

10 January 2014

Mr Chris Pattas
General Manager Network Operations and Development
Australian Energy Regulator
GPO Box 520
MELBOURNE VIC 3001

By email: Chris.Pattas@aer.gov.au
CC: Ramanuj.Ganguli@aer.gov.au

Dear Chris,

RE: Compliance with Rule 11.50.5C

Please be advised under the requirements of clause 11.50.5C of the National Electricity Rules that SP AusNet has one project that is being assessed under old clauses 5.6.2 (e1) to (k) of the National Electricity Rules. That project is the Kalkallo to Doreen 66kV line project.

SP AusNet has concluded the consultation phase under clause 5.6.2 (f) of the old rules where a consultation paper was published on the SP AusNet website for the period 6th August 2013 to 6th November 2013 and forwarded to all registered non-network providers on 7th August 2013 seeking non-network alternatives to our network proposal to construct this new 66kV line. I have attached the consultation paper for your information.

Two proponents of network support investigated this opportunity (including one experienced provider who already provides network support to SP AusNet) but ultimately concluded that a non-network solution was un-economic for this constraint. SP AusNet has now concluded economic cost effectiveness analysis of possible options and is proceeding with the preferred network solution which is expected to cost \$14.3M. It is expected that a final report under clause 5.6.2 (h) of the old rules will be made available on the SP AusNet website by the end of March 2014.

All future augmentation proposals will be progressed under the requirements of the RIT-D set out under clause 5.17 of the current rules.

My apologies for the delay in forwarding this advice and should you have any questions in relation to this matter please contact Stephen Lees on 9695 6217.

Yours sincerely,



John Howarth
Manager, Regulation and Network Strategy