

 FINAL DECISION

AusNet Services transmission determination

 2017-2022

Attachment 11 – Service target performance incentive scheme

April 2017

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Inquiries about this publication should be addressed to:

Australian Energy Regulator
GPO Box 520
Melbourne Vic 3001

Tel: 1300 585 165

Email: AERInquiry@aer.gov.au

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1. Note
2. This attachment forms part of the AER's final decision on AusNet Services’ revenue proposal 2017–22. It should be read with other parts of the final decision.
3. The final decision includes the following documents:
4. Overview
5. Attachment 1 – maximum allowed revenue
6. Attachment 2 – regulatory asset base
7. Attachment 3 – rate of return
8. Attachment 4 – value of imputation credits
9. Attachment 5 – regulatory depreciation
10. Attachment 6 – capital expenditure
11. Attachment 7 – operating expenditure
12. Attachment 8 – corporate income tax
13. Attachment 9 – efficiency benefit sharing scheme
14. Attachment 10 – capital expenditure sharing scheme
15. Attachment 11 – service target performance incentive scheme
16. Attachment 12 – pricing methodology
17. Attachment 13 – pass through events

Attachment 14 – negotiated services

1. Contents

[Note 11-2](#_Toc480810145)

[Contents 11-3](#_Toc480810146)

[Shortened forms 11-4](#_Toc480810147)

[11 Service target performance incentive scheme 11-6](#_Toc480810148)

[11.1 Final decision 11-7](#_Toc480810149)

[11.2 AusNet Services’ revised proposal 11-8](#_Toc480810150)

[11.3 AER’s assessment approach 11-8](#_Toc480810151)

[11.3.1 Service component 11-9](#_Toc480810152)

[11.3.2 Market impact component 11-10](#_Toc480810153)

[11.3.3 Network capability component 11-10](#_Toc480810154)

[11.3.4 Interrelationships 11-10](#_Toc480810155)

[11.4 Reasons for final decision 11-11](#_Toc480810156)

[11.4.1 Service component 11-11](#_Toc480810157)

[11.4.2 Market impact component 11-12](#_Toc480810158)

[11.4.3 Submissions 11-13](#_Toc480810159)

[11.5 Network capability component 11-17](#_Toc480810160)

1. Shortened forms

| 1. Shortened form
 | 1. Extended form
 |
| --- | --- |
| 1. AARR
 | 1. aggregate annual revenue requirement
 |
| 1. AEMC
 | 1. Australian Energy Market Commission
 |
| 1. AEMO
 | 1. Australian Energy Market Operator
 |
| 1. AER
 | 1. Australian Energy Regulator
 |
| 1. ASRR
 | 1. annual service revenue requirement
 |
| 1. augex
 | 1. augmentation expenditure
 |
| 1. capex
 | 1. capital expenditure
 |
| 1. CCP
 | 1. Consumer Challenge Panel
 |
| 1. CESS
 | 1. capital expenditure sharing scheme
 |
| 1. CPI
 | 1. consumer price index
 |
| 1. DNSP
 | 1. distribution network service provider
 |
| 1. DRP
 | 1. debt risk premium
 |
| 1. EBSS
 | 1. efficiency benefit sharing scheme
 |
| 1. ERP
 | 1. equity risk premium
 |
| 1. MAR
 | 1. maximum allowed revenue
 |
| 1. MRP
 | 1. market risk premium
 |
| 1. NEL
 | 1. national electricity law
 |
| 1. NEM
 | 1. national electricity market
 |
| 1. NEO
 | 1. national electricity objective
 |
| 1. NER
 | 1. national electricity rules
 |
| 1. NSP
 | 1. network service provider
 |
| 1. NTSC
 | 1. negotiated transmission service criteria
 |
| 1. opex
 | 1. operating expenditure
 |
| 1. PPI
 | 1. partial performance indicators
 |
| 1. PTRM
 | 1. post-tax revenue model
 |
| 1. RAB
 | 1. regulatory asset base
 |
| 1. RBA
 | 1. Reserve Bank of Australia
 |
| 1. repex
 | 1. replacement expenditure
 |
| 1. RFM
 | 1. roll forward model
 |
| 1. RIN
 | 1. regulatory information notice
 |
| 1. RPP
 | 1. revenue and pricing principles
 |
| 1. SLCAPM
 | 1. Sharpe-Lintner capital asset pricing model
 |
| 1. STPIS
 | 1. service target performance incentive scheme
 |
| 1. TNSP
 | 1. transmission network service provider
 |
| 1. TUoS
 | 1. transmission use of system
 |
| 1. WACC
 | 1. weighted average cost of capital
 |

