



Australian Competition & Consumer Commission

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15 October 2003

Mr Rainer Korte
Manager Regulation
ElectraNet SA
PO Box 7096
Hutt Street Post Office
Adelaide SA 5000

Dear Mr Korte

Murraylink conversion: recalculation of cost allocation

I refer to your letter dated 4 September 2003 requesting approval from the Australian Competition and Consumer Commission (the Commission) to recalculate the cost allocation of transmission prices in the South Australian region in the event that the Murraylink Transmission Company (Murraylink) conversion to regulated status is approved and Murraylink ceases to be classified as a market network service.

ElectraNet SA submitted this request in accordance with clause 6.4.6(b) of the National Electricity Code (the Code):

“Where a Network Service Provider considers that significant change in the use or configuration of the transmission network warrants a review of the allocation, the Network Service Provider may seek approval from the Regulator to recalculate the cost allocation to apply for the remainder of the regulatory control period”.

It is noted that, since the date of ElectraNet SA’s request, a decision was made on 1 October 2003 by the Commission which approved the conversion of Murraylink to a prescribed service and determined a revenue cap for that service. Murraylink subsequently applied to NEMMCO to cease classification as a market network service effective from the beginning of 9 October 2003.




The Commission has considered ElectraNet SA's request and is of the view that the conversion of Murraylink to a prescribed service will constitute a significant change in the use or configuration of the South Australian transmission network. In arriving at this decision the Commission has taken into account that, as a regulated transmission network service provider, Murraylink will no longer manage its own operation within the national electricity market, but will be controlled and dispatched by NEMMCO. The use of the network is therefore expected to change significantly as a result of Murraylink's conversion.

ElectraNet SA is accordingly granted approval to recalculate the cost allocation under clause 6.4.6(b) of the Code.

If you have any questions regarding the above matters please contact Owen Seadon on (03) 9290 1856.

Yours sincerely



✍ Sebastian Roberts
General Manager
Regulatory Affairs - Electricity