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Our Ref: C2007/2155
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28 April 2008

Mr John Byrne
Acting/Managing Director
TransGrid
PO Box A1000
Sydney South NSW 1235

By email: John.Byrne@transgrid.com.au

Dear Mr Byrne,

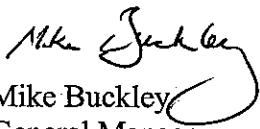
I am writing to you to inform you of the outcome of the Australian Energy Regulator's (AER) review of TransGrid's performance for the 2007 calendar year under the service standards incentive scheme.

In conducting the review, AER staff considered TransGrid's revenue cap decision (27 April 2005), TransGrid's service standards report (31 January 2008), and the service standards guidelines (12 November 2003).

After conducting a review of TransGrid's performance report for 2007, I endorse TransGrid using a service standards factor (s-factor) of 0.116 per cent for the 2007 calendar year and consequently adding a bonus amount of \$575,069 to apply to its maximum allowed revenue for the 2008–09 financial year.

I would like to thank TransGrid for its open and active participation throughout the review process. Should you have any questions please contact Nam Le on (02) 9230 9107.

Yours sincerely


Mike Buckley
General Manager
Network Regulation North