

29 FEB 2008

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DATE RECEIVED

Mr E J Hall
Chief Executive
Queensland Competition Authority
GPO Box 2257
BRISBANE QLD 4001



Dear Mr ^{John} Hall

Benchmark Retail Cost Index 2008-09

ENERGEX Limited (ENERGEX) appreciates the opportunity to respond to the Queensland Competition Authority's (QCA) *Draft Decision, Benchmark Retail Cost Index (BRCI) for Electricity: 2008-09*.

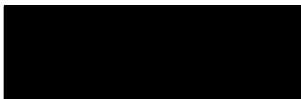
The QCA notes in the BRCI Draft Decision that allowing \$15 million for 2008-09 was similar to the approach adopted for 2007-08, where QCA accepted that there would most likely be some level of FRC-related costs that would be approved for pass-through, and allowed ENERGEX to target an additional \$15 million of revenue in its 2007-08 prices.

As approval for the FRC costs are being sought under a pass through mechanism applicable to the current Regulatory Determination, the \$15 million proposed for inclusion in the 2008-09 BRCI would likely result in some significant outstanding FRC costs to be recovered in 2009-10, the final year of this current regulatory period. This is of course subject to the final decision by the QCA on ENERGEX's FRC cost pass-through application.

ENERGEX will be seeking discussions with the QCA regarding the appropriate price-pathing of FRC costs so that the impact on customers and ENERGEX's financial position are appropriately considered.

Louise Dwyer, Group Manager Regulatory Affairs, will be contacting your office in this regard.

Yours sincerely



Terry Effeney
Chief Executive Officer



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