

Tarong Energy Community Newsletter. Issue 24, June 2009.

Tarong undertakes largest overhaul in 25-year history

The largest shutdown in Tarong Power Station's 25-year history is progressing with Unit 2 now offline for major maintenance.

As part of ongoing maintenance, Tarong Energy is overhauling all four generating units at the power station, with the Unit 1 shutdown completed successfully in January 2009 and work starting on Unit 2 in late April.

Tarong Energy Chief Executive Officer Helen Gluer said the landmark shutdown would enhance the power station's performance and long-term reliability, and reduce nitrogen oxide (NO_x) emissions significantly.

"The current \$35M shutdown of Unit 2 involves two new major projects – the control systems refit and the installation of low NO_x burners," Ms Gluer said.

"As testament to the magnitude of the overhaul, we have increased our workforce significantly, with more than 350 contractors on site.

"This is a major boost for the local economy, generating more spending, particularly in accommodation, food and travel expenses."

Control Systems Refit Project Manager Neil Ronan said the modern and technologically advanced system will increase the operability and efficiency of the power station.

"The new technology gathers data, measures processes and delivers output signals to activating devices to meet process demands in real time," Mr Ronan said.

"This control system will make the plant easier to operate, enabling the burning of less fuel while generating electricity with improved process stability.

"Unit 2 is the second unit at Tarong Power Station to receive the brand new Siemens T3000 operating system."

Overhaul Coordinator David Longbottom said the shutdown combined five critical maintenance and installation projects that would be completed simultaneously.

"The limited timeframes made scheduling this shutdown quite complex," Mr Longbottom said.

"The first week of the overhaul was dedicated entirely to cleaning, erecting scaffolding and preparing a safe work environment. Once this was completed, the work crews began and have been working around the clock since."

The shutdown is scheduled for completion with Unit 2 back online and ready for control systems tuning on 17 July.

For more information on low NO_x burners see the article on page 2.

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Overhaul of Unit 2 in progress.

South Burnett economy strengthened

A university study has found Tarong Energy's operations strengthen the South Burnett's economy, contributing to almost one third of the region's total value of goods and services*.

The Economic Benefits Study recently undertaken by the University of Southern Queensland (USQ) estimated the change in real value added by Tarong Energy's operations to the South Burnett region at \$332.2m or 31.6% of the Gross Regional Product.

The study identified Tarong Energy as the region's major job generator, creating and sustaining more than 10% of all jobs.

The study found the Corporation directly employs more than 570 people locally, but through expenditure in the region, creates and sustains 1,224 full-time equivalent jobs.

*Assumes 90% electricity generation capacity.

CEO's message Helen Gluer

June is a busy and productive month for Tarong Energy. The largest-ever overhaul of Tarong Power Station is currently underway to enhance the station's performance and long-term reliability. As always, our main focus throughout the works is on safety. This includes making sure all employees and contractors follow the road rules when travelling to and from the power station.



We've increased our workforce significantly so you may have noticed more visitors to your town. Our operations provide a major boost to the local economy. A university study has found Tarong Energy injects millions of dollars into the South Burnett economy (see page 3 for more details).

Last month we celebrated 25 years since the opening of Unit 1 at the power station, and I recognise the important role the community has played in this proud history. We're committed to being part of the South Burnett for the long term and have set our sights on a 50th birthday party in 2034!

This month an independent market researcher is surveying the community about Tarong Energy. If you are approached to participate, I encourage you to provide your valued feedback. This research will help us to better understand your views and priorities and enhance our activities in the community.

Helen Gluer
CEO, Tarong Energy

Did you know?

Nitrogen oxide (NO_x) is the substance commonly known as smog.

Update on Meandu-Kunioon fuel strategy

The recent confirmation of additional economic coal at Meandu Mine supports Tarong Energy's goal of protecting the economic security of the South Burnett.

This additional economic coal reinforces Tarong Energy's Meandu-Kunioon fuel strategy, which involves developing a mine at Kunioon before economically viable coal at Meandu Mine is exhausted.

Tarong Energy is aware of the important role its operations play in the economic diversity of the region with both coal deposits helping to sustain Tarong Energy's operations, along with the accompanying jobs and regional investment.

