

7 December 2005

Mr Warwick Anderson  
Acting General Manager Access  
Australian Energy Regulatory  
PO Box 1199  
Dickson ACT 2602

Dear Mr Anderson

**Directlink draft decision**

I refer to your 17 November 2005 letter in relation to the chapter 7 discussion in the Directlink draft decision *New South Wales – Line 966*.

In August 2005, the NSW Minister for Energy and Utilities imposed on the licence held by Country Energy additional conditions relating to reliability performance. The new licence conditions require Country Energy to plan, develop, manage, and operate its subtransmission system to an N-1 design criteria for loads exceeding 15 MVA. To ensure that this level of performance can be achieved, Country Energy requires a similar level of security at transmission connection points.

Country Energy has been involved in a joint network planning process with Powerlink, TransGrid and Energex in relation to addressing the transmission network constraints in the northern New South Wales and the Gold Coast/Tweed areas. In order to meet the required level of reliability performance, Country Energy has a strong desire to avoid major load shedding of its customers in these areas following a critical contingency during summer peak load conditions.

In our 15 September 2005 correspondence to the AER, Country Energy outlined Powerlink's plans to bring forward the installation of the second transformer at Molendinar prior to summer 2006-07. It is our understanding that Powerlink has also decided to implement a remote changeover to the second Molendinar transformer as the means of overcoming the Energex limitations until its planned augmentations are completed. The implementation of Powerlink's plans will assist to improve the performance of the northern New South Wales network during a critical contingency and will reduce the likelihood of load shedding. We understand that TransGrid is proceeding with the uprating of line 966 and acknowledge the potential benefits that may be delivered by these works.

Should you have any questions please do not hesitate to contact Mr Col Ussher General Manager Network Strategy on 02 6589 8755.

Yours sincerely



Ken Stonestreet  
**Group General Manager Networks & Infrastructure**