



06 May 2011

Mr Warwick Anderson
General Manager, Network Regulation
Australian Energy Regulator
23 Marcus Clarke Street
Canberra ACT 2601

Dear Mr Anderson

APT Allgas 2011-16 Access Arrangement Revisions

On 17 February 2011, the AER issued its draft decision on the proposed revisions to the APT Allgas Access Arrangement for the period from 01 July 2011 to 30 June 2016.

One of the aspects of that decision was the value to be attributed to imputation credits in the calculation of the tax allowance. The AER, in its draft decision, acknowledged that the value to be applied to the utilisation of imputation credits ("gamma") was at the time the subject of proceedings before the Australian Competition Tribunal ("the Tribunal").

In the draft decision, the AER undertook to take into account the Tribunal's decision on gamma if it was issued before the AER released its final decision on the APT Allgas Access Arrangement revisions (AER draft decision, s6.4.5 p76):

The further work as part of the Tribunal proceedings is not available for this draft decision however the AER has made this decision on the basis of all relevant information currently before it. The aforementioned Tribunal decisions in relation to gamma may be before the AER when determining the final decision for APT Allgas, and will be taken into account by the AER at that time if available.

APT Allgas in its submission in response to the AER draft decision at page 48 agreed with the AER's proposed approach.

The Tribunal, at a public hearing on 29 April 2011, indicated that it had reached a decision that the correct value of gamma is 0.25. Whilst the full text of the Tribunal's determination is to be published, we do attach a Notice by Spark Infrastructure to the Australian Stock Exchange, dated 04 May 2011 advising the implications of the Tribunal's decision.

Pursuant to the AER's undertaking in its draft decision on the APT Allgas proposed revisions to the 2011-16 Access Arrangement APT Allgas submits that this information on

the value of gamma of 0.25 is before the AER and therefore must be utilised when determining the total revenue for the APT Allgas network

Yours faithfully

A handwritten signature in black ink, appearing to read 'P. Bolding', with a stylized, flowing script.

Peter Bolding
General Manager
Regulatory and Strategy

Encl: Spark Infrastructure notice to Australian Stock Exchange 04 May 2011.



Wednesday, 4 May 2011

The Manager
Company Announcements
Australian Stock Exchange Limited
20 Bridge Street
SYDNEY NSW 2000

Dear Sir / Madam

ETSA UTILITIES APPEAL UPDATE IN RELATION TO "GAMMA"

In 2010, ETSA Utilities was granted a review by the Australian Competition Tribunal ("ACT") of the Australian Energy Regulator's ("AER") Final Decision regarding the value of imputation credits ("gamma").

At a public hearing held on Friday, 29 April 2011, the ACT indicated that the tribunal has decided that gamma will be 0.25 and will make a determination at the appropriate time.

Gamma determines the utilisation of franking credits in estimating the taxation allowance for regulated utilities and therefore has an impact on revenue. The AER's Final Decision for ETSA Utilities issued in May 2010 stated gamma at 0.65. A lower gamma will have a positive impact on revenue.

No formal determination has been received by ETSA Utilities in relation to this matter and therefore no further information in relation to the impact on revenue and pricing, and timing, is available. We expect the ACT to hand down its formal determination within the next two weeks.

This expected determination applies to ETSA Utilities. CitiPower and Powercor have also been granted a review of the AER's decision in relation to gamma as it pertains to their businesses, however, those appeals are subject to separate circumstances and timelines.

Spark Infrastructure will continue to update the market in relation to these matters as more information becomes available.

Yours faithfully,

A handwritten signature in black ink, appearing to read "Alex Finley", with a large, stylized flourish extending from the end.

Alexandra Finley
Company Secretary