Final decision

AusNet Services electricity distribution determination
1 July 2026 – 30 June 2031

Attachment 7 – Service target performance incentive scheme

April 2026

AUSTRALIAN ENERGY REGULATOR

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AER reference: AER23008246

Amendment record

Version	Date	Pages
1	30 April 2026	8
2 – conductor capex forecast	27 May 2026	8

Contents

7 Service target performance incentive scheme

The National Electricity Rules (NER) set out that our distribution determination must specify how any applicable service target performance incentive scheme (STPIS) is to apply to a distribution network service provider (DNSP) in the next regulatory control period (period).[1]

This attachment sets out our final decision on how we will apply the STPIS to AusNet for the 2026–31 period.

AER's service target performance incentive scheme

Our distribution STPIS provides DNSPs with incentives to maintain and improve network reliability performance, to the extent that consumers are willing to pay for such improvements. The STPIS is also intended to ensure that DNSPs' service levels do not reduce as result of efforts to achieve efficiency gains.

The current version (version 2.0) of our STPIS[2] was published in November 2018 and will apply to all revenue determinations from that date.

7.1 Final decision

AusNet accepted our draft decision to apply version 2.0 of the STPIS for the 2026–31 regulatory control period, but with several clarifications:[3]

- *Customer service component (telephone answering parameter):* AusNet has proposed that the telephone answering parameter should not apply in the forthcoming regulatory period and that it should be replaced with the Customer Service Incentive Scheme (CSIS). Our Final Decision is to apply the telephone answering component. This is discussed further in 7.2.
- *Customer service component (new connections parameter):* AusNet does not consider the inclusion of the new connections parameter of the customer service component to be appropriate. Our Final Decision is to not apply the new connections parameter of the STPIS (see Attachment 9, Customer Service Incentive Scheme).
- *Revenue at risk:* AusNet has proposed to apply revenue at risk of ±4.5% for the STPIS, reflecting the inclusion of the CSIS. Our Final Decision is to set revenue at risk within the default range of ± 5% as we did not accept AusNet's CSIS. This is discussed further in section 7.2.1.

Table 7-1 and Table 7-2 present our final decision on the applicable performance targets and incentive rates that will apply to AusNet for the 2026–31 period.

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1 NER, cl. 6.3.2 and 6.12.1(i).

2 AER, Electricity distribution network service providers—service target performance incentive scheme version 2.0, November 2018 (AER, STPIS Version 2.0, November 2018).

3 AusNet, Electricity Distribution Price Review - 2026-31 Regulatory Proposal, December 2025, pp.252-253

Table 7-1 Final decision – AusNet's STPIS performance targets for 2026–31 period

	Urban	Short Rural	Long Rural	Telephone answering
SAIDI (minutes)[4]	81.4314	193.0539	310.4856	N/A
SAIFI (interruptions)[5]	0.7280	1.4549	2.0838	N/A
MAIFI (interruptions)[6]	2.7819	4.7220	8.6633	N/A
Customer service - telephone answering (%)[7]	N/A	N/A	N/A	70.06

Source: AER analysis.[8]

Table 7-2 Final decision – AusNet's STPIS incentive rates for 2026–31 period

	Urban	Short Rural	Long Rural	Telephone answering
ir – SAIDI	0.0181	0.0180	0.0071	N/A
ir – SAIFI	1.3483	1.5885	0.7052	N/A
ir – MAIFI	0.1079	0.1271	0.0564	N/A
Customer service - telephone answering (%)	N/A	N/A	N/A	–0.040

Source: AER analysis.
Note: 'ir' is the incentive rate (expressed in a percentage per unit of the parameter).

The Value of Customer Reliability (VCR) for network segments outlined in Table 7-3 were applied to calculate AusNet's incentives rates for the 2026–31 period.

Table 7-3 Value of customer reliability ($/MWh)

	Urban	Short Rural	Long Rural
VCR	35,857	35,857	35,857

Source: AER, Values of customer reliability – Final report on VCR values, December 2024, Table 20 NEM-wide and regional VCR.

