

**EnergyAustralia™**

570 George Street
Sydney NSW 2000
Telephone (02) 9269 2112
+61 2 9269 2112
Facsimile (02) 9264 2982

Address all mail to
GPO Box 4009
Sydney NSW 2001
Australia

George Maltabarow
Managing Director

22 August 2005

Mr James Cox
Chief Executive Officer and Full Time Member
Independent Pricing and Regulatory Tribunal
Level 2, 44 Market Street
Sydney, NSW
2000

Dear Mr Cox

EnergyAustralia public lighting price proposal - clarification

On pages 14 and 15 of its June 2005 public lighting price proposals, EnergyAustralia indicated:
EnergyAustralia also proposes price increases averaging CPI + 5% for each of the following three years. During this subsequent period, individual prices may vary within agreed side constraints to allow some scope for individual unit price rebalancing ...

EnergyAustralia's submission did not include a proposed level of side constraint to be applicable to public lighting customer impacts. EnergyAustralia would like to take this opportunity to clarify its proposal on side constraints.

Should the Tribunal approve EnergyAustralia's proposed longer term price path, EnergyAustralia undertakes to manage public lighting price rebalancing within a side constraint of 2.9% above the approved level of price increase. This is consistent with the side constraint applicable to distribution network tariff rebalancing. This constraint would apply to the total customer bill, assuming a constant level of inventory.

As discussed in our submission, the proposed price increases do not reflect any recovery of additional costs associated with compliance with the NSW Public Lighting Code when it is enacted. Any such increase will be the subject of a further pricing proposal.

Yours sincerely

(GEORGE MALTABAROW)
Managing Director



Partner