# Service target performance incentive scheme

1. The service target performance incentive scheme (STPIS) provides a financial incentive to transmission network services providers (TNSPs) to maintain and improve service performance. The current version of the STPIS, version 5, includes three components: a service component, market impact component and network capability component.[[1]](#footnote-1)
2. The Service Component provides a reward/penalty of +/- 1.25 per cent of MAR to improve network reliability, by focussing on unplanned outages. The Service component is designed to encourage TNSPs to seek to reduce the number of unplanned network outages and to promptly restore the network in the event of unplanned outages that result in supply interruptions. This component is also designed to indicate potential reliability issues.
3. The market impact component (MIC) provides an incentive to TNSPs to minimise the impact of transmission outages that can affect wholesale market outcomes. The MIC measures performance against the market impact parameter, which is the number of dispatch intervals where an outage on the TNSP's network results in a network outage constraint with a marginal value greater than $10/MWh (MIC count).[[2]](#footnote-2)
4. Each TNSP's annual MIC count is measured against its target, where the target is calculated by averaging the median five of the last seven years' performance.[[3]](#footnote-3) Further, the dollars per dispatch interval ($/DI) associated with the reward/penalty for each count can be directly calculated for the regulatory control period from the MIC target, and the MAR. Both the target and the $/DI are fixed for the regulatory control period.
5. TNSPs receive a reward or penalty of up to 1 per cent of MAR for the relevant calendar year, depending on their annual performance. We assess this on an annual basis as part of the annual compliance review. Under clause 4.2(a), a TNSP must submit 7 calendar years of data. The target is set in the revenue determination based on the median five of the seven years of historical performance.
6. The network capability component is designed to encourage TNSPs to develop projects (up to a total of one per cent of the proposed MAR per year) in return for a pro-rata incentive payment of up to 1.5 per cent of MAR depending on the successful completion of proposed projects. This component encourages TNSPs to examine their networks to identify suitable low cost one-off operational and capital expenditure projects that improve the capability of the transmission network at times when it is most needed.

## Final decision

We will apply all components of version 5 of the STPIS to AusNet Services for the 2017–22 regulatory control period.[[4]](#footnote-4) Our decision on the applicable STPIS parameters is outlined in the tables below.

Table 11‑1 Final decision — Caps, floors and targets for 2017–2022

| Parameter | Distribution | Cap | Target | Floor |
| --- | --- | --- | --- | --- |
| Lines outage rate - fault | Weibull | 16.0% | 25.4% | 33.8% |
| Transformers outage rate - fault | Weibull | 9.2% | 20.3% | 31.8% |
| Reactive plant outage rate - fault | Pearson5 | 18.4% | 34.3% | 61.2% |
| Lines outage rate - forced | Weibull | 12.3% | 15.0% | 17.1% |
| Transformer outage rate - forced | Weibull | 6.1% | 10.4% | 14.4% |
| Reactive plant outage rate - forced | Weibull | 19.9% | 30.9% | 40.7% |
| Average outage duration | Lognormal | 3.4 | 75.1 | 334.2 |
|  |  |  |  |  |
| No. of events > 0.05 system minutes | Poisson | 0 | 2 | 5 |
| No. of events > 0.30 system minutes | Poisson | 0 | 1 | 2 |
|  |  |  |  |  |
| Failure of protection system | Poisson | 23 | 32 | 42 |
| Material failure of SCADA | Poisson | 0.0 | 1.8 | 4.0 |
| Incorrect operational isolation of primary or secondary equipment | Poisson | 2.0 | 5.6 | 10.0 |

