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REGULATOR

10 March 2017

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

Dear Scott

Transmission service standards review for 2016 – 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 2016 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).

As you are aware, STPIS Version 4.1 (September 2014) applied to Directlink for the 2016 calendar year. We conducted the annual compliance review in accordance with the requirements of the STPIS.¹

Outcome of the 2016 compliance review

Component	Period	STPIS version	Directlink submitted		AER endorsed	
			s-factor	\$	s-factor	\$
Service	2016	STPIS v4.1	-1.0000	-132,167	-1.000	-132,167
Market impact	2016*	STPIS v4.1	0.7401	97,814	0.2299	+30,385
Total				-34,353		-101,782

AER adjustments

Market impact component

We identified 410 binding dispatch intervals with $MV > \$10/\text{MWh}$ associated with third-party planned outages that Directlink had not included in its market impact performance measure.

These MIC counts were for sub-transmission works requested by Essential Energy which invoked constraint sets on Terranora.

Under STPIS version 4.1, planned third party works are included in Directlink's performance measure.

¹ Clause 6.4 STPIS Version 4.1 (September 2014).

Third party planned outages included in STPIS version 4.1

Constraint ID	Included in submission	AER identified	Total
I-CTRL_ISSUE_TE	34		34
N-BAMB_132_OPEN		333	333
N-LDTW_84		2	2
N-LS_VC1		51	51
N-LSLS_9U8		4	4
N-MBTE_1	50		50
N-MUTW_88		20	20
N-X_MBTE_2	767		767
N-X_MBTE_3	467		467
Total	1318	410	1728

We therefore added 410 counts to the 2016 market impact performance measure. This resulted in a s-factor adjustment of -0.5102 , reducing from $s=0.7401$ to $s=0.2299$. This leads to a \$67,429 reduction in the incentive payment, from \$97,814(submitted) to \$30,385(AER review).

Service impact component

We adjusted the Circuit outage – forced outage parameter in the service component because we did not accept two claims for exclusion.

Directlink made an exclusion claim for the Circuit outage – forced outage (S2) parameter Trip of Directlink Mullumbimby System 1 converter station, stating only that it was a TransGrid fault. Upon request, Directlink was not able to provide supporting evidence to verify the case for exclusion.

Directlink claimed an exclusion claim for a fault at Terranora (F-27420-d At Terranora TNA9B3 Trip, Unknown fault. No trip on the Bungalora end at BLA9B1). The material that Directlink supplied to support its case did not demonstrate that the fault was caused by a third party (Essential Energy).

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



Peter Adams
General Manager
Wholesale Markets Branch