ELECTRICITY SUPPLY INDUSTRY ACT 1995

ELECTRICITY SUPPLY INDUSTRY GENERATION LICENCE

issued to

BELL BAY POWER PTY LTD
ACN 097 079 331

Amended: 21 April 2004
Tasmanian Electricity Generation Licence

1 Definitions and Interpretation

1.1 In this licence, words and phrases appearing in italics have the meaning ascribed to them in Part 1 of Schedule 1.

1.2 This licence must be interpreted in accordance with the rules set out in Part 2 of Schedule 1.

2 Grant of Licence

The Regulator, in exercise of the powers conferred by section 19 of the Act, authorises the Licensee to undertake generation of electricity at the generating plant, subject to the conditions of this licence.

3 Licensee's Undertakings

3.1 In support of its application for this licence, the Licensee made the following representations and the Regulator accepts these as undertakings that Hydro Tasmania will fulfil its obligations as represented and that the Licensee will provide such documentation and supporting information as is required by this licence:

(a) That the Licensee will be the beneficiary of a parent loan arrangement from Hydro Tasmania which will ensure that the Licensee will have sufficient financial resources to meet its reasonably foreseeable expenses;

(b) That technical expertise will be provided to the Licensee through an operations and maintenance contract with a subsidiary or related entity of Duke Energy International;

(c) That, if the Licensee requires the services of staff of Hydro Tasmania, such services will be provided pursuant to formal contractual arrangements;

(d) That the functions and accounting of the Licensee will be ring-fenced from those of Hydro Tasmania;

(e) That the Licensee will have a connection agreement with Transend in accordance with the Code and that, pending finalisation of the connection agreement, Transend has undertaken to enter an interim agreement with the Licensee based upon the existing connection agreement with Hydro Tasmania as it applies to the Bell Bay Power Station.

3.2 This licence is conditional upon the following matters:

(a) That on or before 30 June 2002, the Licensee provide evidence, satisfactory to the Regulator, of the terms of the contract referred to in clause 3.1(b) above. Such evidence need not include disclosure of financial terms;
(b) That on or before 30 June 2002, the Licensee provide evidence, satisfactory to the Regulator, that the functions and accounting of the Licensee are appropriately ring-fenced from those of Hydro Tasmania;

(c) That on or before 30 June 2002, the Licensee provide to the Regulator a copy of the connection agreement referred to in clause 3.1(e) above.

4 Compliance with Laws and Other Requirements

4.1 The Licensee must comply with the Act, the Regulations and the Code.

4.2 For the avoidance of doubt, the statutory licence conditions are deemed to form part of this licence and the Licensee must comply with the statutory licence conditions.

5 Other Licence Conditions

5.1 This licence is subject to the conditions set out in Schedule 2.

5.2 This licence is subject to the condition that the generating plant conforms with the description provided in Schedule 3.

6 Term of Licence

Subject to this licence and the Act, this licence takes effect on and from 7 January 2002 for a period of ten (10) years.

7 Renewal of Licence

7.1 This licence is renewable subject to the Licensee meeting the following conditions at the time of renewal:

(a) the Licensee is not under external administration as defined in the Corporations Law;

(b) the Licensee has not surrendered the licence in accordance with the Act;

(c) the licence has not been cancelled by the Regulator in accordance with the Act; and

(d) the Regulator has not taken over the operations of the Licensee in accordance with the Act.

7.2 In considering any application for renewal, the Regulator will have regard to:

(a) the Licensee’s previous commercial and other dealings and the standard of honesty and integrity shown in those dealings; and

(b) the financial, technical and human resources available to the Licensee; and

(c) the officers and, if applicable, major shareholders of the Licensee and their previous commercial and other dealings and the standard of honesty and
integrity shown in those dealings (including breaches of statutory and other legal obligations); and
(d) other matters prescribed by regulation for the purposes of section 19(3) of the Act.

7.3 An application for renewal must be made in accordance with section 21 of the Act.

---

8 Payment of Fees and Charges

8.1 The Licensee must pay to the Regulator an initial licence fee for the period from the date of issue of the licence to 30 June 2002.

8.2 That fee referred to in clause 8.1 is payable 14 days after the date of issue of the licence or by such other date as advised by the Regulator.

8.3 The Licensee must pay to the Regulator an annual licence fee determined by the Regulator and notified to the Licensee in writing by 31 May of each year.

8.4 The annual licence fee is payable in advance on the first day of July in each year or as otherwise advised by the Regulator.

---

9 Communications

9.1 A communication must be in writing.

9.2 A communication is to be regarded as having been given by the sender and received by the addressee:
   (a) when delivered in person to the addressee;
   (b) where sent by post, on the 3rd business day after the date of posting, if the communication is posted within Australia;
   (c) where sent by post, on the 7th business day after the date of posting, if the communication is posted outside Australia;
   (d) when, according to the sender's transmission report, received by facsimile transmission by the addressee; or
   (e) where sent by electronic mail, when the communication is recorded as having been first received at the electronic mail destination.

