

24 April 2007

Stuart Dodds
Operations Manager Queensland
Australian Pipeline Trust
Level 11, 77 Eagle Street
BRISBANE QLD 4000

By email: SDodds@pipelinetrust.com.au

Dear Mr Dodds

Re: Murraylink transmission service standards review for 2006

I am writing to inform you of the outcome of the Australian Energy Regulator's (AER) review of Murraylink's performance against its transmission service standards incentive scheme for the 2006 calendar year.

In conducting its review, the AER considered Murraylink's revenue cap decision (7 April 2004), Murraylink's performance report for 2006 (29 January 2007), the AER's Service Standards Guidelines (12 November 2003), and the Sinclair Knight Mertz (SKM) consultancy report (2 April 2007).

After conducting a review of Murraylink's performance report for 2006, the AER endorses Murraylink using a service standards factor (s-factor) of 0.179% for the 2006 calendar year, and consequently adding a bonus amount of \$22,645 to its maximum allowed revenue (MAR) for the financial year 2007-08.

AER staff have found during the review this year that the Murraylink and Directlink interconnectors have had some difficulty in substantiating third party outages (for example "run backs"). In particular it appears that these types of outages are not included in the service standards information provided by neighbouring TNSPs because they are not necessarily considered an outage for service standards reporting purposes by those TNSPs.

The AER is interested in discussing this issue with the interconnectors and the TNSPs that neighbour their networks. This is to determine whether the neighbouring TNSPs can assist Murraylink and Directlink in providing information which can substantiate

the cause of these outages. AER staff will contact the relevant businesses to discuss this issue in the coming weeks.

I would like to thank Murraylink staff for their open and active participation in this year's audit process, in particular for allowing AER staff to gain a greater understanding of the audit process. Should you have any further enquiries please contact Eugene Henry on (03)9290 1429.

Yours sincerely,

A handwritten signature in black ink, appearing to read 'Chris Pattas', written in a cursive style.

Chris Pattas
General Manager
Network Regulation South