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3 March 2006

Mr I Cribb
Chief Operating Officer and Director
Xstrata Coal Queensland Pty Ltd
GPO Box 2587
Brisbane QLD 4001

FILE No:
DOC: 006/13931
MARS/PRISM:

Dear Mr Cribb

Network Service Provider Exemptions

Thank you for your letter of 16 December 2005 requesting network service provider exemptions in relation to Xstrata Coal Queensland Pty Ltd, Sumisho Coal Australia Pty Ltd, Itochu Coal Resources Australia Pty Ltd, and ICRA OC Pty Ltd.

On 3 March 2006, the Australian Energy Regulator decided to grant each of the above applicants an exemption under clause 2.5.1 of the National Electricity Rules subject to conditions.

The decisions are set out at Attachments A to D to this letter.

Thank you for your assistance in this matter. Should you have any queries in relation to this letter, please do not hesitate to contact Paul Dunn on (03) 9290 1426.

Yours sincerely

Michelle Groves
Chief Executive

ATTACHMENT A

NETWORK SERVICE PROVIDER EXEMPTION

XSTRATA COAL QUEENSLAND PTY LTD

NOTICE OF DECISION TO GRANT EXEMPTION

On 3 March 2006, the Australian Energy Regulator ("AER") decided, pursuant to:

- (a) section 6 of the *Electricity – National Scheme (Queensland) Act 1997* (Qld);
- (b) section 13 of the National Electricity (Queensland) Law ("NEL"); and
- (c) clause 2.5.1 of the National Electricity Rules ("NER"),

to grant Xstrata Coal Queensland Pty Ltd (ABN 69 098 156 702) ("Applicant") an exemption ("Exemption") from:

- (d) the requirement to register as a Network Service Provider ("NSP"); and
- (e) the operation of Chapter 5 of the NER,

subject to the following conditions.

Specified distribution system

1. The Exemption is limited to the distribution system ("Distribution System") specified in the exemption granted by the National Electricity Code Administrator Ltd on 30 June 2005 under clause 2.5.1(d)(2) of the National Electricity Code to Oaky Creek Coal Pty Ltd ("OCC").

Note: In effect, the Exemption applies to the distribution system that is owned by Oaky Creek Joint Venture (consisting of Xstrata Coal Queensland Pty Ltd, Sumisho Coal Australia Pty Ltd, Itochu Coal Resources Australia Pty Ltd and ICRA OC Pty Ltd) ("OC Joint Venture") and comprises:

- (a) the OCC mine 66 kV electric network to which the proposed Envirogen (Oaky) Pty Ltd power station is to be connected; and
- (b) the 66 kV line and assets connecting the OCC mine to the Ergon Energy Corporation Ltd distribution network at the Lilyvale substation.

Licence

2. The Applicant must comply with any law of the State of Queensland requiring the Applicant to be authorised to own and/or control the Distribution System.

Note: The *Electricity Act 1994* (Qld) provides that a person, other than an electricity entity or special approval holder, must not operate an electric line beyond the person's property other than under a regulation (section 227). The AER understands that the operator of the Distribution System (OCC) is a special approval holder, and that the Applicant is compliant with the relevant jurisdictional requirements. The purpose of condition 2 is to require the Applicant to comply with any requirement, which may arise from time to time, for the licensing or exemption from licensing of the Distribution System.

Technical and maintenance standards

3. The Applicant must:

- (a) ensure that the terms and conditions of any agreement by which a person is connected to the Distribution System:
 - (i) are no less onerous than the relevant Minimum Access Standards (as defined in the NER); and
 - (ii) satisfy clauses 5.3.4A(a)(2) and (3) of the NER; and

Note 1: Although the Applicant is exempt from the operation of Chapter 5 of the NER, the purpose of condition 3(a) is to require any connection agreement to satisfy the same substantive requirements as set out in clauses 5.3.4A(1)-(3).

