



29 October 2004

The Manager – Energy Market Reform Team
National Energy Market Branch
Department of Industry, Tourism and Resources
GPO Box 9839
Canberra ACT 2601

MCEMarketReform@industry.gov.au

Dear Sir/Madam,

National Gas Emergency Response Protocol

Xstrata Copper's interest in this matter arises from its operations in northern and north west Queensland:

- (a) the Mount Isa operations and the Ernest Henry Mine located near to Cloncurry, both of which are supplied with energy from the gas fired Mica Creek Power Station. In addition, ISA utilises gas as fuel for its smelters and other facilities at Mount Isa Operations. Gas is supplied under a long term contract with the SW Queensland Producers (with Santos Limited is Operator) from the Ballera Plant in the Queensland Cooper Basin. Both operations and the Mount Isa region is reliant upon gas supply and there is no adequate alternate fuel capability to address a material curtailment in gas supply.
- (b) the Copper Refinery at Stuart, Townsville which is in the course of conversion to use gas as fuel. Initially (coal seam) gas is to be supplied from the CH4 and BHP Coal Pty Ltd Moranbah Project which is currently in commissioning phase. Whilst Copper Refinery has an alternate fuel capability to address a material curtailment in gas supply, such a circumstance would impose a significant additional cost to the operation.

Xstrata Copper endorses the concept of a National Gas Emergency Protocol to allow a more informed approach when the gas and gas transportation market is not capable of resolving a major supply demand gas emergency. If a National Gas Emergency is declared Xstrata Copper supports the formal participation of gas industry users in planning and implementing the appropriate response.

Xstrata Copper is willing to participate in a forum or working group to further develop this Protocol.

At this time we have not finalised a submission to the Issues Paper and will provide a submission as soon as possible. If you need any further information at this time, please contact me on 0417 603 372.

Yours faithfully,

Ross Thompson - Manager Energy and Utilities
Xstrata Copper North Queensland