

Our Ref: 47789
Contact Officer: Justin Butler
Contact Phone: (02) 6243 1102

13 March 2012

Alistair Parker
Director, Regulatory and Network Strategy
SP AusNet
Locked Bag 14051
Melbourne City Mail Centre VIC 8001

Dear Mr Parker

Transmission service standards review for 2011

I am writing to inform you of the outcome of the Australian Energy Regulator's (AER) review of SP AusNet's performance against its transmission service standards incentive scheme for the 2011 calendar year.

In conducting the review, AER staff considered SP AusNet's revenue cap decision, dated January 2008, the *Final Electricity Transmission Service Providers Service Target Performance Incentive Scheme* published in March 2008, and SP AusNet's 2011 STPIS submission (submitted to the AER 1 February 2012).

After conducting the review of SP AusNet's transmission service performance, I endorse the service standards factor ("s-factor") applying to SP AusNet's service component of 0.724401 per cent for the 2011 calendar year. The application of this s-factor results in an additional amount of \$3,658,763 to SP AusNet's maximum allowed revenue for the 2012-13 financial year.

The AER has amended SP AusNet's market impact performance count of 1588 dispatch intervals to 1573 dispatch intervals. Details of the adjustments made to performance count can be found in Attachment A. AER endorses the s-factor applying to SP AusNet's market impact component of zero. The application of this s-factor results in no additional incentive payment.

I would like to thank SP AusNet for its participation in this year's compliance review. Should you have any further enquiries please contact Justin Butler on (02) 6243 1102.

Yours sincerely



Chris Pattas
General Manager
Network Operations and Development Branch

Attachment A

Table 1: AER Adjustments to SP AusNet market impact performance for 1 August 2011 to 31 December 2011

Constraint ID	Date of binding (1 Aug 2011 to 31 Dec 2011)	Binding count identified by SP AusNet	Binding count identified by the AER	Adjustment	Comments
SV_250	NIL	3	0	-3	Binding count submitted does not match the binding count reported in the MCC_Casesolution table.
V::N_HYSEQD_R	19/10/2011	6	4	-2	
V::N_HYSEQE_R	19/10/2011	7	5	-2	
V>>SML_BESH_1	NIL	1	0	-1	
V_HWMW	NIL	6	0	-6	
V_HYML1_3	9/11/2011	4	3	-1	
Total		27	12	-15	