

**COMMERCIAL-IN-CONFIDENCE**

6 April 2018  
 Mr Charles Millstead  
 Chief Executive Officer  
 Queensland Competition Authority  
 Level 27  
 145 Ann Street  
 BRISBANE QLD 4000

Dear Mr Millstead

**Endorsed Variation Event — West Moreton Network Reference Tariff**

Queensland Rail Ltd (Queensland Rail) provides this submission to the Queensland Competition Authority (QCA) for review of the West Moreton Network coal Reference Tariff, resulting from an Endorsed Variation Event triggered under 'Queensland Rail's Access Undertaking 1' (AU1).

On 31 January 2018, Queensland Rail and Syntech Resources Pty Ltd (Syntech), which is part of the Yancoal Group executed the 2018 Cameby Downs Access Agreement for access rights for coal haulage for the period 1 February 2018 to [REDACTED]. The 2018 Cameby Downs Access Agreement has increased the number of contracted return services from [REDACTED] train services per week to [REDACTED] train services per week.

The increase in contracted paths from Cameby Downs has triggered an Endorsed Variation Event under AU1's Schedule D clause 5.1(a)(ii)(A), requiring Queensland Rail to review the West Moreton Network Reference Tariff. An Endorsed Variation Event occurs where the contracted Train Services for either an individual origin/destination, or for the entire Network, are greater than the forecast used to derive the Reference Tariff.

Schedule D clause 5.1(a)(ii)(A) requires Queensland Rail to submit a variation of a Reference Tariff to the QCA, subject to clause 5.1(c) within three months after becomes aware that an Endorsed Variation Event, or a Review Event, has occurred. AU1 defines an Endorsed Variation Event to include the following event:

*'contracted coal-carrying Train Services, for a single origin or in aggregate, on the West Moreton Network and the Metropolitan Network are, at the Approval Date or thereafter, greater than the forecasts of coal carrying Train Services used to develop Reference Tariffs for the West Moreton Network and the Metropolitan Network'.*

**Table 1** sets out the West Moreton Network coal Train Service forecast approved as approved by the QCA in November 2017, noting that the QCA approved an increase in the Cameby Downs total train paths from [REDACTED] per week to [REDACTED] per week, following as the result of an earlier Endorsed Variation Event that occurred on 22 December 2016.

**Table 1: AU1's current forecast return train paths per week, by mine (as at 1 January 2017)**

|                        | Contract   | Ad Hoc     | Total      |
|------------------------|------------|------------|------------|
| Cameby Downs (Yancoal) | [REDACTED] | [REDACTED] | [REDACTED] |
| New Acland (New Hope)  | [REDACTED] | [REDACTED] | [REDACTED] |
| <b>Total</b>           | [REDACTED] | [REDACTED] | [REDACTED] |

Note: These figures are based upon railings over a 50 week period. Two weeks of the year are allocated to closures due to maintenance, weather events etc.

The increase in contracted Yancoal Train Services to [redacted] per week (equivalent to [redacted] over a 52 week period) from 1 February 2018 exceeds the current forecast of [redacted] Train Services per week which is used in the calculation of the current approved Reference Tariff.

Consistent with Schedule D clause 5.1(a)(ii)(A), Queensland Rail has recalculated the reference tariff to take account of the increase in the contracted paths, with the proposed Endorsed Variation Event Reference Tariff for the West Moreton Network set out in Table 2.

Queensland Rail proposes that the revised Endorsed Variation Event Tariff would have an Effective Date of 1 February 2018.

**Table 2: AU1 West Moreton Network Reference Tariff (\$2016/17)**

| Original Reference Tariff | Reference Tariff effective as 1 January 2017 | Proposed Endorsed Variation Event Reference Tariff as at 1 February 2018 |
|---------------------------|--|--|
| \$17.92/'000 gtk          | \$17.48/'000 gtk                             | \$15.89/'000 gtk   |


*Note: The QCA approved the Yancoal Endorsed Variation Event on 9 November 2017, effective from 1 January 2017.*

**Attachment 1** summarises the modelling that supports the revised West Moreton reference tariff. Queensland Rail is also providing its Excel model for the Endorsed Variation Event Reference Tariff.