4 System Average Interruption Duration Index (SAIDI).

5 System Average Interruption Frequency Index (SAIFI).

6 Momentary Average Interruption Frequency Index (MAIFI).

7 Percentage of total calls to the fault line answered in 30 seconds. Time to answer a call is measured from when the call enters the call centre telephone system and is answered by a human operator.

8 The final STPIS model is available on the AER website: Final Decision – AusNet Services – 2026-31 Distribution determination revenue proposal - STPIS Model - April 2026

7.2 Telephone answering parameter

Our final decision is to not accept AusNet's proposed CSIS, and instead apply the telephone answering component of STPIS. The reasoning behind our decision to not accept the CSIS is outlined in Attachment 9.

We received no stakeholder submissions on the application of the reliability of supply component of the STPIS to AusNet. However, we received feedback from stakeholders on the application of the telephone answering parameter in lieu of a CSIS.

AusNet customer John Mumford submitted that no incentives should be approved if the CSIS is rejected, on the basis that under the STPIS AusNet would be rewarded for call answering but not penalised for inadequate outage response.[9] He went on to say that that the telephone answering parameter can be easily achieved by automation and AI.

The telephone answering parameter is defined as calls to the fault line answered in 30 seconds where the time to answer a call is measured from when the call enters the telephone system of the call centre and the caller speaks with a human operator. In other words, it is a requirement of the STPIS that the caller speak to a human operator.[10]

AusNet's Coordination Group (CG) emphasised that STPIS outage parameters are geared to network performance rather than customer service, and that customer service parameters are not tailored to current customer concerns. AusNet CG considers the STPIS telephone answering metric to be 'outdated'.[11]

Our July 2024 F&A position was to apply the customer service (telephone answering) component of the STPIS for the 2026–31 period unless AusNet's proposed CSIS includes a similar performance measure.[12]

We acknowledge that the STPIS is largely geared towards network reliability performance, but we consider that reintroducing the telephone answering component of the STPIS will ensure that AusNet has an incentive to continue to improve an aspect of customer service in the upcoming regulatory control period. It will also impose a penalty on AusNet should it not meet the required level of service.

Table 7-1 and Table 7-2 show the STPIS customer service (telephone answering) performance target and incentive rate applicable to AusNet in the 2026–31 period.

7.2.1 Revenue at risk

Revenue at risk caps the potential reward and penalty for AusNet under the STPIS.

According to clause 2.5(a) of the STPIS, the default revenue at risk for the Scheme components in aggregate is ±5%. We consider that a ±5% limit is the appropriate balance

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9 John Mumford - Submission - AusNet electricity distribution proposal 2026-31, January 2026

10 AER, STPIS Version 2.0, November 2018, p. 29

11 AusNet Coordination Group Independent Report and Submission on Draft Decision and Revised Regulatory Proposal 2026 – 2031, 19 January 2026, p.20

12 AER - Final Framework and Approach - Victorian electricity distribution determinations 2026-31 - July 2024, July 2024, pp. 18.

between the incentives to maintain reliability versus the price impact to customers funding the reliability outcomes.

Unless a DNSP proposes otherwise, the maximum revenue at risk for individual customer service parameters is ±0.5%.[13] In the absence of the CSIS, our final decision is to apply a revenue at risk of ±0.5% for the customer service (telephone answering) component of the STPIS.

[13] STPIS clause 5.2(b)

Shortened forms

Term	Definition
AER	Australian Energy Regulator
CPI	consumer price index
CSIS	customer service incentive scheme
DNSP	distribution network service provider
F&A	framework and approach
ir	incentive rate
MAIFI	momentary average interruption frequency Index
NEM	National Electricity Market
NER or the rules	National Electricity Rules
SAIDI	system average interruption duration index
SAIFI	system average interruption frequency index
STPIS	service target performance incentive scheme
VCR	value of customer reliability