1. Source: AER analysis
2. Table 11‑2 Final decision — MIC parameter values for 2017–2022

|  |  |
| --- | --- |
| Parameter values - MIC | (2009–2015) |
| Performance target | 1245 |
| Unplanned outage event limit | 208 |
| Dollar per dispatch interval (1% smoothed 2017–18 MAR / target) | $4296/DI |

1. Source: AER analysis

Table 11‑3 Final decision — Network capability priority projects for 2017–2022 ($ real 2016-17)

|  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- |
| Project | Target | Expected completion date | Capex | Opex | Value |
| 1.Replace the existing interplant connections of the Hazelwood to Jeeralang 220kV No.4 line at Hazelwood power station | Transmission Circuit Hazelwood – Jeeralang No. 4Summer 15 minute rating: 454 (1190A)Winter 15 minute rating: 597 (1566A) | 2017/18 | $107,000 | 0 | $107,000 |
| 2. Increase the operating temperature of the South East to Heywood 275kV lines from 90 to 100 degrees Celsius  | Increase operating temperature of these lines from 90°C to 100°C (note a)  | 2017/18 | $18,000 | 0 | $18,000 |

1. Source: AusNet Services, Regulatory proposal, Appendix 7B -Network Capability Incentive Parameter Action Plan (2017-22)
2. a: Details of the network capacity increase to be achieved over the 5-45 degree C ambient temperature range are explained in AusNet Services' Regulatory proposal, Appendix 7B -Network Capability Incentive Parameter Action Plan (2017-22).

## AusNet Services’ revised proposal

AusNet Services' revised regulatory proposal accepted our draft decision on STPIS. It provided the latest performance data for 2015 in order for us to determine the STPIS targets for the next regulatory control period.[[5]](#footnote-5)

## AER’s assessment approach

A revenue determination for a TNSP is to specify, amongst other things, the annual building block revenue requirement for each regulatory year of the regulatory control period.[[6]](#footnote-6) In turn, the annual building block revenue requirement must be determined using a building blocks approach, under which one of the building blocks is the revenue increments or decrements (if any) for that year arising from the application of any STPIS (and other schemes).[[7]](#footnote-7) We have assessed AusNet Services' regulatory proposal against the requirements of the STPIS version 5.

This final decision has included AusNet Services' latest performance data for 2015 in determining the service and market impact component targets.

### Service component

1. We assessed whether AusNet Services' proposed performance targets, caps and floors comply with the STPIS requirements for:[[8]](#footnote-8)
* average circuit outage rate, with six sub parameters[[9]](#footnote-9)
* loss of supply event frequency, with two loss of supply event sub-parameters[[10]](#footnote-10)
* average outage duration
* proper operation of equipment, with three sub-parameters.[[11]](#footnote-11)
1. We must accept AusNet Services' proposed parameter values if they comply with the requirements of the STPIS. We may reject them if they are inconsistent with the objectives of the STPIS.[[12]](#footnote-12) We measure actual performance for the 'average circuit outage rate' and 'average outage duration' parameters on a two calendar year rolling average in accordance with Appendix E of the STPIS.
2. We assessed AusNet Services' service component proposal against the requirements of the STPIS — that is, whether:
* AusNet Services' data recording systems and processes produce accurate and reliable data and whether the data is recorded consistently based on the parameter definitions under the STPIS[[13]](#footnote-13)
* the proposed performance targets were equal to the average of the most recent five years of performance data[[14]](#footnote-14)
* any adjustments to the proposed targets are warranted and reasonable[[15]](#footnote-15)
* AusNet Services applied a sound methodology, with reference to the performance targets, to calculate the proposed caps and floors[[16]](#footnote-16)
* any adjustment to a performance target was applied to the cap and floor of that parameter.[[17]](#footnote-17)
1. We assessed the probability distributions applied by AusNet Services to calculate caps and floors to determine whether a sound methodology was used.

