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4 October 2012

Charles Popple
Group General Manager
Network Strategy and Development Division
SP Ausnet
Level 31
2 Southbank Boulevard
SOUTHBANK VIC 3006

Dear Mr Popple

2012 Victorian Gas Access Arrangement Review: Unaccounted for Gas

I refer to section 6.5.2 of the AER's draft decision concerning Unaccounted for Gas (UAFG). The AER wishes to clarify that SP AusNet is not required to submit as part of its revised proposal forecast opex (or an opex step change) for unaccounted for gas (UAFG) costs. This is because UAFG in the Victorian declared distribution system is regulated under Part 19 of the National Gas Rules by AEMO.

In the event that benchmarks for forthcoming years are set, these will inform AEMO's Wholesale Market Distribution UAFG Procedures (Victoria), and the mechanism established under those Procedures, to regulate UAFG.

If you have any questions regarding this letter, please contact Anthony Bell by e-mail at anthony.bell@accc.gov.au or by telephone on: (03) 9290 6914.

Yours sincerely

A handwritten signature in black ink, appearing to read 'S. Roberts', with a horizontal line extending to the right.

Sebastian Roberts
General Manager
Victorian Gas Access Arrangement Review
Australian Energy Regulator