



DIRECTLINK JOINT VENTURE

Emmlink Pty Limited
ACN 085 123 486
HQI Australia Limited Partnership
ACN 086 210 488

PO Box 5118, Port Macquarie NSW 2444
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7 March 2007

Mr Mike Buckley
General Manager
Networks Regulation North
PO Box 1199
Dickson ACT 2602

Dear Mr Buckley

Service standards compliance review 2006

The DirectLink Joint Venturers (DJV) are pleased to provide the Australian Energy Regulator (AER) with revised service performance information for the 2006 calendar year. A soft copy of the annual service standards reporting template is included with this letter. The template has been completed in accordance with the AER's service standards guidelines and the final revenue cap decision for the DJV dated March 2006.

The actual performance of DirectLink without exclusions in comparison with the service performance targets set in the revenue cap decision is summarised below:

- Scheduled circuit availability of 99.75% compared to the target performance of 99.45%;
- Forced outage circuit availability in peak periods of 92.66% compared to the target performance of 99.23%; and
- Forced outage circuit availability in off-peak periods of 95.48% compared to the target performance of 99.23%.

The financial incentive factor without exclusions is -0.536744%.

The DJV has proposed three outage events for exclusion:

- The TransGrid's inter-trip system caused an outage on DirectLink system 2 on 25 April 2006 between the hours of 07:30 and 08:52. The DJV is seeking exclusion in accordance with the definition of a third party outage event;
- The TransGrid's inter-trip system caused an outage on DirectLink system 3 between 07:30 on 25 April 2006 and 20:04 on 26 April 2006. The DJV is seeking exclusion in accordance with the definition of a third party outage event; and
- A transformer core failure at the Bungalora substation caused an outage on DirectLink system 1 commencing at 12:40 on 20 November 2006 and continued through into the 2007 calendar year. The transformer required off-site repairs.



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The DJV is seeking exclusion in accordance with the definition of a force majeure outage event.

The TransGrid trip is presented as two events as the two DirectLink systems were restored at different times.

The actual performance of DirectLink with exclusions is summarised below:

- Scheduled circuit availability of 99.75%;
- Forced outage circuit availability in peak periods of 95.12%; and
- Forced outage circuit availability in off-peak periods of 96.95%.

The financial incentive factor with exclusions is -0.536744%.

The DJV would appreciate the opportunity to provide further details and commentary on the performance of DirectLink during the preparation of the AER's annual performance statement.

Please feel free to contact me on 02 6589 8777 if you require any further assistance.

Yours sincerely

A handwritten signature in cursive script that reads "D. Stanley".

Dennis Stanley
DirectLink Joint Venture Manager