

Our Ref: C2004/506
Contact Officer: Melanie Hewitt
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14 November 2005

Mr Gordon Jardine
Chief Executive
Powerlink Queensland
33 Harold Street
Virginia QLD 4014

Dear Mr Jardine

Confirmation of capacity in southern Queensland network during summer of 2006-07

On 10 November 2005, the AER released its draft decision on the Directlink Joint Venturers' (DJV) application to convert Directlink from a market network service to a prescribed service. In its decision, the AER stated that it intends to disallow attributing any benefits from the deferral of line 966 to Directlink. However, it noted that it would undertake further consultation on the issue before making its final decision.

Based on advice from their consultants, DJV claims that the installation of the second Molendinar transformer in 2006 will release an additional 90 MW of southward capacity to Directlink through the Gold Coast transmission network, thereby allowing Directlink to provide support to northern NSW and avoiding the upgrade of line 966 until at least 2012.

Recent discussions with Powerlink on this issue indicated that, although the second transformer would be advanced, it would only be energised should a contingency occur and consequently the advancement would not provide any additional capacity for southern flows. To assist the AER in reviewing DJV's claims, I would be grateful if you could confirm in writing:

- To what extent the installation of a second transformer at Molendinar would provide additional capacity to Directlink to flow south in 2006-07 (i.e. what power would be available for Directlink to flow south during summer peak in 2006-2007 under system normal conditions?)
- If Powerlink expects constraints in Energex's network to reduce the availability of power in the Gold Coast network to flow south across Directlink in 2006-07.

The AER's draft decision and relevant correspondence on this issue can be found on the AER's website www.aer.gov.au.

Clarification of these issues will assist the AER in making its final decision. Should you have any queries in relation to this request, please call Melanie Hewitt on (02) 6243 1114.

Yours sincerely

W. J. Anderson

Warwick Anderson
Acting General Manager—Access Branch
Australian Energy Regulator