

11 August 2015

The Chairman  
Economic Regulatory Authority  
Level 4, Albert Facey House  
469 Wellington Street  
Perth WA 6000

Dear Sir,

**RE: Application for exemption from certain requirements of the Technical Rules**

A member of the BHP Billiton group, Nickel West is a fully integrated nickel business comprising mines, concentrators, a smelter and a refinery all located in Western Australia.

Nickel West has the capacity to produce around 100,000 tonnes of nickel each year, employs more than 2,000 employees and operational contractors, and provides significant benefits to the Western Australian economy and to the communities in which it operates.

The Eastern Goldfields region of Western Australia can currently be characterised as having:

- important industrial users that wish to draw significant quantities of electricity from Western Power's network; and
- insufficient overall network capacity to meet these requirements.

BHP Billiton understands that Western Power is investigating opportunities to expand the Eastern Goldfields electricity network on a permanent basis that complies with all of the Technical Rules associated with the Electricity Networks Access Code 2004. It appears that this expansion will not be completed until 2018 at the earliest.

To overcome network constraints, Western Power has proposed an exemption to the Technical Rules that will allow it to supply Newmont Mining Services Pty Ltd with additional power. In its submission, Western Power states that it "considers that granting the exemption ... will increase the utilisation of existing transmission assets until an economically feasible permanent technical solution can be implemented."<sup>1</sup> The initiative shown by Western Power to consider efficient, non-rules-based solutions is to be commended, and generally supported, provided existing major network users are not prejudiced.

BHP Billiton's interest in this matter arises from its Nickel West operations in the Goldfields of Western Australia, which produce and consume significant amounts of electrical power. In evaluating the

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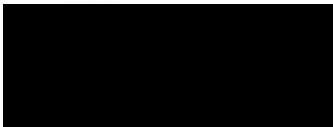
<sup>1</sup> Western Power Submission dated 03 July 2015, p. 4.

proposed exemption BHP Billiton lacks sufficient information to draw firm conclusions on four key issues. ERA is encouraged to consider the following:

1. Under the proposal outlined by Western Power, Newmont will install additional inter-tripping (load shedding) equipment to protect system stability. Nickel West's operations rely on separate load-shedding equipment near Boulder. It is unclear what the interactions will be, if any, between the proposed inter-tripping equipment and the existing load-shedding devices. For example, in any load-shedding scenario, will Newmont's load be shed preferentially prior to the Nickel West load?;
2. The "temporary" proposal does not appear to have a specified expiry date. It is unclear if adoption of the proposal will delay and/or deter the implementation of the intended permanent technical solution, which appears to be preferred solution;
3. ERA states "If another member seeks a similar interim arrangement, Western Power would assess their suitability on a case-by-case basis and potentially offer similar arrangements, subject to the same criteria, if the customer chooses to connect early."<sup>2</sup> It is unclear how this arrangement will be formalised as it is not referenced in Western Power's proposed wording for the exemption.<sup>3</sup> In addition, it is unclear if such arrangements are possible given the existing peak transfer limits shown in Figure 2 of Western Power's submission; and
4. Under the Access Code, ERA must consider the advantages and disadvantages of any proposed exemption. The Western Power submission does not appear to contemplate any disadvantages of the proposed exemption. Proper consideration of any disadvantages is considered essential, particularly if existing major network users are to be negatively impacted.

We welcome the opportunity to receive additional information or be provided the opportunity to discuss the issues raised in the submission. I would be pleased if you could contact Matthew Geers, Commercial Lead Energy, on 63218527 or [Matt.Geers@BHPBilliton.com](mailto:Matt.Geers@BHPBilliton.com) in the first instance.

Yours faithfully,



Bhavesh Morar  
Head of Finance  
BHP Billiton Nickel West

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<sup>2</sup> ERA Issues Paper dated July 2015, paragraph 19.

<sup>3</sup> Western Power Submission, p. 14.