

ACCC queries wide grid buy-up by Singapore PM's family as it tops bid for Basslink, and may also get Alinta assets

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The successful Basslink to National Grid was \$1.5 billion came from the Singapore PM's family-controlled, Temasek Holding, via its Singapore IPO, CitySpring. The value appeared strategic as the Basslink income for the year was revealed as \$88 million. The EV / EBITDA multiple was 14.6 x "normalising for interest rate hedge and Basslink's cash balance (\$)-80m. Temasek was

owned by one shareholder, Singapore's Ministry of Finance. City Spring said it would borrow almost the total amount of the purchase - \$1155 million. Other analysts read it as multiple of 16.4 times earnings before interest, tax, depreciation and amortisation for the year to 31 March.

Basslink IPO planned: A Macquarie-model IPO was planned for November; one where the parent body gains the biggest take, and the shareholders get what's left. Temasek papers said it had Australian Foreign Investment Review Board approval and preliminary ACCC approval. The FIRB would not confirm the approval.

How Temasek sees Basslink: Temasek analysis showed the Basslink "Primary economic basis of the interconnector is to;

- exploit arbitrage opportunities arises from exporting Tasmanian hydro-generated power at times of peak prices in Victoria and importing Victorian base load power in off-peak periods.
- The Basslink Services Agreement (BSA) is a long-term contract with Hydro Tasmania, a Tasmanian Government (AA+/Aaa) owned utility.
- under the BSA, Basslink receives monthly payments from Hydro Tasmania (the Facility Fee) and



- agrees to pass through to HydroTasmania the right to receive all Inter Regional Revenues (IRR) in exchange for making the interconnector available
- BSA commenced upon successful commissioning of Basslink on 28 April 2006 and is for a term of at least 25 years and

Find out more at the subscriber section of www.erisk.net

Top price for NEM week 451: Jeeralang at \$71.70

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TAS			
Generator	Income (\$)	Output (MWh)	Av Price (/MWh)
Liap/Way/Cat	\$918,058	24,184	\$37.96
Bell Bay Power	\$694,069	18,490	\$37.54
John Butters	\$32,931	937	\$35.16
Tungatinah	\$539,142	12,688	\$42.49
Poatina	-	-	-
Tarraleah	\$219,568	5,616	\$39.10
Reece	\$1,436,025	38,187	\$37.61
Cethana	\$610,643	16,158	\$37.79
Tribute	\$486,967	12,715	\$38.30
Lemonthyme/Wilmot	\$436,932	11,446	\$38.17
Trevallyn	\$557,735	14,579	\$38.26
Mackintosh	\$272,693	7,830	\$34.83
Bastyan	\$338,793	9,325	\$36.33
Woolnorth Wind	-	-	-
Gordon	\$130,689	2,518	\$51.90
Vic->Tas	\$989,257	22,522	\$43.92
Devils Gate	\$371,474	10,007	\$37.12
Fisher	-	-	-
Meadowbank	233157.8363	6154.305	\$37.89
Lake Echo	1759.61295	95.045	\$18.51
Repulse	-	-	-
Paloona	-	-	-
Cluny	-	-	-

was commissioned with long-term useful life and showed 99.5pc availability in first full year. Interest costs were fixed through a long-term hedging agreement with Hydro Tasmania and fixed rate financing. The latest 12-month revenue was A\$79.3m Growth was to come from:

- inflation growth on existing contract
- opportunity to “optimise asset in conjunction with Hydro Tasmania”
- Telecom revenue from currently unlit fibre optic cable as the Tasmanian Government

SA			
Generator	Income (\$)	Output (MWh)	Av Price (/MWh)
North'n Power	\$3,435,428	88,390	\$38.87
Ladbroke	\$2,652	66	\$40.47
Osborne	\$987,806	25,293	\$39.05
Pelican Pt	\$2,580,780	64,830	\$39.81
Torrens Is. B	\$1,827,087	40,964	\$44.60
Vic->SA	\$168,378	4,958	\$33.96
MLink->SA	\$2,331	69	\$33.55
Torrens Is. A	\$486,931	10,244	\$47.53
Mintaro	-	-	-
Dry Creek	-	-	-
Playford	\$688,592	17,537	\$39.27
Snuggery	\$20	0	\$69.99
Pt Lincoln	\$1,010	24.27	\$41.62
Quarantine	-	-	-
Angaston Power	\$48	1	\$40.79
Hallett Power	-	-	-
Lonsdale	-	-	-
Terminal Storage	-	-	-
Lake Bonney Wind	-	-	-

VIC			
Generator	Income (\$)	Output (MWh)	Av Price (/MWh)
Loy Yang A	\$14,763,145	349,428	\$42.25
Loy Yang B	\$7,254,273	172,562	\$42.04
Hazelwood	\$10,420,654	248,385	\$41.95
Yallourn	\$7,637,142	187,345	\$40.77
Anglesea	\$1,031,206	24,135	\$42.73
Energy Brix	\$1,035,026	24,621	\$42.04
Newport	\$1,506,983	29,262	\$51.50
MLink->Vic	\$122,012	3,074	\$39.69
SA->Vic	\$687,475	13,679	\$50.26
Snowy->Vic	\$1,179,624	23,318	\$50.59
Tas->Vic	\$14,806	735	\$20.15
Jeeralang	\$76,934	1,073	\$71.70
West Kiewa	\$124,581	2,682	\$46.45
Bairnsdale	\$333,416	6,292	\$52.99
Dartmouth	-	-	-
Eildon	-	-	-
Hume Vic	-	-	-
McKay Power	\$21,980	373	\$58.91
Clover	-	-	-
Valley Power	\$210,585	3,394	\$62.05
Rubicon	-	-	-
Laverton North	357858.9629	5853.48	
Somerton Power	-	-	-
Sunshine Energy	-	-	-
Longford	-	-	-

NSW			
Generator	Income (\$)	Output (MWh)	Av Price (/MWh)
Bayswater	\$13,624,473	321,341	\$42.40
Liddell	\$9,602,999	224,144	\$42.84
Mt Piper	\$4,528,757	109,565	\$41.33
Wallerawang	\$6,073,623	145,954	\$41.61
Vales Point	\$8,439,810	204,557	\$41.26
Munmorah	\$2,779,500	69,967	\$39.73
Eraring	\$15,782,201	370,677	\$42.58
Redbank	\$1,027,230	25,200	\$40.76
Smithfield	\$877,185	20,365	\$43.07
Snowy->NSW	\$1,613,246	33,339	\$48.39
Shoalhaven	\$223,807	6,662	\$33.60
Hunter Valley	-	-	-
Hume Hydro	-	-	-
Blowering	-	-	-
Northern Gas	-	-	-
Burrinjuck	-	-	-
Brown Mountain	-	-	-
Keepit	-	-	-
Broken Hill	-	-	-
Ergon Energy	-	-	-
DL Q->N	\$362,713	9,272	\$39.12
QLD->NSW	\$2,738,275	69,102	\$39.63
Pindari Hydro	-	-	-
West Nowra	-	-	-
Country En (NSW)	-	-	-

QLD			
Generator	Income (\$)	Output (MWh)	Av Price (/MWh)
Kogan Creek	\$2,370,245	70,734	\$33.51
Tarong	\$4,089,234	100,642	\$40.63
Millmerran	\$5,657,670	144,356	\$39.19
Swanbank	\$1,707,137	42,486	\$40.18
Stanwell	\$7,405,297	186,380	\$39.73
Callide B	\$4,322,079	107,955	\$40.04
Callide Power	\$2,770,603	69,206	\$40.03
Townsville	\$1,123,470	27,316	\$41.13
Gladstone	\$7,334,924	182,423	\$40.21
Collinsville	\$640,833	14,958	\$42.84
Swanbank C, D, E	\$1,800,349	43,291	\$41.59
Barcaldine	\$62,061	1,337	\$46.42
Callide A	-	-	-
Kareeya	\$294,748	6,797	\$43.36
Barron Gorge	\$70,270	1,466	\$47.93
Mt Stuart	-	-	-
Wivenhoe	\$530,993	12,458	\$42.62
Braemar Power	\$1,530,221	35,257	\$43.40
Mackay	-	-	-
Roma	-	-	-
Oakey	-	-	-
DL N->Q	\$2,479	34	\$72.87
NSW->QLD	\$75,240	1,381	\$54.47
Rocky Point	-	-	-
Tableland	-	-	-

was auctioning capacity to encourage broadband penetration growth from the currently low rate of 27 per cent.

Could Temasek pull the Australian grid strings?

