

Our Ref: M2009/560
Contact Officer: Eugene Henry
Contact Phone: 03 9290 1429

30 April 2010

Ms. Bess Clark
Executive Manager Corporate Strategy & Compliance
Transend Networks Pty Ltd
PO Box 606
MOONAH
TAS 7009


Dear Ms. Clark

Re: Transmission service standards review for 2009

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

The AER has considered:

- Transend's 2009 transmission service standards performance against two separate performance target schemes—For the January to June 2009 period, Transend's performance was measured against the service standards established in the AER Determination for 2004–2008/09. For the July to December 2009 period, Transend's performance was measured against the AER's "Final Electricity Transmission Service Providers Service Target Performance Incentive Scheme", published in March 2008 as implemented through the AER's 2009-10 / 2013-14 determination for Transend.
- Sinclair Knight Merz Pty Ltd (SKM)'s compliance review findings.

Based on the review findings, I advise that I have no objection to Transend applying a service standards factor (s-factor) of 0.87625 per cent for the January to June period and a s-factor of 0.108 per cent for the July to December 2009 period. These s-factor values are consistent with those proposed by Transend (with exclusions) and the recommendation by SKM. The overall effect is an addition of \$713,484 to Transend's maximum allowed revenue for the 2010–11 financial year.

I would like to thank Transend 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

A handwritten signature in blue ink, appearing to read 'Chris Pattas', written in a cursive style.

Mr. Chris Pattas
General Manager
Network Regulation South