

12 July 2011



Impact of Carbon Tax on Envestra

Envestra notes the Federal Government's announcement in relation to the introduction of the Carbon Tax. The Company does not believe that the tax (where it is a direct cost) will have a material impact on its business. This is on the basis that it has always been understood that upon the introduction of a carbon tax, the Company would be entitled to pass through any additional costs.

The Australian Energy Regulator, in its recent review of Envestra's South Australian and Queensland gas Access Arrangements, indicated that the Carbon Tax, as proposed, would most likely qualify as a "tax change event". This would enable Envestra to recover the additional cost through its network charges.

Envestra also notes there could be an inflation effect on supplies purchased by the Company; however, this is not expected to be material.

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