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Mr Sebastian Roberts  
General Manager  
Electricity Group  
Australian Competition and Consumer Commission  
PO Box 1199  
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Dear Mr Roberts

### **Directlink application for conversion to a prescribed service**

I refer to the application by the Directlink Joint Venturers for conversion to prescribed status and the Commission's invitation for submissions. TransGrid has not had opportunity to consider the application in detail and will welcome an opportunity to provide further input in response to consultant reports to the Commission or to the Commission's draft report.

The Commission has indicated that it is the relevant regulator for the conversion process, presumably on the basis that the Commission accepts the view that Directlink will provide a transmission service. However, Directlink forms a link that is wholly within the Country Energy distribution network. That is, it is not part of the integrated national transmission network as it is not connected to transmission assets at either end.

TransGrid's view is that if Directlink is to be regarded as a transmission asset then the distribution assets which connect it to the transmission networks in NSW and Queensland should also be regarded as transmission. This would be the preferred outcome of the conversion process, with Directlink then forming a genuine transmission interconnection from Queensland to NSW.

This issue may have practical implications for collection of the regulated revenue that the Commission determines for the Directlink service. If Directlink is wholly within the Country Energy distribution network, then one clear option is that the Directlink revenue is collected by Country Energy.

I note also that the Directlink Joint Venturers have sought a determination extending to 31 December 2014, with revenue determined on a calendar year basis. Other Commission revenue decisions and both transmission and distribution pricing are based on financial years. I would encourage the Commission to make its determination on a financial year basis, as was done for Murraylink, to avoid the unnecessary complication with different "revenue years".

Yours sincerely

[original signed on 3/6/2004 by]  
D G Croft  
Chief Executive