Note 2: The AER understands that OCC is likely to be responsible for negotiating any connection agreement. Condition 3(a) is intended to require the OC Joint Venture to ensure that OCC enters into connection agreements that satisfy the requirements set out in conditions (3)(a)(i) and (ii).

Note 3: For the avoidance of doubt, condition 9(a) applies to the interpretation of condition 3(a).

- (b) maintain the Distribution System at least to the standards specified in the Connection Agreement with Ergon Energy Corporation Ltd ("EECL") applying to the Distribution System.

Note 1: The AER understands that the Distribution System is connected to the EECL distribution system at the Lilyvale substation.

Note 2: For the avoidance of doubt, conditions 9(b) and (c) apply to the interpretation of condition 3(b).

Connection

4. (a) Subject to condition 4(b), the Applicant must promptly (and, in any event, within one month) notify the AER if there is a change to the persons whose premises are connected to the Distribution System.

- (b) Condition 4(a) does not apply where the person is:
- (i) Envirogen (Oakly) Pty Ltd or a related body corporate (as defined in Chapter 10 of the NER) (together, "Envirogen"); or
 - (ii) a commercial entity whose principal business is the provision of services to OC Joint Venture, OCC and/or Envirogen.

Commencement and expiry

5. The Exemption takes effect on and from 3 March 2006.
6. If the Applicant becomes aware that any condition of this Exemption is not satisfied, the Applicant must promptly (and, in any event, within one month) notify the AER.
7. The Exemption terminates on the date that:
- (a) the Applicant is dissolved;
 - (b) the Applicant fails to satisfy condition 2 and/or 3; or
 - (c) the AER decides to repeal the Exemption in accordance with condition 8.
8. The AER may decide to amend or repeal the Exemption. The decision to amend or repeal the Exemption is exercisable in the same way, and subject to the same conditions, as the decision to grant the Exemption.

Note: For example, the AER may decide to repeal the Exemption in the event that condition 4 or 6 to the Exemption is not satisfied, there is a material change to the persons connected to the Distribution System, or the Applicant does not allow a person to connect to the Distribution System.

Interpretation

9. In this Exemption, unless the contrary intention appears, a reference to:
- (a) a statute, regulation, law, rule or other law includes regulations and other instruments made under it and consolidations, amendments, re-enactments or replacements of any of them;
 - (b) an agreement or a provision of an agreement includes an amendment or supplement to, or replacement or novation of, that agreement or that provision of that agreement;
 - (c) except in relation to references to the Applicant, a particular person includes a reference to the person's successors, substitutes (including persons taking by novation) and assigns.

Note: The Exemption is personal to the Applicant, and does not apply to any other person that owns, controls or operates the Distribution System at the time of the decision or in the future.

ATTACHMENT B

NETWORK SERVICE PROVIDER EXEMPTION

SUMISHO COAL AUSTRALIA PTY LTD

NOTICE OF DECISION TO GRANT EXEMPTION

On 3 March 2006, the Australian Energy Regulator ("AER") decided, pursuant to:

- (a) section 6 of the *Electricity – National Scheme (Queensland) Act 1997* (Qld);
- (b) section 13 of the National Electricity (Queensland) Law ("NEL"); and
- (c) clause 2.5.1 of the National Electricity Rules ("NER"),

to grant Sumisho Coal Australia Pty Ltd (ABN 30 061 524 249) ("Applicant") an exemption ("Exemption") from:

- (d) the requirement to register as a Network Service Provider ("NSP"); and
- (e) the operation of Chapter 5 of the NER,

subject to the following conditions.

Specified distribution system

1. The Exemption is limited to the distribution system ("Distribution System") specified in the exemption granted by the National Electricity Code Administrator Ltd on 30 June 2005 under clause 2.5.1(d)(2) of the National Electricity Code to Oaky Creek Coal Pty Ltd ("OCC").

