

Our Ref: 43709- D14/58131
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Simon Appleby
Senior Manager Regulation and Land Development
ElectraNet Pty Ltd
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Hutt Street Post Office
Adelaide SOUTH AUSTRALIA 5000

Dear Simon

Transmission service standards review for 2013

I am writing to inform you of the outcome of the Australian Energy Regulator's ("AER") review of ElectraNet's performance against its transmission service standards incentive scheme for the 2013 calendar year.

ElectraNet separately reported its results for the first and second halves of the 2013 calendar year because its STPIS reporting period spanned two regulatory control periods, and different versions of the scheme. ElectraNet submitted a financial incentive (reward) for the whole year of \$3 281 373 comprising:

- service component \$172 979 for the whole year:
 - s-factor of -0.168887% (penalty of \$270 623) for the first half of the year
 - s-factor of 0.312396% (bonus of \$443 602) for the second half of 2013.
- Market impact component \$3 108 394 for the whole year:
 - s-factor of 1.939850% (bonus of \$3 108 394) for the first half of the year
 - s-factor of 0.00000% (no bonus or penalty) for the second half of 2013.

We accepted the service component but reduced the market impact component by 18DIs (\$61 961) in the first half of the year because we did not accept some binding constraints met the exclusion definition. This reduced the s-factor to 1.901182%.

AER adjustments

Exclusion clause 8b allows for exclusion of a constraint applied by AEMO that does not accurately reflect or is otherwise inconsistent with the network capability that the TNSP advised AEMO. ElectraNet claimed 18DIs resulting from binding constraints on Parafield Gardens West-Salisbury line (S>S_PAPG_PPLF_PSSB) on 3 April 2013.

We found that exclusion clause 8b should not apply. ElectraNet supplied information to AEMO, which resulted in AEMO applying an overly conservative constraint equation. The purpose of the

STPIS is to incentive TNSPs to manage their own information to minimise errors and improve performance. In the final decision document we stated “It is appropriate to exclude events from performance data where a TNSP cannot control the event or mitigate the impact of the event by adopting better practices.” ElectraNet is in the best position to query the form of constraints as determined by AEMO and therefore to “mitigate the impact of the event”. Excluding this constraint, therefore, would not meet the objectives of the scheme.

I would like to thank ElectraNet for its participation in this year’s compliance review. Should you have any further enquiries please contact Fiona Kostidis on (03) 9290 6986.

Yours sincerely

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

Peter Adams
a/General Manager
Wholesale Markets Branch