

Corporate Development/Regulatory Affairs
Telephone: 02 9284 3434
Our Reference: pg/dg

29 January 2004

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

Dear Sebastian

ACCC Post Tax Revenue Model Consultation

Thank you for the opportunity to comment on the proposed Post Tax Revenue Model (PTRM) and associated Electricity Module Handbook. TransGrid, naturally, has an interest in any decisions made by the ACCC in relation to this matter due to the potential impact on the assessment of future revenue requirements.

TransGrid acknowledges the importance of a sound revenue model, and process, as these provides TNSPs and stakeholders with the necessary tool to make an informed analysis of future revenue and transmission price outcomes. In this regard, revenue and price outcomes should not be considered in isolation, but in conjunction with transmission service proposals.

At this point in time TransGrid has not completed a full review of the PTRM and Handbook. However, based on a preliminary review of the documents, TransGrid does not have any material concerns. Nevertheless, to ensure preservation of financial capital maintenance, TransGrid recommends that *Net Present Value* checks of cash flows be included to complement the current *Internal Rate of Return* checks.

TransGrid is continuing to assess the PTRM and Handbook and will immediately inform the Commission of any material concerns once, and if, any such concerns arise. In the meantime, if you or your staff wish to discuss this matter there should be no hesitation in contacting me on (02) 9284 3508.

Yours sincerely

[Original Signed]

Philip Gall
Manager/Regulatory Affairs