

ENERGY NETWORKS



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General Manager - Energy Networks

Winning energy networks

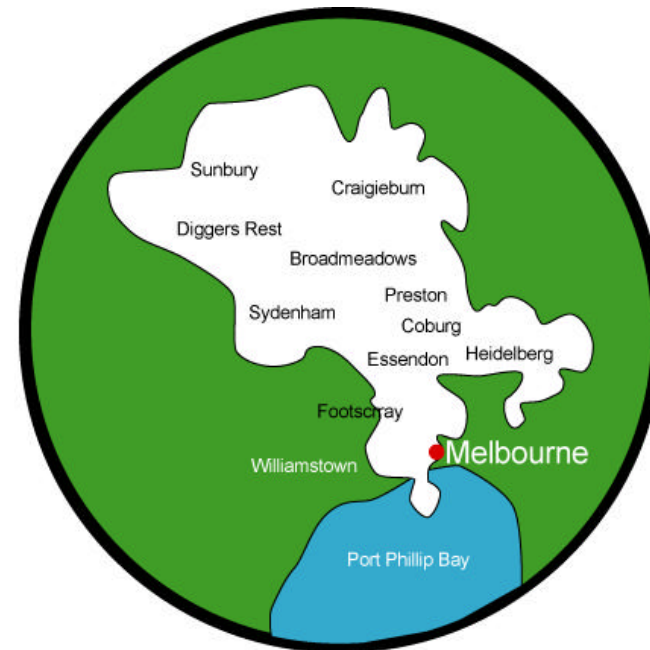
ENERGY NETWORKS



Network assets



NSW Gas Networks



VIC Electricity Networks

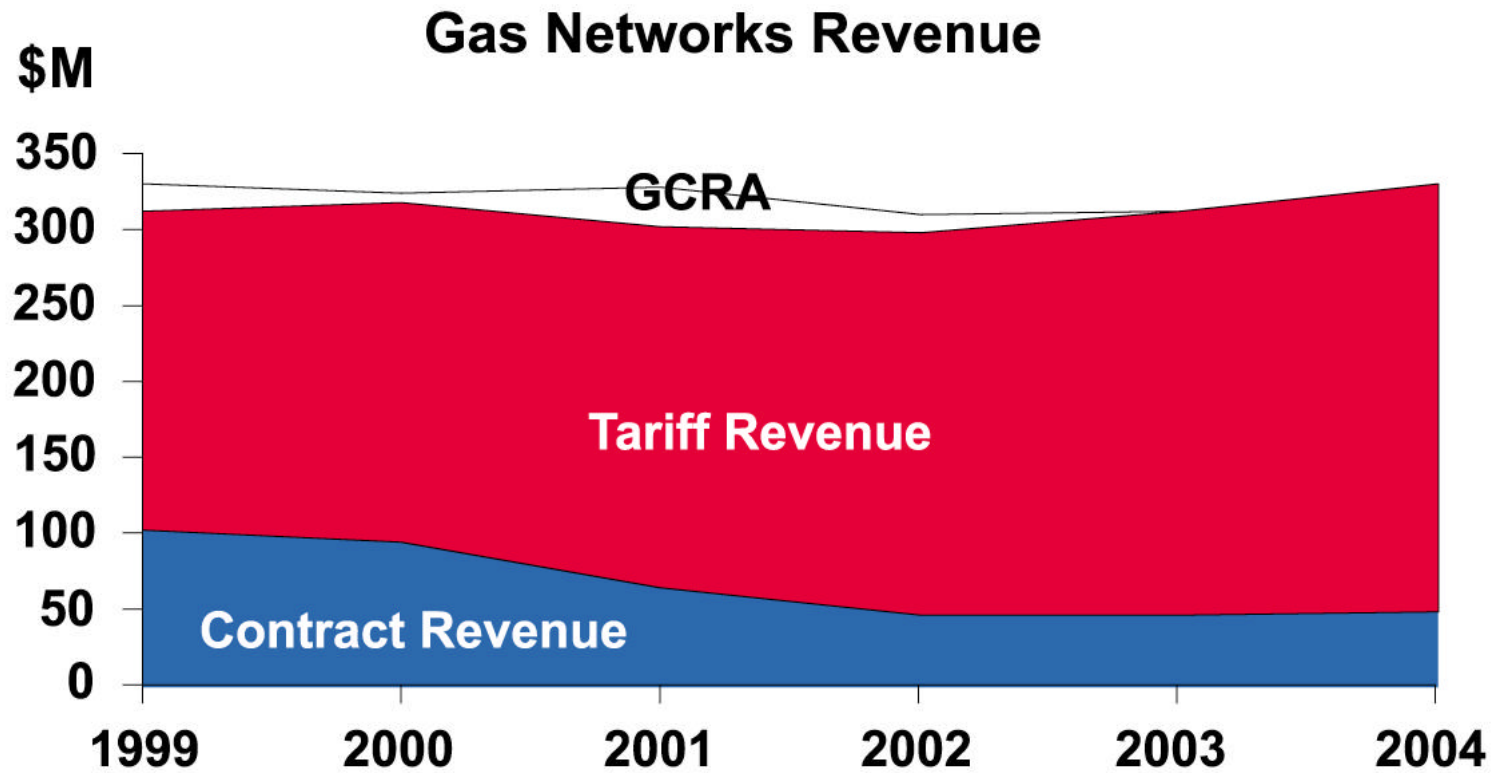


Current Environment

- **Regulatory resets behind us**
 - **cross subsidies wound out**
- **Bottom of regulatory cycle**
 - **both gas and electricity**
- **Next reset July 2004 (gas)**
- **Next reset January 2006 (electricity)**
- **Major focus**
 - **improve performance of businesses before resets**

