

Our Ref: 45535; D14/33908
Contact Officer: Fiona Kostidis
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20 March 2014

John Howarth
Manager, Regulatory and Network Strategy
SP AusNet
Level 30, 2 Southbank Boulevard
Southbank VIC 3006

Dear John

Transmission service standards review for 2013

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 2013 calendar year.

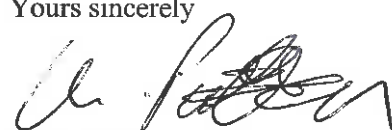
In conducting the review, AER staff considered SP AusNet's revenue cap decision, dated January 2008, the *Final Electricity Transmission Service Providers Service Target Performance Incentive Scheme* published in August 2007 (service component) and March 2008 (market impact component), and SP AusNet's 2013 STPIS submission (submitted to the AER 31 January 2014).

After conducting the review of SP AusNet's transmission service performance, the AER has endorsed the service standards factor ("s-factor") applying to SP AusNet's service component of 0.6742 per cent for the 2013 calendar year. The application of this s-factor results in an additional amount of \$3,665,304 to SP AusNet's maximum allowed revenue for the 2014-15 financial year.

The AER has amended SP AusNet's market impact performance count of 702 dispatch intervals to 719 dispatch intervals. Details of the adjustments made to SP AusNet's performance count are set out in correspondence with SP AusNet staff dated 28 February 2014 and 4 March 2014. Accordingly, the AER rejects the s-factor of 1.3224 per cent proposed by SP AusNet for the market impact component and the associated incentive payment of \$7,188,745. The AER endorses an s-factor of 1.3060 per cent which translates into an increase of \$7,099,541 to SP AusNet's maximum allowed revenue for the 2014-15 financial year.

I would like to thank SP AusNet 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



Chris Pattas
General Manager
Network of Operations and Development Branch