Note: In effect, the Exemption applies to the distribution system that is owned by Oaky Creek Joint Venture (consisting of Xstrata Coal Queensland Pty Ltd, Sumisho Coal Australia Pty Ltd, Itochu Coal Resources Australia Pty Ltd and ICRA OC Pty Ltd) ("OC Joint Venture") and comprises:

- (a) the OCC mine 66 kV electric network to which the proposed Envirogen (Oaky) Pty Ltd power station is to be connected; and
- (b) the 66 kV line and assets connecting the OCC mine to the Ergon Energy Corporation Ltd distribution network at the Lilyvale substation.

Licence

2. The Applicant must comply with any law of the State of Queensland requiring the Applicant to be authorised to own and/or control the Distribution System.

Note: The *Electricity Act 1994* (Qld) provides that a person, other than an electricity entity or special approval holder, must not operate an electric line beyond the person's property other than under a regulation (section 227). The AER understands that the operator of the Distribution System (OCC) is a special approval holder, and that the Applicant is compliant with the relevant jurisdictional requirements. The purpose of condition 2 is to require the Applicant to comply with any requirement, which may arise from time to time, for the licensing or exemption from licensing of the Distribution System.

Technical and maintenance standards

3. The Applicant must:

- (a) ensure that the terms and conditions of any agreement by which a person is connected to the Distribution System:
- (i) are no less onerous than the relevant Minimum Access Standards (as defined in the NER); and
 - (ii) satisfy clauses 5.3.4A(a)(2) and (3) of the NER; and

Note 1: Although the Applicant is exempt from the operation of Chapter 5 of the NER, the purpose of condition 3(a) is to require any connection agreement to satisfy the same substantive requirements as set out in clauses 5.3.4A(1)-(3).

Note 2: The AER understands that OCC is likely to be responsible for negotiating any connection agreement. Condition 3(a) is intended to require the OC Joint Venture to ensure that OCC enters into connection agreements that satisfy the requirements set out in conditions (3)(a)(i) and (ii).

Note 3: For the avoidance of doubt, condition 9(a) applies to the interpretation of condition 3(a).

- (b) maintain the Distribution System at least to the standards specified in the Connection Agreement with Ergon Energy Corporation Ltd ("EECL") applying to the Distribution System.

Note 1: The AER understands that the Distribution System is connected to the EECL distribution system at the Lilyvale substation.

Note 2: For the avoidance of doubt, conditions 9(b) and (c) apply to the interpretation of condition 3(b).

Connection

4. (a) Subject to condition 4(b), the Applicant must promptly (and, in any event, within one month) notify the AER if there is a change to the persons whose premises are connected to the Distribution System.

- (b) Condition 4(a) does not apply where the person is:
 - (i) Envirogen (Oakly) Pty Ltd or a related body corporate (as defined in Chapter 10 of the NER) (together, "Envirogen"); or
 - (ii) a commercial entity whose principal business is the provision of services to OC Joint Venture, OCC and/or Envirogen.

Commencement and expiry

- 5. The Exemption takes effect on and from 3 March 2006.
- 6. If the Applicant becomes aware that any condition of this Exemption is not satisfied, the Applicant must promptly (and, in any event, within one month) notify the AER.
- 7. The Exemption terminates on the date that:
 - (a) the Applicant is dissolved;
 - (b) the Applicant fails to satisfy condition 2 and/or 3; or
 - (c) the AER decides to repeal the Exemption in accordance with condition 8.
- 8. The AER may decide to amend or repeal the Exemption. The decision to amend or repeal the Exemption is exercisable in the same way, and subject to the same conditions, as the decision to grant the Exemption.

Note: For example, the AER may decide to repeal the Exemption in the event that condition 4 or 6 to the Exemption is not satisfied, there is a material change to the persons connected to the Distribution System, or the Applicant does not allow a person to connect to the Distribution System.

