

2018-22

POWERLINK QUEENSLAND REVENUE PROPOSAL

Regulatory Information Notice

KPMG
Review Opinion

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Independent auditor's review report to Queensland Electricity Transmission Corporation Limited (Powerlink) on the Regulatory Reporting Statements for the year 2008 – 2015

We have reviewed the accompanying Regulatory Reporting Statements of Powerlink (“the Licensee”), which comprises the Estimated Historical Financial Information, the Actual and Estimated Historical Non-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 comprise the Estimated Historical Financial Information, the Actual and Estimated Historical Non-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 a conclusion on the preparation and presentation of the Regulatory Reporting Statements in accordance with the requirements of the Notice.

We conducted our review in accordance with:

- Standard on Review Engagements ASRE 2405 *Review of Historical Financial Information Other than a Financial Report*; and
- Standard on Assurance Engagements ASAE 3000 *Assurance Engagements other than Audits and Reviews of Historical Financial Information*

in order to state whether, on the basis of our review procedures, anything has come to our attention that causes us to believe that the Regulatory Reporting Statements which comprise the Estimated Historical Financial Information, the Actual and Estimated Historical Non-Financial Information and the Basis of Preparation are not prepared, in all material respects, in accordance with the requirements of the Notice.

A review of the Regulatory Reporting Statements consists of making enquiries, primarily of persons responsible for the estimated historical financial information, the non-financial information and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit or a reasonable assurance engagement conducted in accordance with Australian Auditing and Assurance Standards and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit or a reasonable assurance engagement. Accordingly, we do not express an audit or a reasonable assurance opinion.



Inherent limitations

Because of the inherent limitations of any internal control structure, it is possible that errors or irregularities may occur and not be detected. Our review is not designed to detect all weaknesses in the Regulatory Reporting Statements and the Licensee's compliance measures, as the review has not been performed continuously throughout the period and the procedures performed on the Regulatory Reporting Statements were undertaken on a test basis.

Independence

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

Auditor's Conclusion

Based on our review, which is not an audit or a reasonable assurance engagement, nothing has come to our attention that causes us to believe that the accompanying Regulatory Reporting Statements of Powerlink, which comprises the Estimated Historical Financial Information, the Actual and Estimated Historical Non-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 not, 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 1 July 2017 and ending 30 June 2022.

Basis of preparation and restriction on distribution and use

The Regulatory Reporting Statements, which comprises the Estimated Historical Financial Information, the Actual and Estimated Historical Non-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

Scott Guse
Partner

Brisbane
27 January 2016



REGULATORY REPORTING STATEMENT

Queensland Electricity Transmission Corporation Limited trading as Powerlink Queensland
2017-18 to 2021-22

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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

2.11.3.1 - Labour Opex

	(\$0's, nominal)					EXPENDITURE						
						(\$0's, real June 2017)						
	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	76,713,243	75,867,207	80,349,298	85,862,673	93,902,793							
Labour expenditure outsourced to related parties	-	-	-	-	-							
Labour expenditure outsourced to unrelated parties	13,449,652	17,738,172	17,444,231	20,222,110	20,002,297							
Controllable non-labour expenditure	79,224,477	85,045,576	87,222,218	88,723,699	109,106,476							
Uncontrollable non-labour expenditure	1,798,000	1,854,000	1,978,000	2,020,361	5,994,438							
Total	171,185,372	180,504,955	186,993,747	196,826,863	229,006,003							

2.11.3.2 - Labour Capex

	(\$0's, nominal)					EXPENDITURE						
						(\$0's, real June 2017)						
	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	40,187,469	34,043,711	18,972,167	20,598,014	14,595,153							
Labour expenditure outsourced to related parties	-	-	-	-	-							
Labour expenditure outsourced to unrelated parties	241,105	786,699	910,121	938,166	693,442							
Controllable non-labour expenditure	308,082,046	356,660,056	156,504,826	138,467,942	25,295,693							
Uncontrollable non-labour expenditure	-	-	-	-	-							
Total	348,510,620	391,490,467	176,387,115	160,004,121	40,584,289							



REGULATORY REPORTING STATEMENT

Queensland Electricity Transmission Corporation Limited trading as Powerlink Queensland

2017-18 to 2021-22

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) Forthcoming regulatory period						
	Actual			Forecast						
	2012-13	2013-14	2014-15	2015-16	2016-17	2017-18	2018-19	2019-20	2020-21	2021-22
Materials price changes										
Copper	-7.5%	-0.3%	-2.2%							
Aluminium	-11.5%	-0.4%	14.4%							
Steel	-11.5%	7.3%	-7.9%							
Oil	-4.5%	19.7%	-27.3%							
Construction Costs	1.3%	2.2%	2.3%							
Labour and Other price changes										
Internal Labour	1.42%	0.99%	2.04%							
External Labour	0.60%	0.30%	0.10%							
CPI	2.50%	2.93%	1.33%							

