



Our Ref: C2004/506  
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14 November 2005

Mr Mal Park  
Executive Manager—Strategic Network Development  
TransGrid  
PO Box A1000  
Sydney South NSW 1235

Dear Mr Park

**Directlink draft decision—benefits from deferral of transmission augmentations**

I am writing to notify you that on 10 November 2005, the Australian Energy Regulator (AER) released its draft decision on the Directlink Joint Venturers' application to convert Directlink from a market network service to a prescribed service. This decision approves Directlink's conversion and provides the Directlink Joint Venturers with a regulated maximum allowed revenue to June 2015.

The AER would appreciate TransGrid's views on the following network augmentation plans and embedded generation projects, which are discussed in chapter 7 of the draft decision:

- New South Wales—line 966
- the planned 330 kV line from Dumaresq to Lismore
- Broadwater co-generation project
- Metgasco's embedded generator project.

On 15 September 2005, the AER received a letter from Country Energy indicating that Powerlink intends to advance the installation of a second transformer at its Molendinar substation for the summer of 2006-07 and that this would release additional capacity into the southern Gold Coast network for flows across Directlink into northern NSW.

In particular, the AER would like to ask TransGrid whether the new information on the advancement of the second transformer by Powerlink at its Molendinar substation alters TransGrid's plans for the augmentation of line 966 by the summer of 2006-07.

The AER's draft decision, the letter from Country Energy and correspondence between Country Energy and Powerlink on this issue can be found on the AER's website [www.aer.gov.au](http://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

Warwick Anderson  
Acting General Manager—Access Branch  
Australian Energy Regulator