Interpretation

- 9. In this Exemption, unless the contrary intention appears, a reference to:
 - (a) a statute, regulation, law, rule or other law includes regulations and other instruments made under it and consolidations, amendments, re-enactments or replacements of any of them;
 - (b) an agreement or a provision of an agreement includes an amendment or supplement to, or replacement or novation of, that agreement or that provision of that agreement;
 - (c) except in relation to references to the Applicant, a particular person includes a reference to the person's successors, substitutes (including persons taking by novation) and assigns.

Note: The Exemption is personal to the Applicant, and does not apply to any other person that owns, controls or operates the Distribution System at the time of the decision or in the future.

ATTACHMENT C

NETWORK SERVICE PROVIDER EXEMPTION ITOCHU COAL RESOURCES AUSTRALIA PTY LTD NOTICE OF DECISION TO GRANT EXEMPTION

On 3 March 2006, the Australian Energy Regulator ("AER") decided, pursuant to:

- (a) section 6 of the *Electricity – National Scheme (Queensland) Act 1997* (Qld);
- (b) section 13 of the National Electricity (Queensland) Law ("NEL"); and
- (c) clause 2.5.1 of the National Electricity Rules ("NER"),

to grant Itochu Coal Resources Australia Pty Ltd (ABN 60 072 596 733) ("Applicant") an exemption ("Exemption") from:

- (d) the requirement to register as a Network Service Provider ("NSP"); and
- (e) the operation of Chapter 5 of the NER,

subject to the following conditions.

Specified distribution system

1. The Exemption is limited to the distribution system ("Distribution System") specified in the exemption granted by the National Electricity Code Administrator Ltd on 30 June 2005 under clause 2.5.1(d)(2) of the National Electricity Code to Oaky Creek Coal Pty Ltd ("OCC").

Note: In effect, the Exemption applies to the distribution system that is owned by Oaky Creek Joint Venture (consisting of Xstrata Coal Queensland Pty Ltd, Sumisho Coal Australia Pty Ltd, Itochu Coal Resources Australia Pty Ltd and ICRA OC Pty Ltd) ("OC Joint Venture") and comprises:

- (a) the OCC mine 66 kV electric network to which the proposed Envirogen (Oaky) Pty Ltd power station is to be connected; and
- (b) the 66 kV line and assets connecting the OCC mine to the Ergon Energy Corporation Ltd distribution network at the Lilyvale substation.

Licence

2. The Applicant must comply with any law of the State of Queensland requiring the Applicant to be authorised to own and/or control the Distribution System.

Note: The *Electricity Act 1994* (Qld) provides that a person, other than an electricity entity or special approval holder, must not operate an electric line beyond the person's property other than under a regulation (section 227). The AER understands that the operator of the Distribution System (OCC) is a special approval holder, and that the Applicant is compliant with the relevant jurisdictional requirements. The purpose of condition 2 is to require the Applicant to comply with any requirement, which may arise from time to time, for the licensing or exemption from licensing of the Distribution System.

Technical and maintenance standards

3. The Applicant must:

- (a) ensure that the terms and conditions of any agreement by which a person is connected to the Distribution System:
- (i) are no less onerous than the relevant Minimum Access Standards (as defined in the NER); and
 - (ii) satisfy clauses 5.3.4A(a)(2) and (3) of the NER; and

Note 1: Although the Applicant is exempt from the operation of Chapter 5 of the NER, the purpose of condition 3(a) is to require any connection agreement to satisfy the same substantive requirements as set out in clauses 5.3.4A(1)-(3).

Note 2: The AER understands that OCC is likely to be responsible for negotiating any connection agreement. Condition 3(a) is intended to require the OC Joint Venture to ensure that OCC enters into connection agreements that satisfy the requirements set out in conditions (3)(a)(i) and (ii).

Note 3: For the avoidance of doubt, condition 9(a) applies to the interpretation of condition 3(a).

- (b) maintain the Distribution System at least to the standards specified in the Connection Agreement with Ergon Energy Corporation Ltd ("EECL") applying to the Distribution System.

