

23 March 2007

Mr E. J. Hall,  
Chief Executive Officer  
Queensland Competition Authority  
GPO Box 2257  
Brisbane QLD 4001

Dear John,

Thank you for your letter of 1 March 2007, inviting comments on the proposed amendments to QR's approved access undertaking. Please find attached QRC's submission in response.

The views presented by the QRC in this submission have been developed through an extensive process of consultation with the QRC's coal members and the QRC Rail Working Group. The QRC submission presents a 'consensus' industry view which has widespread support.

It is difficult to overstate the achievement of arriving at an agreed whole-of-industry position on these important matters. The QRC's consultant, Gary Costello has been assiduous in engaging with individual QRC members to test the emerging industry position and to ensure that members understand the ramifications of these decisions. The QRC position represents a substantial transfer of volume risk from QR to industry collectively, and this is not a decision that the industry has taken lightly.

On behalf of QRC members, I would like to thank the Authority for allowing industry time for these important internal discussions to proceed. Likewise, QRC would like to recognise the willingness of QRNA to understand the emerging industry position and to consider a range of alternative solutions for the matters arising under schedule F. From QRC's perspective, the maturity and genuine consultation that has characterised this process augurs well for the development of the next access undertaking.

If you would like any further detail on this submission, please contact Andrew Barger on 3316 2502 or Gary Costello on 0403 743 363.

Yours sincerely

Michael Roche  
**Chief Executive**

# QRC submission

Working together for a shared future



**To the Queensland  
Competition Authority**  
23 March 2007

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## 1. PREAMBLE

This submission has been prepared by the Queensland Resources Council (QRC) in response to the Queensland Competition Authority's invitation to provide feedback on Queensland Rail's proposed amendments to Schedule F of the 2006 Access Undertaking ("the QRNA Submission"). In this document, the terms QRNA and QR National are used in order to distinguish between the below rail activities which are regulated by QRNA's Undertaking ("QRNA") and the above-rail coal haulage business ("QR National").

The views expressed by the QRC in this submission have been developed through an extensive process of consultation with the QRC's coal members and the QRC Rail Working Group. The views expressed in this submission represent a 'consensus' view of members which has widespread support, however, this position does not necessarily fully represent the views of each individual member, and members may choose to provide individual submissions to the QCA.

Sections 1-7 of this document adopt the numbering and headings of the QRNA Submission and provide comments on the QRNA Submission under the relevant headings. Section 8 sets out a number of other matters which are not specifically addressed in the QRNA Submission, and also provides comments on issues regarding the drafting of the Schedule F amendments.

References to UT1, 2 and 3 are references to QRNA's Access Undertakings effective 1 July 2001, and 1 July 2005, and due to be effective on 1 July 2009, respectively.



## 2. INTRODUCTION

The need for a proposed amendment to Schedule F arose as a result of the events surrounding the finalisation of the 2005 (subsequently 2006) Access Undertaking. In particular, QRNA requested to move towards a revenue cap relatively late in the process, and the QRC, QRNA and the QCA were unable to resolve this matter within a timeframe which was suitable for having an undertaking in place by 1 July 2006 (a revised target date which was one year later than the scheduled date).

The concerns of QRC members at that time included:

- The practicality of developing a well thought-through approach to implementation of the revenue cap in the available timeframe. This was addressed through the deferral of these issues, and the current process which has led to the QRNA Submission.
- The appropriateness of relieving QRNA of volume risk. In particular, many QRC members were concerned that:
  - QRNA had achieved, under the draft undertaking, a substantial reduction in its risk profile through the process of regulatory pre-approval of the scope of capital expenditure.
  - The introduction of a revenue cap would represent a further significant reduction in risk to QRNA.
  - QRNA opposed any reduction in its WACC in recognition of these significant reductions in risk.

The QRC now supports the move towards a revenue cap, primarily as a means of resolving the delays and disputes which arise from QRNA's reluctance to accept the level of volume risk inherent in the price cap arrangements.

We note that the move to a revenue cap using the mechanisms proposed in the QRNA Submission involves a substantial transfer of volume risk from QRNA to coal producers (via the Access Holder) through the mechanism of recovering 'unders and overs' via adjustments to reference tariffs. We note also that many of the issues to be considered in developing revenue cap arrangements, both now and in the future, will concern the question of how volume risk is allocated to individual coal producers and groups of producers (via Access Agreements to Haulage Agreements) and that, in many cases, the alternative methods of dealing with these issues will not affect long term financial outcomes for QRNA.

