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Rainer Korte  
 Executive Manager Asset Management  
 ElectraNet Pty Limited  
 52-55 East Terrace  
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 Adelaide SA 5000

### Transmission service standards review for 2014

I am writing to inform you of the outcome of the Australian Energy Regulator's (AER) review of ElectraNet's performance against the transmission service standards performance incentive scheme (STPIS) for the 2014 calendar year.

In conducting the review, AER staff considered the following material:

- AER, transmission determination for *ElectraNet's 2013-18 regulatory control period*, April 2013
- AER, *Final Electricity Transmission Service Providers Service Target Performance Incentive Scheme*, March 2011 (version 3)
- ElectraNet, *2014 STPIS submission*, 29 January 2015, and
- ElectraNet, *Email responses to AER questions*, 13, 30 and 31 March, 1 and 9 April 2015.

The AER has endorsed the service standards factor (s-factor) applying to ElectraNet's service component and market impact component as set out in Table 1. ElectraNet's performance in 2014 has resulted in a net financial bonus of \$7,331,244 to be recovered in the 2015-16 financial year (commencing 1 July 2015).

**Table 1: S-factors for 2014 calendar year**

Review	TNSP s-factor	TNSP \$	AER s-factor	AER \$	Difference \$
SC (v3)	0.7249%	2,120,561	0.6273%	1,834,996	-285,565
MIC (v3)	1.8789%	5,496,248	1.8789%	5,496,248	0
<b>2014</b>		<b>7,616,809</b>		<b>7,331,244</b>	<b>-285,565</b>

We reduced ElectraNet's service component s-factor by 0.0976% (\$285,565). In its initial submission, 2014 ElectraNet had also claimed two new "projects" that were described as "substation isolator plant refurbishment" and "substation plant transformer refurbishment". Staff questioned whether a generic refurbishment project was appropriate given the intention of the scheme, noting that none of these projects were inherent in the benchmark setting period of 2008-13. ElectraNet resubmitted these projects disaggregated into regional service areas. The adjustment to the service component for 2014 is \$285,565 in the S1 parameter.

We did not adjust ElectraNet's MIC inclusion count.

We 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 black ink, appearing to read 'Peter Adams', with a stylized flourish at the end.

Peter Adams  
a/General Manager  
Wholesale Markets Branch