EWN Publishing

Temasek's preference was low-risk investment in regulated assets. If Temasek gained both the Alinta assets and Basslink, it could end up with control over inte-related gas and electricity systems;

- Vic Hub;
- the Vic-NSW SEAgas pipeline; and
- Victoria and NSW gas distribution networks,

7 day review by ACCC: The ACCC gave 7 days for submissions to consider the implications, by 10 August. The bid was through Temasek-controlled CitySpring, a May partial IPO of Temasek controlled Singapore monopoly state desalinated water and gas distribution assets. Temasek supplies electricity to those faciities 100 per cent management control was held by Temasek of the chain, which listed about 50 per cent on the Singapore exchange, in May, offering a 6-7 per cent return. Temasek Holdings, the parent business, reports 18 per cent return. It takes a 20 per cent management fee from City Spring, using the Babcock and Brown and Macquarie Bank model. The price City Spring share has fallen in recent weeks, and did not rise with the

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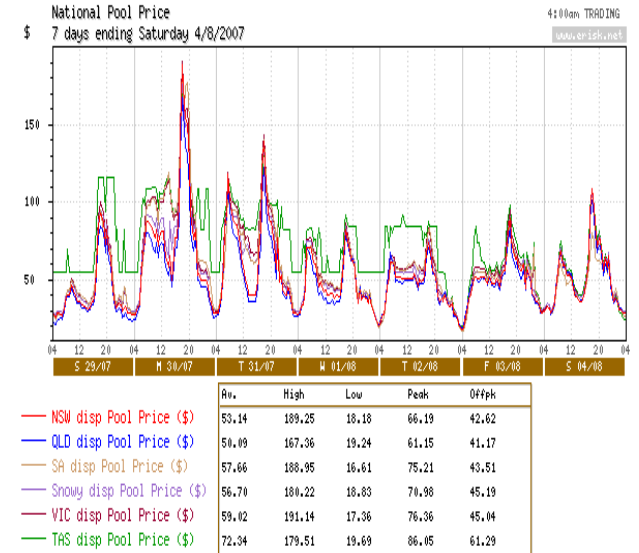
the week in detail

NSW: Average price \$53.14/MWh, down 8 per cent on the spike-affected \$57.43/MWh, the previous week, up 59 per cent on the spike-affected \$33.45/MWh of the comparable week last year; maximum price \$189.25/MWh for the 30-minute trading interval ended 1830EST Monday. Average demand 9702MW, down 1.4 per cent on the previous week, down 1.5 per cent on a year ago; maximum demand 12,722MW in the 1830EST Monday interval, down 0.1 per cent on the 12,736MW the previous week.

Victoria: Average price \$59.02/MWh, down 8 per cent on the spike-affected \$64.36/MWh the previous week, up 65 per cent on the spike-affected \$35.67/MWh of the comparable week last year; maximum price \$191.14/MWh for the 30-minute trading interval ended 1800EST Monday. Average demand 6288MW, up 0.4 per cent on the previous week, up 0.8 per cent on a year ago; maximum demand 7624MW for the 1830EST Tuesday interval, down 3.1 per cent on the 7871MW the previous week.

South Australia: Average price \$57.66/MWh, down 8 per cent on the spike-affected \$62.67/MWh the previous week, up 24 per cent on the spike-affected \$46.56/MWh of the comparable week last year, maximum price \$188.95/MWh for the trading interval ended 1830EST Monday. Average demand 1480MW, down 1.6 per cent on the previous week, down 5.1 per cent on a year ago; maximum demand 2037MW in the 1900EST Monday interval, up 2MW on the 2035MW the previous week.

Queensland: Average price \$50.09/MWh, down 10 per cent on the spike-affected \$55.75/MWh the previous week, up 96 per cent on the spike-affected



\$25.59/MWh of the comparable week last year; maximum price \$167.36/MWh for the trading interval ended 1830EST Monday. Average demand 5677MW, down 1.2 per cent on the previous week, up 0.8 per cent on a year ago; maximum demand 6913MW for the 0800EST Tuesday interval, down 0.6 per cent on the 6952MW the previous week.

Tasmania: Average price \$72.34/MWh, down 14 per cent on the spike-affected \$83.81/MWh average the previous week, up 93 per cent on the spike-affected \$37.45/MWh of the comparable week last year; maximum price \$179.51/MWh for the 1830EST Monday interval. Average demand 1297MW, up 0.9 per cent on the previous week, up 2.1 per cent on a year ago; maximum demand 1643MW for the 0830EST Monday interval, down 2.6 per cent on the 1686MW the previous week.

news of the Basslink bid in Australia.

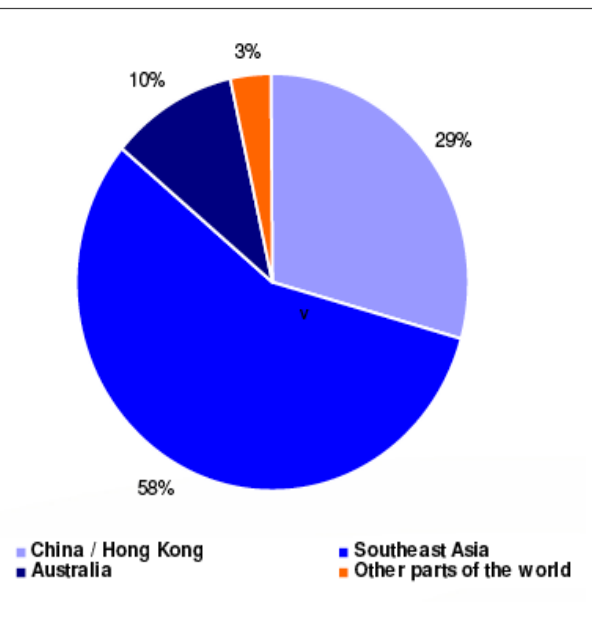
The family connections: The Singapore Prime Minister's wife, Madam Ho Ching - with an electrical engineering degree from Stanford - was the CEO of Temasek. Temasek Holdings acts as the sole monopoly provider of water and gas to Singapore; and Temasek acts as virtually the sole distribution and transmission supplier to the State of Victoria and the city of Melbourne, via SP AusNet;

- Temasek, via a partnership with Babcock and Brown has current takeover bids for Alinta, via SP AusNet; SPAusNet is controlled by Singapore Power, and Singapore Power by Temasek.
- Chair and Managing Director of Temasek is also chair of ExxonMobil Asia Pacific. Exxon Mobil is also a supplier to Victoria.

ACCC rush review: The ACCC started a 7-day informal mergers approval process, 31st July 2007. The closing date for submissions was 10 August 2007. (see more inside) City Spring was the first infrastructure trust registered with the Monetary Authority of Singapore.

Temasek controls SP AusNet: Temasek owns SP AusNet, which holds monopoly control over much of the Victoria gas and electricity grid, under the name, SP AusNet. On 30 March 2007, SP AusNet's 51 per cent majority security holder Singapore Power (SP) announced a bid for Alinta Limited, in conjunction with Babcock & Brown (BNB). This

Temasek starts march into Australia



Temasek, controlled by the Singapore Prime Minister's family, may soon control large chunks of NEM: Qld to Tas

Temasek Holdings an Asia investment house headquartered in Singapore, is controlled by the family of the Prime Minister. Mr Fai Au Yeung, CEO of CitySpring said the Temasek IP vehicle, CitySpring, listed on the mainboard of the Singapore exchange - SGX-ST - and had made an agreement to acquire 100 per cent of Basslink for A\$1,175m at multiple of 14.6 based on an adjusted enterprise value of A\$861.4m.

Who did the deal: The CitySpring IPO team was

CitySpring bid for Basslink: Temasek has moved to control large parts of the SE Australian grid. Its Basslink bid was through the Temasek-controlled CitySpring - which owns and operates Singapore water, and gas. Temasek owns and controls the bulk of Singapore electricity supply. Temasek was established in 1974 with an initial portfolio value of about S\$350 million. "Total shareholder return", was more than 18 per cent by market value and over 17 per cent by shareholder funds" CitySpring, however proposes 6 - 7 per cent. At 2 August 2007, the Temasek Holdings (Private) Limited (Temasek) financial review for the year ended 31 March 2007 (FY2006) showed Temasek's portfolio had crossed the US\$100 billion mark. Shareholder funds grew to S\$114 billion, up 26 per cent from S\$91 billion the previous year.

Results Presentation March 2007 Fai Au-Yeung, CEO May 2007 Board of City Spring Infrastructure Management Pte. Ltd.

Morgan Stanley Dean Witter Asia (Singapore) Pte; and DBS Bank Ltd Joint Financial Advisers, Joint Bookrunners and Joint Lead Managers Morgan Stanley Dean Witter Asia (Singapore) Pte. Morgan Stanley & Co. International Limited and DBS Bank Ltd., were (IPO Underwriters).

