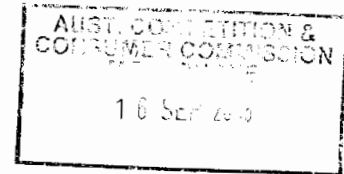




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MARS/PRISM

**Alcoa World Alumina
Australia**

A global alliance between
Alcoa and Alumina Limited



September 14, 2005

Australian Energy Regulator
GPO Box 520
Melbourne VIC 3001

Attention: Paul Dunn

Dear Paul,

RE: Exemption from Requirement to Register as a Network Service Provider

Alcoa Portland Aluminium (APA) owns the smelter and the 500kV switchyard which connects to the NEM. The State Electricity Commission of Victoria (SECV) is the National Electricity Market (NEM) participant responsible for the purchase of energy from the NEM for the Portland aluminium smelter and acts as APA's agent in respect to this Exemption Requirement.

APA together with SECV intend to allow Pacific Hydro Group to connect a 165MW Wind Farm known as the Portland Wind Energy Project (PWEP) to the 220kV bus in APA's switchyard.

In the rare circumstance that the Portland smelter is not consuming all of the energy produced from the PWEP or during periods of calm wind when the PWEP is consuming a small amount of energy for auxiliaries, there will be an energy flow through APA's switchyard with the NEM. During this time the switchyard assets could be considered transmission assets and subject to licensing under 16(1) of the Electricity Industry Act 2000 even though APA are not authorised to transmit electricity under 91AC of the Electricity Industry (Residual Provisions) Act 1993.

Accordingly SECV's Trader Licence has been amended to enable the trading of energy with Pacific Hydro Group's and an Order in Council has been signed by the Victorian Governor granting APA a transmission licence exemption under the EI Act.

Cont/..2



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SECV is seeking, on behalf of APA, an exemption under Section 9(1) of the National Electricity Law and clause 2.5 of the National Electricity Rules (NER) to:

1. register as a Network Service Provider, and
2. the application of chapter 5 of the NER

A Connection Agreement has been drafted setting out the commercial and technical arrangements between APA and Pacific Hydro Group. A connection point single line diagram is attached as Figure 1 for your information. Technical arrangements are the subject of review and acceptance by VENCORP.

To discuss any aspect of this letter please contact SECV's Regulatory Manager & Analyst Mr John Vendel on 03 9679 4734 or jvendel@vicpower.com.au.

Yours sincerely,

A handwritten signature in black ink, appearing to read "Anthony J. Edmondstone", with a horizontal line underneath.

Anthony J. Edmondstone
Commercial Manager – Victorian Operations

Copy: SECV

Figure 1 – Connection Point Single Line Diagram

