

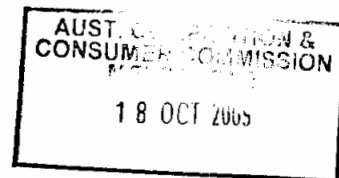
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Victorian Energy Networks Corporation

Mr Sebastian Roberts
General Manager
Transition Group
Australian Energy Regulator
GPO Box 520
Melbourne VIC 3001



14 October 2005

Dear Mr Roberts

Regulatory Accounting Methodologies

VENCORP appreciates the opportunity offered by the AER to comment on its proposed approach to Regulatory accounting methodologies for capital investment used by TNSPs.

The position paper indicates that the AER is planning to prescribe the "as-incurred" approach, for the Regulatory accounting of Capital Investment for TNSPs, rather than the "as-commissioned" approach.

VENCORP's accounting policy is to use the "as-commissioned" approach to simplify the management of capital expenditure. In order for VENCORP to meet the AER's requirement to provide Regulatory accounts using the "as-incurred" approach, there will be an additional accounting and audit work for VENCORP to produce and maintain these accounts, which may be in addition to its other financial accounts.

Should you require any further information please contact Ms Karen Olesnick, ☎ (03) 8664 6560.

Yours sincerely

A handwritten signature in black ink, appearing to read "M. Zema".

MATT ZEMA
CHIEF EXECUTIVE OFFICER