

2 April 2026

MS Anna Collyer
Chair
Australian Energy Market Commission
GPO Box 2603
Sydney NSW 2001

Electronic lodgement – ERC0421

Dear Anna

Re: Draft Determination: Early application of a revised Service Target Performance Incentive Scheme

ElectraNet welcomes the opportunity to make a submission to the Australian Energy Market Commission's (AEMC) draft determination on the early adoption of a revised transmission service target performance incentive scheme (STPIS).

ElectraNet is South Australia's principal electricity Transmission Network Service Provider (TNSP) and is a critical part of the electricity supply chain and is facilitating the transition to a clean energy future.

We have participated in the Energy Networks Australia (ENA) submission process and support the resulting submission. However, there are some areas we would like to confirm and expand on for the AEMC's consideration.

This submission covers two aspects of the draft determination.

- The AEMC's determination on the early adoption of STPIS version 6
- The Australian Energy Regulator's (AER) enduring power to apply future versions of the STPIS.

Early adoption of STPIS version 6

In our view the AEMC has struck a considered and pragmatic balance between the complications and benefits of early adoption of STPIS version 6. We support the following dates.

- Disapplying the Market Impact Component (MIC) from 1 January 2026,
- Aligning the Service Component (SC) to STPIS version 6 from 1 July 2026, and
- Retaining the version 5 Network Capability Component (NCC) until each TNSP's next regulatory control period.

This appropriately reflects the administrative complexity of transitioning each of the components whilst also maximising the National Electricity Objective (NEO) outcomes for consumers.

As part of the draft determination, the AEMC asked whether there was value in mandating a consultation period for the AER in TNSPs' adoption of STPIS version 6.

We believe that there is limited value in this. The MIC would be suspended, the NCC would not apply until the next regulatory control period whilst the values for the SC component are

mandated as part of the draft rule. Accordingly, there is relatively limited ability for consultation to influence these outcomes. Further, there has already been extensive consultation, firstly by the AER when developing STPIS version 6 and subsequently by the AEMC in this rule change process. Whilst we believe that it will be vitally important for the AER and TNSPs to engage with each other to implement the new STPIS, a mandated period is unduly onerous.

The AER's enduring power to apply a future STPIS

Is consultation alone sufficient?

The draft rule appropriately proposes to embed consultation on the early application of a future revision to the STPIS within the AER's review process through which that new STPIS is developed.

Whilst this is an important safeguard, consultation itself does not provide a basis upon which early application decisions can be assessed. We consider that there should be a framework of principles to guide the AER's decision making process.

Principles are consistent with the AEMC's draft determination

The AEMC has determined that different components of STPIS Version 6 warrant different treatment and timing. This differentiated treatment reflects an implicit recognition that a uniform approach to early application is neither appropriate nor efficient.

In reaching a conclusion on each component, the AEMC considered whether the incentive is working as intended and still influencing behaviour, the administrative and implementation complexity, and how early application would interact with existing revenue determinations and delivery programs. Similar considerations would apply to AER decisions on early application of a future revision of the STPIS.

These principles should be codified for future decisions

The AEMC's determination demonstrates that these decisions necessarily involve judgement across multiple factors. The draft rule should articulate these principles to guide future determinations. This would not constrain flexibility but would codify the same considerations already applied by the AEMC, improving predictability and regulatory confidence for TNSPs and consumers alike.

Principles to be embedded in the rule

We consider that the below principles should be applied to future decisions to introduce a future revised STPIS early, meaning during a regulatory period.

Consumer interest and net benefit

Any decision to apply a revised STPIS early should be demonstrably in the long-term interests of consumers.

The case should clearly identify the incremental consumer benefits of early application, not just the merits of the revised STPIS. If those benefits are not clear, changes to incentive arrangements should take effect from the start of the next regulatory control period.

Degree of agreement between the AER and TNSPs

Broad agreement between the AER and TNSPs on early application indicates that implementation risks and the likelihood of unintended consequences are low.

Conversely, where TNSPs do not support early application, this suggests higher implementation risk. In such cases, the AER should clearly explain why early implementation is preferable to application at the next reset. This assessment should explicitly consider:

- The incremental benefits from bringing the change forward;
- whether the change was anticipated in the most recent revenue determination; and
- the remaining length of the current regulatory control period (for example, whether only months or several years remain).

This approach maintains regulatory certainty through a presumption in favour of implementation at reset, while allowing early application where the benefits clearly outweigh the associated costs and risks.

Consistency with the existing revenue determination and materiality of change

The AER should consider how any new STPIS is consistent with the existing revenue determination.

Early application should be approached with caution where a revised STPIS would change incentives, risk exposure, or revenue outcomes against those within the determination. Where materiality of the change increases, more justification for early application is required.

For example, the current NCC would be difficult to unwind if applied early, whereas the SC amendment posed lower implementation risk.

Nature and time horizon of the incentive

Some incentives, operating over short timeframes, could be suitable for early application. Others influence behaviour over entire regulatory control periods. A change, during a period, followed by further revision at the next determination, weakens the effectiveness of these signals.

Decisions on early application should therefore reflect differences in the cadence and behavioural intent of individual incentive components.

Practical implementation considerations

The AER should consider the practicalities of early application, including whether implementation would require:

- new or materially different data collection processes;
- changes to systems, models or reporting frameworks; or
- the deployment of new technologies or operational practices.

Early application is not appropriate if the implementation burden is disproportionate to the expected benefits.

Overall, ElectraNet supports the draft determination and considers that the proposed staged approach to early application of STPIS Version 6 appropriately balances consumer benefits with practical implementation considerations.

In relation to the enduring power, articulating a small set of high-level principles would improve clarity and predictability without unduly constraining the AER's discretion. These principles would

largely codify the considerations applied by the AEMC in this determination, strengthening confidence in the framework for any future early application of a revised STPIS and supporting efficient, consumer-focused decision-making over the long term.

Yours sincerely



Jeremy Tustin

Head of Regulatory and Economic Strategy