### Market impact component

1. We assessed AusNet Services' market impact component proposal against the requirements of the STPIS — that is, whether :
* data used to calculate the market impact parameter is accurate and reliable, and consistently recorded based on the parameter definition in Appendix C[[18]](#footnote-18)
* the proposed performance target was calculated in accordance with the requirements of clause 4.2(f) in version 5 of the STPIS[[19]](#footnote-19)
* the proposed unplanned outage event limit has been calculated in accordance with the requirements of clause 4.2(h) in version 5 of the STPIS
* the proposed dollar per dispatch interval has been calculated in accordance with clause 4.2(j) in version 5 of the STPIS.
1. Where AusNet Services' proposed values for the market impact parameter does not comply with the requirements of the STPIS or is otherwise inconsistent with the objectives of the scheme[[20]](#footnote-20), we will reject the proposed values and provide substitute values which comply with the STPIS.[[21]](#footnote-21)

### Network capability component

1. We assessed AusNet Service's network capability component against the STPIS.[[22]](#footnote-22)

### Interrelationships

The STPIS takes into account any other incentives provided for in the NER that TNSPs have to minimise capital or operating expenditure.[[23]](#footnote-23) One of the objectives of the STPIS is to assist in the setting of efficient capital and operating expenditure allowances by balancing the incentive to reduce actual expenditure with the need to maintain and improve reliability for customers and reduce the market impact of transmission congestion.[[24]](#footnote-24)

1. The STPIS will interact with the Capital Expenditure Sharing Scheme (CESS) and the opex Expenditure Benefit Sharing Scheme (EBSS). The STPIS allows us to adjust the performance targets of the service component for the expected effects on the TNSP’s performance from any increases or decreases in the volume of capital works planned during the regulatory control period.[[25]](#footnote-25) In conjunction with CESS and EBSS, the STPIS will ensure that:
* any additional investments to improve service quality are based on prudent economic decisions
* reductions in capex and opex are achieved efficiently, rather than at the expense of service levels to the network users.

## Reasons for final decision

We will apply version 5 of the STPIS to AusNet Services in the next regulatory control, as set out in our draft decision.

### Service component

Performance targets must equal the TNSP's average performance history over the past five years unless they are subject to adjustment under clause 3.2(i) or (j) of the STPIS.[[26]](#footnote-26) We generally approve performance targets that are the arithmetic mean of the past five years' performance data.

1. We accept AusNet Services' revised regulatory proposal performance targets for the next regulatory control period because it is consistent with the methodology outlined in version 5 of the STPIS and our draft decision.[[27]](#footnote-27)

Caps and floors

1. Proposed caps and floors must be calculated with reference to the proposed performance targets using a sound methodology.[[28]](#footnote-28) In the past, we have generally accepted approaches that use five years of performance data to determine a statistical distribution that best fits that data—with the caps and floors set at two standard deviations either side of the mean (if using a normal distribution); or at the 5th and 95th percentiles (if using a distribution other than the normal distribution).
2. We accept AusNet Services' revised performance cap and floor values for the next regulatory control period as it is consistent with version 5 of the STPIS.[[29]](#footnote-29) AusNet Services' proposed caps and collars have been set equal to the 5th and 95th percentiles, respectively, of the probability distribution that provides the best fit to the relevant historical data. This approach aligns with our draft decision and the STPIS. That said, we also tested AusNet Services' data using our @risk software and our outputs were consistent with AusNet Services' revised regulatory proposal.
3. Table 11‑5 sets out the caps, targets and floors for AusNet Services.
4. Table 11‑5 Final decision — Caps, targets and floors for 2017–2022

