



AUSTRALIAN ENERGY
REGULATOR

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28 April 2009

Mr. Rainer Korte
Executive Manager Regulatory and Corporate Services
ElectraNet
PO Box 7096 Hutt Street Post Office
ADELAIDE SA 5000


Dear Mr. Korte,

RE: Transmission service standards review for 2008

I am writing to inform you of the outcome of the Australian Energy Regulator's (AER) review of ElectraNet's performance against the transmission service standards incentive scheme for the 2008 calendar year.

During the 2008 calendar year ElectraNet transitioned from one regulatory control period to another. The AER therefore considered ElectraNet's service standards performance against the revenue cap decision dated December 2002 (for the regulatory control period from 2003 to 2008) and transmission determination dated April 2008 and updated February 2009 (for the regulatory control period from 2008 to 2013). The AER also considered the AER's *Service standards guidelines*, (November 2003) and the *First proposed service target performance incentive scheme*, (January 2007) relevant to the respective regulatory control periods. Additionally, the AER engaged Parson's Brinckerhoff Australia to assist in its compliance review.

Following ElectraNet's submission of its service standards compliance report for 2008, in February 2009 the Australian Competition Tribunal made orders varying the AER's ElectraNet transmission determination 2008–09 to 2012–13. The orders increased ElectraNet's maximum allowed revenues for the 2008–09 to 2012–13 period, which changed the financial incentive applicable to ElectraNet for the second half of the 2008 calendar year under the service standards incentive scheme.

In its compliance report for the first half of 2008 ElectraNet proposed three exclusions for customer requested outages. The AER approved these exclusions based on the circumstances of each customer request. The AER notes that customer requested outages are not common and in the future will continue to be assessed on a case by case basis.

After conducting the review of ElectraNet's transmission service standards performance in the 2008 calendar year, I endorse a service standards factor (s-factor) of 0.29 for the first half of 2008 and -0.4 for the second half of 2008. These s-factors result in a financial bonus of \$269 381 for the first half of 2008 and a financial penalty of \$459 980 for the second half of 2008. The summation of these two amounts results in a financial penalty of \$190 599, which should be subtracted from ElectraNet's maximum allowed revenue for the 2009-10 financial year.

I would like to thank ElectraNet staff for their open and active participation and prompt provision of information throughout this year's review process. Should you have any further enquiries please contact Iftekhar Omar on (02) 6243 1331.

Yours sincerely



Chris Pattas
General Manager
Network Regulation South