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Contact Officer: Justin Butler
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23 April 2012

Garry Mulherin
Manager Network Strategy and Performance
Powerlink Queensland
PO Box 1193
VIRGINIA QLD 4014

Dear Mr Mulherin

Re: Transmission service standards review for 2011

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 2011 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 2011 (submitted to the AER 2 February 2012).

In my letter of 23 December 2011, I noted the requirements of the *Final Electricity Transmission Network Service Providers Information Guidelines*, dated September 2007, to provide, where available, supporting documentation for each proposed exclusion event. AER staff note that Powerlink supplied no supporting information for any of its exclusion events in its 3 February 2012 submission. I reiterate that supporting documentation must accompany Powerlink's service standard submissions. Without this supporting documentation, I will be unable to endorse Powerlink's proposed s-factors.

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 0.420951 per cent for the 2011 calendar year. The application of this s-factor results in an additional amount of \$3,267,790 to Powerlink's maximum allowed revenue for the 2012-13 financial year.

In relation to Powerlink's market impact component, I endorse the s-factor of 1.952866 per cent. The application of this s-factor results in an additional amount of \$15,159,862 to Powerlink's maximum allowed revenue for the 2011-12 financial year.

Overall, Powerlink's total MAR adjustment for the 2011-12 financial year is \$18,427,652.

I would like to thank Powerlink for its open and active participation in this year's review process. Should you have any further enquiries please contact Justin Butler on (02) 6243 1102.

Yours sincerely,

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

Chris Pattas
General Manager
Network Operations and Development