

4 November 2022

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Email: <http://www.qca.org.au/submissions>

**(Submitted via QCA online submission form at [www.qca.org.au](http://www.qca.org.au))**

Dear Charles,

**RE: Aurizon Network's revised Concept Study DAAU**

Bravus Mining and Resources (**Bravus**) is pleased to have this opportunity to comment on Aurizon Network's November 2022 Revised Concept Study Draft Amending Access Undertaking (**Revised DAAU**).

This submission provides further information that supplements our Bravus's previous submissions on the Concept Study DAAU submission dated 28 July 2022 and Queensland Competition Authority's preliminary position on the Concept Study DAAU submission dated 7 October 2022.

Bravus notes matters raised in our previous submissions remain valid as they have not been fully addressed by Aurizon Network in their Revised DAAU and should be considered by the QCA in conjunction with this submission.

Bravus continues to support amendments that:

- Simplify part 7A.5 of the access undertaking by replacing provisions that have been superseded by the actual steps that have occurred since the Undertaking was approved.
- Provide the Independent Expert and the QRC with the flexibility to:
  - Require further expansion studies to be undertaken prior to recommending or approving the Transitional Arrangements
- Stage the timing for implementing Transitional Arrangements noting Bravus's concerns from our previous submission relating to the removal of proposed restrictions to the type and nature of any forecast demand remain valid.
- Does not restrict the Independent Expert's and/or QCA's consideration of potential Transitional Arrangements to only those proposed by Aurizon Network with the exception of any new voluntary fee free relinquishment options.
- Allows for Aurizon Network to recover its costs for conducting further expansion studies.

Bravus is aware of the Rail Working Group (**RWG**) proposal for a further voluntary fee free relinquishment option to be provided under 7A.5 that would allow the QCA to approve relinquishments as part of the Transitional Arrangements.

The QCA should not approve the RWG's proposal as it would deliver neither a prudent, efficient or fair outcome for the reasons provided in the summary below. Bravus has confirmed this view is shared by Aurizon Network and have also raised this in their submission on the revised DAAU.

For clarity we do not have a view with regards relinquishments in the Goonyella, Blackwater and Moura Coal Systems.

Bravus would also like to note our view on these matters have been formed from our experience as both an existing Access Holder with a significant stake in Newlands, and as an Access Seeker of additional capacity from Newlands including short term transfers from GAPE. This has provided Bravus with a broad and unique perspective with regards to the RWG proposal and other matters we have raised in our submissions.

the following is a summary of our concerns relating to further voluntary fee free relinquishments for Newlands under part 7A.5 of the access undertaking:

