

File Ref: 1176381

14 March 2016

Mr Anthony Timbrell
Chief Executive Officer
DBCT Management Pty Ltd
PO Box 7823
WATERFRONT PLACE QLD 4001

Dear Mr ^{Anthony}~~Timbrell~~

WACC averaging period and end of regulatory period

Thank you for your letter to the QCA of 9 February 2016 regarding the proposed weighted average cost of capital (WACC) averaging period, and the timing for the end of the regulatory period, for Dalrymple Bay Coal Terminal Management's (DBCTM's) 2015 draft access undertaking (DAU).

Your letter sought the QCA's approval for a WACC averaging period of the 20 business days ending on 31 May 2016. You noted that this period is preferred to a period of the 20 business days immediately preceding the regulatory period (i.e. to 30 June 2016), as choice of the latter period would present significant risk for the effective execution of DBCTM's debt hedging program.

We have considered your request and agree that a period of the 20 business days ending 31 May 2016 be used as the averaging period for determining the time sensitive parameters of the WACC for DBCTM's 2015 DAU. These parameters are the risk-free rate and the debt risk premium.

Your letter also sought the QCA's confirmation that the regulatory period for the 2015 DAU will end on 30 June 2021. I can confirm that we consider that the terminating date for the 2015 DAU should be 30 June 2021, in accordance with clause (a) of the definition of 'Terminating Date' contained in the 2015 DAU. We note that we have not made any decision on the validity of clauses (b) and (c) of the definition of 'Terminating Date' in the 2015 DAU. These will be considered as part of our upcoming draft decision on the 2015 DAU.

In addition, you requested that your letter and its contents remain confidential until the QCA has published the final WACC to apply for the 2015 DAU, so markets are not influenced by publication of this information.

We agree that information regarding the WACC averaging period should remain confidential until after the period has passed, so markets are not influenced. However, in the interests of transparency, we consider stakeholders should be advised of the period soon after it has passed—by which point the potential for markets to be influenced will have ceased. Thus, our intention is to publish this letter (and your letter of 9 February 2016) on the QCA's website in June 2016.

Should you wish to discuss these matters, please contact Leigh Spencer on 07 3222 0532.

Yours sincerely

A handwritten signature in black ink, appearing to read 'Roy Green', with a stylized flourish at the end.

Professor Roy Green
Chair