

The Energy Users' Association of Australia (EUAA) is the peak body representing Australian commercial and industrial energy users. Our membership covers a broad cross section of the Australian economy including significant retail, manufacturing, building materials and food processing industries. Combined our members employ over 1 million Australians, pay billions in energy bills every year and in many cases are exposed to the fluctuations and challenges of international trade.

In our earlier submission on the calculation of LNG netback prices, we supported the development of a 5 year forward LNG netback price.

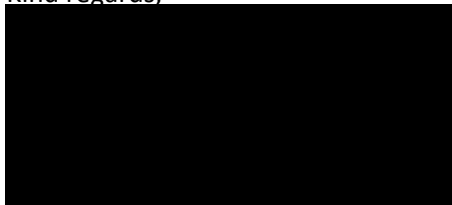
We have reviewed the proposed methodology from Gaffney Cline. While we do not have any particular expertise in these matters, the approach proposed by Gaffney Cline appears robust. We appreciate the sensitivity of the forecasts to the available data and how this data may change over time.

In particular we agree with the proposal to include the long run marginal cost of US LNG exported to Asia as one data point when there is insufficient data otherwise available due, for example, to confidentiality issues.

We agree to the 6 monthly report intervals, the use of a 'look back' analysis to fine tune the overarching formula if necessary and the need to regularly review the methodology.

Do not hesitate to be in contact should you have any questions.

Kind regards,



Andrew Richards  
Chief Executive Officer