

Mr Warwick Anderson
General Manager, Networks Finance and Reporting
Australian Energy Regulator

By email: Powerlink2022@aer.gov.au

Dear Warwick,

Thank you for the opportunity to provide comments on Powerlink's 2022-27 Revenue Proposal. This statement has been prepared collaboratively by the members of Powerlink's Customer Panel. It reflects the shared views of panel members acting in an individual capacity, rather than the views of their individual organisations or industry sectors. However, as outlined below, Customer Panel members have been deeply engaged in the development of the Revenue Proposal, and we believe that we have been able to influence the contents of the Proposal to better reflect the interests and concerns of customers.

Involvement of the Customer Panel in the Revenue Reset Process

The Powerlink Customer Panel has been actively involved in discussions with Powerlink about the 2022-27 Revenue Proposal since participating in the Engagement Co-design Workshop in May 2019. Between May 2019 and lodgement of the Proposal in January 2021, the Customer Panel met six times, with progress on development of the Revenue Proposal forming a standing item on the meeting agenda. A sub-group of the Customer Panel, the Revenue Proposal Reference Group (RPRGR) was formed in October 2019 to work more closely with the Powerlink Regulatory Team on detailed elements of the Proposal. The RPRG met on 10 occasions, and briefed the full Customer Panel on issues arising as a result of the detailed discussions.

The Customer Panel has also met on four occasions without Powerlink representatives in attendance. The objectives of these meetings were:

1. To discuss the draft Revenue Proposal and formulate feedback to Powerlink (October 2020)
2. To evaluate Powerlink's engagement and consider 'capable of acceptance' criteria (December 2020)
3. To share views on specific aspects of the Revenue Proposal and identify any outstanding issues to be raised with Powerlink for clarification at the May 2021 Customer Panel meeting (April 2021)
4. To review Powerlink's response to the issues raised, and to discuss submission of a joint Customer Panel statement to the AER (May 2021).

In addition, the Customer Panel prepared a joint submission on the draft Revenue Proposal and provided a 'Statement of Engagement' which accompanied Powerlink's Revenue Proposal in January 2021.

Our views on Powerlink's Customer Engagement

In our 'Statement on Engagement' which was provided to Powerlink and tabled with the Revenue Proposal (RP Appendix 3.03), we stated that:

The panel are unanimous in our view that Powerlink’s engagement with us has been genuine, consistent and deep. We also acknowledge the consistent high-level efforts of PQ staff to ensure that they engage meaningfully with us.

The Panel easily identified a number of cases where we feel we have influenced the RP.

Some specific examples include:

- *The Engagement Co-design workshop had a strong influence on subsequent engagement*
- *Development of the business narrative with the panel was very useful*
- *Proposed change in depreciation adjusted in response to panel feedback*
- *CAPEX/OPEX calculations or treatments changed in response to panel feedback*
- *Treatment of contingent reinvestment projects changed in response to panel and AER feedback.*

The Panel view this level of influence as high relative to other engagement processes in the industry.

Customer Panel members have confirmed that there were no surprises in the final version of the Revenue Proposal and that it is consistent with our expectations.

Post lodgement, Powerlink continued to engage with us to explore a small number of issues on which the panel sought further clarification. The questions posed to Powerlink by the Customer Panel were addressed promptly and comprehensively to the satisfaction of Panel members. From a Customer Panel perspective, there are no outstanding issues with respect to the Revenue Proposal. We will however be engaging further with Powerlink on the Cost Allocation Methodology.

Powerlink’s Self-Assessment against Consumer Engagement Criteria (Table 3.2)

In the revenue Proposal, Powerlink has provided a self-assessment against the capable of acceptance criteria which were used by the AER in its decisions for other network providers. (RP Section 3.2.3)

The Customer Panel agrees with the assessment criteria responses submitted by Powerlink. In our independent assessment, we added two additional responses as follows:

Criteria	Examples of how this could be assessed	Assessment against criteria
Nature of Engagement	Customers provided with impartial support to engage with energy sector issues.	Customer Panel members participated in a deep dive discussion with insurance industry experts to aid our understanding of international issues and trends impacting on the insurance market for network businesses in Australia With AER representatives and CCP members in attendance at each CP and RPRG meeting, we were able to directly question and hear the views of experienced regulatory staff.
	Multiple channels used to engage with a range of	From our ‘Statement on Engagement’: We feel that there

	customers (<i>and other stakeholders</i>) [*] across Powerlink’s customer base.	could be better breadth of engagement with customers and stakeholders outside the Panel. We acknowledge the difficulty in conducting such engagement, but would like to see more evidence of engagement with local councils, smaller businesses, etc., as well as evidence that engagement with them has also influenced Powerlink’s decisions. The Panel feel that we would be well-served with more information from other stakeholders; it would enhance our capability.
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Customer Panel addition

Capable of Acceptance

The Customer Panel has been asked to consider whether Powerlink’s Revenue Proposal is capable of acceptance. In our view, this term and its implications are not well defined and consequently we are not able to make a joint statement about capable of acceptance.

We note that Powerlink has worked diligently to deliver a proposal that offers a reduction in capital expenditure, no real growth in operating expenditure, an asset base that is reducing and a price reduction of approximately 11% in the next revenue period.

The Customer Panel considers that Powerlink’s Regulatory Proposal does not represent an ‘ambit claim’. Contingent upon the AER’s analysis confirming that the Proposal overall is prudent and efficient, we believe that Powerlink’s Regulatory Proposal is reasonable, and it has our support.

Powerlink Customer Panel

- Dean Gannaway – Aurizon
- Andrew Barger – Qld Resources Council
- Henry Gorniak – CS Energy
- David Hiette – BMA
- Robyn Robinson – COTA
- Mark Grenning - EUAA
- Ian Christmas - Edify Energy
- Georgina Davis – Queensland Farmers’ Federation
- Claire Hamilton – Shell
- Chris Hazzard – St Vincent de Paul
- John Gardner – CSIRO