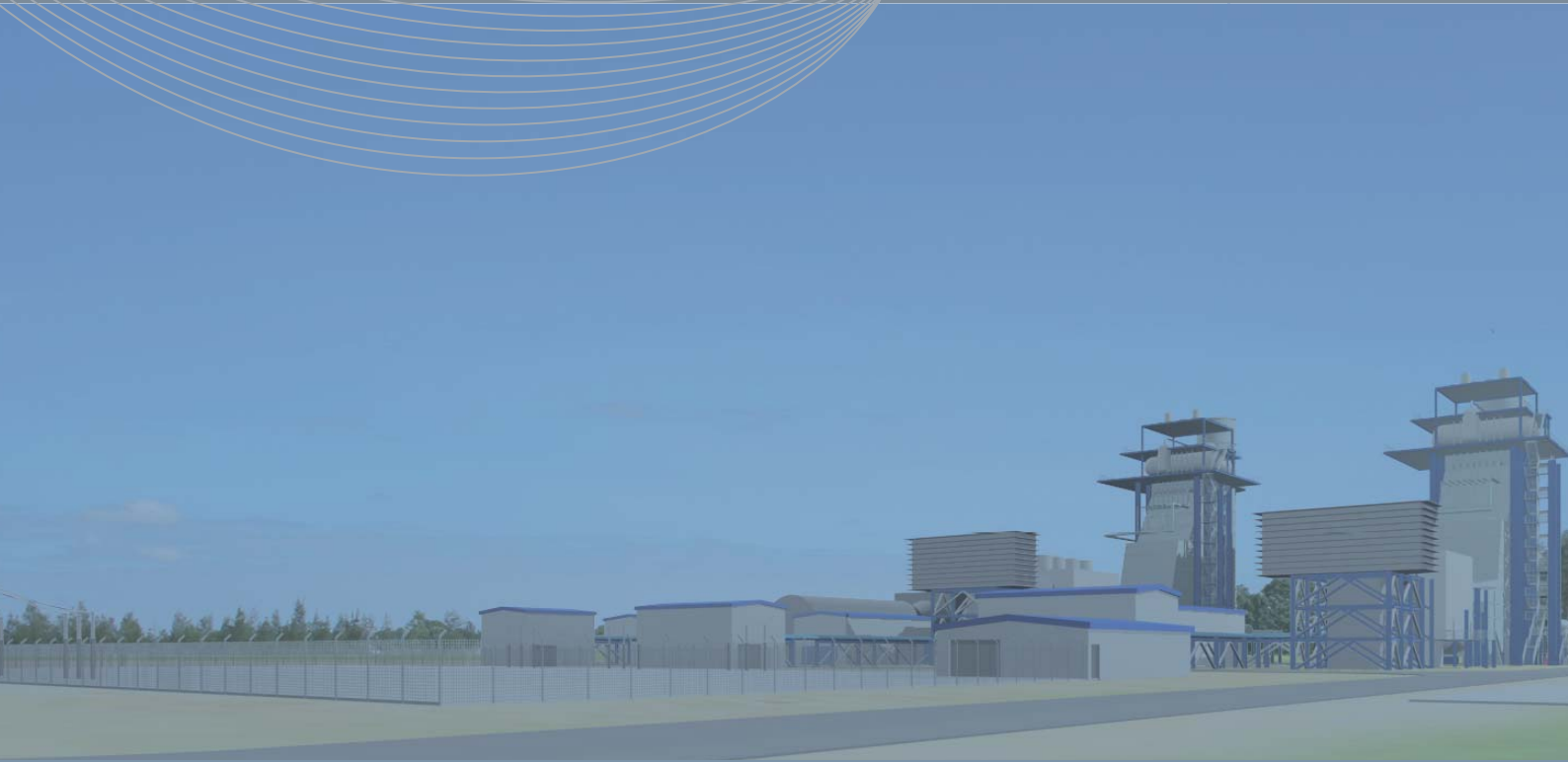
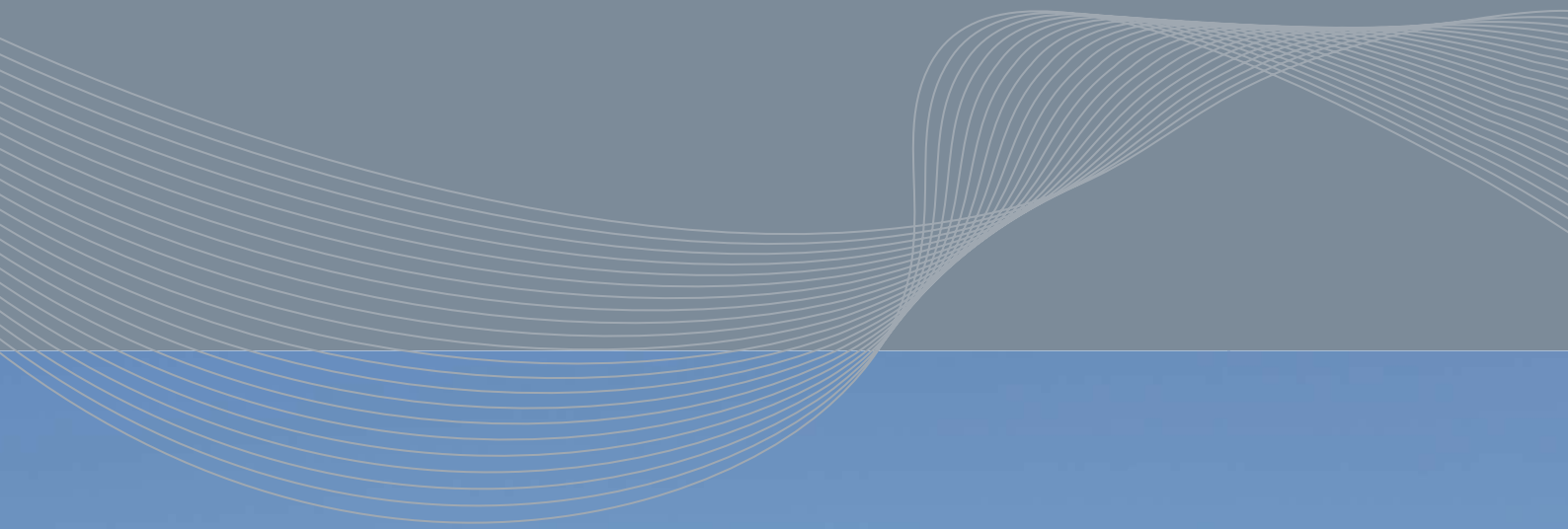




