

Our Ref: M2005/281-02
Your Ref: 04371
Contact Officer: Nick Innes
Contact Phone: 03 9290 1486

28 May 2008

Mr Anthony Groom
Johnson Winter and Slattery
GPO Box 2649
Adelaide SA 5001

Dear Mr Groom

Full Exemption - Oxiana Prominent Hill Pty Ltd

Thank you for your correspondence requesting full exemption for Oxiana Prominent Hill Pty Ltd, from the requirement to register as a network service provider and the operation of Chapter 5 of the National Electricity Rules.

On 27 May 2008, the Australian Energy Regulator decided to grant an exemption under clause 2.5.1 of the National Electricity Rules, subject to conditions for Oxiana Prominent Hill Pty Ltd. Please note the exemption is personal to Oxiana Prominent Hill Pty Ltd and does not apply to any other person that owns, controls or operates the network at the time of the decision or in the future.

The decision is set out at Attachment A to this letter.

Should you have any queries in relation to this letter, please contact Mr Nick Innes on (03) 9290 1486.

Yours sincerely



Chris Pattas
General Manager
Network Regulation South

NETWORK SERVICE PROVIDER EXEMPTION

OXIANA PROMINENT HILL PTY LTD

NOTICE OF DECISION TO GRANT EXEMPTION

I, Michelle Groves, in accordance with a delegation made by the Australian Energy Regulator ('AER'), on 27 May 2008, decided pursuant to:

- (a) section 13 of the National Electricity (South Australia) Law ("NEL"); and
- (b) clause 2.5.1 of the National Electricity Rules ("NER").

to grant Oxiana Prominent Hill Pty Ltd ("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 set out in this notice.

Specified distribution system

1. The Exemption is limited to the network specified in the Applicant's submission made to the AER dated 9 May 2008.

Note: In effect, the Exemption applies to the Network that is operated by the Applicant, from the boundary of the BHP Billiton's Special Mining Lease to the substation at Prominent Hill.

Licence

2. The Applicant must comply with any law of the State of South Australia requiring the Applicant to be authorised to own and/or control the network.

Note: The AER understands that the Applicant has applied to the Essential Services Commission of South Australia for an exemption from the requirement to be licensed to carry on operations in the electrical supply industry under section 15 of the *Electricity Act 1996 (SA)*. While the applicant is seeking an exemption from the requirement to hold a licence under that Act it will remain subject to the provisions of the Act regulating safety and technical matters. 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 network.

Maintenance and technical standards

3. The Applicant must maintain the network at least to the standards specified in the Connection Agreement with BHP Billiton.

Note 1: The AER understands that the network will be connected to the exempt BHP Billiton network at the Olympic Dam substation.

Note 2: Under section 60 of the *Electricity Act 1996 (SA)* the applicant will be required to ensure the relevant network is safe and safely operated and operated in accordance with the technical and safety requirements set out in the *Electricity Regulations*. Under the *Electricity Regulations* Oxiana may be required, by the South Australian Technical Regulator, to prepare a safety, reliability, maintenance and technical management plan for the relevant network which must be approved by the Technical Regulator and is audited from time to time.

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

Connection

4. (a) The Applicant must promptly (and, in any event, within one month) notify the AER if a third party seeks access to its network.
- (b) The Applicant shall allow access to their network on reasonable commercial terms to be negotiated with any party seeking access.
- (c) Condition 4(a) does not apply where the person is:
 - (i) a related body corporate (as defined in Chapter 10 of the *NER*); or
 - (ii) a commercial entity whose principal business is the provision of services to the Applicant.

Commencement and expiry

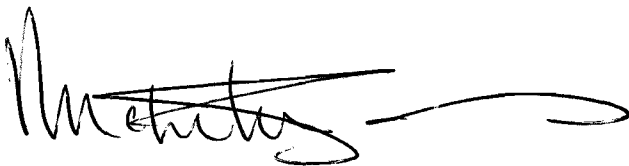
5. The Exemption takes effect on and from 27 May 2008.
6. If the Applicant becomes aware that any condition of this Exemption is not satisfied, the Applicant must promptly (and, in any event, within one month) notify the AER.
7. The Exemption terminates on the date that:
 - (a) the Applicant is dissolved;
 - (b) the Applicant fails to satisfy condition 2 and/or 3;
 - (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 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 2, 3 or 6 to the Exemption is not satisfied, or if there is a material change to the persons connected to the network. The AER may also decide to amend or repeal the Exemption should the status of the exempt BHP Billiton network that the Oxiana Prominent Hill network will be connected to change.

Interpretation

9. In this Exemption, unless the contrary intention appears, a reference to:
- (a) a statute, regulation, 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 network at the time of the decision or in the future.



Michelle Groves
Delegate of the Australian Energy Regulator
DATED: 27 May 2008