

Our Ref: 50333; D13/36013  
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26 March 2013

Alistair Parker  
Director, Regulatory and Network Strategy  
SP AusNet  
Level 30, 2 Southbank Boulevard  
Southbank VIC 3006

Dear Alistair

Transmission service standards review for 2012

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

In conducting the review, AER staff considered SP AusNet's revenue cap decision, dated January 2008, the Final Electricity Transmission Service Providers Service Target Performance Incentive Scheme published in March 2008, and SP AusNet's 2012 STPIS submission (submitted to the AER 1 February 2013).

After conducting the review of SP AusNet's transmission service performance, I endorse the service standards factor ("s-factor") applying to SP AusNet's service component of 0.809497 per cent for the 2012 calendar year. The application of this s-factor results in an additional amount of \$4 253 517 to SP AusNet's maximum allowed revenue for the 2013-14 financial year.

The AER has amended SP AusNet's market impact performance count of 896 dispatch intervals to 1246 dispatch intervals. Details of the adjustments made to SP AusNet's performance count are set out in correspondence with SP AusNet staff dated 22 March 2013. Accordingly, the AER rejects the s-factor of 1.135135 per cent proposed by SP AusNet for the market impact component and the associated incentive payment of \$5 964 589. The AER endorses an s-factor of 0.797297 per cent which translates into an increase of \$4 189 414 to SP AusNet's maximum allowed revenue for the 2013-14 financial year.

I would like to thank SP AusNet for its participation in this year's compliance review. Should you have any further enquiries please contact Joanna Gall on (08) 8213 3461.

Yours sincerely

Tom Leuner  
General Manager  
AER Markets Branch