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Mr Gary Henry

Queensland Competition Authority

17 March 2009

Dear Gary

Benchmark Retail Cost Index for 2009/2010

I refer to the Minister's decision to delay the 2009/10 BRCI for reasons related to the application for judicial review brought by AGL and Origin against the QCA, and the QCA's call for further submissions.

AGL is very supportive of the Minister's decision to extend the consultation period available to the QCA and permitting the Final Decision to be made on 29 May 2009. AGL notes that this will align the 2009/10 BRCI process with that of previous years.

AGL reiterates the points it made in its submission to the QCA dated 22 December 2008 in respect of the Draft Determination. AGL remains firmly of the view that the QCA should prepare the 'alternate' sets of data necessary to determine the BRCI on the basis of the interpretation suggested by AGL and Origin Energy in its application to the Supreme Court. This will enable the QCA to consult quickly with stakeholders on the alternate sets of data and make its Final Determination by 29 May 2009. It must be accepted that there is likely to be a very short period between the Supreme Court decision and the time at which the QCA is required to publish the Final Determination taking into account the decision.

Calculation of NEM Load

AGL remains very concerned as to the absence of any data being provided to stakeholders in respect of the calculation of the NEM Load. The calculation of the NEM Load is a very significant input to the BRCI:

- The volume of the NEM load is the 'denominator' in the calculation of the BRCI; and
- If the interpretation of the legislation and regulation is as argued by AGL and Origin Energy, the volume and shape of the NEM Load will need to be determined in order to calculate the LRMC and the energy purchase costs.

- > Being selected as a member of the Dow Jones Sustainability Index 2006/07
- > Gaining accreditation under the National GreenPower Accreditation Program for AGL Green Energy®, AGL Green Living® and AGL Green Spirit
- > Being selected as a constituent of the FTSE4Good Index Series



The QCA has previously indicated that confidentiality issues in respect of individual TNI data precludes the provision of the data used to develop the NEM Load to stakeholders. AGL suggests that in order to address such issues, the QCA and interested stakeholders should enter into confidentiality arrangements such as have been used in other regulatory decisions (see AGL's letter dated 28 April 2008). AGL will contact the QCA shortly to discuss this further.

Further actual data

Having considered that data which is publicly available, and compared it with the forecasts which formed the basis of the Draft Determination, AGL does not anticipate any significant changes arising from the use of additional actual data in constructing the forecast 2009/10 costs.

AGL looks forward to discussing these matters with you further. Please call Beth Griggs if you wish to discuss.

Yours sincerely,

Kirsty Norris
General Manager, Carbon and Sustainability