SP AusNet™
A member of Singapore Power Group

1 Feb 2010

Mr Chris Pattas
General Manager
Network Regulation South Branch
Australian Energy Regulator
Level 42 The Tower
360 Elizabeth Street
Melbourne VIC 3000

By email chris.pattas@aer.gov.au

Dear Chris,

SP AusNet Performance Against AER Service Standards
Year Ending 31 December 2009

Please find attached the templates and supporting material outlining SP AusNet's performance against the AER Service Standards for the year ending 31 December 2009. This report has been formulated in accordance with the AER *Service Standard Guidelines* and is intended to meet the obligations set out in the AER *Final Decision SP AusNet Transmission Determination 2008-09 to 2013-14.*

As the results in the attached templates show, SP AusNet met or outperformed the benchmark in eight of the nine measures. The one target which was not achieved was Loss of Supply event Frequency (>0.30 system minutes) where SP AusNet had a result of 2 incidents against a target of 1. This result is due to one significant and unusual event on 30 January 2009 where equipment at South Morang Terminal Station failed during a record heatwave peaking at 44.2 degrees on the day of the failure. Overall, the results demonstrate that the Victorian transmission network continues to operate at a high level of reliability.

SP AusNet's performance bonus/penalty resulting from the scheme (including adjustments for exclusions) has been calculated to be a $2,454,765 bonus. Upon confirmation with the AER, the approved amount will be added to the MAR calculated for the year 2010/11 (April to March).

Under the AER Guidelines, it is expected that the AER's consultants will conduct an audit of the Company's performance data.

Should you have any queries regarding the information provided, please do not hesitate to contact Anh Mai, Principal Economist, on 03 9695 6627.

Yours sincerely,

Alistair Parker
Director, Regulatory and Network Strategy
SP AusNet