

Queensland Rail Amended DAU3 Access Undertaking
Submission following Final Decision

18 June 2025



1 Introduction

On 24 March 2025 and 16 May 2025, the Queensland Competition Authority (**QCA**) issued its decision (the **Final Decision**) and Addendum of West Moreton access terms (the **Addendum**) respectively in relation to Queensland Rail's (**QR**) 2025 draft access undertaking (**DAU3**).

On 10 June 2025 QR submitted to the QCA an amended DAU3, and then on 17 June 2005 submitted a further amended DAU3 (with the 17 June version being the **Amended DAU3**). We understand the Amended DAU3 is intended to reflect the QCA's final decision (taking into account the Final Decision and the Addendum).

Without seeking to re-contest positions where the QCA has adopted a different position than that sought by Yancoal, Yancoal has set out below some final comments in relation to the Amended DAU3.

2 Compliance with the Final Decision and Addendum

Subject to the matters noted below, Yancoal considers that the Amended DAU3 is consistent with the requirements of the Final Decision and Addendum, acknowledging the inclusion of the specific drafting provided by the QCA in the Final Decision and Addendum (subject to utilising the more recent Addendum drafting where that replaced drafting in the earlier Final Decision).

Therefore the balance of this submission deals with the concerns remaining by exception.

3 West Moreton access pricing – no room for negotiation

While Yancoal does not agree with the QCA analysis in relation to appropriate pricing and what the QCA Act requires in that regard, we acknowledge that the Addendum sets a West Moreton coal reference tariff.

However, the QCA's position on how the reference tariff was to apply, as made clear in the Addendum, is not reflected in the Amended DAU3.

In particular, the Addendum provides (at pages 10-11) that:

Setting a reference tariff is not like setting a regulated price; a reference tariff is the basis for negotiation, and a source of information, rather than a requirement. The parties can agree alternative terms that reflect their risk preferences and commercial interests.

...

A reference tariff is a starting point for negotiations, and not the final word on pricing that will apply.

However, Yancoal is concerned that the Amended DAU3 does not achieve this.

In particular clause 3.1 provides that:

(a) The Access Charge for a Train Service, the description of which accords with the Reference Train Service, will be consistent with the Reference Tariff.

(b) The Access Charge for a coal carrying Train Services operating solely won the Metropolitan Systems or on both the West Moreton System and the Metropolitan System, the description of which otherwise differs from the Reference Train Service, will be consistent with the Reference Tariff ...

Those provisions effectively make it mandatory to apply the reference tariff. Certainly, in Yancoal's experience in previous negotiations with QR where this provision applied in this form, QR has simply asserted it is required by the undertaking to apply the reference tariff such that it

cannot negotiate alternative tariffs. That remains Yancoal's expectation as to how pricing discussions would occur if this provision is retained in the form contained in the Amended DAU3.

We submit that outcome give rises to affordability issues and imposes material volume risk (and related risks of upwards pricing adjustment) on the network, that the QCA considered would be resolved by negotiation remaining available if the reference tariff would not be economically viable for a customer at some point during the term.

Yancoal submits that to achieve the outcomes provided for in the Addendum it is necessary to amend clause 3.1 so the Reference Tariff applies a cap, such as:

(a) The Access Charge for a Train Service, the description of which accords with the Reference Train Service, will be ~~consistent with~~ no greater than the Reference Tariff.

(b) The Access Charge for a coal carrying Train Services operating solely won the Metropolitan Systems or on both the West Moreton System and the Metropolitan System, the description of which otherwise differs from the Reference Train Service, will be no greater than would be consistent with the Reference Tariff ...

4 West Moreton access pricing – Need for QCA confirmation

The Amended DAU includes proposed reference tariff inputs (clause 3.1 of Schedule D) , ceiling limits (clause 4 of Schedule D and a proposed WACC (definition of WACC clause 7.1).

Where Yancoal has not been provided with the averaging period being used by QR and the QCA and therefore any updates to any time-based paramters, it is not able to verify that these numbers reflect the outcomes of the Addendum.

We request that the QCA carefully check and verify the compliance of these figures.

5 Cross-referencing and drafting errors

While QR has fixed the vast majority of cross-referencing issues, Yancoal submits that the following cross-reference needs to be modified in the Amended DAU3:

Clause Ref	Change
7.1 – Definition of Loss Capitalisation Account	Cross reference to 'clause 8 Error! Reference source not found of Schedule D' should be changed to 'clause 8.2(a) of Schedule D'

While, from what Yancoal can tell, QR has sought to include all required drafting from the Final Decision and Addendum, the change in the Amended DAU3 clause 8 of Schedule E to 'adjusted' should be changed back to unadjusted (to reflect the requirements of the Final Decision (at page 45) and to reflect the fact that for years that are adjusted the reconciliation process under clause 7 applies instead.

As always, please do not hesitate to contact Mike Dodd of Yancoal Australia Limited if you have any queries in relation to this submission.