

Commercial In Confidence

Mr Paul Dunn  
Director  
Australian Energy Regulator  
GPO Box 520  
Melbourne VIC 3001

September, 2011

Dear Mr Dunn

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

Xstrata Coal NSW Pty Ltd hereby apply to National Electricity Code Administrator (NECA) to be exempt from the requirement to register as a network service provider for the Tahmoor Network Services that consists of the Tahmoor mine 66/11kV substation and the 11kV network that connects the Tahmoor Power Generator.

**1. Background**

Tahmoor Colliery currently owns and operates a 66/11kV substation to support the operations of their mine that is located near the main highway South of Sydney. This substation is connected to Endeavour Energy's 66kV distribution network and identified as Xstrata Coal Tahmoor Colliery HVC 13365. Also connected is an 11kV network that connects a 7 MW generator that is independently owned and operated by [REDACTED]

Tahmoor Colliery is 100% owned and operated by Xstrata Coal NSW Pty Ltd.

Prior to July 2010 both Xstrata Coal NSW Pty Ltd and [REDACTED] had power purchase agreements (PPAs). The 66kV meter was registered in the market but the 11kV meter was not and the Retailer settled the energy via an off-market billing arrangement.

In July 2010, [REDACTED] changed Retailers and now has a PPA with a separate Retailer. To enable automatic billing and access to the NGACs market Envirogen must register the 11kV meter with AEMO. For Envirogen to register as a generator, the Tahmoor Network Services must also register (or seek exemption to register) as an NSP.

**2. Registration of Tahmoor Network Services as a Network Service Provider**

Xstrata Coal NSW Pty Ltd hereby (ABN 18 097 523 058) seek exemption from the requirement to register as an NSP for Tahmoor network services including the Tahmoor 66/11kV substation and the 11kV circuit breaker supplying the connection to [REDACTED] Tahmoor Power Generation Plant.

The Tahmoor Power Generation Plant is On-Market energy generation by equipment operated and controlled by a third party [REDACTED] and connected to the NEM via a private energy connection (Tahmoor Network Services). [REDACTED] will require to be registered with AEMO.

As per the NECA Exemption Guidelines Section 11:

1. No other exemptions are being sought;
2. Full exemption is sought;
3. Tahmoor Coal Pty Ltd 66kV and 11kV single line diagram and the Tahmoor Colliery Generation Plant single line diagram are attached in Appendix A and B.
4. Tahmoor Coal Pty Ltd 66kV and 11kV single line diagram as per Attachment B
5. Currently a "Connection agreement for an exempt embedded network" is being negotiated between Endeavour Energy and Xstrata Coal NSW Pty Ltd. Conditions precedents include:

- Xstrata Coal NSW Pty Ltd exemption by the AER from the requirement to register as a NSP; as well
- Xstrata Coal NSW Pty Ltd must have a Retail supply agreement

These conditions precedent are addressed by the following:

- This letter seeks exemption by the AER from the requirement to register as a NSP.
- Xstrata Coal NSW Pty Ltd currently have a Retail Supply Agreement at the connection point (NMI CGNNEEE0023) with [REDACTED]

The Connection Agreement deals with:

- Network Services;
- Additional Services;
- Regulatory Requirements;
- Technical Requirements;

- Metering;
- Charges and Payments;
- Credit Support;
- Access, testing, inspection and co-ordination;
- Augmentations, extensions, and new connections;
- Services within the Embedded Network;
- Retail Supply;
- Disconnection;
- Confidentiality;
- Liability and indemnity;
- Insurance;
- Term and Termination;
- Dispute Resolution;
- Amendment of the agreement;
- Assignment;
- Force Majeure;
- No partnerships;
- Governing Law and change law;
- Notices; and
- Definitions and Interpretations.

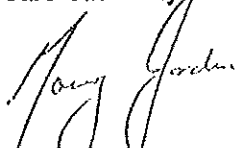
A back-to-back Connection Agreement will be negotiated between Xstrata NSW Pty Ltd and [REDACTED] to ensure the responsibilities of the Tahmoor Colliery and Endeavour Energy are not compromised.

6. The Generator will become a Market Operator and interact independently in the NEM by registering the 11kV child meter with AEMO.

This completes Xstrata Coal NSW Pty Ltd's application to NECA to be exempt from the requirement to register as a network service provider for the Tahmoor Network Service.

Should you require further information or clarifications, please do not hesitate to contact the undersigned on 07 3236 4244.

Yours Sincerely



Mary Jordan  
Consultant Engineer