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Appendix C

Correspondence from Integral and Alinta



Mr Rodney Ward
General Manager Business Development
Delta Electricity
Level 12 Darling Park
201 Sussex Street
SYDNEY 2000

23 September 2005

Dear Rodney

Re: Bamarang Power Station, Application to Connect to Shoalhaven Transmission Substation.

In response to recent discussions with your consultant GHD regarding your proposal to establish a generation facility at Bamarang, I advise that preliminary review has concluded that your concept proposal is acceptable in principle.

The method of connection by the establishment of two 132kV overhead circuits between the generation facility and the Shoalhaven Transmission Substation is acceptable subject to the finalisation of a satisfactory detailed connection arrangement, necessary approvals and detailed technical assessment. Preliminary findings are contained in special report *S119 Connection of Bamarang Generation to Shoalhaven 132kV Network* as attached (Attachment 1).

The connection works are contestable and as such are to be provided in accordance with *SPJ4004- Network Connection Contestable Works General Terms and Conditions* (Attachment 2). It should be noted that as the connection works are contestable Delta Electricity would be responsible for the provision of the assets to Integral Energy requirements. It is understood an evaluation has been completed with a preferred 132kV line route being identified by Delta Electricity.

In order for your inquiry to proceed to a formal offer to connect, considerable costs will be incurred by Integral Energy and will include meeting the costs of other relevant parties including NEMMCO. In this regard I advise that Integral Energy would be pleased to undertake the assessments required upon Delta Electricity formally lodging an application to connect with payment of an application fee of one hundred and thirty two thousand dollars (\$132,000:00) when ready to proceed.

Delta Electricity has previously indicated a desire to have an offer to connect before January 2006. Hence, it is suggested that Delta Electricity would need to lodge an application immediately as it is expected that a minimum of three months would be required to carry out the necessary investigations, consultation and develop an offer. Integral Energy would

require all investigations to have been completed and any issues satisfactorily resolved prior to providing an offer to connect .

The initial application fee is based on Integral Energy's estimated cost of processing and managing the application. As an accurate estimate can not be prepared at this time the proposed fee is conditional upon Delta Electricity giving an undertaking to meet any costs that would exceed the fee paid, provided that these works have been agreed to in writing by Delta Electricity.

