



Australian  
Competition &  
Consumer  
Commission

Our Ref: S2004/174  
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Mr Francois Roberge  
Chief Executive Officer  
Murraylink Transmission Company  
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Dear Mr Roberge

#### **Application of the performance incentive scheme for 2003 & 2004**

I write in relation to Murraylink's service standards incentive to be included in the calculation of Murraylink's maximum allowed revenue (MAR) for the financial year 2005-06.

The ACCC engaged Sinclair Knight Merz (SKM) to audit and report on Murraylink's performance results for the calendar year 2004. This report has been forwarded to Murraylink.

The performance incentive scheme aims to encourage transmission network service providers, such as Murraylink, to continually improve service standards through efficiency gains. Murraylink's performance results were above targets in all three performance measures in 2003, but below targets in 2004.

Murraylink's reporting mechanism was found to be reliable and accurate and the categorisation of assets, treatment of exclusions and application of the performance incentive formulae was largely consistent, accurate and complete.

Primary consideration was given to Murraylink's application of exclusions and force majeure events. Murraylink's treatment of these was assessed against the definitions provided in the ACCC's service standards guidelines and Murraylink's application for conversion and maximum allowed revenue.

EXECUTIVE OFFICE

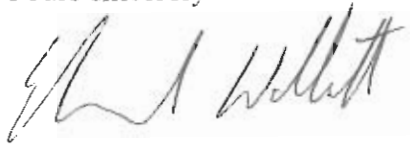


The ACCC agrees with Murraylink's calculation of its relevant S-factors. Consequently a decrease of \$87,775 for its revenue in 2005–06 will comply with its application for conversion and maximum allowed revenue. In reaching this conclusion the ACCC considered the application for conversion and maximum allowed revenue, service standards guidelines, SKM's consultation and Murraylink's report on service standards.

I would like to thank Murraylink for the cooperation extended to the ACCC in implementing the service standards regime.

Should you have any further enquiries please call Matthew McQuarrie (02) 9230 9111 or Raif Sarcich on (02) 9230 9183.

Yours sincerely

A handwritten signature in black ink, appearing to read 'Ed Willett', is written over a light grey rectangular background.

Ed Willett  
Commissioner