



COMMERCIAL IN CONFIDENCE

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February 1, 2008

Dear Mr Dunn

**Application for Exemption from the requirement
to register as a Network Service Provider**

The Moranbah North Coal Joint Venture ("Moranbah North JV") which owns the proposed Moranbah North Coal Network Service assets hereby applies to the Australian Energy Regulator ("AER") for exemption from the requirement to register as network service providers. The Moranbah North JV comprises:

- (i) Moranbah North Coal Pty Ltd, ABN 99 007 083 249;
- (ii) Moranbah North Coal (No. 2) Pty Ltd, ABN 41 009 871 425;
- (iii) JFE Mineral (Australia) Pty Ltd, ABN 72 007 294 117;
- (iv) Mitsui Moranbah North Investment Pty Ltd, ABN 11 106 018 268;
- (v) Shinsho Australia Pty Ltd, ABN 63 076 566 562;
- (vi) NS Resources Australia Pty Ltd, ABN 88 082 160 432; and
- (vii) Nippon Steel Australia Pty Ltd, ABN 64 001 445 049,

Anglo Coal (Moranbah North Management) Pty Ltd ("Moranbah North Coal") is applying to the National Electricity Market Management Company ("NEMMCO") to register as a network service provider for the proposed Moranbah North Coal Network Service. In accordance with clause 2.9.3 of the National Electricity Rules (NER), Moranbah North Coal will be registering as the intermediary for the Moranbah North JV.

Anglo Coal Australia Pty Ltd

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ABN 93 076 059 679

Ref

A member of the Anglo American plc group

1. Background

Anglo Coal (Moranbah North Management) Pty Ltd ("Moranbah North Coal") is the operator of a 66kV network supporting the operations of its mine, located 12 km north-north-west of Moranbah in central Queensland. This private network is connected to the Ergon Energy Corporation Ltd ("EECL") distribution network at the Moranbah substation. The network is operated under Special Approval SA 03/07 granted by the Queensland Department of Energy ("DoE").

An independent party, Energy Developments Ltd ("EDL"), is seeking to establish a 57 MW power station on the Moranbah North mining lease. The power station would be connected to the Moranbah North Coal network and fuelled by coal seam methane from the Anglo Coal coal mines. The project presents an opportunity to reduce emissions of greenhouse gases by using waste coal mine gas to generate electricity.

2. Registration of Moranbah North Coal as a Network Service Provider

Moranbah North Coal is applying to NEMMCO to register the following assets as a distribution service:

- (i) the 66 kV radial overhead electricity line, approximately 13 km in length, originating at EECL's Moranbah Substation and extending to Anglo Coal's Moranbah North Substation.

In the course of making application to NEMMCO, Moranbah North Coal has:

- (i) applied for, and received, an exemption from the Australian Energy Regulator ("AER") from the operation of Chapter 5 of the National Electricity Rules and the requirement to provide an access undertaking to the ACCC;
- (ii) applied for modification to the existing Special Approval from the Queensland DoE in relation to the operation of the line connecting to EECL;
- (iii) commenced negotiations for a Connection Agreement with EECL; and
- (iv) applied for exemption from the Queensland Competition Authority in relation to the economic regulation of the network service.

3. Exemption from Registration as a Network Service Provider

We confirm that:

- (i) Moranbah North JV owns the proposed Moranbah North Coal Network Service assets; and
- (ii) Moranbah North Coal is the intermediary who will act in our behalf by registering with NEMMCO as a Network Service Provider.

In applying for exemption, as described in clause 2.5.1(d)(2) of the National Electricity Rules, Moranbah North Coal made reference to the '*Guidelines for exemption from the requirement to register as a network service provider*' ("Guidelines") dated July 1998, as published on the NECA website.

In making the application for exemption from registration as network service providers, the Moranbah North JV requests the AER make reference to Moranbah North Coal's application for exemption, as we are relying on the same facts and information. The following addresses principles 6.5 to 6.8 of the Guidelines and, together with the information in Moranbah North Coal's application for exemption, is the basis upon which full exemption is sought for the Moranbah North JV.

- (a) Principle 6.5 – the proposed charging regime(s) governing the NSP's network should balance the needs of the network provider and the end user.

The Moranbah North Coal network service has established contractual arrangements to support access by the proposed 57 MW power station to the national electricity market. The parties intend to apply nominal charges for the use of the network.

- (b) Principle 6.6 – an appropriate mechanism must exist for the setting of energy charges if users of the network cannot access retailers. Jurisdictional licence conditions or regulations govern the on-selling of energy.

The Moranbah North coal mine is currently a contestable electricity customer and, as a contestable customer, the Moranbah North coal mine is able to choose its electricity retailer.

- (c) Principle 6.7 – end users should have appropriate recourse in the event of disputes, for example to the dispute resolution arrangements contained in chapter 8 of the Code.

The provision of network services to the proposed 57 MW power station is supported by commercial contractual arrangements which include access to dispute resolution processes.

- (d) Principle 6.8 – the applicant should have obtained, or have applied for exemption from relevant jurisdictional requirements (eg under licencing or other regulations).

