

Our Ref: 43709- D16/35029
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By email <Appleby.Simon@electranet.com.au>

Dear Simon

Transmission service standards review for 2015

I am writing to inform you of the outcome of our review of ElectraNet's performance against the transmission service standards performance incentive scheme (STPIS) for the 2015 calendar year.

As you are aware, STPIS Version 3 (March 2011) applied to ElectraNet during the period for the service component and market impact component, and version 4.1 (September 2014) applied for the network capability component. We conducted the annual compliance review in accordance with clause 5.3 and 6.4 of the respective schemes.

Outcome of the 2015 compliance review

Component	ElectraNet submitted		AER endorsed	
	s-factor	\$	s-factor	\$
Service	0.3067	941,675	0.2312	709,911
Market impact	0	0	0	0
Network capability (6 months, pro rated)	1.5	2,302,635	1.5	2,302,635
Total		3,244,310		3,012,546

Service component review

We found some adjustments were necessary to be made to your submission because some of the force majeure and capped outage exclusion claims did not meet the requirements of the scheme. AER staff discussed these exclusion claims and provided details of the adjustments to ElectraNet staff during the course of this annual compliance review. Further, one of the key issues addressed during this compliance review was the application of the capped outage exclusion clause. To assist in the future application of the capped outage exclusion clause, we have

included an attachment to this letter setting out the guiding interpretation principles developed during this STPIS compliance review.

Market impact component (MIC) review

We found some adjustments were necessary to be made to your submission because some dispatch intervals (DIs) should have been excluded under the scheme under exclusion code 8(f) (an administered price cap under clause 3.14.2 of the NER). AER staff discussed these exclusion claims and provided details of the adjustments to ElectraNet staff during the course of this annual compliance review. We have decreased ElectraNet's 2015 inclusion count by 8,138 DIs to a total of 18,081 DIs. This adjustment does not affect the s-factor calculation as the 2015 inclusion count has exceeded ElectraNet's performance target.

Network capability component review

As ElectraNet commenced this parameter on 1 July 2015, no adjustments to this incentive payment can be made in the annual compliance review.

We would like to thank ElectraNet 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

ATTACHMENT

Principles for the interpretation of the capped outage exclusion clause in STPIS version 3 (March 2011)

- (1) The cap of 336 hours (14 days) applies to a “single transmission line redevelopment project or substation redevelopment” each calendar year.
- (2) (a) Where the hours in the s1 parameter for a specific project exceeds 336 hours in the calendar year, then the hours > 336 threshold will be capped at 336 hours. The first 336 hours in the calendar year for the s1 will be included in the annual performance measure.

(b) Where the hours in the s2 parameter for a specific project in a calendar year exceed 120 hours (10 weekdays x 12 hours in a 14 day period) then the hours >120 threshold will be capped at 120 hours. The first 120 hours in the calendar year for s2 will be included in the annual performance measure.
- (3) (a) The definition of a project is a “single transmission line redevelopment project” or a “single substation redevelopment project” as written in the scheme. To be clear: A “single transmission line redevelopment project” means a line redevelopment project per single transmission line. A “single substation redevelopment project” means one individual substation is the scope of the redevelopment.

(b) However, we will accept ORP0011 defined by region (eastern Hills, Metro, Mid North, Riverland, South East, Upper North), meaning that where the hours in a calendar year within the region are > 336 hours (in s1) or >120 hours (in s2), the capped outage exclusion threshold will apply (see 2a and 2b). Furthermore, the SA pumping station project does not strictly meet this definition of a single substation redevelopment project, given the specific circumstances of the project. However, we accept that the intention of grouping these projects in aggregate is to capture the synergies of the project works, so we will accept this as a “single” aggregate project rather than 3 disaggregated projects.