---

SIGNED by Craig Henderson, the delegate for the REGULATOR under the Electricity Supply Industry Act 1995,
Schedule 1 - Definitions and Interpretation

1 Definitions

In this licence:

(a) words which are defined in the Act have the same meaning where used in this licence; and

(b) the following words or phrases have the following meanings:

“Act” means the Electricity Supply Industry Act 1995 (Tas);

“asset management plan” means a written plan developed by the Licensee outlining the procedures, practices and strategies for managing, auditing and reporting on the asset management of the Bell Bay Power Station;

“Bell Bay Power Station” means the electricity generating power station located at Bell Bay in Tasmania and includes the generating plant and all ancillary machinery and equipment connected with it;

“business day” means a day on which banks are open for general banking business in Hobart, excluding a Saturday or Sunday;

“Code” means the Tasmanian Electricity Code issued in accordance with section 49A of the Act;

“communication” means a notice, agreement, consent, direction, representation, advice, statement or other communication required or given pursuant to or in connection with this licence;

“compliance plan” means a written plan developed by the Licensee outlining the procedures, practices and strategies for managing, auditing and reporting on the Licensee’s compliance with the Act, the Regulations, the Code and this licence, which must include (amongst other things) details of standards, indicators and targets for measuring the Licensee’s compliance performance and which must be in accordance with the Australian Standard 3806 Compliance Program;

“connection agreement” has the same meaning as in the Code;

“generating plant” means the generating plant located at the Bell Bay Power Station and described in Schedule 3;

“guidelines” means a written statement of regulatory intent or policy issued by the Regulator for the information and guidance of electricity supply industry participants;

“Hydro Tasmania” means the Hydro-Electric Corporation;

“Licensee” means Bell Bay Power Pty Ltd (ACN 097 079 331);

“management plan” means a compliance plan or asset management plan;

“Network Service Provider” has the same meaning as in the Code;

“Regulations” means any regulations made pursuant to the Act;

“reporter” means an appropriately qualified person engaged by the Licensee with the approval of the Regulator to report to the Regulator on compliance with and
adequacy of the **management plans** in accordance with terms of reference approved by the **Regulator**;

**“standards and procedures”** means performance standards or codes of conduct which are issued by the **Licensee** under clause 4.1 of Schedule 2 or by the **Regulator** under clause 4.3 of Schedule 2;

**“statutory licence conditions”** means the licence conditions referred to in the **Act** and applicable to this licence;

**“Tasmanian network”** has the same meaning as in the **Code**;

**“Transend”** means Transend Networks Pty Ltd;

**“writing”** includes any mode of representing or reproducing words, figures, drawings and symbols in a visible form.

## 2 Interpretation

In this licence, unless the context otherwise requires:

(a) headings are for convenience only and do not affect the interpretation of this licence;

(b) words importing the singular include the plural and vice versa;

(c) words importing a gender include any gender;

(d) an expression importing a natural person includes any company, partnership, trust, joint venture, association, corporation or other body corporate and any governmental agency;

(e) a reference to a condition, clause, schedule or part is to a condition, clause, schedule or part of this licence;

(f) a reference to terms of an offer or agreement is to all terms, conditions and provisions of the offer or agreement;

(g) a reference to any statute, regulation, proclamation, order in council, ordinance or by-law includes all statutes, regulations, proclamations, orders in council, ordinances or by-laws varying, consolidating, re-enacting, extending or replacing them and a reference to a statute includes all regulations, proclamations, orders in council, ordinances, by-laws and determinations issued under that statute;

(h) a reference to a document or a provision of a document includes an amendment or supplement to, or replacement or novation of, that document or that provision of that document;

(i) a reference to a person includes that person's executors, administrators, successors, substitutes (including, without limitation, persons taking by novation) and permitted assigns;

(j) when italicised, other parts of speech and grammatical forms of a word or phrase defined in this licence have a corresponding meaning;

(k) a period of time:
(1) which dates from a given day or the day of an act or event is to be calculated exclusive of that day; or

(2) which commences on a given day or the day of an act or event is to be calculated inclusive of that day; and

(l) an event which is required under this licence to occur on or by a stipulated day which is not a *business day* may occur on or by the next *business day*.
Schedule 2 - Other Licence Conditions

1 Provision of Information

1.1 The Licensee must provide to the Regulator, in the manner and form decided by the Regulator, such information as the Regulator may from time to time require and which is, in the opinion of the Regulator, relevant to the Regulator's functions under the Act.

1.2 If the Licensee becomes aware of any breach, by the Licensee, of the Act, the Regulations, the Code or this licence, the Licensee must notify the Regulator of the breach as soon as practicable and provide such information as the Regulator requires in relation to the breach.

2 Prudential Reporting

2.1 The Licensee must report the occurrence of any of the following circumstances to the Regulator as soon as possible:

(a) the Licensee is put under external administration as defined in the Corporations Law; or

(b) the Licensee experiences a significant change in its circumstances which may affect the Licensee's ability to meet its obligations under the Act, the Regulations, the Code or this licence; or

(c) the Licensee experiences a significant change in its circumstances which affects the manner in which it undertakes and/or fulfils its responsibilities under this licence.

