

Macquarie *Generation*

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Dear Sir

REVIEW OF OPERATING LICENCE FOR STATE WATER CORPORATION
ISSUE PAPER – SEPTEMBER 2004

Reference is made to your abovementioned Discussion Paper DP76 dated September 2004. The Paper has been reviewed by Macquarie Generation and the following comment is provided for your consideration:

"5 SYSTEM PERFORMANCE"

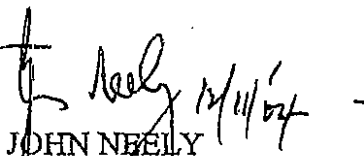
It is proposed that consideration be given to including a performance standard or indicator in Table 1 that would measure the efficiency of delivery of released water for access by downstream consumers.

Transportation losses along the 100 km between Glenbawn Dam and Jerry's Plains on the Hunter River are substantial and are claimed to be up to 30% of total water release.

Delivery efficiency improvements in this area would benefit all consumers on the Hunter River by improving conservation and security of water supplies.

I trust these comments are of assistance to the Tribunal.

Yours sincerely

JOHN NEELY
MANAGER/BAYSWATER POWER STATION