Integral Energy will recover all NEMMCO and other indirect costs associated with processing the application from the application fee. Integral Energy will be reimbursed its direct costs at a rate of seventy six dollars (\$76.00) per hour for work that it undertakes in regard to the project, with these costs also recovered from the application fee.

Integral Energy will provide Delta Electricity with a regular summary of costs to-date and arrange for any additional payments by Delta Electricity or credits by Integral Energy if applicable.

The application fee has been calculated on an apportionment of costs as follows:

NEMMCO Analysis and Reporting	\$ 45,000
Integral Energy Investigations and Assessment	<u>\$ 75,000</u>
Total Fee Applicable (ex GST)	\$120,000

In order for your application to be progressed I also request that you complete and return the following:

Proposed Negotiated Connection Contract For Connection Points With Generation
(Attachment 3)
Application Load Connection Form (Attachment 4)
Fee Payment Advice (Attachment 5)
Detailed Generator Performance Standards to NEMMCO requirements

Due to the importance that we place in assuming that a successful outcome to your requirements is met, I have assigned the task of managing our involvement with your project to my Executive Engineer, Mr Tony Kavaliauskas.

I request that all further inquiries and correspondence be directed through Tony to ensure that issues are dealt with in a timely manner and we are able to provide the best customer service possible.

Tony's contact details are:

Tony Kavaliauskas
Executive Engineer – Engineering Performance
Integral Energy
PO Box 6366
BLACKTOWN NSW 2148

Phone: (02) 9853 6162
Mobile: 0417 421 739
Email: anthony.kavaliauskas@integral.com.au
Fax: (02) 9853 6039

As electrical construction work is required on Integral Energy's electrical network for the proposed connection your appointed accredited Level 3 Service Provider can prepare designs relating to the network connection and provide you with estimates regarding the likely cost of construction. The services of a Level 1 Accredited Service Provider will also be required to carry out the necessary network connection construction.

It should be noted that Delta Electricity will be required to submit additional applications regarding any asset relocations or temporary builders supplies that may be required as part of the project.

A list of Accredited Level 3 and Level 1 Service Providers is available from the Ministry of Energy Utilities and Sustainability on (02) 9901-8816 or alternatively their web-site www.deus.nsw.gov.au.

I look forward to receiving your response and request that if you have any inquiries or wish to discuss any matters further please contact our project manager Tony Kavaliauskas.

Yours faithfully



John Wallace
General Manager
Engineering Performance

In reply please quote file no.: ENL0195 & 2005/04134/001

c.c: GHD - Mr Garry Taylor, GHD Group Manager – Energy & Communications

Attachments:

- 1 - S119 Connection of Bamarang Generation to Shoalhaven 132kV Network
- 2 - SPJ4004- Network Connection Contestable Works General Terms and Conditions
- 3 - Proposed Negotiated Connection Contract For Connection Points with Generation
- 4 - Application Load Connection Form
- 5 – Fee Payment Advice



Alinta Network Services Pty Ltd

Level 8, IBM Tower
60 City Road
Southbank Vic 3006

F A X

TO: Raymond Romanous **EMAIL:** rromanos@ghd.com.au
COMPANY: GHD
CC: Iulius Mincu (Alinta Infrastructure Holdings) **EMAIL:** iulius.mincu@alinta.net.au
Garry Taylor (GHD) Garry_Taylor@ghd.com.au
John McDonald (Alinta Ltd) john.mcdonald@alinta.net.au
FROM: Liz Perrone **PAGES:** 1
(inc. cover)
COMPANY: Alinta Infrastructure Holdings (AIH)
SUBJECT: Gas Supply Study – Bamarang **DATE:** 27 October 2005

If you do not receive all of the pages, please call 03 9685 1042

Dear Raymond,

In relation to your email to John McDonald dated 26 September 2005, I am pleased to provide the following information in relation to the Eastern Gas Pipeline (EGP)

- Based on current contracted volumes, the EGP could deliver gas at a rate of 3 TJ/hr for 8 hours per day, for 8 consecutive days
- Delivery of gas could be made through the existing Nowra sales tap. A new pressure reduction and metering facility would need to be built to accommodate these flows.

I hope the information above is useful, please contact me on 03 9685 1042 or 0405 122 549 if you have any further queries.

Kind regards,
Liz Perrone