

11 December 2025

Jacqueline Price  
Adviser  
Australian Energy Market Commission  
Level 15, 60 Castlereagh Street  
Sydney NSW 2000

Dear Ms Price

**Re: Early application of a revised transmission Service Target Performance Incentive Scheme, Consultation Paper**

TasNetworks welcomes the opportunity to provide comments on the Australian Energy Market Commission's (AEMC) Consultation Paper<sup>1</sup> for the *Early application of the Service Target Performance Incentive Scheme (STPIS)* rule change (ERC0421). TasNetworks is the Transmission Network Service Provider (TNSP) for Tasmania. We support the need for a rule change to allow TNSPs to adopt Version 6 of the Transmission STPIS<sup>2</sup> before the start of the next regulatory period, ideally commencing 1 January 2026. However, we do not agree that the Australian Energy Regulator (AER) requires an enduring power to apply future incentive schemes early.

TasNetworks notes that Energy Networks Australia (ENA) has also prepared a submission on behalf of Australia's electricity transmission networks. TasNetworks supports ENA's comments.

**TasNetworks supports the rule to allow early adoption of STPIS Version 6**

TasNetworks strongly supports the aspect of the rule change that would allow us to apply to adopt Version 6 of the STPIS from 1 January 2026. This support is primarily based on the need to suspend the market impact component (MIC) of STPIS Version 5.

While TasNetworks has been receiving bonuses under the MIC component of the STPIS to date, our modelling shows that when we start construction of the North West Transmission Development (NWTD), a critical Integrated System Plan project, in April 2026 we will incur a maximum penalty under the MIC for each calendar year from 2026-2029. During construction, wherever possible, we will work with generators and market participants and seek to minimise the market impact of outages while balancing the need to deliver this essential project in a timely and cost-effective manner. However, penalties will be incurred irrespective of any prudent outage management practices.

---

<sup>1</sup> AEMC, [Early application of a revised transmission STPIS - Consultation paper](#), 13 November 2025.

<sup>2</sup> [Electricity Transmission Service Target Performance Incentive Scheme Version 6](#), April 2025.

There is a broad consensus that the MIC is no longer fit for purpose and factors largely outside the control of TNSPs have contributed to the significant increase in the number of MIC events over the past five years.<sup>3</sup> As such, the MIC is resulting in penalties that cannot be practically avoided, even through best practice outage management. It follows that TNSPs should be allowed to adopt Version 6 of the STPIS as soon as possible.

### **TasNetworks does not support the creation of an AER enduring power**

TasNetworks does not support the creation of an enduring power for the AER to unilaterally apply a revised STPIS to TNSPs outside a regulatory determination. Regulatory certainty for TNSPs is important and well-designed incentive schemes are rightly applied over long periods of time to allow for behavioural change in response to incentives. This rule change request is only the third instance where a need to adopt an incentive scheme early has arisen. While we agree that there may be a need in future to apply an incentive scheme early, provided consultation has occurred in the development of the scheme, the AER could seek a fast track rule change. This will allow for appropriate consideration of the need for early adoption.

TasNetworks would, however, support the creation of an enduring power if explicit consent from TNSPs, not just consultation as proposed, was a requirement of the exercise of the power.

### **Rule change timing and drafting considerations**

The proposed timing of the final determination and the rule drafting, means the earliest that STPIS Version 6 could be adopted is from 1 July 2027. Based on our modelling, this would result in TasNetworks receiving MIC penalties for 2026 and 2027. Given that the final determination on STPIS Version 6 acknowledging that the MIC is not fit for purpose was in May 2025, this result is not appropriate. TasNetworks urges the AEMC to adopt a more flexible rule change drafting that would allow adoption of STPIS Version 6 from 1 January 2026 at the latest.

STPIS reporting is completed in January each year for the preceding calendar year. As such, applying STPIS Version 6 for the full 2026 calendar year for the suspended MIC and Service Component (SC) of the scheme makes sense. Aligning commencement with the regulatory year does not make sense and will likely result in maximum MIC penalties being received for two years (as maximum penalties are generally received in under 6 months). This is not consistent with the intent of rule change.

The AEMC should consider flexible drafting of the rule to allow for commencement from 1 January 2026 in relation to STPIS Version 6. This could include a combination of:

- A transitional rule to allow TNSPs to apply to the AER prior to the final determination.
- Reducing the restriction on applying within 90 business days of the end of the regulatory year - this seems unnecessary in the context of adopting STPIS Version 6

---

<sup>3</sup> [Explanatory Statement to the Electricity Transmission Service Target Performance Incentive Scheme Version 6](#), April 2025.

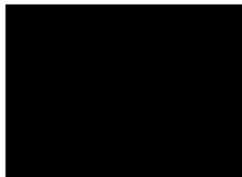
where there is broad agreement that it should apply as soon as possible and a willingness on the part of TNSPs to adopt quickly.

- Reducing the 40-100 business days period for the AER to consult on and make a decision in relation to the application of STPIS Version 6 - the AER through extensive consultation on STPIS Version 6 has already concluded that this scheme is appropriate.

We note however, that the Network Capability Component of the scheme, given the new annual requirements, may be more difficult to apply in 2026 and, as such, we think there should be flexibility for this component to commence later by agreement between the AER and TasNetworks.

We thank the AEMC for the opportunity to comment on the Consultation Paper and would welcome further engagement as the rule change progresses. To discuss the views expressed in this submission please contact [REDACTED], at [REDACTED]

Yours faithfully



Marthinus Le Roux  
Head of Regulation