Signed with National Grid: CitySpring had signed an agreement with National Grid, subject to Hydro Tasmania's approval. CitySpring intended launching an equity capital raising in November. Its related SP AusNet had bid for Alinta asset. In March, Fitch Ratings placed the ratings of Singapore Power Limited, SP Power Assets Limited as well as Singapore Power Limited's Australian entities on Rating Watch Negative, and as "SP AusNet's liquidity was largely sourced through cash flow. Its parent was protected from local risk with the use of "management agreements". Fitch said "Singapore Power also intends to use SP AusNet as its investment vehicle for regulated network growth opportunities in Australia and New Zealand. However, the reduction in ownership to 51 per cent. Following the

Australian IPO, in Fitch's view, reduced the compulsion for Singapore Power to financially assist SP AusNet were such assistance required."

ACCC starts 7-day rush investigation of Temasek acquisition of Basslink

The ACCC started informal merger review of the proposed acquisition of Basslink by CitySpring Infrastructure Trust. It is proposed that the long term commercial arrangement between Basslink and Hydro Tasmania in relation to the operation of the link will remain in place following the acquisition. The ACCC invited submissions regarding the potential effects on competition, if any, that the proposed transaction would be likely to have. In particular, the ACCC seeks submissions regarding the impact of the potential aggregation of Basslink and Singapore Power's interest in SP AusNet's Victorian distribution assets.

Genealogy of Temasek shows potential for Singapore PM's family's creeping control of SE Australia grid

The Basslink bid came from CitySpring, a trust listed on the Singaporean stock exchange, controlled by;

- Temasek Holdings (Private) Limited, an

What Australian energy assets sell for

Announced	Acquirer	Target	Value (A\$m)	EV Multiples	
				LTM EBITDA	RAB
30-Mar-2007	Sing Power	Alinta	8,763.0	16.4 x ¹	NA
20-Dec-2006	APA	DirectLink	170.0	17.5 x	1.44 x
3-Oct-2006	APA	AllGas	521.0	18.0 x	1.64 x
19-Jun-2006	APA	GasNet	1,063.3	13.0 x	1.68 x ²
4-Apr-2006	APA	SEA Gas Pipeline	133.2 ³	14.5 x	1.65 x ⁴
4-Apr-2006	APA	Erwestra	170.4	12.9 x	1.56 x
30-Mar-2006	APA	Murraylink	153.0	17.4 x	1.47 x
13-Mar-2006	Alinta	AGL Infrastructure	6,500.0	14.3 x	1.83 x ⁵
Median				15.5 x	1.64 x

¹ 2008 Forward EV/ EBITDA figure.

² EV/RAB multiples is based on an adjusted enterprise value of A\$861.4m.

³ APA acquired a 33.3% stake in SEA Gas for A\$133.2m, when grossed up and debt of \$425m of is added the implied EV is A\$825m.

⁴ Construction value of A\$500m at completion date.

⁵ EV adjusted for non-regulated assets – Cavsa, Wattle Point, Gas Valpo, APT and 20% of Agility.

Source: CitySpring

investment company wholly owned by the Singaporean Government;

- it holds 28.47 per cent of the units in CitySpring as well as 100 per cent of the company that manages the CitySpring trust;
- Temasek also owns Singapore Power Limited;
- Singapore Power Limited, which in turn owns 51 per cent of the shares in Victorian

transmission and distribution grid, though SP AusNet, stapled entity primarily listed on the Australian Stock Exchange (ASX) with a secondary listing on the Singapore Exchange;

- SPI Management Services Pty Ltd, a wholly-owned subsidiary of Singapore Power manages the transmission and distribution networks, businesses and finances of SP AusNet;
- The balance is in shares, held by staff and managers of SP AusNet, and the public

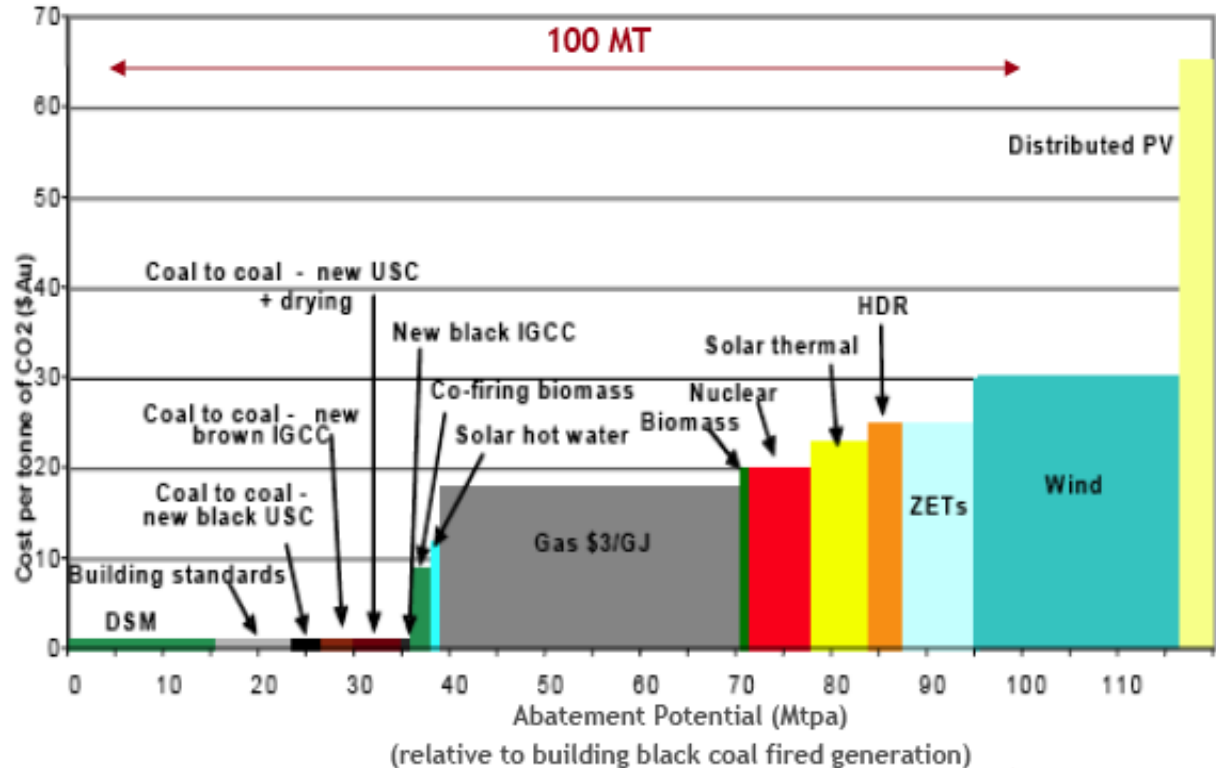
The Singapore dynasty; and the family face of Temasek

The CEO of Temasek is the wife of the Prime Minister and Finance Minister of Singapore, Lee Hsien Loong (son of former Prime Minister Lee Kuan Yew). Madam Ho's first career was with the Ministry of Defence. She has an MSc (Electrical Engineering) from Stanford University, USA; Madam Ho Ching is the wife of the Prime Minister, who is son of former Prime Minister Lee Kuan Yew, Madam Ho Ching was also Chairman of Chartered Semiconductor, ST Engineering, ST Capital, StarHub, Deputy Chairman of Singapore Technologies, and and SembCorp Industries (Singapore Technologies unit)

Grandpa holds the strings of Temasek, son, Singapore PM; son's wife, heads Temasek

Prime Minister Lee Hsien Loong, is also Government of Singapore Investment Corporation (GIC) deputy chairman, and his father, Lee Kuan Yew - Singapore's first prime minister - is the chairman of GIC's board of directors. The GIC holds most of Singapore's foreign reserves. The amount of money is a secret. It has \$100 billion invested overseas, and among other assets it owns No 1 Martin Place, Sydney. It had invested in about 50 hedge funds. Lee Kuan Yew holds a

Credit economics: costs to gain abatement credits



Cabinet position as Minister Mentor.

A fourth-generation Chinese Singaporean:

His Hakka great-grandfather, Lee Bok Boon (born 1846), emigrated from the Dapu county of Guangdong province to the Straits Settlements in 1862. Lee consistently denied charges of nepotism, arguing that his family members' privileged positions are based on personal merit. However, these charges have

Green money Costs achieve the greenhouse gas reductions required within the Australian energy industry the costs range from \$20-30/t CO2e...Citi Climate Change Conference Australia's carbon reduction challenge and Origin's approach to carbon opportunities July 2007.

persisted and international publications such as *The Economist*, *International Herald Tribune* and the *Far Eastern Economic Review* have been threatened, sued or banned in Singapore for implying the existence of

nepotism. During the occupation, he operated a successful black market business selling tapioca-based glue called Stikfast. Having taken Chinese and Japanese lessons since 1942, he was able to collaborate as a transcriber of Allied wire reports for the Japanese, as well as being the English-language editor on the Japanese Hodobu — an information or propaganda department - from 1943 to 1944.

