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16 October 2014

Michael Seddon
Transmission Reset Project Manager
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Dear Michael

2014 performance target for market impact component of the service target performance incentive scheme

I am writing to inform you of the outcome of the Australian Energy Regulator's (AER) review of TasNetworks' market impact performance (MIC) under version 4.1 of the Service Target Performance Incentive Scheme (STPIS).

As you may have noticed, the AER published STPIS version 4.1 on 17 September 2014, which replaces version 4.0 (December 2012). However, as the changes made in version 4.1 relate entirely to Directlink, and not to any other TNSP, the change of version has no impact on the requirements for TasNetworks.

We have finalised our review of TasNetworks MIC data for the purpose of setting the 2014 target (applicable from 1 July 2014 to 31 December 2014). In doing so, we considered the material submitted by TasNetworks on 2 June 2014 and 1 August 2014.

In summary, under version 4.1 of the STPIS, the MIC performance target for 2014 is the average of the 2011, 2012 and 2013 actual performance count. Regarding the target for the last half of 2014, we pro-rate the performance by measuring the average 2013/2014 performance against the average 2011/2012/2013 target and then multiplying by 0.5.

We now confirm that the 2014 calendar year target is 1318 dispatch intervals.

The information in Table 1 below shows the AER's assessment and sets out the reasons for the amendments that we made to TasNetworks' submission. Table 2 provides a summary of TasNetworks' performance for 2011-2013.

Table 1: AER's assessment of TasNetworks' 2014 MIC target

Calendar year	TasNetworks proposed inclusion	AER adjustment	Reasons for AER adjustment	Final performance inclusion
2011	729	0		729
2012	1406	+23	T>T-X_TUTA: Include these in count under version 4/4.1 (as they related to planned outage). Line outage due to HydroTas transformer circuit breaker work (to energise new 110kV CB). NB. Tarra to Tunga 2 lines are prescribed assets.	1429
2013	1787	+8	F_T++CSGO_TG_R6: Marked by TasNetworks as a generator request, this was related to meter testing (the actual meters are at the substation -- Tas distribution network). The testing was done by a HydroTas subsidiary, who requested TasNetwork for the outage. The responsibility is on the TNSP to schedule the time of the outage, so the proposed times are to be included in the final count.	1795
Average	1308			1318

Table 2: Summary of TasNetworks' benchmark performance

Calendar year	Final performance inclusion	Final performance exclusions [#]	Total performance
2011	729	11	740
2012	1429	0	1429
2013	1795	138	1933
Average	1318	50	1367

[#] AER made no adjustments to TasNetworks' proposed performance exclusions.

We would like to thank TasNetworks for its participation in this review and responsiveness to AER staff enquiries.

Should you have any further enquiries please contact Fiona Kostidis on (03) 9290 6986.

Yours sincerely



Peter Adams
a/g General Manager
Wholesale Markets Branch