

Our Ref: 45535- D17/52013
Contact Officer: Fiona Kostidis
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By email Tom Hallam <thomas.hallam@ausnetservices.com.au>

Dear Tom

Transmission service standards review for 2016 - revision

I am writing to inform you of an update to the outcome of our review of AusNet Services' performance against the transmission service standards performance incentive scheme (STPIS) for the 2016 calendar year. This letter follows on from our letter of 13 March 2017, in which we advised you of the outcome of the AER's annual compliance review in accordance with the requirements of the STPIS.¹

There is no substantive change to the adjustments we made to AusNet Services' submission, and our reasoning set out in the letter of 13 March 2017 remains. However, in adjusting your submission to remove the exclusion claims, there was an error in our calculation of the average outage duration (the s9 sub-parameter) in the service component. As you are aware, the average outage duration is the aggregate duration (minutes) of all unplanned outages with a loss of supply, divided by the number of events.

The s9 sub parameter reported on 13 March 2017 was incorrect in the denominator. The total service component which we had reported to you as s=0.3149% should be increased by 0.0086% to s=0.3235%. The impact of this is 0.0086% x \$525,574,603 = \$45,022. The table below reflects this correction.

Component	AER endorsed	
	% MAR	\$
Service ²	0.3235	1,700,074
Market impact	0.000	nil
Network capability	1.5000	7,883,619
Total	1.8235	9,583,693

¹ Clause 6.4 STPIS Version 4 (December 2012).

² The s-9 sub-parameter is increased by 0.008566% to 0.063082%; it had previously been recorded as 0.054516%

Once again, we would like to thank AusNet Services for its participation in this compliance review, and your staff for their assistance in promptly bringing this issue to our attention.

Should you have any further enquiries please contact Fiona Kostidis on (03) 9290 6986.

Yours sincerely

A handwritten signature in black ink, appearing to read 'Peter Adams', with a long horizontal flourish extending to the right.

Peter Adams
General Manager
Wholesale Markets Branch