



Objective ID: A993781

1 February 2011

Mr Warwick Anderson  
General Manager  
Network Regulation North Branch  
Australian Energy Regulator  
PO Box 3131  
CANBERRA ACT 2601

Dear Warwick

### **SERVICE TARGET PERFORMANCE INCENTIVE SCHEME REPORT – 2010**

Please find attached Powerlink's Service Target Performance Incentive Scheme (STPIS) report for the 2010 calendar year. Given Powerlink commenced the market impact parameter component of the scheme on 13 July 2010, the report also includes required market impact information.

Powerlink's report has been prepared in accordance with the AER's Final Guidelines for the Service Target Performance Incentive Scheme V2 (March 2008), Final Information Guidelines (September 2007) and Powerlink's revenue cap decision for the 2007/08 to 2011/12 regulatory period (June 2007).

In total, Powerlink's network performance under the two elements of the scheme for the 2010 reporting period resulted in a bonus of \$11.405 million. This amount will be applied to Powerlink's 2011/12 maximum allowable revenue.

#### **Service Component**

Overall, Powerlink's performance has resulted in a bonus of \$4.514 million for the 12-month reporting period. This was achieved via the following:

- circuit availability – actual performance exceeded targets on critical and non-critical elements and in peak periods;
- loss of supply frequency – during the January to December 2010 reporting period, Powerlink did not experience any events greater than the 0.2 system minutes and 1.0 system minutes thresholds; and

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- average outage duration – outages on the Powerlink network averaged 779 minutes during the year, which is less (better) than the established target.

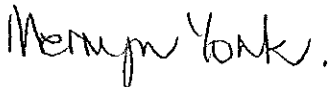
The service component of the scheme results in an S-factor of approximately 0.65%.

### **Market Impact Component**

For the 2010 reporting period (ie. 172 days), Powerlink's network experienced four dispatch intervals where constraints due to network outages caused a market impact, compared to its target of 740. This resulted in an S-factor of 1.99% and associated bonus of \$6.891 million.

If you have any queries in relation to this matter, please contact Greg Hesse on (07) 3860-2632.

Yours sincerely



Merryn York

**MANAGER NETWORK STRATEGY & PERFORMANCE**