Note 1: The AER understands that the Distribution System is connected to the EECL distribution system at the Lilyvale substation.

Note 2: For the avoidance of doubt, conditions 9(b) and (c) apply to the interpretation of condition 3(b).

Connection

4. (a) Subject to condition 4(b), the Applicant must promptly (and, in any event, within one month) notify the AER if there is a change to the persons whose premises are connected to the Distribution System.

- (b) Condition 4(a) does not apply where the person is:
 - (i) Envirogen (Oak) Pty Ltd or a related body corporate (as defined in Chapter 10 of the NER) (together, "Envirogen"); or
 - (ii) a commercial entity whose principal business is the provision of services to OC Joint Venture, OCC and/or Envirogen.

Commencement and expiry

- 5. The Exemption takes effect on and from 3 March 2006.
- 6. If the Applicant becomes aware that any condition of this Exemption is not satisfied, the Applicant must promptly (and, in any event, within one month) notify the AER.
- 7. The Exemption terminates on the date that:
 - (a) the Applicant is dissolved;
 - (b) the Applicant fails to satisfy condition 2 and/or 3; or
 - (c) the AER decides to repeal the Exemption in accordance with condition 8.
- 8. The AER may decide to amend or repeal the Exemption. The decision to amend or repeal the Exemption is exercisable in the same way, and subject to the same conditions, as the decision to grant the Exemption.

Note: For example, the AER may decide to repeal the Exemption in the event that condition 4 or 6 to the Exemption is not satisfied, there is a material change to the persons connected to the Distribution System, or the Applicant does not allow a person to connect to the Distribution System.

Interpretation

- 9. In this Exemption, unless the contrary intention appears, a reference to:
 - (a) a statute, regulation, law, rule or other law includes regulations and other instruments made under it and consolidations, amendments, re-enactments or replacements of any of them;
 - (b) an agreement or a provision of an agreement includes an amendment or supplement to, or replacement or novation of, that agreement or that provision of that agreement;
 - (c) except in relation to references to the Applicant, a particular person includes a reference to the person's successors, substitutes (including persons taking by novation) and assigns.

Note: The Exemption is personal to the Applicant, and does not apply to any other person that owns, controls or operates the Distribution System at the time of the decision or in the future.

ATTACHMENT D

NETWORK SERVICE PROVIDER EXEMPTION

ICRA OC PTY LTD

NOTICE OF DECISION TO GRANT EXEMPTION

On 3 March 2006, the Australian Energy Regulator ("AER") decided, pursuant to:

- (a) section 6 of the *Electricity – National Scheme (Queensland) Act 1997* (Qld);
- (b) section 13 of the National Electricity (Queensland) Law ("NEL"); and
- (c) clause 2.5.1 of the National Electricity Rules ("NER"),

to grant ICRA OC Pty Ltd (ABN 41 106 260 593) ("Applicant") an exemption ("Exemption") from:

- (d) the requirement to register as a Network Service Provider ("NSP"); and
- (e) the operation of Chapter 5 of the NER,

subject to the following conditions.

Specified distribution system

1. The Exemption is limited to the distribution system ("Distribution System") specified in the exemption granted by the National Electricity Code Administrator Ltd on 30 June 2005 under clause 2.5.1(d)(2) of the National Electricity Code to Oaky Creek Coal Pty Ltd ("OCC").

Note: In effect, the Exemption applies to the distribution system that is owned by Oaky Creek Joint Venture (consisting of Xstrata Coal Queensland Pty Ltd, Sumisho Coal Australia Pty Ltd, Itochu Coal Resources Australia Pty Ltd and ICRA OC Pty Ltd) ("OC Joint Venture") and comprises:

- (a) the OCC mine 66 kV electric network to which the proposed Envirogen (Oaky) Pty Ltd power station is to be connected; and
- (b) the 66 kV line and assets connecting the OCC mine to the Ergon Energy Corporation Ltd distribution network at the Lilyvale substation.

