

Clause	Requirement	ElectraNet NCIPAP
Service Target Performance Incentive Scheme (STPIS) – Version 4.1 – September 2014 5.2 b.1.	The NCIPAP must identify for every transmission circuit or injection point on the network, the reason for the limit for each transmission circuit or injection point.	This requirement is addressed in Section 2.2 of the NCIPAP and in the separate spreadsheet supplied. ElectraNet has also provided the detailed information required to AEMO as part of its consultation process.
STPIS – Version 4.1 5.2 b.2.	The NCIPAP must proposing the <i>priority projects</i> to be undertaken in the <i>regulatory control period</i> to improve the limit of the transmission circuits and injection points listed in 5.2(b)(1) above through operational and/or minor capital expenditure projects.	The proposed priority projects detailed in the NCIPAP which address the identified network limits are to be undertaken in ElectraNet’s current regulatory control period of 1 July 2013 to 30 June 2018 over a 3-year period from 1 July 2015. Refer Table 3-1 of the NCIPAP.
STPIS – Version 4.1 5.2 b.2.i.	The NCIPAP must include the total operational and capital cost of each <i>priority project</i> .	These costs are detailed in the NCIPAP and summarised in Table 3-1.
STPIS – Version 4.1 5.2 b.2.ii.	The NCIPAP must include the proposed value of the <i>priority project</i> improvement target in the limit for each <i>priority project</i> .	The value of the proposed improvement target is detailed for each priority project in sections 3.1.1, 3.1.2, 3.1.3, 3.1.4, 3.2.1 and 3.2.2 of the NCIPAP.
STPIS – Version 4.1 5.2 b.2.iii.	The NCIPAP must include the current value of the limit for the transmission circuits and/or injection points which the <i>priority project</i> improvement target is seeking to improve.	The current value of each network limit is detailed for each priority project in sections 3.1.1, 3.1.2, 3.1.3, 3.1.4, 3.2.1 and 3.2.2 of the NCIPAP.
STPIS – Version 4.1 5.2 b.2.iv.	The NCIPAP must include the ranking of the <i>priority projects</i> in descending order based on the likely benefit of the <i>priority project</i> on customers or wholesale market outcomes.	The ranking of the priority projects is summarised in Table 3-1 of the NCIPAP, as endorsed by AEMO in its letter of 20 March 2015.
STPIS – Version 4.1 5.2 b.2.	The average total expenditure of the <i>priority projects</i> outlined in each <i>regulatory year</i> must not be greater than 1 per cent of the TNSP’s average <i>maximum allowed revenue</i> proposed in its <i>revenue proposal</i> for the <i>regulatory control period</i> .	The total value of the proposed priority projects identified is \$10.05 million (\$nom). One per cent of ElectraNet’s Maximum Allowed Revenue from the AER’s prevailing revenue determination for the final three years of the current regulatory control period (most recently amended for the Heywood Interconnector Upgrade Contingent Project) is \$10.05 million. Therefore, the average annual value of the proposed projects identified does not exceed one per cent of the average maximum allowed revenue for the applicable period.
STPIS – Version 4.1 5.2 c.	The <i>priority project</i> improvement target must result in a material benefit.	The benefits assessed for each priority project are detailed in sections 3.1.1, 3.1.2, 3.1.3, 3.1.4, 3.2.1 and 3.2.2 of the NCIPAP, as endorsed by AEMO in its letter of 20 March 2015.

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STPIS – Version 4.1 5.2 d.	Estimated capital expenditure must be less than the cost threshold for the proposed <i>transmission investment</i> to be subject to the <i>regulatory investment test for transmission</i> in chapter 5 of the NER (\$5 million).	No project exceeds the \$5 million threshold, as per Table 3-1 of the NCIPAP.
STPIS – Version 4.1 5.2 e.	A priority project may address multiple limiting elements across transmission circuits and/or injection points in the TNSP's network.	ElectraNet has a number of projects that address multiple limiting elements across transmission circuits and/or injection points as detailed in the descriptions for priority projects 1, 2, 3 and 6 of the NCIPAP.
STPIS – Version 4.1 5.2 f.	Where a proposed <i>priority project</i> is a co-ordinated project between TNSPs, in the NCIPAP each TNSP should: 1. only include the capital or operational costs it will incur in undertaking the project, and 2. provide a copy of a written agreement between the TNSPs committing to undertaking the project.	ElectraNet has no co-ordinated priority projects proposed in the NCIPAP.
STPIS – Version 4.1 5.2 g.	Estimated capital expenditure of a co-ordinated project must be less than the cost threshold for the proposed <i>transmission investment</i> to be subject to the <i>regulatory investment test for transmission</i> in chapter 5 of the NER (\$5 million)	ElectraNet has no co-ordinated priority projects proposed in the NCIPAP.
STPIS – Version 4. 5.2 h. 1.	ElectraNet must consult with <i>AEMO</i> prior to submitting the NCIPAP as to whether there is potential for co-ordinated projects with other TNSPs.	Section 2.4 of the NCIPAP details the consultation undertaken with AEMO
STPIS – Version 4.1 5.2 h. 2.	ElectraNet must consult with <i>AEMO</i> prior to submitting the NCIPAP as to whether the proposed <i>priority project</i> improvement targets for its projects will result in a material benefit.	Section 2.4 of the NCIPAP details the consultation undertaken with AEMO. AEMO's letter of endorsement dated 20 March 2015 addresses this requirement.