In this context, it is appropriate that coal producers should have a substantial degree of input, both during the current process and in the development of UT3, into how the regulatory arrangements are designed and how this ultimately allocates volume risk to end customers. Where alternative methods of dealing with these issues result in the same long term financial outcome for QRNA, it is appropriate that the preferences of coal producers guide the outcome, unless there is a clear and demonstrable need for the QCA to determine an alternative view.



In accepting that a substantial degree of risk will be transferred from QRNA to the coal industry through the move to a revenue cap, QRC members consider that they have made an extremely significant concession to QRNA. While QRNA notes in its submission that it has made 'concessions' relative to QRNA's original proposals, to better reflect the QRC's position document, it should be noted that these 'concessions' generally involve no expected cost to QRNA, and relate to the question of 'who will pay QRNA' rather than 'how much will QRNA be paid'. The revenue cap proposed by QRNA effectively guarantees QRNA's revenues and positions QRNA as a low risk business.

### **3. FORM OF REGULATION**

#### **3.1 Revenue Cap Approach**

##### **3.1.1 QRNA's Proposal**

The QRC supports the hybrid revenue cap approach as set out in Section 3.1.1 of the QRNA Submission, with the exception of the proposed variation of system forecasts (see Section 3.2 of QRC's submission).

We note that AT1 and EC are excluded from the revenue cap on the basis that these represent variable costs, while AT2-5 are considered fixed costs. While the QRC supports this approach for the current undertaking, we also support QRNA's comment that these costs should be re-examined as part of the development of UT3, to confirm that these elements correctly reflect the fixed/variable nature of QRNA's cost structure. We suggest that this review needs to be undertaken by an independent party.

##### **3.1.2 Commentary**

###### ***Allocation of volume risk***

The QRC has no comment on this section of the QRNA Submission.

###### ***Revenue cap versus price cap***

While the QRC accepts the proposal that QRNA will move to a revenue cap arrangement, we wish to comment on some of the supporting arguments put forward by QRNA:

- The QRC understands that the move to a revenue cap will involve a substantial reduction in QRNA's volume risk. However, we do not accept the proposition that this is required because QRNA "*is effectively a passive participant in the coal supply chain*". Provision of rail access is a critical element of the coal supply chain, and recent delays in the completion of track upgrade projects have had a substantial impact on capacity. In addition, QRNA plays a key role in long term planning of the supply chain through its Master Planning process. In this context, while the QRC accepts that QRNA will not be exposed to substantial volume risk under a revenue cap model, we consider that it is critical that QRNA retains some incentive and risk in regard to its contribution to the capacity and performance of the system (see Section 7.2).



- We note QRNA's comments regarding alignment of the form of regulation with the arrangements in place at DBCT. While we understand that the DBCT arrangements are a relevant regulatory precedent, we also note that:
  - QRNA suggests that aligning the form of regulation with the regulation of DBCT will “align the incentives of various parties in the coal supply chain”. This argument ignores the fact that a significant portion of Central Queensland coal is exported through Hay Point and the Port of Gladstone. While these terminals are not regulated, they are no less relevant than DBCT if an argument is being made that system efficiency demands similar risk allocation or approaches to contracting throughout the supply chain.
  - it is important that the regulatory arrangements applied to individual entities be tailored to reflect the particular roles and responsibilities of the relevant entity. A difference in approaches does not necessarily indicate an undesirable inconsistency.

#### ***System approach versus cluster approach***

The QRC has no comment on this section of the QRNA Submission.

#### ***Variable revenue drivers***

The QRC has no comment on this section of the QRNA Submission.

#### ***Electric access tariff (AT5).***

The QRC notes QRNA's comment that the utilisation of electric assets in the Goonyella and Blackwater systems are not entirely independent, and that a significant issue exists regarding the declining utilisation of Blackwater electric assets (due to an increasing proportion of diesel locomotives on this system). However, the QRC considers that separate revenue caps should apply to the electric assets within each system because:

- The degree of interdependence between the systems is not sufficient to justify the combining of these systems into a single AT5 revenue cap.
- Combining the systems is inconsistent with the approach proposed for AT2-4.
- Maintaining separate AT5 revenue caps is consistent with the approach taken to the development of reference tariffs under the price cap, and it is proposed that this methodology will remain in place under the revenue cap (with adjustments for unders / overs).
- The issue regarding the declining utilisation of Blackwater electric assets needs to be addressed by an examination of the causes of this trend, rather than by reallocating a portion of the impact to users in the Goonyella corridor. The QRC is willing to participate in the examination of this issue and, if appropriate, in seeking to promote a long term solution.



