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**Revenue Reset Determination**

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**1 July 2004 to 30 June 2009**

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**TransGrid's Application**  
**to the Australian Competition &**  
**Consumer Commission**

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September 2003

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**TransGrid**





Bare-hand live line maintenance in the Tamworth area



330kV gas insulated switchgear in Haymarket substation, Sydney CBD

Facing page: Regentville 330/132kV substation in western Sydney; Sydney city nightscape

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## Organisation of this Application

This Application is organised into five Parts, as follows:

- **Part I** introduces TransGrid's Application and provides an overview of TransGrid's business. More specifically:
  - Chapter 1 sets out the purpose of this Application and the basis on which it has been prepared.
  - Chapter 2 provides an overview of TransGrid's business, including its service obligations, its network, and its framework for business operations and service delivery to customers and stakeholders.
- **Part II** provides an overview of TransGrid's principal service obligations and discusses TransGrid's proposed approach for sustaining current period outcomes into the future. More specifically:
  - Chapter 3 provides a detailed discussion of TransGrid's principal service obligations for network reliability, connection services, safety, environment and the wholesale electricity market.
  - Chapter 4 reviews TransGrid's performance in the current regulatory period since 1999 and highlights those matters that need to be addressed in the 2004 determination.
- **Part III** address those areas where the Commission's determination will have the most immediate affect on TransGrid's service delivery capability and short to medium term efficiency incentives. More specifically:
  - Chapter 5 discusses the capital expenditure that will need to be undertaken going forward to cater for growth in network utilisation and refurbishment of existing assets.
  - Chapter 6 proposes an approach to setting the operating and maintenance expenditure targets that balances continuing efficiency with the need to achieve service outcomes.
  - Chapter 7 sets out TransGrid's proposal for the application of the Commission's proposed service incentive scheme.
- **Part IV** brings together the remaining capital-related building blocks that make up TransGrid's Maximum Allowable Revenue. More specifically:
  - Chapter 8 proposes an approach to valuing TransGrid's regulated asset base and for the treatment of return of capital.
  - Chapter 9 outlines TransGrid's position on the appropriate rate of return on capital employed in its regulated transmission business.
  - Chapter 10 proposes an approach to dealing with uncertain changes in costs that are beyond TransGrid's control.
- **Part V** assesses the implications for TransGrid's business and stakeholders arising from the Commission's 2004 determination. More specifically:
  - Chapter 11 discusses the significance of the Commission's determination in setting the appropriate incentives for TransGrid to invest in the network and operate efficiently in meeting service obligations and stakeholder needs.