The Moranbah North JV is compliant with relevant jurisdictional requirements and will continue to seek to satisfy any outstanding statutory obligations, as they arise and/or are identified.

4. Contact for additional information

We trust the above is sufficient to allow the AER to extend the exemption already granted to Moranbah North Coal to include the exemption of the Moranbah North JV from the requirement to register as network service providers.

If you require any additional information or clarification, please contact Mr Roger Riley (Hill Michael) on 0400 033964 who is acting on our behalf in relation to this application.

Yours faithfully

Executed by Moranbah North Coal Pty Ltd ACN 007 083 249 in accordance with section 127 of the *Corporations Act* by or in the presence of:



Signature of Secretary/~~other Director~~

Angela Mary Kennedy

Name of Secretary/~~other Director~~ in full



Signature of Director

MITCH JAKEMAN

Name of Director

Executed by Moranbah North Coal (No. 2) Pty Ltd ACN 009 871 425 in accordance with section 127 of the *Corporations Act* by or in the presence of:



Signature of Secretary/~~other Director~~

Angela Mary Kennedy

Name of Secretary/~~other Director~~ in full



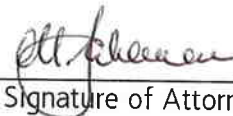
Signature of Director

MITCH JAKEMAN

Name of Director

Signed sealed and delivered for and on behalf of
JFE Mineral (Australia) Pty Ltd ACN 007 294
117 by its Attorney Anglo Coal (Moranbah North
Management) Pty Ltd ABN 14 069 603 587
under a Power of Attorney dated
and the Attorney declares that the Attorney has
not received any notice of the revocation of such
Power of Attorney, in the presence of:

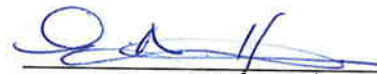
Executed by the Attorney:
Anglo Coal (Moranbah North
Management) Pty Ltd ABN 14 069 603
587 in accordance with section 127 of
the *Corporations Act* by or in the
presence of:



Signature of Attorney - Director



Name of Attorney in full



Signature of Attorney -
~~Director~~/Secretary

Angela Mary Kennedy

Name of Attorney in full

Signed sealed and delivered for and on behalf of
Shinso Australia Pty Ltd ACN 076 566 562 by
its Attorney Anglo Coal (Moranbah North
Management) Pty Ltd ABN 14 069 603 587
under a Power of Attorney dated
and the Attorney declares that the Attorney has
not received any notice of the revocation of such
Power of Attorney, in the presence of:

Executed by the Attorney:
Anglo Coal (Moranbah North
Management) Pty Ltd ABN 14 069 603
587 in accordance with section 127 of
the *Corporations Act* by or in the
presence of:



Signature of Attorney - Director

Mitch Takemura

Name of Attorney in full



Signature of Attorney -

Director/Secretary

Angela Mary Kennedy

Name of Attorney in full

Signed sealed and delivered for and on behalf of
NS Resources Australia Pty Ltd
ACN 082 160 432 by its Attorney Anglo Coal
(Moranbah North Management) Pty Ltd ABN 14
069 603 587 under a Power of Attorney dated
and the Attorney declares that the Attorney has
not received any notice of the revocation of such
Power of Attorney, in the presence of:

Executed by the Attorney:
Anglo Coal (Moranbah North
Management) Pty Ltd ABN 14 069 603
587 in accordance with section 127 of
the *Corporations Act* by or in the
presence of:



Signature of Attorney - Director



Name of Attorney in full



Signature of Attorney -
Director/Secretary

Angela Mary Kennedy

Name of Attorney in full

Signed sealed and delivered for and on behalf of
Nippon Steel Australia Pty Limited ACN 001 445
049 by its Attorney Anglo Coal (Moranbah North
Management) Pty Ltd ABN 14 069 603 587
under a Power of Attorney dated
and the Attorney declares that the Attorney has
not received any notice of the revocation of such
Power of Attorney, in the presence of:

Executed by the Attorney:
Anglo Coal (Moranbah North
Management) Pty Ltd ABN 14 069 603
587 in accordance with section 127 of
the *Corporations Act* by or in the
presence of:



Signature of Attorney - Director

Name of Attorney in full

Signature of Attorney -
Director/Secretary

Angela Mary Kennedy

Name of Attorney in full

Signed sealed and delivered for and on behalf of Mitsui Moranbah North Investment Pty Ltd ACN 106 018 268 by its Attorney Anglo Coal (Moranbah North Management) Pty Ltd ABN 14 069 603 587 under a Power of Attorney dated and the Attorney declares that the Attorney has not received any notice of the revocation of such Power of Attorney, in the presence of:

Executed by the Attorney:
Anglo Coal (Moranbah North Management) Pty Ltd ABN 14 069 603 587 in accordance with section 127 of the *Corporations Act* by or in the presence of:



Signature of Attorney - Director



Name of Attorney in full



Signature of Attorney -
Director/Secretary

Angela Mary Kennedy

Name of Attorney in full