SELECT BASE YEAR USED TO FORECAST OPEX FOR 2017-22	2014-15
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CPI	2008-07	2007-08	2008-09	2008-10	2010-11	2011-12	2012-13	2013-14	2014-15	2015-16	2016-17
ABS CPI index Jun qtr (old base)											
ABS CPI index Jun qtr (rebased index)											
Inflation rate (per cent)											
Reconstructed cumulative index (2016-17-1)											

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

7.5.1.1 - Opex allowance applicable to EBSS (EBSS target)	\$m, Jun 2007					\$m, Jun 2012					
	Previous period					Current regulatory control period					
	2008-08	2009-10	2010-11	2011-12	2012-13	2013-14	2014-15	2015-16	2016-17		
Total opex allowance											
Approved excludable costs - allowance											
Equity raising costs											
Debt raising costs											
Network support costs											
Insurance & Self Insurance											
Capex Efficiencies											
Network growth adjustment											
Capitalisation policy changes											
Movements in provisions related to opex											
Opex associated with price through											
Other adjustments or exclusions required by the EBSS											
Forecast opex for EBSS purposes											

		\$m, Jun 2017									
		Previous period					Current regulatory control period				
		2008-09	2009-10	2010-11	2011-12	2012-13	2013-14	2014-15	2015-16	2016-17	

7.5.1.2 - Actual and estimated opex applicable to EBSS	\$m, Actual					\$m, Jun 2017				
	Previous period					Current regulatory control period				
	2008-08	2009-10	2010-11	2011-12	2012-13	2013-14	2014-15	2015-16	2016-17	
Total opex										
Approved excludable costs										
Equity raising costs										
Debt raising costs										
Network support costs										
Insurance & Self Insurance										
AEMC Levy										
SOOx Write Off										
Redundancy related costs										
Network growth adjustment										
Capitalisation policy changes										
Movements in provisions related to opex										
Other adjustments or exclusions required by the EBSS										
Actual opex for EBSS purposes										

		\$m, Jun 2017									
		Previous period					Current regulatory control period				
		2008-09	2009-10	2010-11	2011-12	2012-13	2013-14	2014-15	2015-16	2016-17	

Incremental gain (\$m, 2021-22)	
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Carryover	Current regulatory control period					Forthcoming regulatory control period					
						\$m, real June 2017					
	2012-13	2013-14	2014-15	2015-16	2016-17	2017-18	2018-19	2019-20	2020-21	2021-22	Total
2012-13											
2013-14											
2014-15											
2015-16											
2016-17											
Total Carryover Amount											
PTRM inputs											

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

	Forthcoming regulatory control period				
	\$m, real June 2017				
	2017-18	2018-19	2019-20	2020-21	2021-22
Forecast opex					
Less excluded costs					
Insurance Premiums					
Self Insurance					
AEMC Levy					
Debt Raising					
Redundancy related costs					
Adjusted forecast opex					



Instructions

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

7.9.3 – Network limit information				
Limit Identification	Define limit	Reason for the limit	Is limit addressed by priority project	Supporting information reference
Bouldercombe to Raglan transmission line	Feeder is rated at 541MVA, summer rating.	Feeder is rated to a lower design temperature to maintain ground clearance, 11 spans affected.	Yes	Refer RIN attachment - STPIS NCC Network Limits Information
Larcom Creek to Calliope River transmission line	Feeder is rated at 541MVA, summer rating.	Feeder is rated to a lower design temperature to maintain ground clearance, 3 spans affected.	Yes	Refer RIN attachment - STPIS NCC Network Limits Information
Gold Coast cutset	The 275kV feeders from Greenbank to Mudgeeraba, the 275kV feeders from Greenbank to Molendinar and the 110kV feeder from Coomera to Cades County.	To avoid voltage collapse in South East Queensland for the loss of both 275kV buses at Greenbank substation.	Yes	Refer RIN attachment - STPIS NCC Network Limits Information
Feeder 835 Greenbank to Mudgeeraba cutset	Feeder 835 Greenbank to Mudgeeraba cutset.	To maintain supply to localised loads at Mudgeeraba for the loss of both 275kV buses at Greenbank substation.	Yes	Refer RIN attachment - STPIS NCC Network Limits Information
Blackwall to Belmont transmission line	Feeder is rated at 718MVA, summer rating.	Contingent loss of both 275kV buses at Greenbank substation. Feeder is rated to the design temperature.	Yes	Refer RIN attachment - STPIS NCC Network Limits Information
Blackwall to Goodna transmission line	Feeder is rated at 718MVA, summer rating.	Contingent loss of both 275kV buses at Greenbank substation. Feeder is rated to the design temperature.	Yes	Refer RIN attachment - STPIS NCC Network Limits Information
Swanbank E to Greenbank transmission line	Feeder is rated at 618MVA, summer rating.	Contingent loss of both 275kV buses at Greenbank substation. Feeder is rated to the design temperature.	Yes	Refer RIN attachment - STPIS NCC Network Limits Information
Goodna to Belmont transmission line	Feeder is rated at 718MVA, summer rating.	Contingent loss of both 275kV buses at Greenbank substation. Feeder is rated to the design temperature.	Yes	Refer RIN attachment - STPIS NCC Network Limits Information



