

## Appendix 2 – Application to extend licence boundary (public version)

### Background

Southern Cross Energy Partnership (**SCE**), a partnership between TEC Desert Pty Ltd and TEC Desert NO.2 Pty Ltd owns and operates transmission, distribution and electricity generation assets in the Goldfields area of Western Australia. Operations are concentrated around a northern hub with generation at Mount Keith and Leinster, and a southern hub with generation at Kambalda and at Kalgoorlie Nickel Smelter.

SCE has received a customer request to establish a new point of supply in its southern hub which would be located outside of the licence area as currently defined for its transmission licence (ETL4). SCE is therefore submitting this application to the ERA to amend the licence area of ETL4 to include an area south of Kambalda to allow construction and operation of the new point of supply.

### Description of network additions

The new point of supply would be located approximately 4 kilometres to the south of the current southernmost extent of our transmission network at Redross Substation south of Kambalda. This is an area to the west of the Coolgardie-Esperance Highway and approximately halfway between Dordie Rocks Nature Reserve and Binaronca Nature Reserve. The new point of supply will be established to allow grid connected power to replace temporary, onsite diesel generation at the Cassini nickel mine owned and operated by Mincor Resources NL.

SCE would establish the new point of supply by extending its current 66 kV overhead power line from the Redross Substation location in a southerly direction for about 4 kilometres requiring approximately 37 poles to string the conductors. A new substation will be built at this new southernmost point of the SCE transmission network where the 66kV powerlines will terminate. The new supply point will be located at the 11kV side of the 66/11 kV step-down transformer at the new substation.

### Design, Construction and Operation

For this project engineering design, construction and commissioning will be procured by a reputable, locally based engineering firm drawn from SCE's list of pre-approved contractors that have worked on similar projects in the past and have already been assessed for compliance with TransAlta's terms and conditions for procurement of engineering services.

Pre-qualification includes an assessment of ability to work within our health and safety standards, ability to apply good engineering and operating practices, ability to comply with all relevant laws, regulations and standards and an assessment of financial viability.

SCE has a mature and established asset management framework that is currently used to manage the already existing extensive network of similar assets to those that will be constructed. The new assets will be integrated into our existing business and be managed via the same proven

asset management systems already in place. These have been audited on a regular basis as required by the licencing framework administered by the ERA with high levels of compliance being evidenced most recently in the 2018 audit.

### **Licensee's suitability**

SCE currently holds a transmission licence (ETL4) and has been constructing, operating and maintaining assets similar to those that will be included within the proposed extended licence area since the late 1990s. The wider TransAlta group of companies has been operating and maintaining generation, transmission and distribution assets for more than one hundred years.

SCE continues to maintain a high level of compliance with its ETL4 conditions as recently evidenced by audit findings in 2018. SCE will integrate the proposed new assets within the existing framework for asset management.

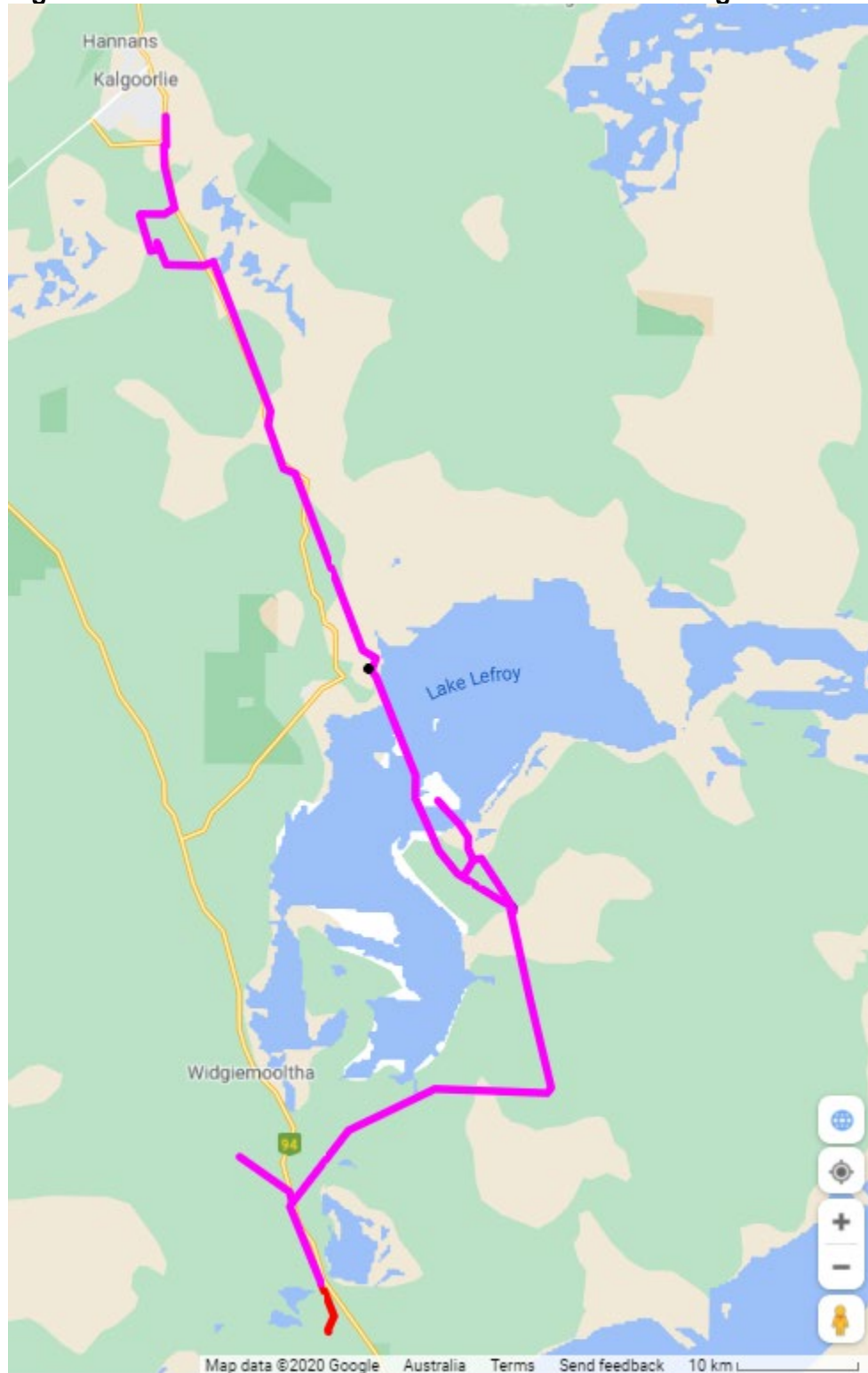
We continue to consider SCE as a suitable entity to construct, maintain and operate the proposed new assets by extending the licence area for ETL4.

The investment associated with the proposed new supply point is small in the context of SCE's revenue streams and overall asset base and can be managed through SCE's normal operations.

### **Proposed extension of licence boundary area**

The proposed extension of the licence area for ETL4 is illustrated in Figure 1 and Figure 2 below. The extension of the licence area is represented by the red line that runs for approximately 4 kilometres further south from the current extent of the ETL4 licence (represented by the purple lines).

**Figure 3: Location of new licence area relative to existing licence area<sup>4</sup>**



<sup>4</sup> ETL4's existing licence area is depicted by the purple solid lines. The proposed extension is depicted by the red solid line

**Figure 4: Detail view of ETL4 new licence area (red line)**



## Public interest

SCE is not aware of any detriments to the public interest that may flow from the extension of the licence area.