| Parameter | Distribution | Cap | Target | Floor |
| --- | --- | --- | --- | --- |
| Lines outage rate - fault | Weibull | 16.0% | 25.4% | 33.8% |
| Transformers outage rate - fault | Weibull | 9.2% | 20.3% | 31.8% |
| Reactive plant outage rate - fault | Pearson5 | 18.4% | 34.3% | 61.2% |
| Lines outage rate - forced | Weibull | 12.3% | 15.0% | 17.1% |
| Transformer outage rate - forced | Weibull | 6.1% | 10.4% | 14.4% |
| Reactive plant outage rate - forced | Weibull | 19.9% | 30.9% | 40.7% |
| Average outage duration | Lognormal | 3.4 | 75.1 | 334.2 |
|  |  |  |  |  |
| No. of events > 0.05 system minutes | Poisson | 0 | 2 | 5 |
| No. of events > 0.30 system minutes | Poisson | 0 | 1 | 2 |
|  |  |  |  |  |
| Failure of protection system | Poisson | 23 | 32 | 42 |
| Material failure of SCADA | Poisson | 0.0 | 1.8 | 4.0 |
| Incorrect operational isolation of primary or secondary equipment | Poisson | 2.0 | 5.6 | 10.0 |

1. Source: AER analysis

### Market impact component

The performance target to apply from April 2017 will be based on average performance of the median five years from 2010–15 are at Table 11‑6.

Table 11‑6 Final decision on AusNet Services MIC for 2017–22

| Calendar year | performance count[[30]](#footnote-30) |
| --- | --- |
| 2009 | 1417 |
| 2010 | 2134 |
| 2011 | 2687 |
| 2012 | 909 |
| 2013 | 745 |
| 2014 | 858\* |
| 2015 | 906.5\* |
| Target  | 1245 |
| Cap for unplanned outages | 208 |
| Dollar per dispatch interval (1% smoothed 2017–18 MAR / target)  | $4,296/DI |

Source: AER analysis \*total was affected by the capped unplanned count adjustment.

We made some adjustments to AusNet Services raw data for 2015. Our adjustments did not affect the total inclusion in the performance count, but we did identify 87 counts that were for planned works, but which AusNet Services had classified as unplanned. This affected the calculation of the cap for planned outages. We found that these 87 counts were entered into the Network Outage Scheduler more than 24 hours prior to the outage. We consider unplanned outages to be faults which were not foreseen a day or more ahead.

### Submissions

We received two submissions from stakeholder regarding the MIC of the STPIS.

Transition from Version 4 to Version 5 of the STPIS regarding treatment of planned outages under the Market Impact Component

Ararat Wind Farm made a submission on the potential impact of the change from Version 4 to Version 5 of the scheme on network users—where the connection agreements between AusNet Services may include the condition that the connecting party compensate the TNSP for the loss of incentive payments due to planned outages initiated by the connecting party.

The submission requested we amend AusNet Services' MIC component in the 2017–22 regulatory control period and proposed two options for how it believed this may be achieved.

Ararat Wind Farm submitted that:[[31]](#footnote-31)

* Under Version 4 of the MIC component of the STPIS, the performance target is calculated by averaging the actual performance of the network over the previous three years and the MIC performance measure is calculated by averaging the actual performance over the current and previous year.
* The rolling average nature of the MIC under version 4 means that the outages may have a negative impact on AusNet’s incentive payments during the years that they occur (e.g. 2015 & 2016) and potentially also in the subsequent year (e.g. 2017) but may then have a positive impact on AusNet’s incentive payments in the two years after that (e.g. 2018 & 2019) In essence, under version 4 of STPIS, TNSPs and other involved parties could expect that the MIC incentive cost incurred in initial years of the connection of a project would be recouped (at least in part) in subsequent years and the overall impact of the incentive payments should be reduced.
* While Version 5 of STPIS will treat outages caused by the connection of third party assets more favourably than under Version 4, the transition from Version 4 to Version 5 of STPIS inadvertently, and very significantly, exaggerates the negative impact of outages caused by the connection of such third party assets that occurred in the transitional period (approximately 2015/2016 in relation to the AusNet Services' network).

