

25th February 2005

Mr Sebastian Roberts
General Manager, Regulatory Affairs – Electricity
Australian Competition and Consumer Commission
GPO Box 520J
Melbourne VIC 3001

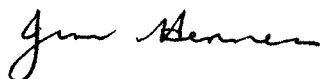
Dear Mr Roberts

The ACCC has previously sought Sunshine Electricity's advice on the progress of the Joint Venture's co-generation projects at Broadwater and Condong in relation to its consideration of Directlink.

As the project approaches financial close, I would like to confirm with you that the business case for the project does not contemplate the generating units operating in a manner that could be interpreted as providing reliability support to the TransGrid transmission network.

Sunshine Electricity intends to operate the generating plant at the highest level of utilisation possible, as non scheduled generators associated with an industrial process. It does not intend to enter into a network support agreement with TransGrid or Country Energy that would expose the plant owners to financial penalties or indemnities when the units are not available at critical times. This would create obligations and risks for the project that it is not designed to manage. The only revenue benefit the project forecasts from network operators is avoided use of system payments.

Yours sincerely



Jim Henness
Director