Instructions

Powerlink is required to provide performance data in accordance with Appendix C of the STPIB 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 outage count(DI)		Unplanned outage count (DI)		Market impact parameters
Year	Month	without exclusions	with exclusions	without exclusions	with exclusions	
2009	January	0	0	47	47	3.9
2009	February	0	0	0	0	0.0
2009	March	0	0	18	0	0.0
2009	April	0	0	30	14	1.2
2009	May	0	0	0	0	0.0
2009	June	3	3	0	0	0.3
2009	July	16	0	0	0	0.0
2009	August	0	0	0	0	0.0
2009	September	5	0	0	0	0.0
2009	October	0	0	196	0	0.0
2009	November	75	67	631	12	5.6
2009	December	0	0	276	0	0.0
Total 2009		99.0	70.0	1198.0	73.0	11.9
2010	January	0	0	12	12	1.0
2010	February	0	0	120	0	0.0
2010	March	0	0	0	0	0.0
2010	April	110	1	0	0	0.1
2010	May	1347	1331	2	0	110.9
2010	June	39	38	13	11	4.1
2010	July	1	1	0	0	0.1
2010	August	39	4	0	0	0.3
2010	September	0	0	0	0	0.0
2010	October	19	0	1	0	0.0
2010	November	4	3	0	0	0.3
2010	December	0	0	4	4	0.3
Total 2010		1559.0	1378.0	152.0	27.0	117.1
2011	January	4	2	795	0	0.2
2011	February	6	0	11	0	0.0
2011	March	62	0	3	0	0.0
2011	April	36	2	0	0	0.2
2011	May	0	0	0	0	0.0
2011	June	25	0	0	0	0.0
2011	July	4	0	0	0	0.0
2011	August	0	0	48	0	0.0
2011	September	1	1	0	0	0.1
2011	October	0	0	1	1	0.1
2011	November	31	31	0	0	2.6
2011	December	172	0	0	0	0.0
Total 2011		341.0	36.0	858.0	1.0	3.1
2012	January	105	0	53	0	0.0
2012	February	0	0	5	0	0.0
2012	March	0	0	0	0	0.0
2012	April	1	1	0	0	0.1
2012	May	5	5	25	0	0.4
2012	June	0	0	0	0	0.0
2012	July	0	0	0	0	0.0
2012	August	0	0	0	0	0.0
2012	September	11	0	0	0	0.0



2012	October	6	0	0	0	0.0
2012	November	99	99	31	0	8.3
2012	December	0	0	292	0	0.0
Total 2012		227.0	105.0	405.0	0.0	8.8
2013	January	0	0	2	0	0.0
2013	February	0	0	19	13	1.1
2013	March	0	0	14	0	0.0
2013	April	0	0	0	0	0.0
2013	May	6	0	4	3	0.3
2013	June	87	81	0	0	6.8
2013	July	5	0	0	0	0.0
2013	August	0	0	0	0	0.0
2013	September	0	0	0	0	0.0
2013	October	1	0	0	0	0.0
2013	November	0	0	0	0	0.0
2013	December	0	0	0	0	0.0
Total 2013		99.0	81.0	39.0	16.0	8.1
2014	January	39	0	0	0	0.0
2014	February	0	0	0	0	0.0
2014	March	13	0	0	0	0.0
2014	April	8	0	0	0	0.0
2014	May	149	2	0	0	0.2
2014	June	25	25	0	0	2.1
2014	July	833	811	0	0	67.6
2014	August	115	6	0	0	0.5
2014	September	1850	1192	9	5	99.8
2014	October	1930	1900	17	0	158.3
2014	November	97	0	0	0	0.0
2014	December	44	0	0	0	0.0
Total 2014		5103.0	3936.0	26.0	5.0	328.4
2015	January	323	0	30	1	0.1
2015	February	15	0	337	0	0.0
2015	March	6	0	0	0	0.0
2015	April	361	2	0	0	0.2
2015	May	68	0	0	0	0.0
2015	June	1	0	0	0	0.0
2015	July	20	1	0	0	0.1
2015	August	249	0	0	0	0.0
2015	September	774	1	3	0	0.1
2015	October	268	58	2	0	4.8
2015	November	10	3	33	0	0.3
2015	December	6	0	2	0	0.0
Total 2015		2101.0	65.0	407.0	1.0	5.5