9 March, 2012

Mr Chris Pattas
General Manager
Network Regulation South
Australian Energy Regulator
GPO Box 520
Melbourne 3001

Dear Mr Pattas,

PROPOSED 2012-13 DISTRIBUTION LOSS FACTORS

CitiPower has completed a review of its proposed Distribution Loss Factors (DLF's) for 2012-13 taking into account clause 3.6.3 of the National Electricity Rules including:-

- Site specific DLF's for end users with load of more than 40 GWh or a demand of more than 10MW;
- Site specific DLF's for generators over 10MW;

The 2012-13 loss factors are based on forecast sales and demand data with estimated losses derived from an average top down loss of 3.79% (average of last 5 years) of sales.

The proposed DLF's set out in the attached submission have been calculated in accordance with the Essential Services Commission's guidance paper – Calculation Methodology for Distribution Loss Factors (DLF's) for the Victorian Jurisdiction, 14 February 2007.

The actual top down loss for 2010-11 has been calculated to be 3.40%. See attached reconciliation for 2010-11.

CitiPower has identified one end use customer that qualifies for a site specific loss factors as set out in the attached submission. The site specific loss factor for this connection point has been calculated taking into account the characteristics of their specific supply arrangements and their electricity consumption characteristics. In the previous year, CitiPower had identified two customers who qualify for site specific loss factors. However, one of those customers no longer qualifies for site specific loss factors any longer due to drop in their consumption and/or demand. This customer (NMI [redacted]) now reverts to being included in the DLF 'C' category.

Please also find attached a report from Parsons Brinkerhoff Australia Pty Limited (PB) who have reviewed and certified the proposed DLF's. The report states that PB is satisfied that the proposed DLF's meet the requirements of clause 3.6.3 of the National Electricity Rules and are consistent with the methodology developed by the ESC.

Please give me a call on telephone 9683 4469 if you require further information or wish to discuss any aspect of this matter.

Yours Sincerely

[signed]

Matthew Serpell
Manager Network Pricing

2012-13 DLF Proposal **9 March 2012**

Company Name	**CITIPOWER PTY**

Forecast Sales (MWh) – 2012/13 (Including loads for site specific DLF's)

	DLF A	**DLF B**	**DLF C**	**DLF D**	**DLF E**	**Total**
Short Subtrans.	97,800	11,720	450,897	1,700,697	3,893,499	6,154,613
Long Subtrans.	-	-	-	-	-	-

Forecast Losses (MWh) – 2012/13 (Including loads for site specific DLF's)

	DLF A	**DLF B**	**DLF C**	**DLF D**	**DLF E**	**Total**
Short Subtransmission	24,785	49,560	18,832	121,133	19,115	233,425
Long Subtransmission	-	-	-	-	-	-

Proposed Network Average DLFs for General Customers

DLF TYPE	**DLF A**	**DLF B**	**DLF C**	**DLF D**	**DLF E**
2011/12 DLFs					
Short Subtransmission	1.0035	1.0113	1.0160	1.0387	1.0438
DLF CODE	ESTA	EZSB	EHVC	EDSD	ELVE
Long Subtransmission	---	---	---	---	---
Proposed 2012/13 DLFs					
Short Subtransmission	**1.0040**	**1.0122**	**1.0152**	**1.0370**	**1.0418**
DLF CODE	ESTA	EZSB	EHVC	EDSD	ELVE
Long Subtransmission	---	---	---	---	---
% Difference					
Short Subtransmission	0.050%	0.089%	-0.079%	-0.164%	-0.192%
Long Subtransmission	**---**	**---**	**---**	**---**	**---**

2012-13 DLF Proposal cont.

Site-Specific Distribution Loss Factors (DLF) for Large Customers
(Customers with demand > 10 MW or annual energy consumption > 40 GWh)

No	NMI Number	DLF CODE	DLF 2011/12	Proposed DLF 2012/13	% Difference
1	[redacted]	[redacted]	[redacted]	[redacted]	See Note 1
2	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]

Notes:
1. Customer reverts back to general DLF 'C' due to annual consumption falling below 40 GWh

Energy Procured (MWh) - 2010-11

Energy obtained from transmission connections	6,227,750
Energy obtained from embedded generation	98,462
Inter DB supply from other Distributors	83,535
Total Energy Procured (pa)	6,409,747

Energy Supplied (MWh) – 2010-11

Total annual energy supplied to CitiPower customers	6,178,448
Inter DB supply to other distributors	20,832
Net Energy Supplied (pa)	6,199,280

RECONCILIATION -2010/11 - CITIPOWER

	MWh	
ΣME_i x DLF_i for 2010/11	6,451,707	A
Actual Consumption or Sales for 2010/11	6,199,280	B
Losses recovered through application of DLFs to customers' actual consumption for 2010/11	252,427	C =A-B
Actual Measured Losses 2010/11	210,467	D
Actual Measured Losses 2010/11 as %age of Sales	3.40%	D/B
Difference or error in overall losses	41,960	E = C - D
Difference or error in overall losses as % of total energy sales (Over-recovered)	0.68%	F = E/B

Definitions:

DLF A is the distribution loss factor to be applied to a second tier customer or pool customer connected to either a 66kV or a 22kV subtransmission line.

DLF B is the distribution loss factor to be applied to a second tier customer or pool customer connected to the lower voltage side of a zone substation

DLF C is the distribution loss factor to be applied to a second tier customer or pool customer connected to a distribution line at voltages of 22kV, 11kV or 6.6kV.

DLF D is the distribution loss factor to be applied to a second tier customer or pool customer connected to the lower voltage terminals of a distribution transformer.

DLF E is the distribution loss factor to be applied to a second tier customer or pool customer connected to low voltage lines of 240/415 V