

7 March 2008

Mr Chris Amos
Manager – Network Pricing
EnergyAustralia
GPO Box 4009
Sydney NSW 2001

Dear Chris,

PROPOSED ENERGYAUSTRALIA DISTRIBUTION LOSS FACTORS FOR FY09

Intelligent Energy Systems Pty Ltd (IES) has undertaken a review (audit) of the proposed Distribution Loss Factors (DLFs) for 2008/09 financial year calculated by EnergyAustralia. The IES audit examined the proposed DLFs with regard to their consistency with EnergyAustralia's published methodology as at 31 December 2007.

For its 2008/09 DLF calculations, EnergyAustralia has followed the methodology implemented in previous DLF reviews. It makes use of a well structured set of spreadsheets that clearly show the application of the approved methodology, the inputs, intermediate values and final DLF numbers. Along with a suite of spreadsheets, EnergyAustralia also provided IES with a document titled "Distribution Loss Factor Calculation Methodology Paper", dated February 2008, outlining its proposed DLFs for 2008/09. The report also included the methodology for the calculation of DLFs, discussion of results and outcomes of its reconciliation of losses for 2006/07. EnergyAustralia's submission was clear and concise, the calculations consistent with the published methodology and, DLF values correctly determined as per their published methodology.

EnergyAustralia has submitted proposed DLFs for 2008/09 that have changed only slightly from those for 2007/08. The largest change in any one DLF to that calculated for 2007/08 has been limited to 0.6%. The proposed changes to DLF values for 2008/09 should not have a significant impact on EnergyAustralia's customer costs.



Bryan Whitlock
Senior Energy Analyst

