

4th March 2009

Frank Nevill
Regulated Operations Manager
Integral Energy
PO Box 6366
BLACKTOWN NSW 2148

Dear Frank

Distribution Loss Factor Calculation for 2009 – 2010 – Independent Review

TCFT Business Services was appointed to carry out an independent review of Integral Energy's proposed distribution loss factor (DLF) calculations for 2009 -2010.

Integral Energy's senior management is responsible for the determination of the information contained in the DLF calculation.

Our involvement was to conduct an independent review of the process undertaken by Integral Energy to calculate DLFs for 2009-10. The review is intended to establish a view on whether the calculation process undertaken complied with Integral Energy's established DLF calculation methodology.

Our review procedures included examination, on a test basis, of evidence supporting the data contained in the DLF calculation, discussion with responsible managers, review of the DLF calculation methodology, review of the DLF calculation and testing the compliance of the DLF calculation with the DLF methodology. These procedures have been undertaken to form a review opinion on the matter referred to below. In addition, we have provided findings and recommendations for consideration by Integral Energy's management.

Our findings have been formed on the above basis. Based on the work completed, and subject to the matters detailed in our report, our findings are that:

- the DLF calculations reviewed for 2009 -2010 are consistent with Integral Energy's established DLF methodology

We disclaim any assumption of responsibility for any reliance on our report to any person other than Integral Energy or for any purpose other than that for which it was prepared.

We would be pleased to discuss any aspect of our report with you. Please contact me on 0419 418 566 or email peter@tcft.com.au if I can provide any additional information.

Yours sincerely



Peter Cameron
TCFT Business Services