

1 February 2012

Mr Chris Pattas  
General Manager  
Network Regulation South Branch  
Australian Energy Regulator  
GPO Box 520  
Melbourne VIC 3001

By email            chris.pattas@aer.gov.au

Dear Chris,

**SP AusNet's Performance Against AER Service Standards  
Year Ending 31 December 2011**

Please find attached the templates and supporting documents outlining SP AusNet's performance against the AER Service Standards for the year ending 31 December 2011. This report has been formulated in accordance with the AER *Service Standard Guidelines* and is intended to meet the obligations set out in the AER *Final Decision SP AusNet Transmission Determination 2008-09 to 2013-14* and the AER *Final Decision Early Application of the Market Impact Component of the Service Target Performance Incentive Scheme for SP AusNet*.

As the results in the attached templates show, SP AusNet met or outperformed the benchmark in eight of the nine service measures. The one target which was not achieved was Average Outage Duration – Transformers (AOD) where SP AusNet had a result of 17.47 hours of AOD, against a target of 6.87 hours. This result is due to a number of significant events where transformer outages occurred on 27 February 2011 at Morwell Terminal Station, 4 May 2011 at Keilor Terminal Station (the 7 day cap on individual outages was invoked for this event) and on 1 December 2011 at Templestowe Terminal Station. Overall, the results demonstrate that the Victorian transmission network continues to operate at a high level of reliability.

SP AusNet participated in the Market Impact component of the scheme for the first time in 2011, starting on 1 August. However, the target was not achieved due to a large number of constraints in October caused by capital expenditure and maintenance outages.

SP AusNet's performance bonus/penalty resulting from the scheme (including adjustments for exclusions) has been calculated to be a \$3,658,763 bonus. Upon confirmation with the AER, the approved amount will be added to the MAR calculated for the year 2012/13 (April to March).

Additionally, an annual review of the nominated list of critical circuits / system components has been carried out (in accordance with the provisions of AER's final decision dated January 2008, page 275).

Accordingly, SP AusNet would like to add one additional critical circuit element to its previous list of 145. In SP AusNet's transmission network, a new critical circuit has been created as a result of a new generator connection at Mortlake. As part of this new generator connection, the existing critical circuit element, namely MLTS – HYTS No.2 500 kV line was split into two critical circuits, namely (1) MLTS – MOPS No.2 500 kV line and (2) MOPS – HYTS No.2 500 kV line. As a result of this change, the total circuits in SP AusNet's network now change from 209 to 210 and the critical circuits' number increases to 146.

Under the AER Guidelines, it is expected that the AER's consultants will conduct an audit of the Company's performance data.

Should you have any queries regarding the information provided, please do not hesitate to contact Katie Yates, Regulatory Economist, on 03 9695 6622.

Yours sincerely,



**Alistair Parker**  
Director, Regulatory and Network Strategy  
SP AusNet