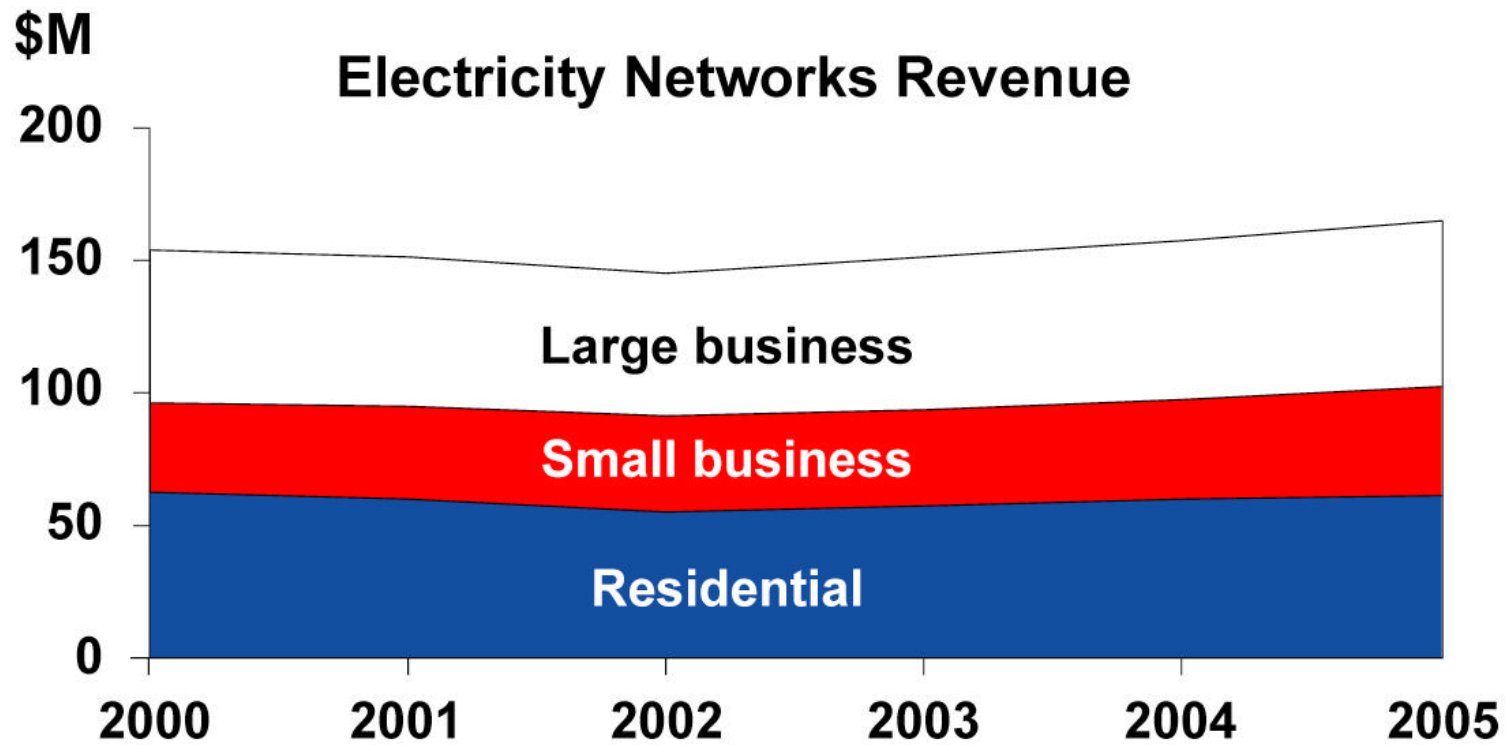


Regulatory cycle





Regulatory cycle





Success Drivers

- **Regulatory management**
 - **Australia's largest and most experienced regulatory team across electricity and gas**
 - **move to more light-handed incentive based regulation**
- **Focus on optimum asset management**
 - **organisation separation allows focus on key cost drivers**
 - **incentives for Agility to improve asset management and operating efficiencies**

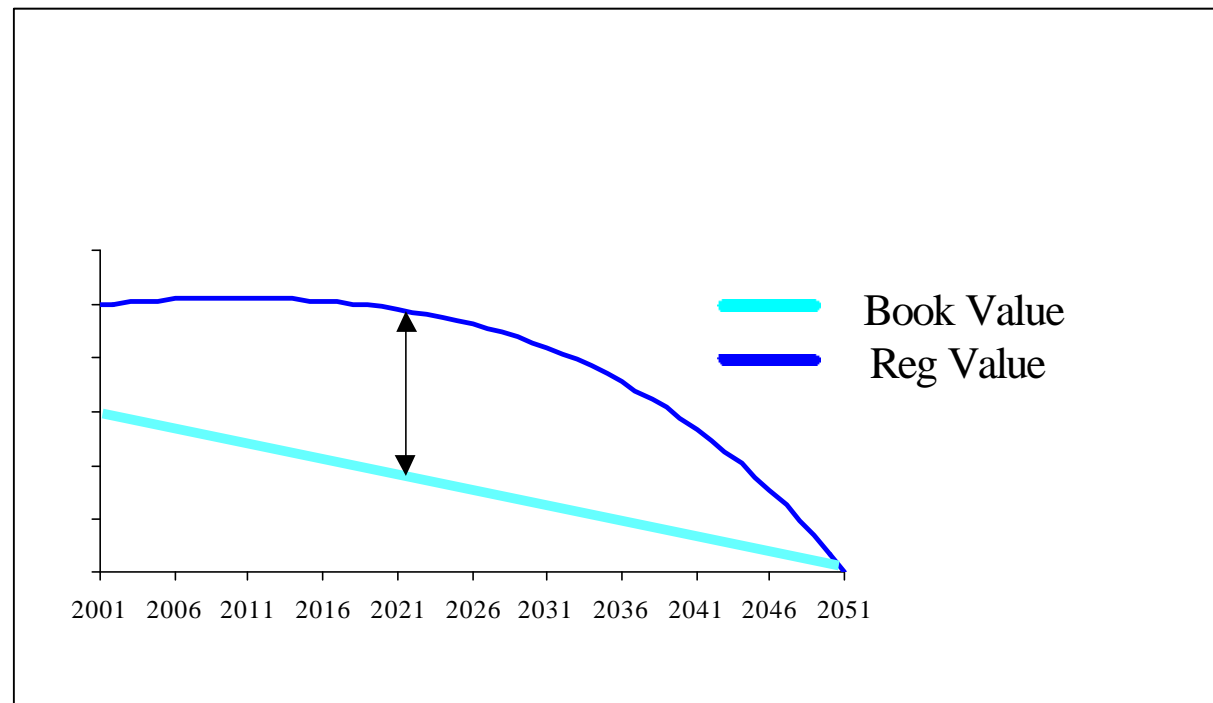


Success Drivers

- **Efficient management of capital expenditure**
 - focus capex towards growth
 - technologically advanced networks
 - risk based capex assessment process
- **Cash flow management**
 - working capital
 - hedge products with energy trading
- **Increased network usage**
 - increased hurdle rate for growth activities
 - increased penetration of natural gas



Other strategic initiatives - managing the earnings



ENERGY NETWORKS



- **Focus on asset ownership**
- **Strong, secure cash flows from well balanced network businesses**
- **Opportunities to release further value**