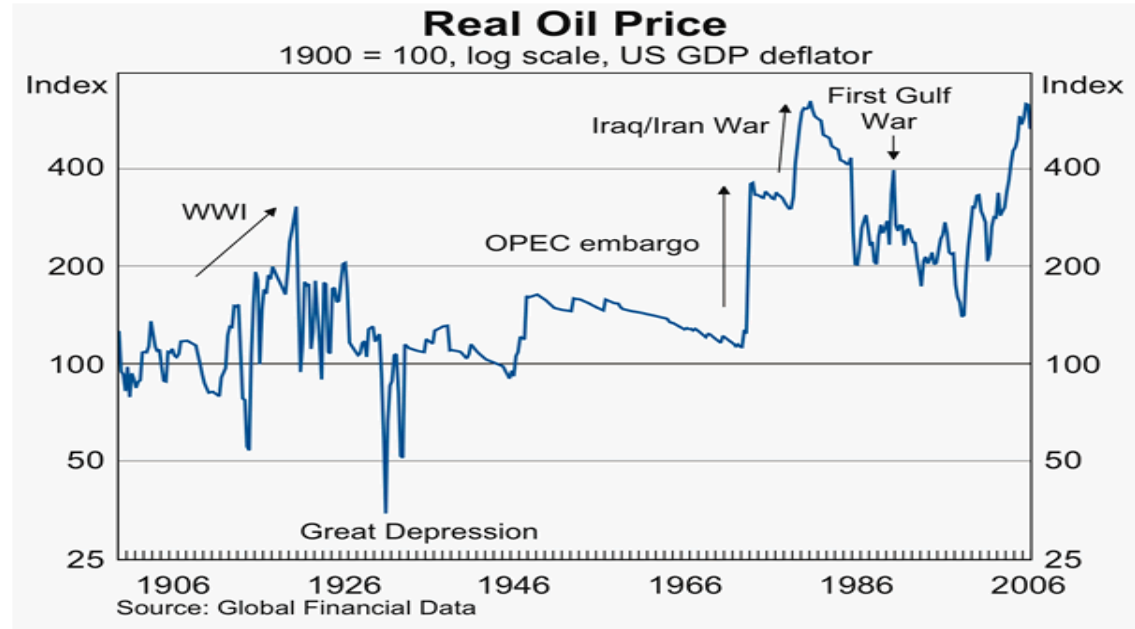
PM's bro chairs Sing Investment Corp: The chairman of the Government of Singapore Investment Corporation (GIC) is the Brigadier-General Lee Hsien Yang , brother of the Prime Minister, the Former Chief Executive of SingTel Group and SESAMi Inc (SingTel unit), and Director of Singapore Technologies Industrial Corporation and National Computer Systems (SingTel unit). SingTel paid Lee Hsien Yang S\$4.56 million (US\$2.86 million) in cash and stock in the last fiscal year, the company's latest annual report showed.

Uncle of PM: Colonel (Dr) Kwa Soon Bee Kwa Soon Bee is the Uncle (Mother's Brother), and Managing Director of Jurong Bird Park, Chairman of Wildlife Reserves Singapore and Director of Keppel Land

Cousin of of PM: (Father's Brother's Son) Chief Executive of DBS Vickers (DBS and Singapore Technologies unit) Mr Kwa Chong Seng Kwa Chong Seng is a Cousin (Mother's Brother's Son) and Deputy Chairman of Temasek Holdings (Ministry of Finance unit)

PM's Brother-In-Law: Mr Ho Sing is the

Peak oil preliminaries



Brother-In-Law (Wife's Brother) and Vice President of Singapore Precision Industries 2000 (Singapore Technologies unit) and Director of Advanced Materials Technologies (Singapore Technologies unit).

PM's Brother's Wife: Mrs Lee Suet Fern is the Sister-In-Law (Brother's Wife) and Director of SembCorp Logistics

Oil on the boil: The OPEC Reference Basket in June rose \$2.41 or almost 4% to close at \$66.77/b. Concern over gasoline supply dominated market bullishness, with geopolitical concerns and refinery glitches providing further support to the market. However, healthy crude oil stocks kept the market in balance. In the first two weeks of July, continued concern over gasoline as seasonal demand stepped up amid ongoing refinery outages in the USA, sent global prices to a 10-month high with the Basket surging above the \$70/b level in the first week of July. The Basket stood at \$72.49/b on 13 July

NEWS BRIEFS

PRICE

July 2007 Report: Average prices dropped 17-66 per cent in mainland regions in July with far lower spikes compared to June, but rose 27 per cent in Tasmania because of more frequent spikes, an analysis of price and demand shows.

Reference: Analysis of average daily price and average daily demand for July 2007, June 2007 and July 2006 for NSW, Victoria, South Australia, Queensland and Tasmania in Price/Demand section of Erisk Net Realtime NEM Data. <http://www.erisk.net>

345pc rise in derivatives trading: Traded volumes in electricity derivatives on the Sydney Futures Exchange had risen sharply since 2005, with 345 per cent growth in the year to June 2007.

Reference: Report of the Australian Energy Regulator (AER) on "State of the Energy Market 2007". 26 July 2007. Address: Level 11, The Tower, 360 Elizabeth Street, Melbourne Central. Melbourne. Vic. 3000. GPO Box 520, Melbourne. Vic. 3001. Phone: (03) 9290 1444. Fax: (03) 9290 1457. <http://www.aer.gov.au>

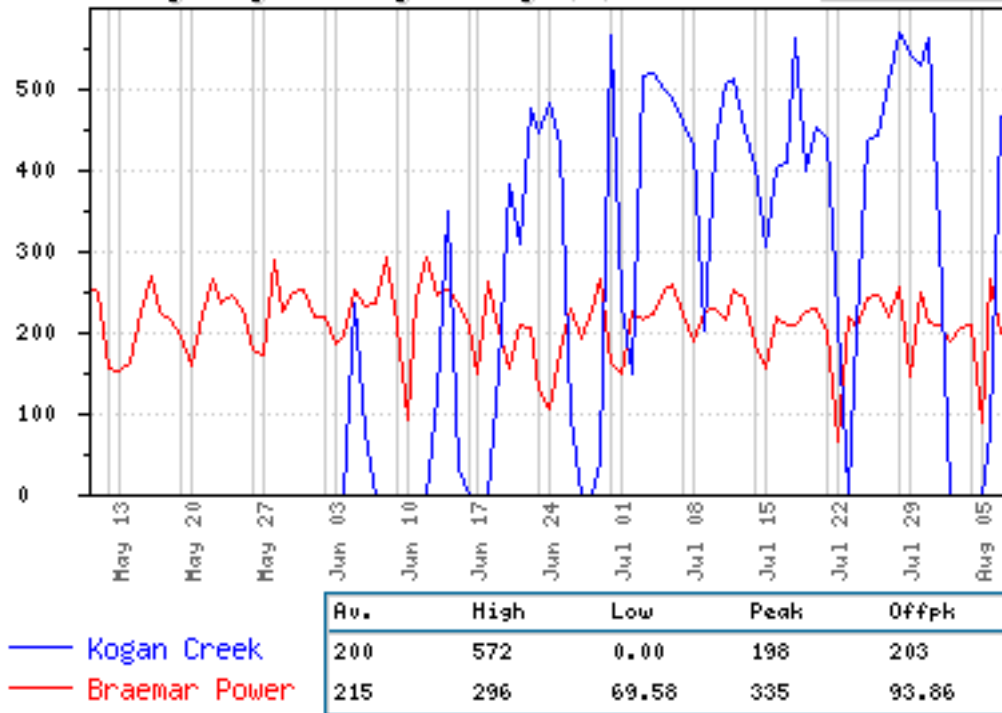
31 July MT PASA: NEMMCO made four changes in low reserve condition (LRC) in the medium term projected assessment of system adequacy (MT PASA) issued at 1550EST on Tuesday, 31 July to that issued on Tuesday, 24 July. The changes are the addition of January and February for Queensland in 2008 and the omission of January and February for South Australia in 2009.

First billion dollar result: Energy market turnover of \$1.15 billion for the week from 10 June to 16 June was the highest since the National Electricity Market (NEM) started on 13 December 1998, the Australian Energy Regulator (AER) showed in its market analysis for the week.

