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Our Ref: D2011-00197184
Contact Officer: Luke Stevens
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20 April 2011

Ms Meryn York
Manager Network Strategy and Performance
Powerlink Queensland
PO Box 1193
VIRGINIA QLD 4014

Dear Ms York,

Re: Transmission service standards review for 2010

I am writing to inform you of the outcome of the Australian Energy Regulator's (AER) review of Powerlink's performance against its transmission service standards incentive scheme for the 2010 calendar year.

In conducting the review, AER staff considered Powerlink's revenue cap decision, dated 14 June 2007, the ACCC's *Statement of Principles for the regulation of transmission revenues: Service Standard Guidelines*, published in November 2003 which the AER adopted in 2005 as part of its Compendium of electricity transmission regulatory guidelines, and Powerlink's performance report for 2010 (submitted to the AER 1 February 2011).

After conducting the review of Powerlink's transmission service performance, I endorse the service standards factor ("s-factor") applying to Powerlink's service component of 0.645227 per cent for the 2010 calendar year. The application of this s-factor results in an additional amount of \$4,513,681 to Powerlink's maximum allowed revenue for the 2011-12 financial year.

In relation to Powerlink's market impact component, I note that Powerlink's email correspondence, dated 20 April 2011, acknowledges that the performance measure increased by seven dispatch intervals as a result of the AER's review. Accordingly, I endorse the market impact component s-factor of 1.970270 per cent. The application of this s-factor results in an additional amount of \$6,825,373 to Powerlink's maximum allowed revenue for the 2011-12 financial year.

Overall, Powerlink's MAR adjustment for the 2011-12 financial year is \$11,339,054.

I would like to thank Powerlink for its open and active participation in this year's audit process. Should you have any further enquiries please contact Luke Stevens on (03) 9290 1485.

Yours sincerely,

A handwritten signature in black ink, appearing to read 'C. Pattas', written in a cursive style.

Chris Pattas
General Manager