

4 September 2003

Sebastian Roberts
Acting General Manager
Regulatory Affairs – Electricity
Australian Competition and Consumer Commission
PO Box 1199
Dickson ACT 2602

By email: sebastian.roberts@acc.gov.au

Dear Sebastian,

Murraylink Conversion to Regulated Status: Variation of Transmission Service Prices

I refer to our letters of 23 April 2003 and 20 August 2003 in which ElectraNet requested approval from the ACCC to recalculate the cost allocation of transmission services in the South Australian region and to publish new transmission service prices in the event that Murraylink conversion to regulated status is approved and Murraylink ceases to be classified as a market network service. This request was made in accordance with clause 6.4.6(b) of the Code:

“Where a Network Service Provider considers that significant change in the use or configuration of the transmission network warrants a review of the allocation, the Network Service Provider may seek approval from the Regulator to recalculate the cost allocation to apply for the remainder of the regulatory control period”.

If Murraylink is determined to be a prescribed service, ElectraNet will undertake the role of the Coordinating Network Service Provider in accordance with the provisions of clause 6.3.2(b) of the Code. In this role ElectraNet will be responsible for the allocation of Murraylink’s annual revenue requirement within the South Australian region and the recovery of this revenue from transmission customers in South Australia.

ElectraNet is of the view that the inclusion of Murraylink’s annual revenue requirement and associated cost allocation would constitute a “significant change” that requires transmission service prices to be recalculated during the pricing period. The new prices, including recovery of Murraylink revenue, would be applied from a date to be determined following the effective date of the Murraylink conversion. The date from which the new prices apply will be determined so as to allow ElectraNet to give Transmission Customers at least 30 days notice of the variation in prices.

ElectraNet’s ability to recover regulated revenue for Murraylink in accordance with the Code, prior to 1 July 2004, is dependent on the ACCC determining that ElectraNet may recalculate and republish transmission service prices during the course of the current pricing period.

We await the ACCC’s determination.

Yours sincerely,



Rainer Korte
MANAGER REGULATION