Ararat Wind Farm submitted that the cost of transitioning from Version 4 to Version 5 of the STPIS should be addressed and proposed two solutions. Either via:[[32]](#footnote-32)

* an alteration to AusNet Services' revenues in the 2017–22 regulatory control period by including an allowance equal to lost MIC incentive payments incurred due to outages caused by the connection of third party assets during a specified transitional period (Option 1). Or,
* an alteration to AusNet Services' MIC performance target or dollar per dispatch interval value such that AusNet Services recovers the incentive payments loss as a result of the wind farm connection works (Option 2).

We made the change to the MIC component in Version 5 to address the issue of TNSPs transferring their financial risk on to third parties. That is, under Version 4, instead of actively managing planned outages, some TNSPs transferred the risks under the MIC incentive payments on planned outages caused by third parties to the causing parties.

We understand Ararat Wind Farm's concerns with the implied potential cost impact on the wind farm associated with the transition from Version 4 to Version 5 of the STPIS. However, we do not entirely agree with Ararat Wind Farm's characterisation of the operation of Version 4, because:

* When the TNSP's actual performance exceeds its target, any additional planned outages should not have any impact on the TNSP's reward.
* A wind farm may require planned outages many years after the initial connection. Hence, in this revenue determination process, there is no definitive time that the full effects under Version 4 may be finally "close-out".

Because of the characteristics of the version 4 of the scheme, it is problematic to identify the impact of outages for a specific wind farm on future performance and targets.

We also observe that the changes to Version 5 will likely yield a greater benefit to Ararat Wind Farm because all its planned outages in future will be excluded from the MIC measures. Hence, it will have no ongoing operational risk imposed upon it by AusNet Services.

Furthermore, we have investigated Ararat's proposed solutions but neither is feasible for the following reasons:

Option 1 cannot be applied, because:

* Ararat Wind Farm's 'transition costs' cannot be quantified at the time of the final decision. Since the wind farm had significant planned outages in 2016, the rolling average formula means that any close out cannot be finalised until AusNet Services 2019 performance is known (in 2020).
* Should Ararat Wind Farm require further planned outages prior to 2019, the close out time would be pushed out further. Hence, there is no definitive time frame on which the full effects under Version 4 may be finally "close-out".
* The current STPIS framework does not have the provisions to facilitate this proposed modification.

Option 2 cannot be applied, because under Version 5 historical planned outages are excluded from performance target setting.

Exclusion of some measures due to AEMO's new Frequency Control Ancillary Service (FCAS) policy under the Market Impact Component

AEMO’s approach to managing system security in South Australia (SA) during outages on the Heywood interconnector changed during 2015. Previously, FCAS services were locally sourced only after SA separated from the market. Now, AEMO require 35 MW of regulation FCAS to be sourced locally whenever a single contingency could result in SA becoming an island as a result of a separation event. That is, the regulation FCAS constraints will be invoked for all circumstances where a single contingency would island SA.

In the draft decision, we indicated that this event would meet the force majeure exclusion clause for the forthcoming period, because AusNet Services must comply with the new requirements and there is no evidence at this point in time to indicate that it is in a position to control the impact of those requirements upon its performance.[[33]](#footnote-33) The constraints (F\_S+LREG\_0035 and F\_S+RREG\_0035 ) will thus be removed from target and performance measure during the 2017–22 regulatory control period.