We note that, despite QRNA's reservations on this matter, QRNA has agreed to the QRC's suggestion of separate revenue caps for the electric assets of each system.

### 3.1.3 QRC's position

The QRC has no comment on this section of the QRNA Submission.

## 3.2 System Forecasts and System Allowable Revenues

The QRC opposes QRNA's proposal to amend the system forecasts. QRNA's stated objectives for this proposal do not provide a reasonable justification for the change to forecasts. We provide comments on each of QRNA's stated objectives below:

- *"to manage the transition to a revenue cap mid-way through the regulatory period"*. Under QRNA's proposed approach to the revenue cap, system forecasts for any year are derived prior to the commencement of the regulatory period, and are maintained without any automatic review mechanism for the period of the undertaking. Therefore, leaving the existing forecasts in place is entirely consistent with the approach which will apply in future years. While it is possible to update the forecasts now based on latest available information, this could also be done during every subsequent year, eliminating the carry forward of unders and overs. This is not the system which QRNA has proposed, and the QRC sees no reason why 2006/7 should be treated as a special case in terms of updating forecasts during the regulatory period.
- *"to acknowledge the transfer of volume risk from QRNA to customers"*. The QRC does not understand this comment.
- *"to ensure that cashflow effects associated with significant revenue cap adjustments... are minimised"*. Revenue cap adjustments, and the associated cashflow effects, are an inherent feature of the revenue cap approach being proposed by QRNA. As was discussed above, the QRC sees no case for treating 2006/7 differently to other years by updating the forecasts.

The QRC does not agree with QRNA's statement that the proposed re-profiling is consistent with the revisions to the System Forecasts for 2005/6. The revision of the 2005/6 System Forecast was allowed in the context of a price cap, and was aimed at addressing QRNA's volume risk in 2005/6 in the absence of any other agreed mechanism for addressing this risk. The mechanisms now proposed by QRNA under the revenue cap are adequate for dealing with QRNA's volume risk, therefore this cannot be a basis for re-profiling of the forecasts.

The QRC is also concerned that the proposed new forecasts are not a genuine forecast of future system throughput. This is clear from:

- the fact that each set of forecasts results in new set of System Allowable Revenues which has the same NPV as the previous System Allowable Revenues.
- QRNA's proposed reforecast of AT5 System Allowable Revenue, which is NPV neutral overall and which involves the 2008/9 System Allowable Revenue increasing by \$8 million. This is despite the comment on Page 11 of QRNA's Submission, which states that QRNA expects to under-recover



AT5 by \$5 million in each of 2006/7, 2007/8 and 2008/9.

- The lack of proposed changes to QRNA's cost build-up to reflect items which would be expected to be impacted by a revised forecast, such as a re-profiling of the capex spend, or changes in the amount and timing of maintenance costs.

While the QRC understands that the forecasts have been tailored to prevent the need to alter reference tariffs, adopting forecasts which have been calculated to produce a pre-determined result is a departure from the proper process of establishing reference tariffs and will create winners and losers compared to the likely outcomes of the existing forecasts. The key impacts are expected to be:

- an increased likelihood that actual gtps within each system will meet the (reduced) forecast gtps in 2006/7. This prevents take or pay obligations from being triggered under Access Agreements and therefore prevents a payment from QR National to QRNA. This represents a loss of revenue for QRNA and will therefore ultimately increase the amount of revenue which QRNA needs to recover via Access Charges. We note that the exposures of QR National to take or pay do not necessarily flow through to mines under Haulage Agreements. The terms of haulage agreements are the result of negotiations between QR National and mines undertaken in a competitive environment. To the extent that the re-profiling of the forecast results in take or pay not being triggered for QR National, the end result is that an exposure accepted by QR National in a competitive environment is avoided, with the cost transferred to all mines within the relevant system due to the ultimate effect on Access Charges.
- although actual revenue from access charges in 2006/7 will be the same under the revised forecast, a revenue shortfall, relative to the System Allowable Revenues, will be reduced or avoided (due to the proposed lowering of System Allowable Revenues). This will prevent or reduce the carry-over of a shortfall into 2008/9, and therefore prevent or reduce the need for an increase in Reference Tariffs in that year.
- an expected revenue surplus, relative to the existing System Allowable Revenues, will be avoided or reduced in 2008/9 (due to the proposed raising of the forecast for that year). This will prevent or reduce the carry-over of an 'over' adjustment into 2010/11, and will therefore will result in higher Reference Tariffs in that year than would otherwise apply.

