



BHP Billiton Mitsubishi Alliance

16 May 2014

Ms Tania Homan
Director, Rail
Queensland Competition Authority
GPO Box 2257
Brisbane QLD 4001

Dear Ms Homan

Proposed New Reference Tariffs for Middlemount to Dalrymple Bay Coal Terminal

Thank you for the opportunity to respond to Aurizon Network's submission to establish a new reference tariff for Middlemount to Dalrymple Bay Coal Terminal.

BHP Billiton Mitsubishi Alliance (**BMA**) supports the submission on the basis it is consistent with the pricing principles contained in the 2010 Access Undertaking (**UT3**).

BMA acknowledges the regulatory pricing principles in UT3 are currently under negotiation in the Authority's consideration of the 2013 Draft Access Undertaking (**UT4**) process. We have also made a number of UT4 submissions recommending changes to elements of UT3's pricing principles, namely with respect to the introduction of a hybrid, differential pricing framework for major expansions to the rail network.

Whilst we have identified a new policy direction with respect to major network expansions under UT4, we have not sought any changes to UT3's existing pricing principles as they relate to small mine projects within the existing mainline rail infrastructure. This means we support the continued application of UT3's pricing principles which require the construction of small scale rail spurs to connect a new loading facility to the Central Queensland Coal Network (**CQCN**).

Regulatory certainty is essential for mines operating within the CQCN. As you are aware, mine investments require significant funding and a minimum 3-5 year timeframe from initial investigation to commissioning. Given this timeframe it is essential producers have certainty on the costing of accompanying logistic infrastructure in order to approve investment in a new mine development. With respect to the Middlemount Project, the joint venture owners would have relied heavily on the UT3 pricing principles to obtain investment certainty on the costing of its rail access requirements.

Accordingly, we support the Middlemount DAAU being considered within the context of the existing UT3 pricing framework. We recommend that the Authority not let any discussions around amendments to the regulatory pricing principles in UT4 interfere with its consideration of the Middlemount DAAU.

If you have any queries or require more information, please contact Alistair Baben Der Erde on telephone 33292507 or mobile 0406 770 113.

Yours sincerely

Geoff Streeton
Head of Business Development
BHP Billiton Mitsubishi Alliance