

4 March 2009

Mr Brad Lucke  
Senior Electrical Project Engineer  
Anglo Coal (Capcoal Management) Pty Ltd  
Via Middlemount  
Middlemount QLD 4746

Dear Brad,

### **REVIEW OF CAPCOAL DISTRIBUTION LOSS FACTOR FOR 2009/10**

Intelligent Energy Systems Pty Ltd has undertaken a review (audit) of the Distribution Loss Factor (DLF) for 2009/10 financial year calculated by Hill Michael Consulting for the Capcoal Network Service Provider (Capcoal). Capcoal has been registered and admitted by NEMMCO as a Distribution Network Provider. Capcoal operates a 66kV distribution network which is connected to Ergon Energy's Lilyvale substation. Capcoal has only one customer which is the embedded generator owned and operated by Energy Developments Limited (EDL).

Hill Michael Consulting submitted for review a spreadsheet that details the results of its load flow studies, the workings of the DLF calculation, and the final DLF value. A report titled "Distribution Loss Factor Calculation Methodology 2009/10" was also submitted for review by Hill Michael Consulting. Both the report and spreadsheet were well structured and concise and allowed an audit of the calculated DLF to be examined in a logical manner.

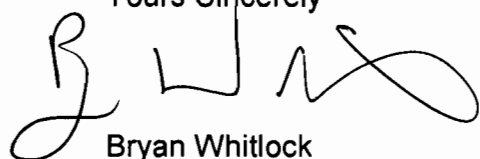
IES confirms that the EDL embedded generator meets the Rules' requirements for a site specific DLF, that is, its generation is expected to exceed 10 MW during financial year 2009/10.

The relevant published methodology operating in Queensland as at 31 December 2008 is the methodology approved by the Queensland Competition Authority (QCA) as described in Report NCM 17699 Determination of Distribution Loss Factors for Embedded/Local Generators. A copy of this report is provided in the Hill Michael Consulting submission.



The DLF proposed for the EDL embedded generator is 0.9951. IES is of the opinion that the value of 0.9951 has been calculated in accordance with the published methodology and is an appropriate DLF value to use for the EDL generator.

Yours Sincerely

A handwritten signature in black ink, appearing to read 'B. Whitlock', with a large, stylized flourish at the end.

Bryan Whitlock

Senior Energy Analyst