



QLD COMPETITION AUTHORITY

26 JUN 2019

DATE RECEIVED

Monday 24 June 2019

Mr George Passmore
Queensland Competition Authority
GPO Box 2257
Brisbane QLD 4001

Dear George,

Aurizon Network's 2019 Electric Traction DAAU

I refer to Aurizon Network Pty Ltd's (**Aurizon Network**) 2019 Electric Traction Draft Amending Access Undertaking (**2019 DAAU**), submitted to the Queensland Competition Authority (**QCA**) on 17 May 2019, and Aurizon Network's supporting submission dated 10 June 2019.

Having reviewed the 2019 DAAU, BM Alliance Coal Operations Pty Ltd (**BMA**) is supportive of the approach adopted in the 2019 DAAU and recognise that it is consistent with the QCA's response to the 2018 AT5 Draft Amending Access Undertaking (**2018 AT5 DAAU**) published on 21 March 2019.

However, BMA is concerned that the utilisation thresholds of:

- 71% in the Goonyella system; and
- 65% in the Blackwater system;

reflecting the threshold suggested by the QCA in its response to the 2018 AT5 DAAU will have a detrimental effect for electric traction pricing. This lower threshold poses significant risk to supply chain competition and the sustainability of electric traction associated with the ability of an individual producer (or rail operator) to make haulage decisions that erode the competitiveness of other producers (or rail operators) and the existing investments made by BMA in electric traction rollingstock and infrastructure.

BMA considers that the utilisation thresholds of:

- 85% in the Goonyella system; and
- 68% in the Blackwater system;

proposed in the 2018 AT5 DAAU provided an appropriate balance between investments in electric traction infrastructure and rollingstock and ensuring there is adequate choice for both incremental and future traction type(s). If, in making its decision the QCA proposes to accept the utilisation thresholds that Aurizon Network has adopted in the 2019 DAAU, the QCA should transparently explain the rationale for these thresholds being the most appropriate.

While BMA is concerned that the Goonyella system and the Blackwater system utilisation thresholds should be higher, it is important for the supply chain to ensure a suitable framework to manage electric traction pricing and electric asset stranding risk is approved and the 2019 DAAU is in all other respects acceptable.

If you have any questions regarding this submission, please contact Ruchi Gupta, Manager Port & Rail Access, on 0430 594 428.

Yours sincerely,

A handwritten signature in black ink, consisting of several overlapping loops and a long horizontal stroke extending to the right.

Dan Kadziela
Head of IROC+
BM Alliance Coal Operations Pty Ltd