

9 January 2012

Mr John P Morgan
Manager, E&C Department
Oak Creek Coal Mine
GPO Box 1
Tieri QLD 4709

Dear John,

REVIEW OF OAKY CREEK COAL DISTRIBUTION LOSS FACTOR FOR 2012/13

Intelligent Energy Systems Pty Ltd has undertaken a review (audit) of the Distribution Loss Factor (DLF) for 2012/13 financial year calculated by Hill Michael Consulting for Oak Creek Coal (OCC). OCC has been registered and admitted by NEMMCO as a Distribution Network Provider. It operates a 66kV network which supports its mine operation in central Queensland. The network is connected to Ergon Energy's distribution network at its Lilyvale substation.

Envirogen (Oak Creek) Pty Ltd (Envirogen) has established a 20MW power station on the Oak Creek mining lease. As stipulated by the Rules, the registered power station requires a site specific DLF.

Hill Michael submitted for review a spreadsheet that details the results of its load flow studies, the workings of the DLF calculation, and the final DLF value. A report titled "Network Service Provider Distribution Loss Factor Oak Creek Coal Financial Year 2012-13" was also submitted for review by Hill Michael. Both the report and spreadsheet were well structured and concise and allowed an audit of the calculated DLF to be examined in a logical manner.

IES confirms that the Envirogen embedded generator meets the Rules' requirements for a site specific DLF, that is, its generation is expected to exceed 10 MW during financial year 2012/13.

The relevant published methodology operating in Queensland as at 31 December 2011 is the methodology as described in Report NCM 17699 Determination of Distribution Loss Factors for Embedded/Local Generators. A copy of this report was provided in the Hill Michael submission.



The DLF proposed for the Envirogen embedded generator is 0.9854. IES is of the opinion that the value of 0.9854 has been calculated in accordance with the published methodology and is an appropriate DLF value to use for the Envirogen generator.

Yours Sincerely

A handwritten signature in dark ink, appearing to read 'Bryan Whitlock', written over a light blue rectangular background.

Bryan Whitlock
Senior Energy Analyst