

Mr Michael Charlton
General Manager (Electricity Networks)
ACTEWAGL
GPO Box 366
CANBERRA ACT 2601

cc: Chris Pattas, General Manager, Australian Energy Regulator

Dear Mr Charlton

Approval of Distribution Loss Factors for 2008-09

Thank you for your letter of 5 March 2008 seeking the Commission's assistance in facilitating transitional arrangements for the review and approval of distribution loss factors (DLFs) for the 2008-09 financial year.

I note that the Australian Energy Regulator (AER) has not published a methodology for determination of DLFs for the 2008-09 financial year and has, therefore, proposed a transitional arrangement which will preserve major elements of the approaches currently operating in respective jurisdictions.

The AER has proposed that Distribution Network Service Providers (DNSPs) should determine their DLFs in accordance with their respective methodologies and submit these to the AER for approval. The DNSP's submission is to include the DLFs for which approval is sought, information on the methodology used to determine the proposed DLFs, and independent positive assurance certification that the DLFs have been calculated by the application of the relevant methodology.

The AER has indicated that certification provided by either an auditor/consultant or the jurisdictional regulator (by agreement) is acceptable. The Commission has agreed to assist you through provision of the required statement of assurance.

In this context, the DLFs proposed by ActewAGL for the 2008-09 financial year are:

- 1.0486 for low voltage customers
- 1.0282 for high voltage customers



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The proposed DLFs have been reviewed by the Commission. The Commission advises that they have been determined in accordance with the methodology agreed for previous years by the Commission and ActewAGL.

I understand that the DNSP is required to publish the methodology in use or otherwise sanctioned by the jurisdictional regulator as at 31 December 2007. The AER has indicated that where the methodology is not already published, this should be done by 21 March 2008.

I trust this statement of assurance is sufficient to support ActewAGL's submission to the AER.

Yours sincerely

A handwritten signature in black ink, appearing to read 'Paul Baxter', with a large, stylized initial 'P' and a long horizontal stroke at the end.

Paul Baxter
Senior Commissioner

13 March 2008