

Our ref: D07/24547



20 April 2007

Mr Mike Buckley
General Manager
Network Regulation North
Australian Energy Regulator

c/- email: powerlinkreset@aer.gov.au

Dear Mr Buckley

Powerlink submission – bias in the real risk free rate

I refer to the Powerlink submission on the above issue and the associated NERA report.

Transend supports Powerlink's submission that a minimum +20 basis points adjustment to the real risk free rate should be adopted in its Final Decision.

There is substantial readily observable evidence to confirm that such a bias exists which justifies the adjustment as proposed.

The potential negative impact on Powerlink's revenue is such that it would be inappropriate if this issue was not taken into consideration prior to making the Final Decision.

There is a considerable amount of compelling evidence readily accessible and Transend considers that sufficient time remains available for the AER to review NERA's analysis and incorporate the proposed adjustment into Powerlink's Final Decision.

Yours sincerely

[by email]

Michael Green
Acting Manager Business Planning, Regulation and Compliance

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