

29 March 2010

Mr. Alistair Parker
Director, Regulatory and Network Strategy
SP AusNet Pty Ltd
Locked Bag 14051
Melbourne City Mail Centre VIC 8001

Dear Mr. Parker 

Re. Transmission service performance review for 2009

I am writing to inform you of the outcome of the Australian Energy Regulator's (AER) review of SP AusNet's performance against its transmission service standards incentive scheme for the 2009 calendar year.

The AER has considered SP AusNet's transmission service performance levels against the "Final Decision – SP AusNet Transmission Determination 2008–09 to 2013–14" dated January 2008 and its "Final Electricity Transmission Service Providers Service Target Performance Incentive Scheme", published in March 2008. The AER also engaged Sinclair Knight Merz Pty Ltd (SKM) to assist in the compliance review.

After conducting the review of SP AusNet's transmission service performance, I have decided that the service standards factor ("s-factor") applying to SP AusNet is 0.511300 per cent for the 2009 calendar year. The application of this s-factor results in an additional amount of \$2,408,852 to SP AusNet's maximum allowed revenue for the 2010–11 financial year.

In reaching this decision I have agreed with the recommendation of SKM to disallow the proposed exclusion to the HWTS-LYPS No.1 500kV line on 4–5 March 2009 as I consider that this outage event does not meet the exclusion criterion as a force majeure event.

I would like to thank SP AusNet for its open and active participation in this year's audit process. Should you have any further enquiries please contact Eugene Henry on (03) 9290 1429.

Yours sincerely



Chris Pattas
General Manager
Network Regulation South