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11 March 2011

Craig Moody
A/g Executive General Manager
System Planning & Regulation
Ausgrid
GPO Box 4009
SYDNEY NSW 2001

Dear Mr Moody

D-factor for demand management activities undertaken in 2009–10

I am writing to you regarding the outcome of the AER's determination on Ausgrid's D-factor for demand management activities undertaken in 2009–10.

In Appendix K of the AER's 2009 NSW distribution determination the AER adopted IPART's D-factor scheme for the 2009–14 regulatory control period. The AER has reviewed Ausgrid's D-factor submission against section 11.2 of the Independent Pricing and Regulatory Tribunal's *NSW Electricity Distribution Pricing for 2004/05 to 2008/09* and *Guidelines on the Application of the D-factor in the Tribunal's 2004 NSW Electricity Distribution Pricing Determination*.

On the basis of the information provided in Ausgrid's submission and independent experts review, the AER has determined a D-factor of -0.001 is to be included in the weighted average price cap for 2011–12.

If you would like to discuss this matter further please contact Ben Davis on 6243 1272.

Yours sincerely



Chris Pattas
General Manager
Network Operations and Development