IES
Intelligent Energy Systems

6 March 2009

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

Dear John,

**REVIEW OF OAKY CREEK COAL DISTRIBUTION LOSS FACTOR FOR 2009/10**

Intelligent Energy Systems Pty Ltd has undertaken a review (audit) of the Distribution Loss Factor (DLF) for 2009/10 financial year calculated by HMA Consulting for Oaky 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 (Oaky) Pty Ltd (Envirogen) has established a 20MW power station on the Oaky Creek mining lease. As stipulated by the Rules', the registered power station requires a site specific DLF.

HMA Consulting 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 "Distribution Loss Factor Calculation Methodology" was also submitted for review by HMA Consulting. 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 2009/10.

The relevant published methodology operating in Queensland as at 31 December 2008 is the methodology as described in Report NCM 17699 Determination of Distribution Loss Factors for Embedded/Local Generators. A copy of this report is provided in the HMA Consulting submission.

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The DLF proposed for the Envirogen embedded generator is 0.9993. IES is of the opinion that the value of 0.9993 has been calculated in accordance with the published methodology and is an appropriate DLF value to use for the Environgen generator.

Yours Sincerely

Bryan Whitlock

Senior Energy Analyst