



Corporate Development/Project Development
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Mr Michael Rawstron
General Manager
Regulatory Affairs - Electricity
Australian Competition and Consumer Commission
PO Box 1199
Dickson ACT 2602

Dear Mr Rawstron

ACCC Review of the Regulatory Test – May 2002

In response to the ACCC's request, dated 10th May 2002, for submissions on its review of the Regulatory Test, TransGrid is pleased to provide the attached submission.

In general, TransGrid believes that the Test reflects a sound economic framework. However, our submission seeks clarification and guidance on a range of matters relating to practical application of the Test with a focus on minimising the risk of disputes and delays that may be caused by ambiguities in the Test and the Code and apparent conflicts between them. It also proposes the inclusion of competition benefits in assessing the full net benefits from a proposed augmentation.

It needs to be remembered that a substantial proportion of the estimated benefits of electricity market reform were originally based on general equilibrium and dynamic efficiency benefits. To have a regulatory test for transmission investments that does not provide the opportunity to include demonstrable benefits in these categories runs directly contrary to the original objectives of electricity market reform.

For this reason TransGrid proposes that where a project proponent can quantify these benefits to the satisfaction of the ACCC then they should be included. TransGrid looks forward to a positive response to our proposals.

Yours sincerely

Signed on Original

Dr Ashok Manglick
Manager/Project Development

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