

POWERLINK QUEENSLAND

RESPONSE TO: PB Associates Report

Directlink Conversion Application

16 December 2004

Powerlink offers the following comments in response to the PB Associates report on the Directlink conversion application to regulated status.

Third line between Mudgeeraba and Terranora

PB make the following statement in their report (p16):

“PB Associates has concerns that Powerlink may not be able to construct the additional third 110 kV transmission line into Terranora within its stated timeframes, or even at all, due to the need to obtain planning and environmental approvals for that section of the route within NSW.”

The timing and evaluation of solutions to forecast reliability of supply limitations to Terranora would be evaluated through joint planning. Country Energy, Energex and Powerlink are currently in the early stages of joint planning involving supply to Terranora, Tweed Heads and the southern Gold Coast. A third line to Terranora is one option to address forecast supply limitations to Terranora which would be evaluated against other solutions. Implementation of the solution to forecast limitations would necessarily involve all organisations. It should also be noted that Country Energy own the section of the existing Mudgeeraba to Terranora lines which are located in New South Wales while Powerlink owns the section of these lines located in Queensland.

Network support and NCAS arrangements

Should Directlink convert to a prescribed service it is Powerlink's expectation that that dispatch of MW and MVAR would be based on security of supply considerations in a market in a manner that is consistent with all other regulated network.

Regulatory Principle

Investment decisions are inevitably made on the basis of information available at the time the decision needs to be made. Although this conversion process is not an investment it needs to be treated in a manner which is consistent with the established principles ie. that decisions can only be made on the basis of information available at the time.