Queensland Rail is submitting a separate Review Event for the West Moreton Network Reference Tariff to take account of New Hope reducing its contracted paths for the New Acland mine from [redacted] trains per week to [redacted] train per week and [redacted] trains to [redacted] trains per week from Ebenezer mine from 1 July 2018.

If your officers have any questions in relation to this matter, they can contact Ms Tania Homan on (07) 3072 1173 or [tania.homan@qr.com.au](mailto:tania.homan@qr.com.au).

Yours sincerely



**Jim Benstead**  
A/CFO & EGM Commercial & Strategy  
Queensland Rail

## Attachment 1: Final Decision Tariff and revised Endorsed Variation Event Tariff

### West Moreton System Tariff Structure

| Base in \$2016/17                                     | 2016/17A    | 2016/17B & 2017/18A | 2017/18B    |
|---|-------------|---------------------|-------------|
| Base Tariff \$/GTK (000)                              | \$ 17.92    | \$ 17.48            | \$ 15.89    |
| Base West Moreton Tariff \$/GTK (000)                 | \$ 8.96     | \$ 8.74             | \$ 7.95     |
| Base West Moreton Tariff \$/TP                        | \$ 3,011.49 | \$ 2,964.71         | \$ 2,791.23 |
| Net Difference NPV of Allowed/Achieved Revenue Stream | \$ -        | \$ -                |             |

Goal Seek

| Throughput & Rate<br>Rosewood to Columboola Only | Year 1A<br>2016/17A | Year 1B<br>2016/17B | Year 1<br>2016/17 | Year 2A<br>2017/18A | Year 2B<br>2017/18B | Year 2<br>2017/18 | Year 3<br>2018/19 | Year 4<br>2019/20 |
|--|---------------------|---------------------|-------------------|---------------------|---------------------|-------------------|-------------------|-------------------|
| Net Tonnes                                       |                     |                     |                   |                     |                     |                   |                   |                   |
| GTK 000  | 1,063,862           | 1,073,440           | 2,137,302         | 1,275,080           | 978,838             | 2,253,918         | 2,381,839         | 2,381,839         |
| NTK 000  | 581,708             | 586,945             | 1,168,652         | 697,199             | 535,217             | 1,232,417         | 1,302,362         | 1,302,362         |
| Paths  |                     |                     |                   |                     |                     |                   |                   |                   |
| \$/GTK 000 (One Part)                            | \$17.92             | \$17.48             |                   | \$17.91             | \$16.29             |                   | \$16.70           | \$17.11           |
| \$/GTK 000 (Two Part)                            | \$8.96              | \$8.74              |                   | \$8.96              | \$8.14              |                   | \$8.35            | \$8.56            |
| \$/TP (Two Part)                                 | \$3,011.49          | \$2,964.71          |                   | \$3,038.83          | \$2,861.01          |                   | \$2,932.53        | \$3,005.85        |

| Summary Annual Revenue<br>Rosewood to Columboola Only | Year 1A<br>2016/17A | Year 1B<br>2016/17B | Year 1<br>2016/17 | Year 2A<br>2017/18A | Year 2B<br>2017/18B | Year 2<br>2017/18 | Year 3<br>2018/19 | Year 4<br>2019/20 |
|---|---------------------|---------------------|-------------------|---------------------|---------------------|-------------------|-------------------|-------------------|
| AT1 (Under One Part Tariff Methodology)               | 19,067,624          | 18,759,410          | 37,827,034        | 22,840,359          | 15,943,261          | 38,783,620        | 39,765,150        | 40,759,279        |
| AT1 + AT2 (Under Two Part Tariff Methodology)         | 19,067,624          | 18,759,410          | 37,827,034        | 22,840,359          | 15,943,261          | 38,783,620        | 39,765,150        | 40,759,279        |

| NPV of Revenue as at 01 Jul 2016 |             |
|----------------------------------|-------------|
| \$                               | 140,602,831 |
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|          |  |
|----------|--|
| 2016/17A | => For the period 01/07/16 to 31/12/16 |
| 2016/17B | => For the period 01/01/17 to 30/06/17 |
| 2017/18A | => For the period 01/07/17 to 31/01/18 |
| 2017/18B | => For the period 01/02/18 to 30/06/18 |