

- 4 MAR 2008

DATE RECEIVED



3 March 2008

Mr Ian Livingstone-Blevins  
General Manager – Underground Operations and Director  
Anglo Coal (Capcoal Management) Pty Ltd  
GPO Box 1410  
Brisbane QLD 4001

Dear Ian,

# **REVIEW OF CAPCOAL DISTRIBUTION LOSS FACTOR FOR 2008/09**

Intelligent Energy Systems Pty Ltd has undertaken a review (audit) of the Distribution Loss Factor (DLF) for 2008/09 financial year calculated by HMA Consulting for the Capcoal Network Service Provider (Capcoal). 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).

HMA 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" was also submitted for review by HMA 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 2008/09.

The relevant published methodology operating in Queensland as at 31 December 2007 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 HMA Consulting submission.

The DLF proposed for the EDL embedded generator is 0.9994. IES is of the opinion that the value of 0.9994 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 'BWA', with a large, sweeping flourish extending from the end of the signature.

Bryan Whitlock  
Senior Energy Analyst