									
	2012	January	T T						
	2012	February							
	2012	March			1-21-21-21				
	2012	April							
	2012	May							
	2012	June							
	2012	July			CONTRACTOR OF				
	2012	August							
	2012	September							
	2012	October							
	2012	November							