Following a re-appraisal of the Meandu mine plan, Tarong Energy is continuing to assess the appropriate strategy for the timing of the transition of mining operations from Meandu to Kunioon.

A number of factors will be taken into consideration regarding timing of the transition, but the main focus will be on accurately determining the quantity and quality of coal contained within the mining lease at Meandu Mine, and the cost of extracting that coal.

By examining ways to maximise the lifespans of Meandu and Kunioon coal resources, Tarong Energy is helping to ensure reliable supply and a smooth transition between fuel supplies.

To date, Tarong Energy has undertaken a range of technical studies aimed at understanding the existing environmental values at Kunioon.

These studies are a vital step in developing a detailed environmental analysis of a mine at Kunioon.

Any refinement of the Kunioon mine plan will guide future environmental analysis.

Tarong Energy is committed to keeping the community informed of the progress it is making with its Meandu-Kunioon fuel strategy.

Tarong installs new burners to reduce NO_x

As part of the Unit 2 shutdown, Tarong Energy has installed 30 more low NO_x (Nitrogen Oxide) burners, setting it apart as an industry leader.

The current installation means 60 low NO_x burners are now installed at Tarong Power Station, the only coal-fired power station in Australia to use this type of emission-reducing burners.

Project Manager Steele Seymour said the use of low NO_x burners would reduce the power station's nitrogen oxide emissions which contribute to air pollution and smog.

"Since the installation of low NO_x burners in Unit 1 in August 2008 we have experienced a 50% reduction in NO_x emissions and expect further reductions following the second stage of tuning," Mr Seymour said.

"As we progressively install low NO_x burners across all four units, emissions will continue to decrease.

"Australian power stations are not required to fit emissions reducing burners and the installation of a further 30 low NO_x burners demonstrates Tarong Energy's continued commitment to reducing the impact we have on the environment."

Units 3 and 4 will be fitted with low NO_x burners at a later date.



Progressive installation of low NO_x burners in Unit 2

South Burnett economy strengthened *contd*

As well as being the South Burnett's major employer, Tarong Energy injects millions of dollars annually into the region's economy, according to the Economic Benefits Study by the University of Southern Queensland.

Tarong Energy Chief Executive Officer Helen Gluer said the study had clearly identified Tarong Energy's important contribution to the region's economic strength and diversity.

"In terms of expenditure, Tarong Energy-owned operations support local business by spending more than \$17M in the region annually," Ms Gluer said.

"We invest more than \$62M annually in wages and salaries and more than 60% of this gross income is spent in the local area.

"The flow-on effects of this expenditure are substantial, with a further \$46M of income indirectly generated in other industries such as trade, housing, transport and food."

Head researcher, Dr Sarath Delpachitra of USQ's Faculty of Business, said the study team used a range of methods to gather information for the study results.

"We collected census and other official data, conducted interviews with key personnel from Tarong Energy's operational sites and the regional council, and surveyed a random selection of South Burnett households as well as Tarong Energy employees and contractors," Dr Delpachitra said.

"We used this information to provide estimates of Tarong Energy's contribution to employment, income, Gross Regional Product and expenditure."

While sponsorship and donation activity were not studied by the USQ research team, Tarong Energy's social investment in the region also boosts the local economy.

Through its Community Partnership Fund and Corporate Sponsorship Program, Tarong Energy provides significant funding to the South Burnett region. This represents a major proportion of the community funding available in the South Burnett and plays a key role in improving the quality of life for all residents.

A copy of the Economic Benefits Study can be downloaded from the Tarong Energy website

Tarong Energy's operations in the South Burnett are estimated to generate:

- **\$332.2M (31.6%) of estimated Gross Regional Product**
- **1,224 jobs through direct and indirect spending**
- **\$62M in wages – 60% of which is spent in the region**
- **\$17M direct spending with local businesses**
- **\$46M in flow-on spending in housing, transport, food**

by following the links to the Community webpage, or for more information contact 4160 9133.

Tarong engineers support the next generation



Eight Tarong Energy engineers volunteered their time to support the region's schools in March when they helped judge the 2009 Science and Engineering Challenge.

