

13 NOV 2007

DATE RECEIVED

12 November 2007

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



Dear Mr Hall,

GAWB CONTINGENT WATER SUPPLY STRATEGY

CS Energy has reviewed the QCA October 2007 Draft Report on GAWB's Contingent Water Supply Strategy and is very much in agreement with the Draft Report's key conclusions.

However, regarding GAWB's risks, CS Energy considers that the triggering of the DMP based on the average three-year worst inflow appears overly conservative particularly where alternatives to the Fitzroy proposal are activated to meet customers' needs during periods when insufficient inflows threaten the supply of water from Awoonga Dam.

On the key conclusions, CS Energy agrees with QCA's assessment about the undue focus on the Fitzroy to the exclusion of other alternatives. CS Energy considers that dry cooling at Callide B/C, desalination and water trading should be included in the list of alternatives. With further low inflows, dry cooling and water trading could be implemented quickly and more economically than the alternatives proposed by GAWB.

CS Energy considers that preparatory work should proceed on dry cooling.

Setting up a facility for water trading to allow water to be delivered to the highest value users during periods of scarcity should proceed regardless.

CS Energy does not object to the contents of this letter being publicly available.

Yours sincerely

Paul Hyslop
GENERAL MANAGER NEW BUSINESS