The Consumer Challenge Panel (CCP) noted and accepted that we should not include the impact of this change in FCAS policy in the STPIS for the 2017–22 regulatory period. It submitted that in the current environment, a transmission business has limited control over some frequency control services. That said, it stated that frequency control is likely to be an ever more important aspect of future network functioning. Hence, the CCP would want FCAS to be actively considered for future regulatory periods.[[34]](#footnote-34)

We take a similar position; noting that we would continue to review the ability of AusNet Services to mitigate the impact of the FCAS operational changes (F\_S+LREG\_0035 and F\_S+RREG\_0035 ) in the annual compliance process and may further reassess the setting of AusNet Services' targets at the end of the 2017–22 regulatory control period.[[35]](#footnote-35)

AusNet Services also submitted that new or changed constraints introduced by AEMO to manage power system frequency in South Australia should also be excluded from its performance during the forthcoming period through the application of the force majeure exclusion.[[36]](#footnote-36) If AEMO does change its Power System management policy during 2017–22, then we will review the case for exclusion against the force majeure factors during the annual compliance process. Our consideration will include the degree to which AusNet Services could foresee and mitigate the impact. We expect AusNet Services would be able to develop strategies to respond to the new FCAS policy over the forthcoming regulatory period.

Setting the unplanned outage limit

AusNet Services requested clarification of how the unplanned outage event limit should be applied. We confirm that the unplanned outage event limit is to be applied to the annual total dispatch intervals attributable to unplanned outages.[[37]](#footnote-37)

## Network capability component

We accept AusNet Services' proposed priority projects and priority project improvement targets because it is consistent with the STPIS. The total expenditure of $125,000 ($ real 2016/17) for the priority projects in 2017–22 is not greater than 1 per cent of AusNet Services' proposed average maximum allowed revenue as required by clause 5.2(b) of the STPIS. These projects were also endorsed by the transmission network planner in Victoria— the Australian Energy Market Operator and consistent with our draft decision.[[38]](#footnote-38)

