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13 March, 2008

Mr Chris Pattas
General Manager
Australian Energy Regulator
GPO Box 520
Melbourne VIC 3001

Att: Vani Rao

Dear Mr Pattas,

**Proposed 2008-09 Distribution Loss Factors
Abridged submission with confidential information removed.**

Powercor Australia has completed a review of its proposed Distribution Loss Factors (DLF's) for 2008-09 taking into account clause 3.6.3 of the National Electricity Code 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 2008-09 loss factors are based on forecast sales and demand data with estimated losses derived from an average top down loss of 7.07% (average of last 5 years) of sales without adjustment for theft as agreed with the DLF working group in December 2007.

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

The actual top down losses for 2006-07 have been calculated to be 7.47% of sales. See attached reconciliation for 2006-07.

Powercor Australia has identified sixteen end use customers and three generators that qualify for site specific loss factors as set out in the attached submission. The site specific loss factors for these connection points have been calculated taking into account the characteristics of their specific supply arrangements and their electricity consumption characteristics. The information set out in relation to the generators should be treated confidentially as it provides sensitive information associated with identifiable customers.

In order to assist the AER in approving the DLF's, the Essential Services Commission (ESC) has reviewed the proposed DLF's and provided the attached report which states that "the proposed DLF's are consistent with the DLF Calculation Methodology and meet the Rules requirement."

Please give me a call on telephone 9683 4282 if you require further information or wish to discuss any aspect of this submission.

Yours Sincerely

Rolf Herrmann
Manager Regulation

Company Name: Powercor Australia Ltd

Forecast Energy Procured 2008/09 (MWh)

Energy obtained from transmission connections	11,234,552
Energy obtained from embedded generation	396,240
Energy obtained from ETSA	8,844
Energy provided to AGL	-41,762
Total Energy Procured 2008/09	11,597,874

Forecast Energy Supplied 2008/09 (MWh)	10,831,805
Forecast Losses 2008/09	766,069
Forecast Losses 2008/09 as % of Forecast Sales	7.07%

Forecast Energy Supplied 2008/09 (MWh)

	DLF A	DLF B	DLF C	DLF D	DLF E	Total
Short Subtrans.	1,107,949	41,634	937,508	925,496	2,495,380	5,507,968
Long Subtrans.	184,553	0	658,706	731,111	3,749,467	5,323,837

Forecast Annual Distribution Losses 2008/09 (MWh)

	DLF A	DLF B	DLF C	DLF D	DLF E	Total
Short Subtrans.	23,705	28,356	107,394	93,778	24,239	277,473
Long Subtrans.	173,149	35,248	133,497	116,571	30,130	488,596

Network Average DLFs for General Customers

	DLF A	DLF B	DLF C	DLF D	DLF E
Approved 2007/08 DLFs					
Short Subtrans.	1.0047	1.0112	1.0364	1.0617	1.0698
Long Subtrans.	1.0318	1.0383	1.0635	1.0888	1.0969
Proposed 2008/09 DLFs					
Short Subtrans.	1.0047	1.0115	1.0375	1.0641	1.0728
Long Subtrans.	1.0331	1.0399	1.0659	1.0925	1.1012
% Difference					
Short Subtrans.	0.000%	0.030%	0.106%	0.226%	0.280%
Long Subtrans.	0.126%	0.154%	0.226%	0.340%	0.392%

Powercor 2008-2009 DLF Proposal cont.

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

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

No	NMI Number	DLF 2007/08	Proposed DLF 2008/09	% Diff.
1	VCCCAF0002	1.0012	1.0011	-0.010%
2	VCCCAF0001	1.0056	1.0050	-0.060%
3	VCCDA0031	1.0006	1.0006	0.000%
4	VCCCGD0001	1.0013	1.0012	-0.010%
5	VCCCGJ0001	1.0025	1.0028	0.030%
6	VCCDA0022	1.0010	1.0015	0.050%
7	VCCCRD0007	1.0131	1.0133	0.020%
8	VCCDA0025	1.0084	1.0086	0.020%
9	VCCAB0003	1.0170	1.0167	-0.029%
10	VCCAD0001	1.0104	1.0109	0.049%
11	VCCCGK0001	1.0313	1.0330	0.165%
12	VCCSE0004	1.0521	1.0582	0.580%
13	VCCGE0019	1.0094	1.0097	0.030%
14	VCCBC0025	1.0303	1.0317	0.136%
15	VCCTE0002	1.0593	1.0545	-0.453%
16	VCCSG0063	1.0748	1.0746	-0.019%

Powercor 2007-2008 DLF Proposal cont.

Site-Specific Distribution Loss Factors (DLF) for Large Embedded Generators (Generators with export power > 10 MW)

No	Generator	NMI Number	DLF 2007/08	Proposed DLF 2008/09	% Diff.
1	Generator A	6203661632	1.0113	1.0107	-0.059%
2	Generator B	6203008781	1.0320	1.0287	-0.320%
3	Generator C	6203690629	1.0320	1.0287	-0.320%

Actual Energy Procured 2006/07 (MWh)

	MWh	
Energy obtained from transmission connections	10,735,802	
Energy obtained from embedded generation	392,342	
Energy obtained from ETSA	8,431	
Energy provided to AGL	-39,811	
Total Energy Procured 2006/07	11,096,764	X

RECONCILIATION -2006/07

	MWh	
$\Sigma ME_i \times DLF_i$ for 2006/07	11,047,413	A
Actual Consumption or Sales for 2006/07	10,325,927	B
Losses recovered through application of DLFs to customers' actual consumption for 2006/07	721,485	C=A-B
Total Energy Procured 2006/07	11,096,764	X
Actual Measured Losses 2006/07	770,837	D=X-B
Actual Measured Losses 2006/07 as %age of Sales	7.47%	D/B
Allowance for theft & faulty metering energy (0.2% of sales)	20,652	E=B*0.2%
Actual Measured Losses 2006/07 adjusted for theft & faulty metering	750,185	F = D - E
Difference or error in overall losses	-28,700	G = C - F
Difference or error in overall losses as % of total energy sales (Under-recovered)	-0.28%	H = G/B