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EnergyAustralia
LIGHT THE WAY

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Dear Andrew

Thank you for your letter of 30 March 2017.

As you note, delivering reliable and affordable energy for families and businesses in New South Wales and Australia is a real and immense challenge. Your approach is most welcome as it is a challenge that industry cannot solve on its own.

EnergyAustralia bought the Mt Piper power station from the New South Wales government in 2013. The plant was then, and remains today, one of the newest and most efficient black coal-fired power plants in the state.

Our existing coal-fired power stations are essential contributors to today's power system; they provide reliable and affordable energy for families and businesses around the country.

While government plans left scope for expansion at Mt Piper it is not an option we have pursued. Emissions from coal are high compared to other sources of energy and it is difficult to reconcile new coal developments with national and global carbon reduction commitments. Investors and financiers view coal as a legacy technology, one which will be replaced – the only question is when.

Our approach is to invest in improving the performance of our existing coal-fired power stations, while also exploring options to generate reliable, affordable and cleaner energy for customers.

In 2015 we completed a five-year program at the Yallourn power station in the Latrobe Valley which has allowed the plant to do the equivalent of providing power to an additional 100,000 homes without needing to burn more coal. We continue to invest in performance improvements at Mt Piper.

At the same time, EnergyAustralia is supporting renewable energy investments in other parts of New South Wales, including in the Bodangora wind farm and the Manildra wind farm, which together will create 200-to-300 jobs during construction. Right now, Mt Piper is critical to integrating new renewable developments like these into the system.

Meanwhile, we are excited by the potential of our recently announced energy recovery project at Mt Piper. The \$60 million proposal, which involves converting part of the plant to run on non-recyclable household materials, would have capacity to generate around 13 megawatts of

reliable and cleaner base-load energy, enough to power around 22,000 average Australian homes.

The feasibility study will take 12 months and help us to understand any potential impacts to the local community and the environment so these impacts can be managed, or avoided entirely.

If viable, this energy recovery project would create around 120 jobs during construction, some 15 ongoing roles and would demonstrate the potential for existing power stations to have a clear and relevant role into the future.

Today, new projects require broad community and government support to proceed. I would very much appreciate the opportunity to discuss with you our proposed energy recovery development and, more broadly, the role Mt Piper has to play in meeting the challenges we face in energy.

We hope through these works we can ensure that the plant's legacy endures beyond its operational life, currently until 2042. Critical to fulfilling that ambition, however, is continued access to long term-coal supply. Indeed, to operate beyond 30 June 2017 a modification is required to planning approval for the Springvale mine, Mt Piper's only source of coal supply. There are serious consequences to denial or delay of the approval – we would welcome the opportunity to discuss this most urgent matter with you.

EnergyAustralia Policy & Advocacy Lead Simon Davey will contact your office to arrange a meeting.

Regards



Catherine Tanna

Managing Director