



31 July 2009

Mr Chris Pattas  
General Manager  
Network Regulation South Branch  
Australian Energy Regulator  
Level 42, The Tower  
360 Elizabeth Street  
Melbourne VIC 3000

By email      chris.pattas@aer.gov.au

Dear Chris,

### **SPI PowerNet TNSP Regulatory Accounts Year ended 31 March 2009**

Please find attached, SP AusNet's Transmission Regulatory Accounts for the period 1 April 2008 to 31 March 2009. SP AusNet provides the following high level commentary on the key opex and capex outcomes for the 2008-09 regulatory year.

#### *Operating and Maintenance Expenditure*

Opex (net of easement tax and rebates) was around \$6M higher than the regulatory allowance set in the AER's 2008 Decision. This was driven by:

- a cyclical high in maintenance expenditure, particularly related to vegetation management; and
- one-off non-system costs substantially due to the pass-through of actuarial losses in the defined benefits plan (superannuation) for the management company as a result of negative returns experienced during the current world recession.

#### *Capital Expenditure*

Capex on an incurred basis was \$28M less than the allowance set in the AER's 2008 Decision. Among other things, this reflected the need for careful management of scarce capital resources during the substantial disruption to financial markets experienced during 2008 and early 2009. These disruptions temporarily closed off external funding options and necessitated the conservation of internal resources.



Environmental  
Endorsed  
Company

AS/NZS ISO 14001 Lic. No.2470



OH&S  
Endorsed  
Company

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Nonetheless, significant expenditure was undertaken on the key programs underlying the 2008 Decision including:

- the completion of the major refurbishment of Malvern Terminal Station (\$2.0M);
- the major refurbishment of Keilor Terminal Station (\$11.2M);
- the major refurbishment of Geelong Terminal Station (\$8.9M);
- the major refurbishment of Thomastown Terminal Station (\$8.3M);
- the major refurbishment of Brooklyn Terminal Station (\$3.3M);
- replacement of CTs, a key safety program (\$3.5M);
- oil containment works, a key environmental program (\$2.2M);
- improved Terminal Station security (\$5.7M); and
- installation of OPGW on the Moorabool to Heyward 500kV Line (\$7.5M).

If you would like to discuss the accounts, please don't hesitate to contact Mark Campbell on telephone 03 9695 6357.

Yours sincerely



Alistair Parker  
Director, Regulation and Network Strategy  
SP AusNet