1. AER, Final – Service Target Performance Incentive Scheme, October 2015, cl. 2.2(a)(1–3). [↑](#footnote-ref-1)
2. AER, Final – Service Target Performance Incentive Scheme, October 2015, Appendix C. [↑](#footnote-ref-2)
3. The target will be calculated from the average of the five values remaining from the last seven years of data excluding the largest and smallest annual values. [↑](#footnote-ref-3)
4. AER, Draft decision AusNet Services transmission determination 2017−18 to 2021−22, Attachment 11 − Service target performance incentive scheme, July 2016, pp. 6–8. [↑](#footnote-ref-4)
5. AusNet Services, Revised regulatory proposal 2017–22, 21 September 2016, p. 214. [↑](#footnote-ref-5)
6. NER, cl. 6A.4.2(a)(2). [↑](#footnote-ref-6)
7. NER, cll. 6A.5.4(a)(5), 6A.5.4(b)(5) and 6A.7.4. [↑](#footnote-ref-7)
8. AER, Final – Service Target Performance Incentive Scheme, October 2015, clause 3.2. [↑](#footnote-ref-8)
9. Six parameters include Line event rate–fault, Reactive plant event rate – fault, Lines event rate – forced, Transformer event rate –forced and Reactive plant event rate – forced. [↑](#footnote-ref-9)
10. They are the number of events greater than 0.05 system minutes per annum and the number of events greater than 0.30 system minutes per annum. [↑](#footnote-ref-10)
11. They are failure of protection system, material failure of SCADA system and incorrect operational isolation of primary or secondary equipment. [↑](#footnote-ref-11)
12. AER, Final – Service Target Performance Incentive Scheme, October 2015, cl. 3.2. [↑](#footnote-ref-12)
13. AER, Final – Service Target Performance Incentive Scheme, October 2015, cl. 3.2(d). [↑](#footnote-ref-13)
14. AER, Final – Service Target Performance Incentive Scheme, October 2015, cl. 3.2(j). [↑](#footnote-ref-14)
15. AER, Final – Service Target Performance Incentive Scheme, October 2015, cl. 3.2(k). [↑](#footnote-ref-15)
16. AER, Final – Service Target Performance Incentive Scheme, October 2015, cl. 3.2(e). [↑](#footnote-ref-16)
17. AER, Final – Service Target Performance Incentive Scheme, October 2015, cl. 3.2(e). [↑](#footnote-ref-17)
18. AER, Final – Service Target Performance Incentive Scheme, October 2015, clause 4.2(c). [↑](#footnote-ref-18)
19. Clause 4.2(f) applies as this is the first time Powerlink has applied version 5 of the STPIS. [↑](#footnote-ref-19)
20. AER, Final – Service Target Performance Incentive Scheme, October 2015, cl 4.2(d). [↑](#footnote-ref-20)
21. AusNet Services, By email: AusNet Services information request #027 - MIC assessment, 3 April 2017; AusNet Services, Revised regulatory proposal 2017–22, 21 September 2016, pp. 218–220. [↑](#footnote-ref-21)
22. AER, Final – Service Target Performance Incentive Scheme, October 2015, cl. 1.4. [↑](#footnote-ref-22)
23. NER, cl. 6A.7.4(b)(5) of the NER. [↑](#footnote-ref-23)
24. AER, Final – Service Target Performance Incentive Scheme, October 2015, cl. 1.4. [↑](#footnote-ref-24)
25. AER, Final – Service Target Performance Incentive Scheme, October 2015, cl. 3.2(j). [↑](#footnote-ref-25)
26. AER, Final – Service Target Performance Incentive Scheme, October 2015, cl. 3.2. [↑](#footnote-ref-26)
27. AusNet Services, Revised regulatory proposal 2017–22, 21 September 2016, p. 214, AER, Draft decision AusNet Services transmission determination 2017−18 to 2021−22, Attachment 11 − Service target performance incentive scheme, July 2016, pp. 11–18; [↑](#footnote-ref-27)
28. AER, Final – Service Target Performance Incentive Scheme, October2015, cl. 3.2(e). [↑](#footnote-ref-28)
29. AusNet Services, Revised regulatory proposal 2017–22, 21 September 2016, p. 217–218. [↑](#footnote-ref-29)
30. Data has been adjusted by the unplanned outage cap. [↑](#footnote-ref-30)
31. Ararat Wind Farm, Submission to AER draft decision on AusNet Services transmission revenue review, September 2016, pp. 2–6 [↑](#footnote-ref-31)
32. Ararat Wind Farm, Submission to AER draft decision on AusNet Services transmission revenue review, September 2016, pp. 5&6. [↑](#footnote-ref-32)
33. AER, Draft Decision AusNet Services transmission determination 2017–18 to 2021–22, Attachment 11 – Service target performance incentive scheme, July 2016, pp. 16–17. [↑](#footnote-ref-33)
34. Consumer Challenge Panel, Response to AusNet Services’ Revised Revenue Proposal for 2017-2022, October 2015, p. 36. [↑](#footnote-ref-34)
35. Consumer Challenge Panel (CCP5), Submission on AusNet transmission revised regulatory proposal,

 October 2016, p. 36. [↑](#footnote-ref-35)
36. AusNet Services, Revised regulatory proposal 2017–22, 21 September 2016, p. 218. [↑](#footnote-ref-36)
37. We note that the intent of the draft STPIS v.5 decision was: 'to provide the number of counts from an individual event to be capped at a maximum of 17 per cent of the performance target', but that the STPIS v5 final decision applied the cap as an annual cap. We have subsequently provided advice to other TNSP's that the limit is an annual cap. [↑](#footnote-ref-37)
38. AEMO, Appendix 7C - AEMO's NCIPAP endorsement letter, 22 October 2015, pp. 1–2, AusNet Services, Transmission Revenue Review 2017-2022, Appendix 7B: Network Capability Incentive Parameter Action Plan (2017-22), October 2015, pp. 3–8; AER, Draft decision AusNet Services transmission determination 2017−18 to 2021−22, Attachment 11 − Service target performance incentive scheme, July 2016, p. 18. [↑](#footnote-ref-38)