



11 December 2025

Ms Anna Collyer
Chair
Australian Energy Market Commission
GPO Box 2603
SYDNEY NSW 2001

Dear Ms Collyer,

**Early application of a Revised Transmission Service Target Performance Incentive Scheme
Rule Change – Consultation Paper**

Queensland Electricity Transmission Corporation Limited (Powerlink) welcomes the opportunity to comment on the *National Electricity Amendment (Early application of a revised transmission service target performance incentive scheme) Rule* Consultation Paper, published on 13 November 2025.

The Australian Energy Regulator (AER) seeks an enduring power under the National Electricity Rules (the Rules) to allow it to re-open a Transmission Network Service Provider's (TNSP's) revenue determination for the purpose of applying a revised Transmission Service Target Performance Incentive Scheme (STPIS) during a regulatory control period. It is proposed that the power be triggered unilaterally by the AER, or at a TNSP's request. The immediate impact of the proposed change would be to enable TNSP's to leverage the benefits of the revised STPIS (Version 6) without waiting until their next regulatory period.

Enduring AER power

The Australian Energy Market Commission (AEMC) has twice before considered the merits of an AER enduring power to enable future implementation by the AER of a revised STPIS. On each occasion the AEMC decided that a one-off implementation was appropriate. Powerlink supports an incentive regime that maintains regulatory certainty, is fit for purpose, predictable, and ensures changes are developed through a transparent, consultative process.

Powerlink favours certainty within regulatory periods and does not support the granting of an enduring power for the AER to re-open a TNSP's revenue determination, by itself or upon TNSP request, for this purpose.

One-off implementation of Version 6

The Market Impact Component (MIC) was introduced in 2008 to supplement the Service Component (SC) and incentivise the efficient scheduling of planned outages to minimise market impact. However, evolving power flows across the network and increasing renewable generation has introduced significant challenges in scheduling outage windows despite TNSP's adopting prudent practices to mitigate market impacts. As a result, the intended symmetric nature of the incentive scheme has not eventuated and TNSP's have been systematically penalised for factors outside their control.



In April 2025, the AER's STPIS Review concluded that elements of the current STPIS (Version 5), including the MIC, were no longer effectively achieving their intended objectives.¹ Version 6 introduces targeted amendments to the STPIS framework by suspending the MIC pending development of an alternative, optimising the Network Capability Component to prioritise high value projects, and refining the SC parameters to better reflect system performance obligations under the National Electricity Objective.

Powerlink supports a one-off implementation of Version 6 to enable TNSP's to leverage the benefits of Version 6 without waiting until their next regulatory period.

Commencement of implementation

Powerlink has long advocated for a fit for purpose incentive regime and encourages the adoption of Version 6 at the earliest appropriate timeframe. The AER suspended the MIC in April of 2025, and in the circumstances, it is reasonable for TNSP's and consumers to receive the benefit of positive changes to the regime not only prior to the commencement of a TNSP's next regulatory period, but as soon as possible and for the maximum timeframe possible within their current regulatory period.

We consider the appropriate implementation date to be the commencement of the next calendar and regulatory reporting year, 1 January 2026.

Rule change proposal timing

Powerlink acknowledges that the AER's proposed draft rule contemplates re-opening TNSP revenue determinations and applying Version 6 from the start of a regulatory year. We encourage the AEMC to consider making appropriate changes to the rule change as proposed by the AER to remove those timing restrictions and enable collaboration between the AER and TNSP's to resolve implementation or timing challenges.

In summary, Powerlink:

- does not support the granting of an enduring power for the AER to re-open a TNSP's revenue determination, by itself or upon a TNSP's request;
- supports a one-off implementation of Version 6 without waiting for a TNSP's next regulatory period;
- recommends that the appropriate implementation date be 1 January 2026; and
- encourages the AEMC to facilitate a collaborative approach for the earliest implementation of Version 6.

If you have any questions in relation to this submission, please contact Samantha Rennie (Acting General Manager, Network Regulation) at samantha.rennie@powerlink.com.au.

Yours sincerely,

A handwritten signature in black ink, appearing to read "J. Bridge".

Jacqui Bridge
Executive General Manager, Network Investment

¹ AER, Explanatory Statement to the Electricity Transmission Service Target Performance Incentive Scheme Version 6, April 2025.