The group included environmental, mining and electrical engineers and helped students from schools across the region compete in the challenge run by the University of Newcastle and the University of Queensland.

General Manager Generation Operations Andrew Krotewicz said he was happy to provide the engineers to make the day possible.

"It was the first year the event has been held by a school in the South Burnett region and Tarong Energy was pleased to be able to provide this support and encourage the youth of the South Burnett," Mr Krotewicz said.

"The teams of students were able to draw on more than 60 years of combined experience to compete.

"This is just one of the ways Tarong Energy works with the community and is a great way to encourage and support youth in the region."

The challenge is held every year by the two universities and provides an opportunity for students to try their hand at solving practical problems in a team environment.

Tarong Engineer Naveen Sirka works with Liam Wilson.

THANK YOU

Thank you for survey input

Tarong Energy would like to thank everyone who returned a completed short survey in the last edition of Power News.

The lucky winner was Neale Ambler!



Left to right: Bunya Wakka Wakka Elder George Bone, Bunya Wakka Wakka chair Martin Bligh, Bunya Wakka Wakka CEO Lorraine Cairns, and Elders Pam Duncan and Beryl Gambrell at the end of the tour at Kunioon.

Cultural heritage field surveys on Kunioon

Tarong Energy is partnering with the Wakka Wakka people to conduct a cultural heritage field survey on the site of the proposed Kunioon Mine.

This survey is aimed to ensure that any evidence of indigenous cultural heritage or prior occupation is properly identified and protected, as it must be under Queensland law, before any ground disturbance is carried out.

This initiative is just one part of Tarong Energy's goal of limiting potential impacts to the local community and environment from the proposed Kunioon Mine.

Ash headed to Meandu Mine

Tarong Energy's acquisition of Meandu Mine was not only an important investment as it ensures a supply of coal for the power station but will also provide a means for ash disposal.

Currently Tarong Energy is building a 4.5km long pipeline connecting the ash thickening plant with the Meandu Mine as a way to transport the ash from the power station to the mine.

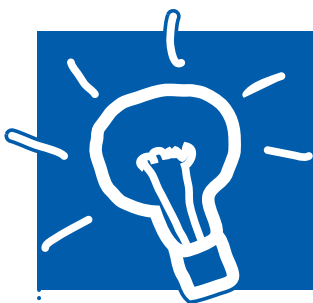
The Mine Void Ash Disposal Project is set to hit top gear with earthworks for the pipeline already underway and project completion due for November 2009.

Once completed, ash produced by Tarong North and Tarong Power Station will be diverted to King 2 West mine void at the adjacent Meandu Mine for disposal.

Project Manager Brett Taylor said he is enthusiastic about having another option available for the disposal of ash.

"King 2 West has capacity of up to five years. Upon successful completion of the King 2 West trial, ash disposal will then be redirected to King 2 East which has capacity of up to 25 years," Mr Taylor said.

Tarong Energy has worked closely with the Queensland Government's Department of Environment and Resource Management, and the South Burnett Regional Council to ensure the mine's Environmental Authority contains the conditions necessary to allow the correct operation of the mine void disposal project and monitoring required.



Bright Sparks Competition Win a Tarong Energy Children's Pack!

If you would like a chance to win a fantastic Tarong Energy Children's Gift Pack, complete the entry form below and mail it before 11 July 2009 to "Tarong Power Station Competition" at

Reply Paid 15
Community Relations
Tarong Power Station,
Nanango QLD 4615

Thank you to everyone who entered last edition's competition.

The lucky winner was **Jacob Haydon from Kingaroy.**

Congratulations!

The correct answer to "How many successful applicants were there for Tarong Energy's first round of the Community Partnership Fund?" was **Four.**

Name: _____

Age: _____

Address: _____

Phone: _____

QUESTION: "How many low NO_x burners are now installed at Tarong Power Station?"

Answer: _____

For further information or feedback please contact: Community Relations, Tarong Power Station, PO Box 15, Nanango, Q 4615,
Phone 4160 9261 Email inquiries@tarongenergy.com.au