

Our Ref: 41269- D15/44669  
 Contact Officer: Fiona Kostidis  
 Contact Phone: (03) 9290 6986

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

24 April 2015

Jennifer Harris  
 Group Manager, Network Regulation  
 Powerlink Queensland  
 33 Harold Street Virginia QLD 4014

Dear Jennifer

### Transmission service standards review for 2014

I am writing to inform you of the outcome of the Australian Energy Regulator's (AER) review of Powerlink'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, *Powerlink Determination 2012-17 revenue cap decision*, April 2012
- AER, *Final Electricity Transmission Service Providers Service Target Performance Incentive Scheme*, March 2011 (version 3)
- Powerlink, *2014 STPIS submission*, 2, 9 and 24 February 2015, and
- Powerlink, *Email responses to AER questions*, 5,6,9,12 and 24 February and 9 and 12 March 2015.

The AER has endorsed the service standards factor (s-factor) applying to Powerlink's service component and market impact component as set out in Table 1. Powerlink's performance in 2014 has resulted in a net financial bonus of \$4,172,796 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	0.4852%	4,407,105	0.4594%	4,172,796	-234,309
MIC	0%	0	0%	0	0
<b>2014</b>		<b>4,407,105</b>		<b>4,172,796</b>	<b>-234,309</b>

We reduced Powerlink's service component s-factor by 0.0258% (\$234,309). We sought further evidence from Powerlink on timeframes and details of event 20140131 at Collinsville Substation (22 September 2014) and event 20140225 at Nebo (13 December 2014). As a result of our inquiries, Powerlink made a number of consequential changes to the reporting template, which was resubmitted on 24 February 2015. We accepted the revised information. The net impact of these changes to the proposed STPIS bonus for 2014 was negative \$212 230 for the Collinsville and Nebo substation adjustments. Powerlink also has identified a reporting error whereby forced outage events occurred in the second half of December 2014. The inclusion of the missing events had an impact of negative

\$22 079. Further, Powerlink removed one additional exclusion event (20140223 on Feeder 8877) from the average outage duration subparameter.

We decreased Powerlink's MIC inclusion count by 58 DIs for system normal constraints that duplicated some outage constraints. This had no impact of Powerlink's s-factor or financial bonus because it had exceeded its target regardless (s-factor was 0%). None-the-less this reduction in counts will lower Powerlink's benchmark when begins its new regulatory control period.

We would like to thank Powerlink 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 'P. Adams', with a long, sweeping horizontal flourish extending to the right.

Peter Adams  
a/General Manager  
Wholesale Markets Branch