\$596 million above previous highest week: This was up \$596 million (107.6 per cent) on the previous highest

New faces do big business: Braemar, Kogan Creek

QLD Operator Output
90 day (avg.) ending Tuesday 7/8/2007
4:00am TRADING
www.erisk.net



turnover this year of \$554 million in the week ending 20 January.

Long gap between weekly reports: This was the first weekly market analysis published by the AER since the report for the week ending 9 June, which was published on 25 June.

Ancillary services cost \$657,000: Total cost of ancillary services for the week was \$657,000, or 0.06 per cent of energy market turnover. It was \$113,000 (12.1 per cent) up on the \$544,000 the previous week.

Fourth highest of year: However, the week's \$657,000 cost of ancillary services was the fourth highest of the year behind the \$894,000 in the week ending 7 April, the \$720,000 in the week ending 2 June and the \$673,000 in the week ending 21 April.

30 days of spikes in July: Spikes occurred on 30 of the 31 days in July with prices ranging from \$100.90/MWh to \$2075.44/MWh, an analysis of prices statistics shows. This compares with spikes on all 30 days in June, with prices ranging from \$109.55/MWh to \$9936.37/MWh.

Reference: Analysis of maximum daily prices above

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\$100.00/MWh in National Price for May 2007, April 2007 and May 2006 in Price/Demand section of Erisk Net - Realtime NEM Data. <http://www.erisk.net>

SALES AND MERGERS

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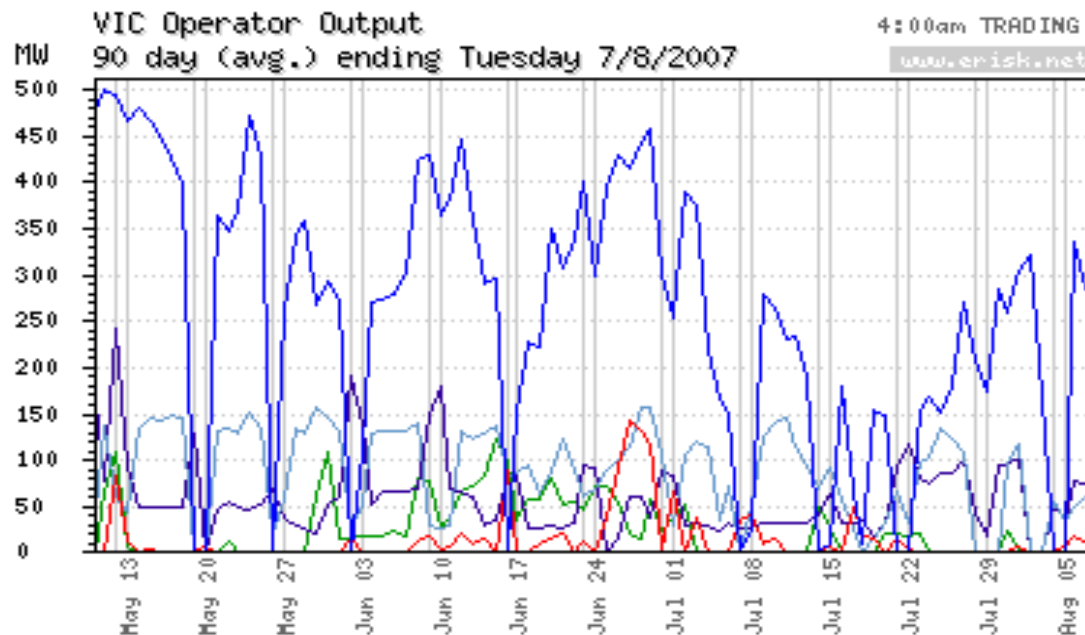
Basslink \$1.2bn: National Grid's Basslink was expected to fetch as much as \$1.2 billion. The final contenders are believed to be a consortium of APA Group and Macquarie Bank, Industry Funds Management (IFM), Transfield Services and Singapore's CitySpring Infrastructure Trust. Rothschild Australia is handling the sale process for British utility National Grid, which was leaving Australia after completing work on the cable just last year. *The Australian Financial Review*, 31/7/2007, p. 16

Singapore fling: According to Bryan Frith in *The Australian* (1/8/2007, p.32), it was extraordinary, and somewhat worrying, that only two weeks before Alinta shareholders were to vote on the sale of the company to a consortium of Babcock and Brown entities and Singapore Power, there were still unresolved material issues with DUET Group, the majority owner of some of the assets involved in the transaction. DUET said that in relation to UED and Multinet it had been asked to consent to a change of control of AAM to Singapore Power and in relation to DBP and Alinta Network to consent to novation of the OSA's to B&B Infrastructure.

Basslink sold to Temasek Holdings: The Singapore Government's \$103 billion investment fund, Temasek Holdings, has used a listed infrastructure trust to buy Basslink electricity cable in Australia for \$1.175 billion, beating bidders including the APA Group, reported *The Australian* (1/8/2007, p.B33).

Multiple of 16.4 times earnings: The sale by National Grid, due to be completed by the end of September, represents a multiple of 16.4 times earnings before interest, tax, depreciation and amortisation for the year to 31 March.

Gas plants cash in Victorian cold weather



- Newport
- Jeeralang
- Valley Power
- Rubicon
- Laverton North
- Somerton Power
- Sunshine Energy
- Toora Wind Farm

Av.	High	Low	Peak	Offpk
261	500	0.00	355	203
14.05	144	0.00	20.86	4.87
86.82	158	0.00	166	13.79
0.00	0.00	0.00	0.00	0.00
60.37	243	0.00	76.23	28.51
23.74	124	0.00	30.81	14.11
0.00	0.00	0.00	0.00	0.00
0.00	0.00	0.00	0.00	0.00

Prices for other power links: Other recent comparable bids include APA's purchase of DirectLink, the electricity transmission link between NSW and Queensland, in a deal worth \$170 million, or 17 times EBITDA, and APA's

purchase of Murraylink electricity transmission assets for \$153 million plus transactions costs, or 15.5 times EBITDA. The big difference between DirectLink and Murraylink was they were both regulated. The Basslink

asset was completely unregulated.

CitySpring's gas links: The purchase would be funded with debt and new shares in the Singapore-listed CitySpring. CitySpring edged out 14 competitors to win with \$1.18bn bid

Huge profit to National Grid: The sale of Basslink to CitySpring, which has been backed by the Singapore Government's investment arm, Temasek Holdings, delivered a big profit to National Grid, which spent \$780 million building Basslink, reported *The Age* (1/8/2007, p.B3). CitySpring, which completed an initial public offering in February, will pay 75 per cent of the \$1.18 billion price through debt funding, while the remainder will be sought through a capital raising.

Major names defeated: It was believed CitySpring beat offers from Transfield Services, Industry Funds Management and a consortium of APA Group and Macquarie Bank. National Grid Australia managing director Bill Russell said the CitySpring bid was considered more attractive due to the cash consideration.

CitySpring's first catch: CitySpring chief executive Fai Au Yeung said Basslink, which was the company's first acquisition since its February float, was an attractive and long-life asset with "minimal capex (capital expenditure) requirements in the near term".

Singapore wants Alinta: Alinta assets were "apportioned" to Singapore Power International if shareholders approved the deal, wrote Nigel Wilson in *The Australian* (18/7/2007, p.32) These included Alinta's Victorian electricity network, the NSW gas network formerly owned by AGL, 34.1 per cent of electricity distributor United Energy, gas pipelines and gas transfer hubs as well as asset management businesses

FUTURES

Market does not always resemble model: RiskData, a consultancy, studied more than 1,000 hedge funds and

concluded that nearly a third of funds trading illiquid securities were smoothing the results of their models, so as to iron out too much volatility in their books. Traditionally, a company's accounts would record the value of an asset at its historic cost (ie, the price the company paid for it), reported *The Economist* (21/7/07, p. 74).

Under fair value accounting: Under so-called "fair value" accounting, however, book-keepers can now record the value of an asset at its market price (ie, the price the company could get for it). But many complex derivatives, such as mortgage-backed securities do not trade smoothly and frequently; in arm's length markets. This makes it impossible for book-keepers to "mark" them to market. Instead they resort to "mark-to-model" accounting, entering values based on the output of a computer.

Markets often does not resemble model: Unfortunately, the market does not always resemble the model. Situations like this, said Ray Beier at PricewaterhouseCoopers, reach "the heart of the fundamental challenge in fair-value accounting". Models were supposed to show the price an asset would fetch in a sale. But in an illiquid market, a big sale can itself drive down prices. This can sometimes create a sizeable difference between "mark-to-model" valuations and true market prices. That was not the only problem with fair value accounting.

INDUSTRIAL USERS

Smelters must face full marginal costs: In a submission to the Owen Inquiry into Electricity Supply in NSW, energy and environment consultant George Wilkenfeld said that if the justification and timing of new baseload plant comes down to the needs of potential large customers such as aluminium smelters, those customers must face the full marginal costs including emission permit costs.

