

31 March 2006

Manager

MCE Secretariat

Department of Industry, Tourism and Resources

GPO Pox 9839

CANBERRA, ACT 2601

Dear Sir/Madam

EXPERT PANEL REVIEW OF REVENUE AND NETWORK PRICING ACROSS THE ENERGY MARKET

SP AusNet welcomes the opportunity to submit input to the Expert Panel's review of network revenues and pricing.

In this submission we provide comments on a number of the Expert panel's recommendations. Our detailed comments on the Expert Panel's Draft Report are provided in an attachment to this letter.

SP AusNet is one of few Australian energy market participants with substantial network facilities in more than one energy sector category. The company owns the Victorian electricity transmission business, one of five electricity distribution businesses in Victoria, and one of three gas distribution businesses in Victoria.

Having regard to the agreed policy position of the Australian governments in the Australian Energy Market Agreement, SP AusNet supports a review to establish the parameters for a national framework for regulation in the energy sector. Our views on an overarching framework were discussed in our submission to the Expert Panel on 22 December 2005.

SP AusNet notes that the Expert Panel's review takes place against a backdrop of a number of reviews including the Australian Energy Market Commission's review of the Electricity Transmission Revenue and Pricing Rules. SP AusNet is concerned that the Expert Panel reaches conclusions in key areas, including the application of the 'proposed-respond' model, which differs entirely from the collective recommendations of these previous reviews.

We look forward to further opportunities to engage with the Review panel in this review, and we would be pleased to respond to any queries you may have on our submission.

Yours Sincerely

CHARLES POPPLE

General Manager Regulatory and Business Strategy

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