

Our Ref: 41104- D17/29288
Contact Officer: Fiona Kostidis
Contact Phone: (03) 9290 6986



13 March 2017

Gerard Reiter
Executive General Manager Asset Management
TransGrid
PO Box A1000
Sydney South NSW 1235
Australia

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

By email Gerard Reiter (Gerard.Reiter@transgrid.com.au)
Cc Stephen Antoon (Stephen.Antoon@transgrid.com.au)

Dear Gerard

Transmission service standards review for 2016

I am writing to inform you of the outcome of our review of TransGrid's performance against the transmission service standards performance incentive scheme (STPIS) for the 2016 calendar year.

As you are aware, STPIS Version 4.1 (September 2014) applied to TransGrid for 2016. We conducted the annual compliance review in accordance with the requirements of the STPIS.¹

Outcome of the 2016 compliance review

Component	Period	STPIS version	TransGrid submitted		AER endorsed	
			s-factor	\$	s-factor	\$
Service	2016	v4.1	0.6476	4,682,911	0.6476	4,682,911
Market impact	2016	v4.1	0.0000	0	0.0000	0
Network capability	2016	v4.1	1.5000	10,846,093	1.5000	10,846,093
Total				15,529,004		15,529,004

AER adjustments

Market impact component

We added a total of 159 DIs to TransGrid's market impact component submission for the following reasons:

- we identified 2 DIs where the constraint had bound but was not included in TransGrid's submission. These were V>>N-JN WG_RADIAL_1 and V>>N_DDMS_2. TransGrid accepted that it missed these counts.
- we identified 157 DIs for the constraint V>SML_BUDP_2 which TransGrid had not included in its submission. TransGrid submitted that the constraint applied

¹ Clause 6.4 STPIS Version 4.1 (September 2014).

by AEMO doesn't accurately reflect the network capability advised by the TNSP. We requested information on this claim, such as communication with AEMO, market notice etc., but TransGrid was unable to substantiate the exclusion claim with written evidence.

The AER's adjustment by adding the 159 DIs to TransGrid's performance measure had no impact on the s-factor, $s=0\%$. However, the performance measure for 2016 will increase by 159 counts.

We would like to thank TransGrid 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