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STPIS – Version 4.1 5.2 h. 3.	ElectraNet must consult with <i>AEMO</i> prior to submitting the NCIPAP as to which projects should be classified as <i>priority projects</i> based on their likely benefit to consumers or wholesale market outcomes.	Section 2.4 of the NCIPAP details the consultation undertaken with AEMO. AEMO’s letter of endorsement dated 20 March 2015 addresses this requirement.
STPIS – Version 4.1 5.2 h. 4.	ElectraNet must consult with <i>AEMO</i> prior to submitting the NCIPAP as to the ranking of the <i>priority projects</i> .	Section 2.4 of the NCIPAP details the consultation undertaken with AEMO. AEMO’s letter of endorsement dated 20 March 2015 addresses this requirement.
STPIS – Version 4. 5.2 i.	ElectraNet must provide AEMO with a copy of its capital expenditure program for the upcoming <i>regulatory control period</i> .	As detailed in section 2.6 of the NCIPAP, AEMO reviews ElectraNet’s proposed capital expenditure program at the time of a Revenue Proposal as part of its South Australian Advisory Functions and reviews ElectraNet’s Transmission Annual Planning Report on an annual basis for consistency with the capital expenditure allowance approved by the AER.
STPIS – Version 4.1 5.2 j.	ElectraNet must include in its NCIPAP any disagreement with <i>AEMO</i> and the grounds for disagreement, including: 1. whether a project should be classified as a priority project; 2. whether a priority project improvement target will result in a material benefit; or 3. the ranking of the priority projects.	There are no disagreements with AEMO on the finalised NCIPAP submitted to the AER for approval. AEMO’s letter of endorsement dated 20 March 2015 addresses this requirement.
STPIS – Version 4.1 5.2 q.1	The cost of the proposed <i>priority projects</i> must not be included in the total forecast operating expenditure proposed by ElectraNet in its <i>revenue proposal</i> to meet the <i>operating expenditure objectives</i> under clause 6A.6.6 of the NER.	Section 2.6 of the NCIPAP confirms the costs associated with the projects proposed in this plan are not included in the capital or operating expenditure allowances approved by the AER in respect of the current regulatory control period.

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STPIS – Version 4. 5.2 q.2	The cost of the proposed <i>priority projects</i> must not be included in the total forecast capital expenditure proposed by ElectraNet in its revenue proposal to meet the capital expenditure objectives under clause 6A.6.7 of the NER.	Section 2.6 of the NCIPAP confirms the costs associated with the projects proposed in this plan are not included in the capital or operating expenditure allowances approved by the AER in respect of the current regulatory control period.
National Electricity Rules (NER) 11.77.3 (b) (1)	The proposed start date for the network capability component must be a date no earlier than 60 business days after the proposal is submitted.	The proposed start date of the NCIPAP is 1 July 2015, as detailed in section 1.2 of the NCIPAP, which is greater than 60 business days from the date of submission (60 business days prior to 1 July 2015 being 7 April 2015).
NER 11.77.3 (b) (2)	If relevant, information must be provided on whether the Transmission Network Service Provider could apply the network capability component earlier than the proposed start date.	This is not considered relevant to ElectraNet’s NCIPAP.
NER 11.77.3 (b) (3)	The network capability incentive parameter action plan (NCIPAP) must cover the period from the proposed start date to the end of the current regulatory control period and comply with clause 5.2(b)-(j) and (q) of the relevant STPIS.	The proposed NCIPAP covers the period from the proposed start date of 1 July 2015 to the end of the current regulatory control period of 30 June 2018. The requirements of the relevant STPIS contained in clauses 5.2(b)-(j) and (q) are addressed above.
NER 11.77.3 (b) (4)	A description must be provided of how the Transmission Network Service Provider has engaged with electricity consumers in relation to its NCIPAP and how the Transmission Network Service Provider has sought to address any relevant concerns identified as a result of that engagement.	Section 2.5 of the NCIPAP details ElectraNet’s engagement activities with consumers, together with the separate consultation summary document which addresses each specific issue raised.