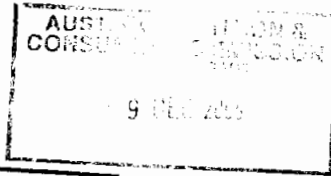




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FILE No:
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MARS/PRISM

Mr Warwick Anderson
Acting General Manager – Access Branch
Australian Energy Regulator
GPO Box 520
Melbourne VIC 3001

Dear Mr Anderson

Directlink Draft Decision – Benefits of Deferring Transmission Augmentations

Thank you for your letter of 14 November 2005. That letter requested TransGrid's views on the four matters which are addressed below.

Upgrading the 966 Armidale – Koolkhan 132 kV Line

I refer to Powerlink's letter of 7 September 2005 which states, inter alia, that on completion of the Greenbank – Maudsland project "up to 90 MW could be available to be transferred south on Directlink" (our emphasis) and that "The capacity available at any time will depend on actual system conditions occurring at that time". We note Powerlink's cautious wording and that 90 MW is a maximum capability, which may not be achievable depending on system conditions at the time. TransGrid understands that this capacity requires a number of works to be completed including the installation of a second transformer at Molindinar. Any increased capacity available from the installation of the second Molindinar transformer is available only on manual changeover arrangements in that substation.

In light of the uncertainty about the capacity available for southern flows on Directlink, TransGrid is proceeding to uprate 966 line to provide increased reliability of supply to north eastern NSW.

Dumaresq – Lismore 330 kV Line

In developing TransGrid's capital works programme for its ex-ante capex allowance for the current regulatory period, TransGrid did foreshadow that the Lismore-Dumaresq line was likely to be required beyond the current regulatory period.

TransGrid notes that the AER's consultants engaged to assist with the process of assessing the conversion to regulated status of Directlink has estimated that the Lismore-Dumaresq line will not be required until 2017-18.

TransGrid will be continuing to review augmentation plans for the north coast as part of the joint planning process and for its next revenue application in order to identify the most efficient augmentation options. A number of factors such as changes to demand forecasts and local generation developments over the intervening period could bring forward or defer the requirement for transmission network augmentations in the north of NSW. Naturally, any augmentation options would go through the regulatory test process.



Broadwater Cogeneration Project


This proposed generator is a single shaft unit. TransGrid understands that at present, the proponent is reluctant to enter into a network support agreement. Given this reluctance it would be unwise, at this stage, to rely on it being available at times of high demand.

Metgasco Embedded Generation Project

This project is at a preliminary stage of development. At this stage it could not be relied upon to be available at times of high demand.

I trust that this is of assistance to the AER in making its final decision.

Yours sincerely

 7/12/05.

Peter McIntyre
General Manager/Network Performance and Development