

Obj. Ref. A745329

1 February, 2010



Mr Mike Buckley
General Manager
Network Regulation North Branch
Australian Energy Regulator
PO Box 3131
CANBERRA ACT 2601

Dear Mike,

SERVICE TARGET PERFORMANCE INCENTIVE SCHEME REPORT - 2009

Please find attached Powerlink's Service Target Performance Incentive Scheme (STPIS) report for the 2009 calendar year.

Powerlink's report has been prepared in accordance with the AER's Final Guidelines for the Service Target Performance Incentive Scheme (August 2007), Final Information Guidelines (September 2007) and Powerlink's revenue cap decision for the 2007/08 to 2011/12 regulatory period (June 2007).

Overall, the results show that Powerlink has attained a bonus of \$1.051 million for the twelve-month reporting period. This has been achieved via the following:

- circuit availability - actual performance on critical circuits exceeded the established target, but was below the targets for non-critical elements and in peak periods;
- loss of supply frequency – during the January to December 2009 reporting period, Powerlink experienced two >0.2 system minute events and one event >1.0 system minutes (with exclusions); and
- average outage duration - outages on the Powerlink network averaged 707 minutes during the year, which is less (ie. better) than the target established in the scheme.

The incentive scheme results in an S-factor of 0.17%, which will be applied to Powerlink's 2010/11 maximum allowable revenue.

If you have any queries in relation to this matter, please contact Jennifer Harris on (07) 3860-2667.

Yours sincerely,

A handwritten signature in cursive script that reads "Merryn York".

Merryn York
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