

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

Background

The main source of revenue for BHP Billiton Nickel West Pty Ltd (Nickel West) is via mining and processing of nickel ore and concentrate.

Nickel West also manages energy contracts associated with the operations and third party power customers. Power Purchase Agreements (PPA) are in place between Nickel West and Southern Cross Energy as well as Nickel West and third party power customers.

Electricity is purchased from SCE under the PPA between Nickel West and SCE. The electricity is generated by gas fired turbines located at Kalgoorlie Nickel Smelter and at the Kambalda Nickel Concentrator. This is supported and supplemented by power sourced from the South West Integrated Network (SWIN) through the Boulder substation.

Nickel West has received a third party power customer request to establish a new Point of Supply (POS) in its southern hub which would be located outside of the licence area as currently defined for its retail licence (ERL2).

Nickel West is therefore submitting this application to the ERA to amend the licence area of ERL2 to include an area south of Kambalda to allow the sale of power from this new POS.

Description of network additions

The new POS would be located approximately 4 kilometres to the south of the current southernmost extent of Nickel West's 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 POS will be established to allow grid connected power to replace temporary, onsite diesel generation at the Cassini nickel mine.

SCE would establish the new POS 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 southern most point of the SCE transmission network where the 66kV powerlines will terminate. The new POS will be located at the 11kV side of the 66/11 kV step-down transformer at the new substation.

Design, Construction and Operation

SCE will be responsible for managing the engineering design, construction and commissioning as per agreed terms and conditions in the PPA between Nickel West and SCE.

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 the 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 their 2018 audit.

Licensee's suitability

Nickel West currently holds an Electricity Retail Licence (ERL2). Nickel West continues to maintain a high level of compliance with its ERL2 conditions as recently evidenced by audit findings in 2019.

Proposed extension of licence boundary area

The proposed extension of the licence area for ERL2 is illustrated in Figure 1.

The extension of the licence area is represented by the red line highlighted in red that runs for approximately 4 kilometres further south from the current extent of the ERL2 licence (represented by the red lines highlighted in yellow).

Public interest

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

The map displays the following details:

- Locations:** Kambalda, Widgiemooltha, KALGOORLIE-BOULDER, CITY OF, COOLGARDIE, SHIRE OF.
- Roads:** COOLGARDIE EXPRESSWAY, STIVES ROAD, BINNERING ROAD, MOUNT MCKINER SOUTH ROAD.
- Water Bodies:** GOLDFIELDS WATER, WATER.
- Land Parcels:** 94 LR3010/878, 90 LR3010/880, 14 2725/874, 214 LR3103/704, 227 LR3137/453, 210 LR3130/39, 211 LR3130/40, 103 LR3089/355, 98 LR3137/452, 83 LR3138/891, 101 LR3135/691, 300 LR3132/832, 312 LR3133/723, 101 LR3135/691.
- Other Labels:** UCL, O 198/25, COOLGARDIE EXPRESSWAY, MOUNT MCKINER SOUTH ROAD, BINNERING ROAD, WATER.
- Coordinates:** 350,000, 400,000, 6,500,000.
- North Arrow:** Located in the bottom left corner.

Existing licence area is depicted by the red lines highlighted in yellow.

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