

18 July 2013

201 Charlotte Street
Brisbane 4000 Australia

Ms Hannah Ransom
Australian Competition and Consumer Commission
GPO Box 3131
CANBERRA ACT 2601

BY EMAIL: adjudication@accc.gov.au

Dear Ms Ransom

CS Energy Limited and Ors – Application for Authorisation A91378

We refer to your letter of 26 June 2013 inviting comment on CS Energy Limited and Ors' Application for Authorisation A91378 (**Application**).

Anglo Coal (Callide) Pty Ltd, Anglo Coal (Callide) No. 2 Pty Ltd and Callide Coalfields (Sales) Pty Ltd (**Anglo**) are parties affected by the proposed arrangement. This letter is written on behalf of those entities.

Consistent with the position adopted in relation to CS Energy's 2006 application for authorisation (and contrary to the statements made at item 3 of the Form B and paragraph 1.32 of the supporting submission), Anglo does not object to the Application.

As the Application is a matter of public record, Anglo wishes to clarify a number of matters in the supporting submission.

(a) Paragraph 1.14 states:

'The majority of coal from the Callide Mine is supplied to CS Energy and CPM for operation of the Callide Stations. The balance of the coal from the Callide Mine is exported.'

While the first sentence is technically correct, Anglo actually supplies all of the coal from the Southern areas of the Callide Mine to CS Energy and CPM for operation of the Callide Stations. Coal from the Boundary Hill area of the Callide Mine is supplied to customers in Gladstone and a small amount is exported.

(b) Paragraph 1.24(b) states:

'coal from the Callide Mine is delivered to both Callide B and Callide C power stations via a single conveyor belt'.

While this statement is true, the coal sold under the Callide B and Callide C coal supply agreements can be delivered separately. While coal is currently delivered to the power stations jointly in the manner described in paragraph 1.24(b), historically Anglo mined and delivered coal to each power station separately in the past. It retains the option to do so.

Member of the Anglo American plc group

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- (c) Paragraph 1.24(c) states:

'the minimum and target coal specifications under the respective coal supply agreements for Callide B and Callide C Power Stations are the same...'

While this statement is true, the coal supply agreements contain different limiting coal specifications; The Callide B coal supply agreement has a 23% ash rejection limit whereas the Callide C coal supply agreement has an ash rejection limit of 24.5%. This difference is not insignificant and means that Anglo could potentially deliver coal to the different ash rejection limits.

- (d) Contrary to the statement in footnote 4 to paragraph 1.26, Anglo exports approximately 1,000,000 tonnes of annual production from the Callide Mine.

If the Commission has any questions or requires any further information, please contact Ed Crawford on 07 3834 1309.

Yours faithfully



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