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8 March 2011

Mr Chris Pattas  
General Manager Network Regulation South,  
Australian Energy Regulator,  
GPO 520  
Melbourne VIC 3001

Via email: [AERInquiry@aer.gov.au](mailto:AERInquiry@aer.gov.au)

Dear Mr Pattas,

**RE: Proposed Ausgrid Distribution Loss Factors for FY2012**

After a review of the most recent purchases and sales data, Ausgrid proposes to apply an overall Distribution Loss Factor (DLF) for FY2012 of 4.73%. This is consistent with our published methodology in the calculation of DLFs and reflects a balance of the recent load and generation data and forward looking expectations.

Please find attached an audit opinion by consultants Intelligent Energy Systems (IES), concluding that our calculated DLFs for FY2012 are consistent with our published methodology. Our methodology is attached for your information. It will be posted on our website as per requirements under the National Electricity Rules. We have provided IES with our full model, and would be pleased to submit this model to you, should you wish to review it in detail.

If you have any questions regarding this matter, could you please contact Mr Robert Telford, Manager – Network Pricing on (02) 92692136.

Regards

A handwritten signature in blue ink, appearing to read "CRAIG MOODY", written over a diagonal line that extends from the signature down towards the typed name below.

CRAIG MOODY  
A/ Executive General Manager  
System Planning & Regulation