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18 March 2011

Mr John Hall
Chief Executive
Queensland Competition Authority
GPO Box 2257
Brisbane QLD 4001

Dear Mr Hall

QR National Coal's submission on QR Network's 2011 Draft Amending Access Undertaking

QR National Coal welcomes this opportunity to provide comments on QR Network's 2011 Draft Amending Access Undertaking (DAAU).

The majority of the proposed amendments in the DAAU relate to elements of the proposed Investment Framework Amendments associated with the draft Standard User Funding Agreement (SUFA). We note the QCA has notified its intention to develop a proposed SUFA and Investment Framework Amendments and to invite submissions as part of a separate process. Consequently, this response will be confined to proposed amendments in the DAAU that do not relate to the Investment Framework and SUFA.

Capacity Notification Register

The proposed amendment to clause 4.2(i) allows inclusion of a new Access Seeker in the Capacity Notification Register (CNR) without going through the full process of an access application. This will occur provided the requested Access Rights are similar to a past request that met the preconditions for inclusion in the CNR.

QR National Coal supports the proposed amendment on the basis that it provides a more efficient way for Access Seekers to be included in the CNR, where the preconditions for inclusion on the CNR have been met.

Disclosure of Coal Access Agreements

The proposed amendment to clause 5.4(c) will allow approved non-disclosure claims over elements of an Access Agreement to apply to all Access Agreements with that Party. This will apply unless the QCA specifies that the approval only applies to a particular Access Agreement.

The proposed amendment will streamline the process of claiming confidentiality over commercially sensitive aspects of Access Agreements. QR National Coal seeks efficient ways to operate in a commercially competitive environment. Currently, each new or amended Access Agreement involves a separate new request for non-disclosure of sensitive information despite similar elements having previously been approved for non-disclosure, either in other Access Agreements or in earlier versions of amended Access Agreements.

Consequently, QR National Coal supports the proposed amendment on the basis that it reduces the regulatory compliance burden on Access Holders and provides a degree of certainty over the non-disclosure of commercially sensitive information.

Transfer Fees

The proposed amendment to clause 7.3.6(l) clarifies the application of transfer fees for temporary transfers of less than two years. The amendment makes explicit that the new transfer fee provisions will not be applied to an Access Agreement executed prior to approval of the Access Undertaking (1 October 2010) even if amended after the approval date, unless the amendments specifically include the new transfer fee provisions.

While QR National Coal supports the relaxation of transfer fees for temporary transfers, Access Agreements are legally binding contracts and take precedence over an approved Access Undertaking. The proposed amendment does not limit an Access Holder's ability to seek an amendment to an existing Access Agreement to allow the provisions for temporary transfers in the current Access Undertaking to apply.

QR National Coal supports the proposed amendment on the basis that Access Agreements are legally binding contracts negotiated between the parties.

Ad hoc Train Services

The proposed amendment extends the definition of Ad hoc Train Services to include a Train Service that does not comply with the Train Service Entitlement (TSE) in an Access Agreement, but is otherwise permitted to operate under the existing Access Agreement. That is, Ad hoc Trains Services include those that are in excess of the contracted number under an Access Agreement or those which have a different origin/destination to the TSE in the relevant Access Agreement.

Ad hoc Trains Services receive lower priority in the scheduling process, including where the Contested Train Path Decision making Process is applied. Including Trains Services that do not comply with the TSE in the definition of Ad hoc, effectively ensures annual contracted Train Services are achieved in priority to any 'spot market' Trains Services being scheduled.

QR National Coal supports the proposed amendment on the basis that it supports the achievement of contracted Access Entitlements of an Access Holder.

Wash-up of Electricity Traction Costs

The proposed amendment to clause 3.2.2(b) and 3.2.2 (c) in Schedule F, Part B aims to clarify the adjustment to the Revenue Cap for electricity costs.

The Revenue Cap adjustment reflects the difference between QR Network's costs and revenue for the year and facilitates QR Network passing through its costs associated with the provision of energy for electric traction.

The proposed amendment clarifies that for the energy component (EC) the Revenue Cap adjustment is the difference between the actual cost and the actual revenue earned, rather than the forecast revenue as was implied by the drafting of UT3.

The proposed amendment also preserves the current allocation between Blackwater and Goonyella of energy costs that is implied in the single EC charge.

QR National Coal supports the proposed amendments on the basis that it clarifies the adjustment mechanism for energy costs and preserves the current pricing arrangements based on the revenue caps for the Individual Coal Systems.

If you have any queries please contact me on 3235 7849 or Robin Laver on 3235 5215.

Regards,



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QR National Coal