



# SP AusNet

31 January 2014

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 2013**

Please find attached the templates and supporting documents outlining SP AusNet's performance against the AER Service Standards for the year ending 31 December 2013. This report has been formulated in accordance with the AER *Service Standard Guidelines* and meets 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 for all nine service measures. For four of the measures, service performance went beyond the cap for the maximum bonus. On four other measures, SP AusNet outperformed the target. 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 (MIC) for the second full year in 2013 and continued to dedicate resources to actively manage outages to minimise their market impact. After exclusions, there were 702 Dispatch Intervals with a marginal value greater than \$10/MWh. This result is an improvement on SP AusNet's 2012 MIC outcome, suggesting that the additional focus on this aspect of performance as a result of the incentive scheme has benefited customers.

SP AusNet's performance bonus/penalty resulting from the scheme (including adjustments for exclusions) has been calculated to be a \$10,854,049 bonus. This bonus is made up of \$3,665,304 for the Service Component of the scheme, and \$7,188,745 for the Market Impact Component. Upon confirmation with the AER, the approved amount will be added to the MAR calculated for the year 2014/15 (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 SP AusNet's transmission revenue determination dated January 2008, page 275). SP AusNet

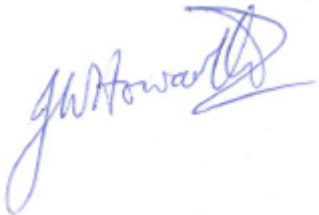
has no additional critical circuits or system components to add to the list for the remainder of the current regulatory period ending on 31<sup>st</sup> March 2014.

From 1 April 2014 SP AusNet will be subject to version 4 of the STPIS. This involves significant changes to a number of the Service Component parameters and a shift to calculating the Market Impact Component performance target and measure using a rolling average. There is also a new Network Capability Component and SP AusNet is the first TNSP to which it will apply.

Following the AER's Final Decision on SP AusNet's Transmission Revenue Reset we will provide the AER with an updated list of assets to which STPIS version 4 will apply from 1 April 2014.

Should you have any queries regarding the information provided, please do not hesitate to contact Charlotte Coster, Regulatory Economist, on 03 9695 6309.

Yours sincerely,



**John Howarth**  
Manager, Regulatory and Network Strategy  
SP AusNet