



Ref. A6244998

2 April 2026

Jacqueline Price
Project Lead
Australian Energy Market Commission
GPO Box 2603
SYDNEY NSW 2001

Dear Ms Price,

Reference – ERC0421

Early application of a Revised Transmission Service Target Performance Incentive Scheme (STPIS) Rule Change – Draft Determination

Powerlink Queensland (Powerlink) welcomes the opportunity to provide input to the Australian Energy Market Commission's (the Commission's) *National Electricity Amendment (Early Application of a Revised Transmission Service Target Performance Incentive Scheme) Rule Draft Determination*, published on 19 February 2026.

Background

The Australian Energy Regulator (AER) lodged its Rule change request on this matter in August 2025 after it completed its own consultation process (December 2023 – April 2025) that investigated options to implement revised transmission STPIS arrangements. The AER review concluded that the STPIS is no longer working as intended. In relation to the Market Impact Component (MIC) in particular, the AER noted that its continued application risks imposing penalties that are not reflective of Transmission Network Service Provider (TNSP) behaviour or controllable outcomes.¹

In the context of the energy transition, the AER is also concerned that it does not have the ability to apply a revised STPIS to take account of changed circumstances until each TNSPs' next regulatory period. This delay is not considered to be in the long-term interests of consumers.

Powerlink agrees with the AER's position on the MIC and has consistently advocated for its reform for many years given that some TNSPs were being systematically penalised for factors outside their control, which ran counter to the objective and incentive properties of the scheme. Powerlink also proposed that one option could be to pause the MIC for a period to enable relevant stakeholders to take stock of events, better understand the complexity occurring across transmission networks and the market and to monitor how events evolve.

Response to Draft Determination

Powerlink firmly supports the Commission's position to disapply (suspend) the MIC from 1 January 2026. We consider such action to be reasonable and appropriate while a more effective, fit-for-purpose alternative is developed. To that end, we note the AER has a working group considering broader, non-technical alternatives (such as better communication between the parties) that may achieve the same objective.

¹ Explanatory Statement to the Electricity Transmission STPIS Version 6, Australian Energy Regulator, April 2025.



Powerlink also agrees with the Commission's proposal to apply the Service Component of STPIS Version 6 from 1 July 2026. Under this new arrangement, TNSP performance would be assessed against a new loss of supply frequency target. We note the Commission's view that a staged introduction is intended to balance a number of factors, including the efficient implementation of the revised scheme to enable benefits to be realised sooner while maintaining regulatory certainty.

In its Draft Determination the Commission proposed an enduring power for the AER to reopen a TNSP's revenue determination to apply a revised STPIS within a regulatory period. Although this has the potential to support the timely implementation of improved incentive mechanisms as the energy system evolves, the potential for more frequent and substantial amendments to be made to the scheme would detract from regulatory certainty, could create additional administrative burden and increase costs if not constrained by clear safeguards and robust consultation processes.

Finally, Powerlink supports the Commission's draft position on the use of explicit principles to guide the AER's decision on the potential timing to apply revised STPIS arrangements. Our recommendation is that the early application of a revised STPIS *must be mutually agreed* between the relevant TNSP and the AER. At a minimum, these principles should require the AER to consider:

- *Complexity and technology impacts*: This is to ensure the complexity and scale of any proposed changes and consequential impacts on both the TNSP's and AER's systems, processes and governance are examined. Regard should also be had to any proposed data availability and reporting requirements.
- *Benefits outweigh the costs*: Early application would need to be supported by clear evidence that the benefits materially outweigh the costs for TNSPs.
- *Regulatory certainty and efficiency*: The AER need to be satisfied that early application of a revised STPIS can be implemented efficiently by the TNSP, being mindful of other market reform initiatives being implemented at the same time as any revised STPIS arrangements.

If you have any questions in relation to this submission, please contact me at jenny.harris@powerlink.com.au.

Yours sincerely,

A handwritten signature in blue ink, appearing to read "Jennifer Harris".

Jennifer Harris
General Manager, Network Regulation