

4 March 2010

Mr Robert Telford  
Manager – Network Pricing  
EnergyAustralia  
GPO Box 4009  
Sydney NSW 2001

Dear Robert,

**PROPOSED ENERGYAUSTRALIA DISTRIBUTION LOSS FACTORS FOR FY11**

Intelligent Energy Systems Pty Ltd (IES) has undertaken a review (audit) of the proposed Distribution Loss Factors (DLFs) for 2010/11 financial year calculated by EnergyAustralia. The IES audit examined the proposed DLFs with regard to their consistency with EnergyAustralia's published methodology as at 31 December 2009.

For its 2010/11 DLF calculations, EnergyAustralia has mostly followed the methodology implemented in previous DLF reviews. It makes use of a well structured spreadsheet model that clearly shows the application of the approved methodology, the inputs, intermediate values and final DLF numbers. Along with the DLF model, EnergyAustralia also provided IES with a document titled "Distribution Loss Factor Calculation Methodology Paper", dated March 2010, outlining its proposed DLFs for 2010/11. The report also included the methodology for the calculation of DLFs, discussion of results and outcomes of its reconciliation of losses for 2008/09. EnergyAustralia's submission was clear and concise, the calculations consistent with the published methodology and, DLF values correctly determined as per their published methodology.

EnergyAustralia has submitted proposed DLFs for 2010/11 that have changed only slightly from those for 2009/10 and in the main most changes have been decreases. The proposed changes to DLF values for 2010/11 should not have a significant impact on EnergyAustralia's customer costs and most price changes will be small decreases.



Bryan Whitlock  
Senior Energy Analyst

