

Our Ref: 54264 D16/35027  
Contact Officer: Fiona Kostidis  
Contact Phone: (03) 9290 6986



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Scott Young  
APA Group  
Regulatory Manager  
PO Box R41  
Royal Exchange NSW 1225  
Australia

GPO Box 520  
Melbourne VIC 3001  
Telephone: (03) 9290 1444  
Facsimile: (03) 9663 3699  
www.aer.gov.au

By email Mr. Scott Young (scott.young@apa.com.au)

Dear Scott

## Transmission service standards review for 2015 – Directlink

I am writing to inform you of the outcome of our review of Directlink's performance against the transmission service standards performance incentive scheme (STPIS) for the 2015 calendar year. We conducted the annual compliance review in accordance with clause 6.4 of the scheme and the ACCC Service Standards (see table below).

### *Outcome of the 2015 compliance review*

Component	Period	STPIS version	Directlink submitted		AER endorsed	
			s-factor	\$	s-factor	\$
Service	Jan to Jun 2015	ACCC Standards	-0.7563	-50,674	-0.7563	-50,674
Service	Jul to Dec 2015	STPIS v4.1	-0.2016	-13,164	-0.6008	-39,232
Market impact	5 Nov to 31 Dec 2015	STPIS v4.1	0.0000	0	0.2933	+5,982
<b>Total</b>				<b>-63,838</b>		<b>-83,924</b>

### *Service component*

We reduced the service component s-factor to -0.6008 for the July to December part of the assessment (a reduction of \$26,068) because, upon request, Directlink was unable to substantiate its claim for four third party exclusion events which affected the "circuit outage – fault" sub-parameter in the STPIS v4.1 part of the assessment. The same exclusion events were also removed from the "forced peak circuit availability" sub-parameter in the ACCC service standards part of the assessment, however this had no financial impact on the performance measure.

### *Market impact component*

Directlink submitted a default calculation of 0 DIs for the 2015 market impact component because, at the time of its submission, the end date of the *Directlink Fire Exclusion Period* had not been defined. The AER decided on 29 January 2016 that the end date is 5 November 2015. Given this, we have increased Directlink's s-factor to 0.2933, as prescribed in STPIS version 4.1 and set out in Appendix F. The revenue available to Directlink was pro-rated to 58 days in 2015, so the financial outcome for its market impact performance was \$5,982.

The number of dispatch intervals (DIs) included in the period 5 November to 31 December 2015 is 155 DIs. This is an increase of 10 DIs to the data set Directlink submitted. We added these DIs to reflect the fact that planned third party outages are included in the performance measure in STPIS version 4.1 (affecting constraint IDs N>LSDU\_LSDU and N>N\_LSDU\_9U6\_1). The 2015 performance gives rise to a 2016 target of 1462 DIs. Please refer to the table of calculations attached at the end of this letter.

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

Yours sincerely

A handwritten signature in black ink, appearing to read 'Peter Adams', with a long horizontal flourish extending to the right.

Peter Adams  
General Manager  
Wholesale Markets Branch