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Our Ref: C2007/2155
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28 April 2008

Mr Stuart Dodds
Operations Manager Power Transmission
APA Group
PO Box 6569
UPPER MOUNT GRAVATT QLD 4122

By email: Stuart.Dodds@pipelinetrust.com.au

Dear Mr Dodds

Re: Transmission service standards compliance review for 2007

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

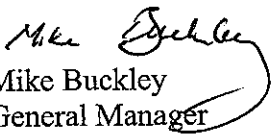
In conducting the review, AER staff considered Directlink's revenue cap decision (3 March 2006), Directlink's revised service standards report (submitted 10 April 2008) and the AER's service standards guidelines (12 November 2003).

After conducting a review of Directlink's performance report for 2007, I endorse Directlink using a service standards factor (s-factor) of -0.624 per cent for the 2007 calendar year resulting in a financial incentive adjustment of -\$74 928 to apply to its maximum allowed revenue for the 2008-09 financial year.

During the 2007 review, AER staff found that Directlink had some difficulty substantiating several proposed exclusions. While Directlink is not required to provide evidence of proposed exclusions when it submits its compliance report, it may be requested to provide additional supporting documentation at a later date to either AER staff and/or the AER's consultants. The onus is on Directlink to provide sufficient information to satisfy AER staff and/or its consultants as to the veracity of its proposed exclusions. Where the AER is not satisfied that the information provided substantiates the proposed exclusions it may not allow them.

I would like to thank Directlink staff for their open and active participation throughout the 2007 compliance review. If you have any enquiries please contact Simon Bell on (02) 6243 1232.

Yours sincerely


Mike Buckley
General Manager
Network Regulation North