Licence

2. The Applicant must comply with any law of the State of Queensland requiring the Applicant to be authorised to own and/or control the Distribution System.

Note: The *Electricity Act 1994* (Qld) provides that a person, other than an electricity entity or special approval holder, must not operate an electric line beyond the person's property other than under a regulation (section 227). The AER understands that the operator of the Distribution System (OCC) is a special approval holder, and that the Applicant is compliant with the relevant jurisdictional requirements. The purpose of condition 2 is to require the Applicant to comply with any requirement, which may arise from time to time, for the licensing or exemption from licensing of the Distribution System.

Technical and maintenance standards

3. The Applicant must:

- (a) ensure that the terms and conditions of any agreement by which a person is connected to the Distribution System:

- (i) are no less onerous than the relevant Minimum Access Standards (as defined in the NER); and
- (ii) satisfy clauses 5.3.4A(a)(2) and (3) of the NER; and

Note 1: Although the Applicant is exempt from the operation of Chapter 5 of the NER, the purpose of condition 3(a) is to require any connection agreement to satisfy the same substantive requirements as set out in clauses 5.3.4A(1)-(3).

Note 2: The AER understands that OCC is likely to be responsible for negotiating any connection agreement. Condition 3(a) is intended to require the OC Joint Venture to ensure that OCC enters into connection agreements that satisfy the requirements set out in conditions (3)(a)(i) and (ii).

Note 3: For the avoidance of doubt, condition 9(a) applies to the interpretation of condition 3(a).

- (b) maintain the Distribution System at least to the standards specified in the Connection Agreement with Ergon Energy Corporation Ltd ("EECL") applying to the Distribution System.

Note 1: The AER understands that the Distribution System is connected to the EECL distribution system at the Lilyvale substation.

Note 2: For the avoidance of doubt, conditions 9(b) and (c) apply to the interpretation of condition 3(b).

Connection

4. (a) Subject to condition 4(b), the Applicant must promptly (and, in any event, within one month) notify the AER if there is a change to the persons whose premises are connected to the Distribution System.

- (b) Condition 4(a) does not apply where the person is:
 - (i) Envirogen (Oak) Pty Ltd or a related body corporate (as defined in Chapter 10 of the NER) (together, "Envirogen"); or
 - (ii) a commercial entity whose principal business is the provision of services to OC Joint Venture, OCC and/or Envirogen.

Commencement and expiry

- 5. The Exemption takes effect on and from 3 March 2006.
- 6. If the Applicant becomes aware that any condition of this Exemption is not satisfied, the Applicant must promptly (and, in any event, within one month) notify the AER.
- 7. The Exemption terminates on the date that:
 - (a) the Applicant is dissolved;
 - (b) the Applicant fails to satisfy condition 2 and/or 3; or
 - (c) the AER decides to repeal the Exemption in accordance with condition 8.
- 8. The AER may decide to amend or repeal the Exemption. The decision to amend or repeal the Exemption is exercisable in the same way, and subject to the same conditions, as the decision to grant the Exemption.

Note: For example, the AER may decide to repeal the Exemption in the event that condition 4 or 6 to the Exemption is not satisfied, there is a material change to the persons connected to the Distribution System, or the Applicant does not allow a person to connect to the Distribution System.

Interpretation

- 9. In this Exemption, unless the contrary intention appears, a reference to:
 - (a) a statute, regulation, law, rule or other law includes regulations and other instruments made under it and consolidations, amendments, re-enactments or replacements of any of them;
 - (b) an agreement or a provision of an agreement includes an amendment or supplement to, or replacement or novation of, that agreement or that provision of that agreement;
 - (c) except in relation to references to the Applicant, a particular person includes a reference to the person's successors, substitutes (including persons taking by novation) and assigns.

Note: The Exemption is personal to the Applicant, and does not apply to any other person that owns, controls or operates the Distribution System at the time of the decision or in the future.