Overall, the winners and losers from these impacts are as follows:

- QR National is likely to be better off as it is likely to be relieved of take or pay exposures in 2006/7, although the risk of take or pay being triggered in 2008/9 is increased.
- Coal producers overall will pay higher access charges as the take or pay revenue which QRNA would otherwise have recovered from QR National will need to be recovered via Access Charges.
- Coal producers who rail higher tonnages in 2010/11 than in 2008/9 (i.e. new or expanding mines) will be worse off, and producers who rail higher tonnage in 2008/9 than in 2010/11 (mines closing or reducing production) will benefit.



- QRNA will be unaffected by the re-profiling of the forecast in NPV terms, but will have lower cashflows over the remainder of this regulatory period (due to the reduction or elimination of an 'under' in 2006/7, which would otherwise raise reference tariffs in 2008/9).

The QRC considers that QRNA should not be seeking to re-profile the forecast, because:

- the effect of the re-profiling is NPV neutral for QRNA in the long run and so is unnecessary for QRNA.
- the re-profiling is actually likely to reduce QRNA's cashflows in each remaining year of UT2.
- the re-profiling is likely to reduce QR National's contribution to QRNA's cashflows, and increase the amount to be recovered via Access Charges, and there is no basis on which to alter the forecasts to achieve this outcome.
- the re-profiling creates winners and losers between individual coal mines, and again there is no basis on which to conclude that this reallocation is a fair or justified outcome.

The mechanisms proposed by QRNA for the recovery of unders and overs are adequate for dealing with variations between forecast and actual throughput. Unders and overs are an inherent feature of the revenue cap being proposed by QRNA, and there is no case for departing from this approach by updating the forecasts at this time.

#### **4. TAKE OR PAY**

The QRC supports QRNA's view that take or pay arrangements should create strong incentives for an Access Seeker (and ultimately a mine) to contract only for capacity for which the Access Seeker / mine has genuine sustainable demand. This is why the QRC supports the substantial strengthening of take or pay arrangements and relinquishment fees under UT2, relative to the take or pay and relinquishment fees which applied to Access Agreements signed during UT1.

The QRC does not support the creation of mechanisms which would apply similar arrangements to Access Agreements signed during UT1 and prior, or mechanisms which would alter the take or pay arrangements under existing rail haulage agreements (via a take or pay charge which flows through as an access charge). We are pleased that QRNA's Submission does not propose such arrangements.

The QRC considers that the parties to existing Access Agreements and haulage agreements entered into contractual relations based on an understanding of the risks as reflected in the terms of these contracts, and should not subsequently be exposed to a substantial increase in their risk profiles as a result of changes flowing from UT2. The QRC accepts that, as this generation of Access Agreements expires, replacement agreements for similar services will be entered into based on terms of the standard access agreement prevailing at that time. Therefore, if strong take or pay remains a feature of the standard access agreement in the future, all Access Agreements will ultimately reflect these terms.



The QRC supports QRNA's proposals in regard to take or pay, including the approach proposed by QRNA for UT2 Access Agreements, which differs slightly from the QRC's original 'two-tiered' approach.

However, we consider that the drafting in respect of the collection of take or pay amounts needs to be clarified. In the definition of 'Total Actual Revenue' in Clause F of Part A of Schedule F and Clause 2.2.6 of Part B of Schedule F, the QRC believes that the drafting is ambiguous in relation to whether the amount of take or pay to be taken into account is the amount actually earned and collected by QRNA or the amount that QRNA is entitled to earn, regardless of whether it is actually collected.

The QRC believes that the appropriate amount to be taken into account for the purposes of these clauses in Schedule F is the amount that QRNA is entitled to earn. If QRNA fails to recover any take or pay revenue to which it is entitled (either by choice or due to credit risk of an Access Holder), other users of the relevant system should not have to meet the under recovery that could result. The QRC believes a similar philosophy should also be adopted for the calculation of revenue from Relinquishment Fees and transfer fees.