Don't lock in subsidies: The NSW government should

not lock in subsidies to particular industries.

Reference: George Wilkenfeld and Associates, Pty. Ltd. A.B.N. 78 003 846 848 E-mail: geosanna@ozemail.com.au, Policy and Planning Consultants Energy and Environment, 132 Chelmsford St, Newtown NSW 2042 Australia PO Box 934 Newtown 2042 Sydney (02) 9565 2041

NEM works for business customers: The National Electricity Market (NEM) had delivered lower energy costs for business customers since 1999, the Australian Energy Regulator (AER) said in the executive overview of its report on "State of the Energy market 2007".

Higher prices in 2007: However, the report said that a combination of record demand and tight supply led to significantly higher prices in 2007. These movements had been mirrored in higher forward prices for electricity derivatives. The forward markets provided a means for participants to manage price risk, and had become an integral part of the energy market framework in recent years.

5000MW of new gen 1999 - 2006: Five thousand megawatts (MW) of electricity generation capacity was installed in the National Electricity Market (NEM) between 1999 and 2006, the Australian Energy Regulator (AER) said in the executive overview of its report on "State of the Energy market 2007".

Enough to meet SA and Tas peak demand: The report said this was enough to meet peak electricity demand for the whole of South Australia and Tasmania. Strongest growth in Qld and SA: It said the strongest growth had been in South Australia and Queensland. Capacity in these regions had expanded by more than 30 per cent since 1999.

Reference: Report of the Australian Energy Regulator (AER) on "State of the Energy Market 2007". 26 July 2007. Address: Level 11, The Tower, 360 Elizabeth Street, Melbourne Central. Melbourne. Vic. 3000. GPO Box 520, Melbourne. Vic. 3001. Phone: (03) 9290 1444. Fax: (03) 9290 1457. <http://www.aer.gov.au>

Perth air-con cartel punished: A group of Perth air-conditioning service providers who formed a cartel have been punished with \$9.2 million in penalties by the Federal Court, reported *The Australian Financial Review* (27/7/2007, p.18).

Conned by air-con: The penalties would be shared by 11 companies and 18 company directors and senior employees who met to discuss ways to fix prices and rig bids in competitive tenders. The individuals involved face penalties ranging from \$3500 to \$70,000. The Australian Competition and Consumer Commission alleged \$129 million worth of tenders were affected, with office towers, shopping centres, schools and hospitals across Perth all unwittingly having their competitive tenders affected.

How they did it: Customers caught by the cartel, which, ran in various forms from 1992 until 2003, included AMP and the CSIRO. The ACCC has eight cartel prosecutions in the courts, with another 36 under investigation.

God is green, and buys in bulk: The national body Catholic Religious Australia, representing 8500 members, planned to negotiate a bulk purchase of hybrid vehicles, reported *The Sydney Morning Herald* (22/7/2007, p.3). Sister Sharon Price, executive director of NSW Conference of Leaders of Religious Institutes, said that a shift to green technology was entirely consistent with the church's ethos of lessening humankind's impact on the earth.

SMALL USERS

Rising utilities bills hurt pensioners: Faced with rising utilities bills, older people could cut down on heating to save money, which would lead to substantial health risks, a submission by the Superannuated Commonwealth Officers Association said. In submissions to a Senate inquiry, welfare groups said rising grocery and utilities bills hurt pensioners more than they do the rest of the population, reported *The Australian Financial Review* (31/7/2007, p.7). This was

because groceries and utilities chew up a bigger proportion of the household budget of pensioners than they do for younger households. "Older Australians who feel the consumer price index is not reflective of the cost pressures they are experiencing day in, day out are probably right," the St Vincent de Paul Society said.

POLICY - RETAIL - TASMANIA

Retail tariffs rise 15 - 19 per cent: Tasmania's energy regulator has issued a draft report foreshadowing approval for power prices to rise 15 per cent for householders and up to 19 per cent for business from January 1 next year. This would add about \$90 to a quarterly power bill of \$600. Further increases of 4 per cent would follow in 2009 and 2010 in an interim decision defended by the Energy Regulator, Andrew Reeves

Basslink costs blamed: Treasurer Michael Aird blamed the drought, during which the storage in hydroelectric dams has fallen to 19 per cent of capacity and forced Hydro Tasmania to supplement hydro power with \$80 million in power imports via the Basslink cable and gas-fired generation. However, Reeves said about half the increase was attributable to the increase in the amount Aird allows Hydro to charge Aurora for energy, as well as the cost of transmission services set by the Australian Energy Regulator.

POLICY - NSW

NSW Premier backs gas: New South Wales Premier Morris Iemma would outline the case for the move to gas to supply the next so-called "baseload" power station, which would operate 24 hours a day, reported *The Sydney Morning Herald* (1/8/2007, p. 2). Several large gas-fired power stations were already on the drawing boards of state-owned power companies, most notably Delta Electricity, which was working on plans for gas-fired power plants near Nowra as well as at Marulan.

Owen Inquiry 'politically biased': The terms of reference of the Owen Inquiry were overly narrow and inappropriately failed to consider demand management (DM) and energy efficiency (EE) as key tools to meet NSW's energy needs, argue the Total Environment Centre Inc., Nature Conservation Council of NSW and Greenpeace.

Reference: Total Environment Centre Inc; Nature Conservation Council of NSW; Greenpeace. Cate Faehrmann, Executive Director, Nature Conservation Council of NSW, 2/301 Kent Street, Sydney, NSW 2000; Jeff Angel, Director, Total Environment Centre, PO Box A176, Sydney South, NSW, 1235. Contact: Jane Castle Phone: (02) 9261 3437 or Owen Pascoe Phone (02) 9279 2466.

Macq Gene new baseload plans: Macquarie Generation's plans for a new baseload power station included the power station having up to two units each of 900 MW capacity, according to the company's submission to The Owen Inquiry into Electricity Supply in New South Wales, 29 June 2007.

Each unit to cost \$1.35bn: Notionally, each generation unit would cost around \$1.35 billion after allowing for the efficiency benefits involved in joint services for coal delivery and water infrastructure with the existing Macquarie Generation power stations.

Funding by private sector: In one of four models, Macquarie Generation would dispatch the new plant and its existing portfolio to maximise the value of the three power station portfolio. Funding for the project would be via limited recourse debt and from equity provided by the private sector and Macquarie Generation. The advantages of this proposal would be that funding was provided by the private sector, operational risks (excluding dispatch) are with the private sector and Macquarie Generation would potentially gain considerable free equity in consideration for project development. The project would require a fixed return to the private sector to cover debt and a variable fee to cover equity returns and may result in more aggressive tax and accounting treatment.

Option minimal impact on NSW AAA credit rating: In this scenario, the private sector participant would receive an underwritten commitment to support high gearing levels, over an extended period, and would share equity risk with Macquarie Generation. There would be minimal impact on the New South Wales State AAA credit rating.

Reference: Macquarie Generation, Macquarie Generation Submission to The Owen Inquiry into Electricity Supply in New South Wales, 29 June 2007.

POLICY - SOUTH AUSTRALIA

Momentum Energy risk warning: According to Momentum Energy Limited CEO Camillo Alessandro it advocated the removal of regulated price determinations and therefore the removal of a major market and economic distortion. South Australia has established a proven competitive market, but now needed to move to the next reform step of true open market competition, commencing 1 January 2008.

Competition better than policy: Competition and not enforced policy would achieve this objective. If a continuation of standing price regulation was pursued, Momentum Energy argued that the AGL proposed benchmarks covering WEC, ROC and Retail Margin were too low and not reflective of market costs faced by a fair retailer and would urge ESCOSA to adjust such benchmarks to more accurately reflect real market costs, risks and to grant a fair required rate of return, justified in the context of the electricity industry.

Reference: Momentum Energy Pty Limited, Camillo Alessandro, Chief Executive Officer, Level 8 50 Market Street Melbourne Victoria 3000; PX Box 353 Flinders Lane Melbourne Victoria 2009

GENERATION - GEO THERMAL

960-tonne rig from Texas: At a ceremony at the remote site near Innamincka on 31 July, Geodynamics chief

executive Adrian Williams said The well will undergo a six-week circulation test. If the well succeeds, Geodynamics planned Australia's first commercially viable geothermal power plant, a 40MW plant delivering power into the national grid, by the end of 2010. Geodynamics faced a setback in June last year when the second well in its program, Habanero 2, became blocked with a stuck drill bit. *The Australian*, 1/8/2007, p. 9

GENERATION - WA

Coal-seam to WA power stations: Westralian Gas and Power has signed a deal with ERM Gas, which could result in the supply of coal-seam gas to Western Australian power stations, reported *The Australian* (6/7/2007, p.25).

