

19 May 2005

Mr Sebastian Roberts
General Manager
Regulatory Affairs – Electricity
Australian Competition and Consumer Commission
PO Box 1199
Dickson ACT 2602

Dear Sir

Re: National Electricity Code – Application for Authorisation of Amendments to NSW Derogations

I refer to the request for submissions by 19 May 2005 regarding the above matter and would like to confirm TransGrid's support for this derogation. In essence, TransGrid considers that the public benefit of this proposal is evidenced as follows:

1. The derogation has been proposed by the NSW Government on behalf of the State of NSW, and the effect of the derogation is limited to that jurisdiction.
2. The derogation facilitates the giving effect to elements of the Statement of Regulatory Principles.
3. Authorisation of the derogation would improve the mechanisms for managing the impact of material exogenous events that would otherwise undermine the efficiency and effectiveness of the Commission's framework for incentive regulation of transmission businesses in NSW.

In addition to these benefits there is no apparent anti-competitive detriment inherent in the proposal.

Furthermore, authorisation of the derogation would provide certain additional explicit powers to the Commission to make revenue cap adjustments during the current TransGrid and Energy Australia regulatory control period. This assists in ensuring that undertakings made by the Commission to TransGrid regarding the operation of the recent TransGrid revenue cap decision can, in large part, be implemented.

I trust that the Commission concurs with TransGrid's view that this derogation meets the requirements of the relevant statutory test for authorisation as set out in the Trade Practices Act. I would be pleased to discuss this matter further with Commission staff if that would be of assistance.

Yours sincerely

[Original signed]

Philip Gall
Manager/Regulatory Affairs