In terms of the revenue that QRNA is entitled to earn, the QRC also believes that QRNA should bear the risk of any decision of QRNA to contract on terms other than the Standard Access Terms. Generally, this should not have occurred under the principles governing price differentiation in Section 6 of both UT1 and UT2. If it has occurred and QRNA has contracted on weaker take or pay or Relinquishment Fee conditions than those allowed under the Access Undertaking that applied at the relevant time, the QRC submits that this should be at the risk of QRNA and not the Access Holders or the coal producers. The QRC recommends that QRNA be deemed to have collected take or pay and Relinquishment Fees based on the terms of the Standard Access Agreement in force at the time that each Access Agreement was entered into.

## **5. RELINQUISHMENT FEE**

The QRC supports QRNA's proposal that the amount of the Relinquishment Fee remains unchanged for access agreements signed prior to the Commencing Date for UT2.

The QRC has proposed an approach in regard to Relinquishment Fees for Access Agreements signed on or after the Commencing Date for UT2 ("UT2 Relinquishment Fees") which:

- Represents a significant strengthening of Relinquishment Fees relative to those under Access Agreements signed during or prior to UT1.
- Is less onerous than the Relinquishment Fees currently in place under UT2.

The QRC has had numerous discussions with QRNA regarding UT2 Relinquishment Fees, and believes that agreement has been reached regarding this approach. The proposed change to UT2 Relinquishment Fees is considered, by QRC members, to be closely related to other commercial issues which are being dealt with through the proposed amendments to Schedule F, therefore the 'consensus' industry view set out in this submission is based on a view that the change to UT2 Relinquishment Fees is an integral part of the arrangements now being considered. The QRC has



been advised that QRNA intends to submit a draft amending undertaking regarding this issue in the near future. The QRC will comment in more detail on QRNA's voluntary draft amending undertaking within the timeframe determined by the QCA.

## **6. REVIEW EVENT**

The QRC notes that the definition of Review Event proposed by QRNA provides no opportunity for Access Holders or coal producers to seek to vary the Reference Tariffs should circumstances arise that substantially alter the assumptions which underpin the calculation of those tariffs. As a general principle, the QRC considers that Access Holders and coal producers do need mechanisms under which they can request that the QCA reviews such matters, and we do not consider the circumstances in which the QCA can require QRNA to submit a draft Amending Undertaking under section 139 of the QCA Act adequate to address this issue. However, given that relatively short remaining period until expiry of UT2, we consider that this issue can be dealt with under UT3.

## **7. CONSEQUENTIAL AMENDMENTS**

### **7.1 Introduction**

The QRC has no comment on this section.

### **7.2 Volume Increment**

In regard to the QRC's proposal that QRNA be exposed to a +/- 2% volume risk / incentive, we note that:

- The QRC's proposal represents a substantial reduction in QRNA's volume risk relative to UT1.
- The QCA has previously determined that QRNA's current WACC is appropriate under a model which included a much greater degree of volume risk for QRNA.
- The form of regulation applied to any regulated entity is generally tailored to reflect the particular roles and responsibilities of the entity and the characteristics of the industry and the supply chain in which the entity operates. The DBCT arrangements reflect the regulation of an asset owner which is not the operator of the asset and which has little day to day influence on the performance of the supply chain. QRNA, by contrast, is a key player both in terms of day to day operations and in terms of longer term planning of the system.
- The proposed form of regulation reflected in the QRNA Submission is described by QRNA as a hybrid revenue cap (ie. elements of the price cap are retained). The retention of a relatively low element of volume risk is consistent with such a regulatory model.
- The proposed volume risk is not asymmetric, as the QCA has a role in reviewing forecasts and ensuring that the endorsed forecast is realistic.



- QRNA's proposal, involving an ability for QRNA to retain a 2% upside (subject to conditions), while being exposed to no downside, cannot be described as a "reasonable compromise".

The QRC acknowledges that, while the +/-2% volume risk is designed to create a performance incentive for QRNA, volume variations from forecast are not necessarily the best indicator of QRNA's performance. We would propose to develop, for UT3, a set of incentives (involving both upside and downside for QRNA) which could replace the 2% volume risk. In the meantime, we consider that a 2% volume risk is a reasonable compromise approach for UT2, given that this represents a very substantial reduction in the level of volume risk accepted by QRNA.

