

Ref. 2/900/2

15 June, 2001

Mr Paul Bilyk  
Director  
Regulatory Affairs – Electricity  
Australian Competition and Consumer Commission  
PO Box 1199  
DICKSON ACT 2606

Dear Paul,

**Mid-term Revenue Adjustment for Capex Variations**

I confirm discussion, between Louis Tirpcou and Terry Miller in which it was concluded that there are still a range of outstanding issues which need to be resolved before a formularised mid-term revenue adjustment to account for capex variations can be implemented. These unresolved issues include:

- a robust formula;
- testing of the formula;
- dealing with capex efficiency incentives;
- ensuring the adjustment is limited to capex variations only.

Because the above issues are unlikely to be resolved prior to the issue of your draft decision, Powerlink is of the view that, at this point in time, the mid-term adjustment should be dispensed with.

As an interim measure, we are prepared to withdraw our request for the capex mid-term adjustment as requested in Clause 10.6.2 of our Application.

Please do not hesitate to contact me should you wish to discuss this matter further.

Yours sincerely,

Terry Miller  
**MANAGER REGULATORY AFFAIRS**

Telephone: (07) 3860 2710