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Dear Mr Pattas,

Preliminary Draft Economic Benchmarking Templates

Thank you for your e-mails of 31 July and 5 August 2013 regarding preliminary draft templates for economic benchmarking data. Grid Australia has already responded to matters that are common to all TNSPs including TransGrid. This response, therefore, relates to matters on specific data that are relevant to TransGrid.

Incentive Rewards/Penalties

Section 2.3 may be better titled "Incentive scheme rewards/penalties" than "EBSS rewards/penalties", as it requests information relating to incentive payments more broadly than the EBSS.

With regard to incentive outcomes, STPIS rewards/penalties are determined on an annual basis and are additional to a TNSP's maximum allowed revenue. However, EBSS payments are determined in revenue determinations as a building block of maximum allowed revenue. Therefore, EBSS payments are included in the data requested in Sections 2.1 and 2.2. TransGrid requests the AER to clarify whether this is its intention, and whether incentive outcomes should also include payments from schemes that preceded the EBSS (such as the Efficiency Carry Forward Mechanism).

RAB Roll Forward

Section 4.2 is titled "RAB Roll forward to end of period". TransGrid seeks clarification on whether this is intended to reflect annual roll forward calculations, and not just roll forward between regulatory control periods.

The description of closing value in TRAB0307 should also refer to transmission assets rather than distribution assets.

Operational Data

TransGrid seeks confirmation that energy delivered to other transmission networks in TOPED0101 refers to the sum of both imported and exported energy.

Section 5.2 refers to connection points at "highest transmission voltage" and "other than highest transmission voltage". For some TNSPs the "main grid" includes several transmission voltages and there may be few connection points at the highest transmission voltage. For example, TransGrid's highest voltage is 500kV, but the majority of the main grid is 330kV. TransGrid seeks clarification on whether this section is intended to refer to "highest transmission voltage" or "main grid voltages".



Physical Assets

In Section 6.1, TransGrid will find it difficult to provide 10 years historical data on transmission line capacities. It may be necessary to assume extended historical capacities are the same as the earliest capacity for which we have data. In general transmission line capacities do not vary significantly over time, and this would be a sufficient approximation.

Quality of Services

With regard to the request for STPIS parameter results, TransGrid notes that stakeholders raised concerns at the AER workshop on 14 March 2013 that STPIS measures are unsuitable for economic benchmarking. STPIS measures are designed to provide incentives to each business for continuous improvement relative to historical performance, rather than being comparable and reflecting absolute level of performance. Alternative measures were discussed at the workshop. Given this, the rationale for the AER's request for STPIS information and not alternative measures is unclear.

TransGrid is unable to provide historical data on forced outages to meet the AER's definition. TransGrid has historically recorded forced outages under a different definition and historical information is not available to reconstruct the data under the new definition. Due to historical differences in definitions between TNSPs, this parameter is forward looking only in the STPIS.

TransGrid is unable to provide historical data on proper operation of equipment. TransGrid has not historically recorded this data statistically as a time series or to meet the definition in the most recent STPIS. Again, this parameter is forward looking only in the STPIS.

TransGrid can only provide historical data on the market impact parameter from 2004, as source data suitable for the market impact parameter is unavailable in market information systems before 2004.

In Section 7.3 the definition of losses refers to distribution networks rather than transmission networks. TransGrid proposes the following definition for transmission networks:

Transmission Losses - Calculated as (electricity sent out minus electricity delivered) x 100 / (electricity sent out) where terms are as defined in the National Electricity Forecasting Report. This is an overall figure rather than at the feeder level.

Environmental Factors

TransGrid notes that Grid Australia is presently considering suitable environmental factor measures for transmission networks and will respond more comprehensively in due course.

In this section of the template, several definitions refer to distribution networks and should refer to transmission networks.

With regard to the rural proportion line route length, TransGrid suggests including a definition of "rural".

Should you have any questions on these matters, please feel free to contact Andrew Kingsmill, Regulatory Expenditure Manager, on (02) 9284-3149.

Yours faithfully,



27/8/2013

Stephen Clark

Executive General Manager/Network Planning & Performance