



Energy Retailers Association
of Australia Incorporated

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Electricity Transmission Network Service Providers - Draft Service Target Performance Incentive Scheme

In August 2007, the NGF and ERAA made a joint submission on the AER's Issues Paper on the AER proposals for an incentive scheme for transmission performance. We expressed support for the development of the scheme and raised a number of specific comments.

We note that the AER has considered these comments in putting forward its draft scheme design and do not intend to comment further on those specific issues.

The AER has proposed to rollout the scheme progressively from 2009 because the NER requires a performance incentive scheme to be finalised 15 months prior to the relevant reset. We consider, however, that this limitation should not prevent a requirement for TNSPs to collect and publish the relevant information being imposed six months, or some other suitable time, after the scheme is agreed. This would provide useful preparation for actual performance measures in the relevant reset and valuable transparency to the market.

Having reviewed the draft decision, the ERAA reiterates its strong support for the establishment of performance incentives based on market impact measures. We would also stress the need for timely implementation of the proposed scheme.

Should you require any further information in relation to this matter please feel free to contact me on (02) 9437 6180.

Yours sincerely

[Transmitted Electronically]

Cameron O'Reilly
Executive Director
Energy Retailers Association of Australia