



1 February 2008

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 – 2007

Please find attached Powerlink's Service Target Performance Incentive Scheme (STPIS) report for the 2007 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 2007/08-2011/12 regulatory period (June 2007).

Overall, the results show that Powerlink has attained a bonus of \$2.20 million for the six-month reporting period. This has been achieved via the following:

- circuit availability – actual performance on critical, non-critical and peak circuits exceeded the established targets across the three measures;
- loss of supply frequency – between July to December 2007, Powerlink experienced one >0.2 system minute event and no events >1.0 system minutes. Targets were exceeded in both cases; and
- average outage duration – outages on the Powerlink network averaged 612 minutes during the period, which is below the target established in the scheme.

The incentive scheme results in an S-factor of 0.82%, which will be applied to Powerlink's 2008/09 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 blue ink, appearing to read "Gordon Jardine".

Gordon Jardine
CHIEF EXECUTIVE

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