Gas shortage in Perth: ERM Gas has the option of exploring Westralian Gas's coal-seam gas leases in southwest WA and funding their development with the intention of supplying gas to power stations. ERM Gas is a wholly owned subsidiary of ERM Power, a developer of gas-fired power stations.

GENERATION - NUCLEAR

Japan nuclear industry in crisis: Seismologists revealed that the Kashiwazaki nuclear power station stood directly above an active earthquake fault line, which provoked an atomic spill, reported *The Australian* (20/7/2007, p.11).

Other plants need closing: Scientists also identified an active threat to one of Japan's oldest nuclear power stations and demanded it be closed. Kiyoo Mogi, the former chair of the Co-ordinating Committee of Earthquake Prediction Japan, said it was "hard at this stage to say how many nuclear power plants should be stopped... but the Hamaoka plant in Shizuoka should be stopped immediately."

Anti-nuke activists were right: The revelations about Kashiwazaki's geological weakness have dealt a massive blow to the credibility of the Tokyo High Court and to the government-affiliated National Institute of Advanced Industrial Science and Technology, whose survey showed the fault to be about 15km from the plant. In 2005, fearing the effects of a large quake, residents fought to have Kashiwazaki's licence to build a reactor revoked.

Japan plant shut for over a year: The Nikkei business newspaper said the government might order TEPCO to keep the plant shut for more than a year while a safety study was conducted, raising questions about possible power cuts and the hefty cost to TEPCO of firing up other mothballed power stations to meet heavy northern summer demand.

Firm misjudged the seismic risks: Tadao Yabe, a Kashiwazaki MP, said the latest developments would boost anti-nuclear opposition among residents. "I think people are really fed up," he said. "When they saw flames rising from that fire, they must have said, 'That's it'." Anti-nuclear activists have claimed for decades that the Kashiwazaki-Kariwa plant is unsafe.

The Australian Financial Review, 20/7/2007, p. 54

GENERATION - HYDRO

Hydro Tas's Catagunya Dam offline: Catagunya Dam will be undergoing a major refurbishment commencing in March 2008, according to a Hydro Tasmania statement (13/7/2007). The concrete dam is partly supported by steel anchor cables and these are thought to be suffering from gradual corrosion. The level of Lake Catagunya will be temporarily lowered during the construction period and will return to normal after the work is completed.

Reference: Hydro Tasmania, Hydro-Electric Corporation. Contact: Helen Brain. Phone: 03 6230 5746. Website: <http://www.hydro.com.au>

problems would be fixed. *The Australian*, 20/7/2007, p. 2

24 May 2007

COAL - QUEENSLAND

New Acland must do EIS: New Acland Coal Pty Ltd proposed to expand the existing New Acland Coal Mine and associated infrastructure to increase coal production from 4 million tonnes per annum to 9 million tonnes per annum for the domestic and export markets, reported *The Courier Mail* (21/7/2007, p. 57).

Big plans for New Acland: The New Acland Coal Mine was located approximately 14 kilometres north-northwest of Oakey and 35 kilometres northwest of Toowoomba. Expansion plans would involve the staged development of two new coal pits and the possible construction of a pipeline to carry waste water from Toowoomba City Council's Wetalia Waste Water Treatment Plant.

An environmental threat? The Australian Minister for the Environment and Water Resources determined on 24 May 2007 that the Project constituted a "controlled action" pursuant to the Environment Protection and Biodiversity Conservation Act 1999 (EPBC)(Cth).

Comments invited: Written comments on the Draft Terms of Reference for the EIS were invited by close of business 20 August 2007.

Contact: EIS Project Manager, New Acland Coal Mine Stage 3, Major Projects Division, Department of Infrastructure, PO BOX 15009, CITY EAST QLD 4002, Tel: (07) 3238 3131 Fax: (07) 3225 8282. Submissions would be treated as public documents. Copies of all submissions would be forwarded to New Acland Coal Pty Ltd. <http://www.infrastructure.qld.gov.au>

Japanese barons seek assurances: After meeting NSW Treasurer Michael Costa, the delegation held a lengthy meeting with Queensland Premier Peter Beattie, Queensland Rail acting chief executive Stephen Cantwell and other senior government officials in Brisbane. Delegation head Tom Obata, from Nippon Steel, said the companies involved in the meetings did not need to know who was to blame, only that the

COAL - VICTORIA

Brown coal expert Chief Scientist: Victorian Minister for Energy, Industries and Resources Peter Batchelor has announced the appointment of Professor Frank Larkins as Chief Scientist, Victoria. Chief Scientist's role: The Minister said the role of Chief Scientist was created to provide strategic and policy advice to his office and to the Department of Primary Industries following the transfer of responsibility for energy and resources from the Department of Infrastructure to the Department of Primary Industries.

Contact: Martin Curtis, Premier's Media Unit. Phone: (03) 9651 5799. <http://www.vic.gov.au>

POLICY - QUEENSLAND

CO2 dump Bill 2007: During the Queensland Parliament (24/5/07), Chris Bombolas, the Member for Chatsworth of the ALP rose in support of the Clean Coal Technology Special Agreement Bill 2007. On 23 May, the Beattie government released the Clean Coal Technology Special Agreement Bill 2007 formalising the agreement between the coal industry and the government. The bill formally outlined how the industry COAL21 Fund would sit with Australian Coal Association Low Emissions Technologies Ltd - ACALET - to be applied to selected research, development and demonstration projects. It also officially introduced the Clean Coal Council which was made up of five industry and five government representatives, a chairman and anyone else with relevant experience that the Premier or his delegate decided ought to be on the council. The council would make recommendations to the Premier or his delegate on funding priorities.

Reference: Chris Bombolas, Member for Chatsworth, First Session of the Fifty-Second Parliament, Queensland,

Qld Premier trips on ZeroGen IGCC: During the Queensland Parliament (24/5/07), Dr Bruce Flegg, the Deputy Leader of the Queensland Coalition, Leader of the Liberal Party, and Member for Moggill, said that when the Queensland government talked about clean coal technology it was talking about the IGCC type projects. Flegg pulled out a press release that the Premier issued on 26 July 2006. He started off by saying that Stanwell power, a government owned corporation - which Ross Rolfe was possibly in charge there at the time - would build the world's first power plant incorporating two clean coal technologies. "Since that time the Premier has been back-peddalling at 100 miles an hour", Flegg said.

Reference: Bruce Flegg, Deputy Leader of the Queensland Coalition, Leader of the Liberal Party, Shadow Treasurer, Shadow Minister for Infrastructure, Member for Moggill, First Session of the Fifty-Second Parliament, Queensland, 24 May 2007

POLICY - FEDERAL

Red faces on SIM card mistake: Gold Coast doctor, Haneef was charged with recklessly providing support to a terrorist organisation for giving his mobile phone SIM card to one of the bombers in the latest UK bombing attempt. Haneef reportedly gave the man, who also happens to be his second cousin, the SIM card so he could take advantage of an "extra minute deal" offered by the O2 phone company. For his alleged deed, Haneef was detained for 12 days without charge and with limited legal representation and no access to the outside world. *The Courier Mail*, 17/7/2007, p. 20

'National interest' or political interest: The Law Council saw parallels with the David Hicks case. It said the government allowed a political judgment about what is in the national interest to overwhelm important matters of principle in its dealings with Haneef. President Tim Bugg said the "cloak and dagger" process put Australia's

fundamental rights at risk. "The Immigration Minister's decision has effectively undermined Australia's judicial system, there's more than a whiff of political opportunism about the decision which infringes on the principle that every citizen is innocent until proven guilty," he said.

Political flavour: In an interview with *The Canberra Times*, he said the council had real concerns about the process. "No one quarrels with the obligation of the government to protect Australia with appropriate legislation but in doing so it must ensure that rights are not unnecessarily interfered with," he said. "The whole of this topic has got a very strong political flavour because of the position the government has adopted in relation to terrorism generally, in conjunction with the United States and of course [Britain], and you've only got to look at the role it has adopted in relation to Iraq.

Shameful and farcical: Criminal barrister, Peter Faris, QC, said the "shocking mess-up" in the prosecution's case about Haneefs SIM card meant it was unlikely the Indian doctor would be convicted of providing support to a terrorist organisation. "You can't get something that's so central so wrong," he said, responding to the reports the SIM card had not been seized at the airport.

The Canberra Times, 21/7/2007, p. B2

MONTHLY RETAIL REPORTS

QUEENSLAND

Queensland began full retail competition (FRC) for small electricity customers in July with 2069 switching retailers, transfer statistics issued by the National Electricity Market Management Company (NEMMCO) show.

