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2 April 2013

Keith Yates  
Executive Manager – Regulation & Pricing  
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Dear Mr Yates

**D-factor for demand management activities undertaken in 2011–12**

I refer to Ausgrid's D-factor submission for demand management activities undertaken in 2011–12.

In Appendix K of the 2009 NSW distribution determination the AER adopted the Independent Pricing and Regulatory Tribunal's (IPART) D-factor scheme for the 2009–14 regulatory control period. The AER has reviewed Ausgrid's D-factor submission against section 11.2 of IPART'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*.

Based on the information provided in Ausgrid's submission and independent expert's review, the AER has determined a D-factor of 0.001 is to be included in Ausgrid's weighted average price cap for 2013–14.

If you would like to discuss this matter further please contact Anne Sastro on (02) 9230 9109.

Yours sincerely



Chris Pattas  
General Manager  
Network Operations and Development Branch