In regard to QR(NA) Cause, we note that:

- Clause 13.5 of the DBCT User Agreement specifies that the user is relieved of its payment obligations in respect of a delay caused by Wilful Default. In these circumstances, DBCT accepts a downside risk, which QRNA, despite its arguments for consistency with DBCT, has not proposed to accept.
- As is noted in QRNA's Submission, QRNA's Standard Access Agreement provides certain remedies for the affected Access Holder in respect of a wilful default of the Access Agreement or a deliberate act or omission by QRNA. However, the revenue cap arrangements, if not amended, will provide QRNA with revenue in respect of throughput lost due to these actions by QRNA. This is because any throughput lost as a result of these actions by QRNA will contribute to an under-recovery (or reduce an over-recovery) of revenue, which will be recovered in a subsequent year.

At a minimum, it is necessary to specify that QRNA's System Allowable Revenues will be reduced to the extent that Actual Revenue has been reduced as a result of the effects of negligence by QRNA or a breach by QRNA of its obligations under any Access Agreement or under the Undertaking. Alternatively, QRNA could be deemed to collect the revenue lost, and this could be included in Total Actual Revenues. The QRC has adopted the former approach in its proposed amendments to the revised Schedule F.

The QRC's position in regard to volume risk and the volume increment can be summarised as follows:

- i. QRNA's System Allowable Revenues should be reduced to the extent that Actual Revenue has been reduced as a result of the effects of negligence by QRNA or a breach by QRNA of its obligations under any Access Agreement or under the Undertaking. In order to implement such arrangements, it may be necessary to create a process under which both the Access Holder and the ultimate customers (the mines) can notify the QCA of any reductions in available access which the Access Holder or customers consider arose as a result of such negligence or breach.
- ii. In addition to the above, QRNA should be exposed to a low level of volume risk / incentive, as reflected in the proposal that a +/-2% variation from System Allowable Revenues should not result in an 'under/over' adjustment.
- iii. If item (ii) is not supported by the QCA, then either:



- QRNA's proposed volume increment arrangements should be rejected by the QCA

OR

- The volume increment arrangement should apply in both directions: ie. in addition to QRNA being able to apply to retain an increment where System Allowable Revenues are exceeded, Access Holders and Customers should be able to provide a submission to the QCA proposing that QRNA not be able to recover a portion of a shortfall in revenue, based on similar test to those applied for the positive increment. The negative increment would not include any items previously deducted from System Allowable Revenues under item (i) as this would represent a double-counting of the adjustment.

### **7.3 Unders and Overs mechanism**

The QRC accepts QRNA's proposals in regard to the unders and overs mechanism, subject to the following:

- Adjustment relating to the matters discussed under Section 7.2.
- Take or Pay amounts which are deemed to have arisen in regard to a particular year should be included in the Total Actual Revenue for that year, not in the year of actual collection. We accept that Relinquishment Fees and rebates of Relinquishment Fees should be included in Total Actual Revenue in the year of payment, as the proposed arrangements for Relinquishment Fees could result in these payments significantly lagging the end of the relevant year.

### **7.4 Minor Consequential Amendments**

The QRC has no comment on this section.

### **7.5 Possible future consequential amendments**

The QRC is prepared to consult with QRNA on these matters.



## 8. OTHER MATTERS

### 8.1 Capacity Transfers

While it is accepted that the Access Undertaking contains certain provisions relating to capacity transfers, these provisions are best suited to transfers that are long term in nature. In accepting that a significant degree of volume risk will be transferred to coal producers, QRC members consider that it is necessary to develop and implement arrangements which provide greater ability for an individual coal producer to manage this volume risk, and this requires an ability to transfer capacity in the shorter term. The short term transfer of contracted capacity between mines can be a useful method of mitigating the volume risk, whilst also providing the necessary flexibility that will assist in enabling the transportation of coal that may have otherwise gone unserved.

While short term transfers will generally require the cooperation of the rail operator (both in terms of that party's role as the provider of train services, and also as the Access Holder), the QRC considers that it is important that any impediments that the Access Undertaking may create in regard to such transfers be identified and addressed. Examples could include the take or pay arrangements (e.g. the rail operator may be unwilling to swap capacity between mines if this could create a take or pay exposure under the Access Agreement relating to the mine which reduced its capacity).

QRC members expect to work with QRNA in the near future to consider whether any amendments to the undertaking could assist in facilitating capacity transfers. We would hope that any agreed amendments would be submitted for the QCA's consideration via a draft amending undertaking.

