

Our Ref: D07/25523



1 May 2007

First Proposed Guidelines
Australian Energy Regulator

by email: AERInquiry@aer.gov.au

To whom it may concern

First Proposed Service Target Performance Incentive Scheme

Thank you for the opportunity to provide comment on the First Proposed Service Target Performance Incentive Scheme ('STPIS'). Transend has contributed to a submission by the Electricity Transmission Network Owners Forum (ETNOF) on this matter. Transend wishes to raise a further matter, particular to Transend's circumstances.

As you are aware, Transend must submit its next revenue proposal to the Australian Energy Regulator (AER) by the end of May 2008. Part of Transend's proposal will be details of service performance values, in accordance with the STPIS.

The National Electricity Rules (NER) require that any changes to:

- the STPIS - be made by the AER 15 months before the next regulatory control period; and
- a transmission network provider's parameters - be made at least 2 months before their revenue proposal is to be submitted.

Transend's next revenue proposal is due by 31 May 2008 for the regulatory control period commencing 1 July 2009. Therefore any proposed changes to the parameters and STPIS applicable to Transend must be made by the AER by 31 March 2008.

Under the transmission consultation procedures outlined in the NER, should a TNSP propose amendments to the scheme, the AER is required to issue a set of documents and must make a decision on the amendment within 80 business days. In recognition of these NER requirements, clause 2.4(d) of the STPIS states:

(d) in order to ensure that the *transmission consultation procedures* can be completed before the cut off date, a TNSP must submit any proposed amendments to the AER at least 22 months before the commencement of the next *regulatory control period* (i.e. 9 months before its revenue proposal is due to be lodged with the AER).

Therefore, under the STPIS, Transend would be required to submit amendments 22 months before the next regulatory control period, namely by 31 August 2007. This is before the STPIS is required to be finalised. Transend therefore suggests that the AER consider agreeing to a transition process that would, in effect, allow Transend and any other affected TNSP(s) the opportunity to submit any proposed amendments to the STPIS by the end of November 2007. This will give the TNSPs time to assess the scheme and propose any changes, and also give the AER sufficient time to meet its consultation requirements.

Transend welcomes the opportunity for further discussion with the AER to progress and resolve this matter. I may be contacted on tel: 03 6274 3949.

Yours sincerely

[by email]

Michael Green
Acting Manager, Business Planning, Regulation and Compliance