

Our Ref: 41269; D13/52597
Contact Officer: Joanna Gall
Contact Phone: (02) 8213 3461

2 May 2013

Jennifer Harris
A/Manager, Regulation Strategies & Development
Powerlink Queensland
PO Box 1193
VIRGINIA QLD 4014

Dear Jennifer

Transmission service standards review for 2012

I am writing to inform you of the outcome of the Australian Energy Regulator's ("AER") review of Powerlink's performance against its transmission service standards incentive scheme for the 2012 calendar year.

In conducting the review, AER staff considered Powerlink's revenue cap decision, dated January 2008, the *Final Electricity Transmission Service Providers Service Target Performance Incentive Scheme* published in March 2008, the AER's Final Decision on Powerlink's Transmission Determination for the 2012/13 to 2016/17 regulatory period (April 2012), the *Final Electricity Transmission Service Providers Service Target Performance Incentive Scheme* published in March 2011 and Powerlink's 2012 STPIS submission (submitted to the AER 4 February 2013).

After conducting the review of Powerlink's transmission service performance, I endorse the below service standards factors ("s-factor") applying to Powerlink's service component:

- 0.437796 per cent for the months January to June 2012, and
- 0.452828 per cent for the months July to December 2012.

The application of these s-factor results in an additional amount of \$3 679 928 to Powerlink's maximum allowed revenue for the 2013–14 financial year, broken down as below:

- \$1 789 369 for the months January to June 2012, and
- \$1 890 559 for the months July to December 2012.

The AER has accepted Powerlink's market impact performance count of 6 dispatch intervals. The AER endorses the proposed s-factor below:

- 1.984713 per cent for the months January to June 2012, and
- 2 per cent for the months July to December 2012.

The application of these s-factor results in an additional amount of \$16 461 962 to Powerlink's maximum allowed revenue for the 2013–14 financial year, broken down as below:

- \$8 111 962 for the months January to June 2012, and
- \$8 350 000 for the months July to December 2012.

I would like to thank Powerlink for its participation in this year's compliance review. We note that there continues to be room for improvement in the quality of performance data and in the provision of supporting material by Powerlink. We look forward to continued engagement with you on this issue. Should you have any further enquiries please contact Joanna Gall on (08) 8213 3461.

Yours sincerely



Tom Leuner
General Manager
AER Markets Branch