### 8.2 Comments on drafting of Schedule F.

In addition to the drafting changes described in the previous sections of this submission, the QRC proposes the following minor changes to the drafting of Schedule F:

- Clause 3.3.2 of Part A of Schedule F should allow the QCA to require QRNA to submit a variation to a Reference Tariff in accordance with Clause 3B.3 of Part B if QRNA fails to do so.
- The operation of Clause 3.3.7 of Part A was not entirely clear and some minor amendments have been made to attempt to clarify its application.
- The definition of 'AT<sub>2-4</sub>' in Clause 5 of Part A refers to the '*aggregate of the AT<sub>2</sub>, AT<sub>3</sub> and AT<sub>4</sub> components of Access Charges*'. As the AT<sub>2</sub>, AT<sub>3</sub> and AT<sub>4</sub> all involve different units of pricing (rtp, ntk and tonne), it is not possible to aggregate the 3 components. It is proposed to remove the words '*the aggregate of*' as the revised wording is consistent with the terminology used to describe the AT<sub>5</sub> components of System Allowable Revenue and Total Actual Revenue in those definitions.
- In addition to the proposed changes described in Section 4 for the definition of 'Total Actual Revenue' in Clause 5, the QRC suggests that 'Total Actual Revenue' also include revenue that would have been collected, but for failure of an Access Holder to pay an amount which is owing to QRNA.
- The QRC proposes a note be added to Clause 2.2.6 of Part B to clarify how the clause operates.



- As Clause 3 of Part B will no longer have any operation after the approval of the Schedule F amendment, the QRC believes that Clause 3 of Part B should be deleted.
- The QRC believes some minor amendments should be made to Clause 3B.3 of Part B to clarify its operation.
- We note also that Clause 3B.3 does not specify which elements of the Reference Tariffs will be adjusted if a Revenue Adjustment Amount arises in regard to AT2-4. We understand that QRNA's intention is that the adjustment will be applied equally to AT3 and AT4 and we support this approach.
- The proposed insertion of Clause 3B.4 clarifies that no Revenue Adjustment Amount is to be calculated or applied in respect of the 2005/6 year (ie. no under or over will be applied to 2007/8).
- The rejection of QRNA's proposed amendments to the forecasts, as proposed by the QRC, will require changes to the System Forecast and System Allowable Revenue figures in Part B of the Undertaking.

## **SCHEDULE F**

### ***Reference Tariff Schedules***

#### **SECTION 1. COAL CARRYING TRAIN SERVICES**

##### **Part A. - General Provisions**

##### **1. Scope**

This Section specifies the Reference Tariffs applicable to nominated coal carrying Reference Train Services. This Section also specifies the methodology that will be used for determining a new Reference Tariff for a new coal carrying Reference Train Service where required in accordance with the Undertaking.

This Section has been developed by QR in accordance with the principles contained in Part 6 of this Undertaking and has been endorsed by the QCA for application in accordance with the terms and conditions set out in this Section. Part A contains the provisions that generically apply to all coal carrying Reference Train Services, Part B identifies the requirements specific to each nominated Reference Train Service on the Central Queensland Coal Region subject to this Section and Part C identifies the requirements specific to each nominated Reference Train Service on the Western System subject to this Section. The requirements set out in Parts B and C must always be read in conjunction with the provisions of Part A.

Each Reference Train Service includes a defined level of Below Rail Services as specified in Part 2 of the Undertaking. Consistent with Part 2 of the Undertaking, the Reference Train Service does not include any Above Rail Services such as the carrying out of any provisioning, inspection, testing and maintenance of Rollingstock, or storage, marshalling, shunting or other relocation of Rollingstock.

A varied Access Charge shall be applicable to Train Services that vary from the Reference Train Service characteristics specified in Clause 2.3 of this Part A and/or operate under terms and conditions with agreed variations from the requirements of Clause 2.4 of this Part A, but otherwise satisfy the nominated Reference Train Service description, whereby the varied Access Charge varies from the applicable Reference Tariff due to differences in cost or risk to QR of providing Access for that Train Service compared to the Reference Train Service. Clause 4 of this Part A describes how an Access Charge will vary from the Reference Tariff for specified variations of a Train Service from the Reference Train Service.

