

25 September 2013

Mr Tom Leuner
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RE: Draft Decision – Service Target Performance Incentive Scheme for TNSPs – Early application of version 4

Hydro Tasmania welcomes the opportunity to comment on the Australian Energy Regulator's (AER's) Draft Decision recommending the early application of version 4 of the Service Target Performance Incentive Scheme (STPIS).

As the major generator in Tasmania, Hydro Tasmania is vulnerable to outages of key transmission lines and transmission network constraints and therefore transmission network reliability and performance are key business risks for Hydro Tasmania.

Hydro Tasmania believes that the introduction of the MIC component of version 4 of the STPIS has the potential to reduce these key business risks by making TNSP's more accountable and incentivising TNSP's to minimise planned outages that have the potential to affect wholesale market outcomes. As a result Hydro Tasmania welcomes and supports the Draft decision 3.2 to apply the MIC of version 4 of the STPIS to Transend during their transitional year.

In Hydro Tasmania's 24 February 2012 submission to AER, it was recommended that the financial incentives associated with the MIC component of the STPIS be made symmetrical rather than asymmetrical. Hydro Tasmania continues to support a "symmetrical approach".

Should you have any queries or require further information, please contact Mr Prajit Parameswar (email: prajit.parameswar@hydro.com.au or telephone: 03 6230 5612).

Yours Sincerely,



David Bowker
Manager of Regulatory Affairs
Hydro Tasmania