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Mr Ken Stonestreet Group General Manager – Networks & Infrastructure County Energy PO Box 718 Queanbeyan NSW 2620

Dear Ken,

Re: Timing of Molendinar Works

Thank you for your letter of 27 July 2005 with respect to reliability standards across the Powerlink, Energex, Transgrid and Country Energy Gold Coast/ Northern New South Wales region and specifically the timing of proposed transformer works at Molendinar substation.

You requested that Powerlink consider two matters in the context of reliability for the Gold Cost/Northern New South Wales reliability standard:

- that the second transformer planned to be installed by Powerlink at Molendinar to meet Energex Gold Coast requirements in 2007 be brought forward; and
- 2. that Powerlink install an automatic changeover scheme between the two Molendinar transformers.

Direct Link Transfers to Country Energy Region for 2006/2007

Powerlink has closely considered the Gold Coast transfer limit for 2006/07. Our modelling suggests that following completion of Greenbank — Maudsland project there will be approximately 40 MW headroom in the Gold Coast limit at time of Gold Coast local peak for 2006/07. However, given the magnitude of the Direct Link coefficient in the limit equation, up to 90MW could be available to be transferred south on Direct Link. The critical contingency is an outage of the single Molendinar transformer. The capacity available at any time will depend on actual system conditions occurring at the time, i.e. demand and generation.

33 Harold Street, Virginia PO Box 1193, Virginia, Queensland 4014, Australia Telephone: (07) 3860 2111 Facsimile: (07) 3860 2100 www.powerlink.com.au

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Installation of Second Molendinar Transformer

Powerlink Queensland confirms that the installation of a second transformer at Molendinar substation has been approved internally and will be brought forward to be available for the summer 2006/2007. This advancement has been justified through the economies of scale available from completing the work in conjunction with other work being undertaken at Molendinar during 2006.

Installation of Auto Change Over Scheme

The modeling undertaken also suggests that an auto changeover scheme would only deliver up to 15MW of extra DirectLink transfer capability. Powerlink considers that the installation of an auto changeover scheme would be of limited benefit relative to the cost of such a scheme. The spare transformer would be manually changed by Powerlink in the event of a failure of the first unit.

Powerlink looks forward to further discussing other contingency solutions for the Gold Coast/ Northern New South Wales region at the regular joint planning meetings.

Yourş truly,

Simon Taylor

Manager Network Customers