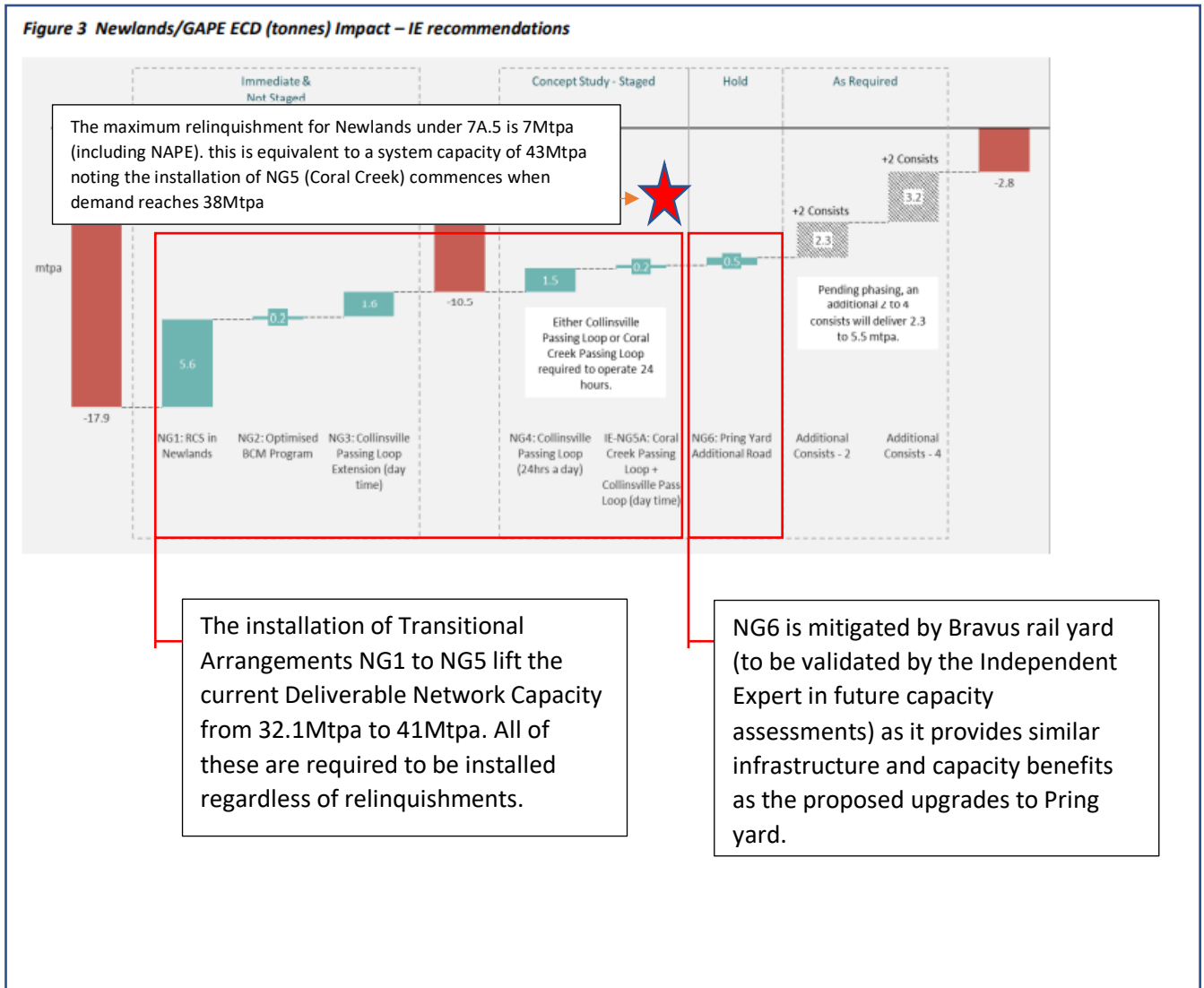
1. No new Newlands relinquishments should be approved until the QCA independently establish the historical root cause of the Newlands and GAPE Existing Capacity Deficit (**ECD**) including the extent to which GAPE Deed holders are responsible for all or part of the Newlands ECD.
2. No new Newlands relinquishments should be approved by the QCA given -
  - a) Any new relinquishment process would discriminate against Newlands users by causing higher tariffs in Newlands while GAPE users are prevented from relinquishing capacity due to commercial restrictions associated with the GAPE Deed. Bravus notes Aurizon Network continues to have the option to release GAPE users from these restrictions which includes a GAPE fee paid to it for risks undertaken in delivering the GAPE project including the projects capacity which it has failed to do.
  - b) Any new Relinquishments would be neither prudent nor efficient given:
    - i None of the capital costs for implementing the Transitional Arrangements are avoided by additional relinquishments including relinquishments up to the maximum allowed under 7A.5. An example demonstrating this has been provided at Appendix 1.
    - ii Transfers of Newlands contract capacity remain the most prudent and efficient option noting –
      - o Both the transfer and relinquishments options have the same Transitional Arrangement capital costs.
      - o The transfer option would not reduce contracted volumes and would result in a lower long-term tariff.
3. Any new Newlands relinquishments would cut across Bravus's pre-existing rights as an Access Seeker from 2018 and are not consistent with Aurizon Network's behavioural obligations under clause 2.3(b)(ii) and 2.3(c) of the access undertaking. Bravus notes during recent consultation with Aurizon Network and the RWG on this matter, it has become evident to Bravus that the process could promote an access holders ability to extract additional rent from Access Seekers to the detriment of the competitiveness of approved Access Seekers and are contrary to the system prudence and efficiency objectives of the undertaking.
4. The QCA should not approve any new Newland Relinquishments that would solve for a combined GAPE / Newlands ECD unless GAPE contracted capacity is also able to be freely transferred to Newlands i.e. capacity between the two systems is fungible in terms of both transfers and relinquishments.
5. Any future expansion of the Newlands System to account for relinquished capacity is not warranted while unwanted / unutilized GAPE capacity remains contracted. As discussed, this capacity should be voluntarily transferred to an Access Seeker or relinquished / resumed under existing parts 7.4.8 and 7.6 of the access undertaking.

Should you have any questions relating to this or our previous submissions please do not hesitate to contact myself or Ian Gibbons.

Sincerely,

Stephen Straughan  
Supply Chain Consultant  
Bravus Mining & Resources

Appendix 1 – Figure 3 Newlands / GAPE ECD (tonnes) Impact – from the Independent Experts recommendations to the QCA report 17 June 2022



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