3 Management Plans and Reports

3.1 The Licensee must develop and submit to the Regulator:

(a) a compliance plan; and

(b) an asset management plan

initially on or before 30 June 2002 or such other date as notified by the Regulator, subsequently by the first anniversary of that date, and thereafter, as required and advised by the Regulator.

3.2 The management plans are to be made in accordance with and take account of any guidelines.

3.3 The Licensee must undertake community consultation on aspects of the management plans which may affect the public.

3.4 The Licensee must consider any comments made by the Regulator on the management plans and, if required by the Regulator, amend provisions of the management plans related to reporting to the Regulator, including processes for capturing and analysing data that is to be reported.
3.5 Each year, by no later than 30 September or such other date nominated by the 
Regulator, the Licensee must provide a report to the Regulator which includes:
(a) details of the Licensee's actual performance against the standards, 
indicators and targets included in the management plans;
(b) if the Licensee's actual performance is below the targets included in the 
management plans, the reasons for the failure to meet the targets and 
strategies for achieving the targets in the future;
(c) projections of the Licensee's future performance against the standards, 
indicators and targets included in the management plans;
(d) a description of the strategies adopted or to be adopted by the Licensee to 
achieve or exceed the performance targets included in the management 
plans; and
(e) details of the Licensee's adherence to relevant Australian Standards and 
other standards.

3.6 For the avoidance of doubt, the requirement under clause 3.5 of this Schedule 2 to 
prepare a report containing the information listed in paragraphs (a) to (e) of that 
clause does not limit the Regulator's powers, under clause 1.1 of this Schedule 2, 
the Act or the Regulations, to require the Licensee to produce information.

3.7 The Regulator may require and advise the Licensee that reports prepared in 
accordance with clause 3.5 of this Schedule 2 are to be accompanied by a report 
prepared by a reporter.

3.8 The Regulator may require and advise the Licensee to arrange the provision of a 
report by a reporter at such times and on such conditions as are specified in terms 
of reference provided by the Regulator.

4 Standards and Procedures

4.1 At the written request of the Regulator, the Licensee must participate to the 
extent specified by the Regulator in the development, issue and review of any 
standards and procedures specified by the Regulator which are, in the opinion of 
the Regulator, relevant to the functions of the Regulator under the Act, or to the 
achievement of the objects of the Act.

4.2 The Licensee must in accordance with directions of the Regulator, report to the 
Regulator on its performance against applicable standards and procedures.

4.3 The Regulator may issue standards and procedures applicable to the Licensee 
and with which the Licensee must comply, notwithstanding that the Licensee has 
failed to comply with clause 4.1 of this Schedule 2.

5 Management and Operating Contracts

5.1 The Licensee must advise the Regulator as soon as possible if the Licensee enters 
any contract for the management or operation of the Licensee's generating plant 
by a third party, other than the person referred to in clause 3.1(b).
5.2 Not less than 14 days prior to the commencement of the contract, the Licensee must submit to the Regulator, the following information in relation to a third party referred to in clause 5.1:

(a) identity;
(b) details of qualifications and experience; and
(c) contact details.

6 Capacity of Licensee’s Generating Plant

6.1 This Licence is granted on the condition that each of the units described in Schedule 3 will have the capacity to contribute up to approximately 114 MWe to the Tasmanian power system, or such other capacity notified to the System Controller, the Network Service Provider with whom the Licensee has a connection agreement and the Regulator.

6.2 The Licensee must provide the notification referred to in clause 6.1 no later than 60 days prior to a change to the generating plant’s capacity to contribute to the Tasmanian power system being implemented.

7 Connection Agreement

7.1 The Licensee must not allow its generating plant to be, or to remain, connected to the Tasmanian network at a time when no connection agreement subsists.

7.2 The Licensee must lodge with the Regulator a copy of any connection agreement made by the Licensee in respect of the Bell Bay Power Station.

7.3 The Licensee must lodge with the Regulator a copy of any amendment made to a connection agreement to which the Licensee is a party.

7.4 The Licensee must advise the Regulator as soon as practicable of any breach of, or failure to comply, with the terms and conditions of a connection agreement with an electricity entity licensed by the Regulator.
Schedule 3 - Description of the Generating Plant

One 120 MW gas-fired single reheat steam turbine generator (known as Unit 1).
Capacity: 120 MWe
Voltage: 13 800 volts
Frequency: 50 hertz
Amount of electricity to be contributed to the system: up to approximately 114 MWe
Connection: via existing connection to the Transend system at the network side of the line isolator.

AND

One 120 MW gas-fired\(^1\) single reheat steam turbine generator (known as Unit 2).
Capacity: 120 MWe
Voltage: 13 800 volts
Frequency: 50 hertz
Amount of electricity to be contributed to the system: up to approximately 114 MWe
Connection: via existing connection to the Transend system at the network side of the line isolator.

\(^1\) Amended on 21 April 2004