Usage less than 160MWh a year: Queensland In common with the other National Electricity Market (NEM) regions, defines a small electricity customer as one who uses less than 160 megawatt hours (MWh) a year.

SA start in 2003 much slower: As the last NEM region to introduce FRC for small electricity customers, Queensland was off to a flying start. By way of comparison, South Australia did not have more than 2000 transfers of its small electricity customers until its four month of operation.

SA took nearly early four months to reach 2000: South Australia began FRC in January 2003 and by the end of April it had a total of 2041 transfers – 63 in January, 91 in February, 549 in March and 1338 in April.

417 large customer transfers: Transfers of large electricity customers (those using more than 160MWh a year) rose sharply in July, common for the first month of a new financial year. Transfers of large customers rose by 417 to a total of 7299.

65 more than June: This was up 65 (18.5 per cent) on the 352 transfers in June and up 156 (59.8 per cent) on the 261 in July 2006.

Monthly transfer figures: The following table shows the transfers of large electricity customers in Queensland for 2007, with the December 2006 figures given for comparison purposes and the start of transfers of small electricity customers from 1 July 2007.

Month	Small customer transfers	Total small customer transfers	Large customer transfers	Total large customer transfers	Total transfers
December 2006	-	-	150	5951	-
January 2007	-	-	224	6175	-
February 2007	-	-	85	6260	-
March 2007	-	-	68	6328	-
April 2007	-	-	105	6433	-
May 2007	-	-	97	6530	-
June 2007	-	-	352	6882	-
July 2007	2069	2069	417	7299	9368

Reference: National Electricity Market Management Company (NEMMCO) retail transfer statistical data for small and large Queensland customers for July 2007. 8 August 2007. Address: Level 16, 461 Bourke Street, Melbourne. Vic. 3000. Phone: (03) 9648 8777. Fax: (03) 9648 8778. <http://www.nemmco.com.au>

VICTORIA

Victorian transfers of small electricity customers soared to a record monthly total of 66,105 in July, according to the latest National Electricity Market Management Company (NEMMCO) transfer figures.

First month above 60,000: This was the first time a monthly total exceeded 60,000 and was up 13,664 (26.1 per cent) on the 52,441 transfers in June. It was up 20,196 (44.0 per cent) on the 45,909 in July 2006.

Small customer transfers now 2,110,936: The July transfers took total transfers of small electricity customers to 2,110,936. compared to 1,044,831 in June and 1,469,183 at the end of July 2006.

Huge increase in large customer transfers: Transfers of large electricity customers in July totalled 2613, up 2546 (3280.8 per cent) on the 67 transfers in June. The July 2007 transfers were up 1686 (181.9 per cent) on the 927 in July 2006.

Combined total transfers now 2,136,114: At the end of July, the combined total of small and large customer transfers was 2,136,114, compared to 2,067,396 at the end of June and 1,488,768 at the end of July 2006.

How customers are classified:NEMMCO said the transfers represented the total for both small and large national meter identifier (NMI) figures. A small NMI was

Time	Small Customers	Progressive	Large customers	Progressive	Total all customers
December 2006	50,622	1,717,695	1431	21,762	1,739,457
January 2007	53,401	1,771,096	336	22,098	1,793,194
February 2007	54,664	1,825,760	119	22,217	1,847,977
March 2007	57,831	1,883,591	118	22,335	1,905,926
April 2007	49,025	1,932,616	77	22,412	1,955,028
May 2007	59,774	1,992,390	86	22,498	2,014,888
June 2007	52,441	2,044,831	67	22,565	2,067,396
July 2007	66,105	2,110,936	2613	25,178	2,136,114

Note: The figures have been adjusted for errors in the NEMMCO totals that began with wrong additions in September and October.

Reference: National Electricity Market Management Company (NEMMCO) MSATS (market settlement and transfer solutions) retail transfer statistical data for customers in Victoria for July 2007. 8 August 2007. Address: Level 16, 461 Bourke Street, Melbourne. Vic. 3000. Phone: (03) 9648 8777. Fax: (03) 9648 8778.

NSW

Transfers of small NSW electricity customers fell by 3295 (7.8 per cent) in July to 38,010 on the 42,305 transfers in June, the latest National Electricity Market Management Company (NEMMCO) transfer figures show.

Total now 1,098,880: Transfers for the first month of the 2007/08 financial year took the total of small electricity customer transfers to 1,098,880.

Up 9743 on July 2006: While the July total was down on transfers in May and June, it was higher than the other 10 months in the 2006/07 financial year and was up 9743 (34.5 per cent) on the 28,267 in July 2006.

Big rise in transfers of large electricity customers: The 694 transfers of large electricity customers in July were up 533 (303.5 per cent) on the 172 in June, but down 174 (20.0 per cent) on the 868 in July 2005.

Large customers transfers now 23,982: The July total took total transfers of large electricity customers to 23,982. The combined total of small and large electricity at the end of July was 1,122,862, compared to 1,084,158 at the end of June and 724,984 at the end of July 2006.

How customers are classified:NEMMCO said the transfers represented the total for both small and large national meter identifier (NMI) figures. A small NMI was classified as having less than 160MWh of consumption a year while a large NMI was a customer having more than 160MWh consumption a year.

Breakdown of transfers: The following table shows transfers of large and small customers this year with the December 2006 figure given for comparison purposes.

Time	Small Customers	Progressive	Large customers	Progressive	Total all customers
December 2006	26,334	851,277	173	22,160	873,437
January 2007	28,850	880,127	671	22,831	902,958
February 2007	33,286	913,413	80	22,911	936,324
March 2007	34,550	947,963	67	22,978	970,941
April 2007	29,905	977,868	72	23,050	1,000,918
May 2007	40,697	1,018,565	66	23,116	1,041,681
June 2007	42,305	1,060,870	172	23,288	1,084,158
July 2007	38,010	1,098,880	694	23,982	1,122,862

Reference: National Electricity Market Management Company (NEMMCO) MSATS (market settlement and transfer solutions) retail transfer statistical data for customers in NSW for July 2007. 8 August 2007. Address: Level 16, 461 Bourke Street, Melbourne. Vic. 3000. Phone: (03) 9648 8777. Fax: (03) 9648 8778.

SA

Transfers of small electricity customers for July rose 317 (1.9 per cent) to 16,777 on the 16,460 in June, figures released by the National Electricity Market Management Company (NEMMCO) show.

Third highest month: This was the third highest monthly total since NEMMCO began issuing the figures from October 2006, behind the 19,766 in May and the 17,044 in January.

Total small customer transfers at 552,029: The NEMMCO figures show the total transfers of small electricity customers to market contracts at the end of July was 552,029.

NMI totals used:The NEMMCO figures, which use national meter identified (NMI) totals, replaced the figures previously put out by the Essential Services Commission (ESCOSA).

Same definition of small customer: While both NEMMCO and ESCOSA defined a small electricity customer as using less than 160MWh a year, the ESCOSA figures referred to the number of completed small customer transfers to a market contract for electricity either with AGL SA or an alternative retailer for each month.

NEMMCO figures include large customers: Another difference in the two sets of figures is that NEMMCO estimates transfers of large electricity customers on a monthly basis while ESCOSA did not provide these figures.

Biggest month for large customer transfers: Transfers of large electricity customers rose by 137 (472.4 per cent) to 166 on the 29 in June. This was the highest monthly total of the figures issued by NEMMCO.

Large customer transfers at 3399: At the end of July the total of large customer transfers was 3399 and the total of combined transfers was 555,428.

Breakdown of transfers: The following table shows the latest figures supplied for small and large electricity customer transfers by NEMMCO for South Australia <http://www.nemmco.com.au>

Month	Small customer transfers	Progressive	Large customer transfers	Progressive	Total all customers
September 2006	-	386,813	-	-	389,645
October 2006	15,396	402,209	24	2856	405,065
November 2006	16,458	418,667	36	2892	421,559
December 2006	15,755	434,422	34	2926	437,348
January 2007	17,044	451,466	159	3085	454,551
February 2007	16,275	467,741	35	3120	470,861
March 2007	16,696	484,437	36	3156	487,593
April 2007	14,589	499,026	25	3181	502,207
May 2007	19,766	518,792	23	3204	521,996
June 2007	16,460	535,252	29	3233	538,485
July 2007	16,777	552,029	166	3399	555,428

Reference: National Electricity Market Management Company (NEMMCO) MSATS (market settlement and transfer solutions) retail transfer statistical data for customers in South Australia for July 2007. 8 August 2007. Address: Level 16, 461 Bourke Street, Melbourne. Vic. 3000. Phone: (03) 9648 8777. Fax: (03) 9648 8778.<http://www.nemmco.com.au>