The provisions of this Section will be the basis for Access Charges negotiated for new Access Agreements for relevant Train Services or for rate review provisions that specifically refer to the Reference Tariff for the nominated Reference Train Service.

## **2. Reference Train Service Description**

### **2.1 Commodity Type**

The Reference Train Service carries bulk coal. In defining bulk coal, no differentiation is to be made between coal qualities or types, or between the end use markets of the coal.

### **2.2 Geographic Scope**

2.2.1 The Reference Train Service operates on the rail corridor directly connecting specified Nominated Loading Facility/ies and specified Nominated Unloading Facility/ies.

2.2.2 A new coal loading facility may only be added to the existing Nominated Loading Facilities for a Reference Train Service if it satisfies the requirements in relation to:

- (a) additional loading facilities that are set out in Part B or Part C for the relevant Reference Train Service; and
- (b) for coal carrying Train Services in the Central Queensland Coal Region, the minimum contribution to Common Costs, as set out in Clause 4.1 of Part B.

2.2.3 Diagrams showing the location of the Nominated Loading Facilities and the Nominated Unloading Facilities for a nominated Reference Train Service are included in the Information Pack for the relevant system.

### **2.3 Reference Train Service Characteristics**

2.3.1 Each Reference Train Service:

- (a) has a maximum length (including the locomotive/s) as specified in Part B or Part C for that Reference Train Service;
- (b) has a maximum axle load as specified in Part B or Part C for that Reference Train Service with loading in excess of this maximum axle load dealt with in accordance with the relevant Load Variation Table;
- (c) complies with the maximum speeds permitted on the Nominated Infrastructure as specified in the relevant Information Pack;
- (d) complies with QR's Rollingstock Interface Standards applicable to the Nominated Infrastructure;
- (e) is otherwise compatible with the Nominated Infrastructure described in the relevant Information Pack and requires no additional expenditure by QR to implement varied Below Rail controls identified in the IRMP or EIRMR;
- (f) operates in accordance with nominated sectional running times specified in the relevant Information Pack;
- (g) does not exceed the Loading Times specified in Part B or Part C for that Reference Train Service;
- (h) does not exceed the Unloading Times specified in Part B or Part C for that Reference Train Service;

- (i) operates as an empty Train on the return journey from the relevant Nominated Unloading Facility to the relevant Nominated Loading Facility;
- (j) has the ability to operate on the configuration of the Nominated Infrastructure existing at the Commencing Date without limiting the ability of existing Train Services to operate in accordance with their Train Service Entitlements;
- (k) utilises bottom dump wagons with the “KWIK DROP” door operating mechanism;
- (l) utilises measures to minimise coal spillage and/or leakage en route that are reasonable, having regard to the practices existing at the Commencing Date;
- (m) measured as an average over a Year, has a maximum Stowage period for each Train Service no greater than that specified in Part B for that Reference Train Service; and
- (n) has any other characteristics specified for that Reference Train Service set out in Parts B or C.

## 2.4 Conditions of Access

2.4.1 The Reference Train Service will operate in accordance with the terms and conditions of the Standard Access Agreement for coal carrying services that is incorporated in Volume 2 of this Undertaking.

2.4.2 Under the Access Agreement, QR will commit to operate the Rail Infrastructure such that, on average over a Year, the Below Rail Transit Time specified in Part B can be achieved for the relevant Reference Train Service.

## 3. Access Charge

### 3.1 Reference Tariff

3.1.1 The applicable Reference Tariff for a nominated Reference Train Service shall be assessed in accordance with the methodologies established in Clause 2 of Part B and Clause 4 of Part C.

### 3.2 Escalation of Reference Tariff

3.2.1 Each component of a Reference Tariff, except the QCA Levy, will automatically escalate on each Escalation Date in accordance with the following formula:

$$AT_n = AT_{n-1} \times \left( \frac{CPI_n}{CPI_{n-1}} \right)$$

where:

$AT_n$  means the value of the relevant Reference Tariff component to apply after escalation;

$AT_{n-1}$  means the escalated value of the relevant Reference Tariff component immediately prior to the relevant Escalation Date, or in the case of the First Escalation Date means the relevant Reference Tariff component

specified in Part B or Part C for each nominated Reference Train Service;

$CPI_n$  means the Consumer Price Index: All Groups - Brisbane (Australian Bureau of Statistics Publication No.6401.0), as first published, for the Quarter which commenced 6 months prior to the Escalation Date for which the variable  $AT_n$  is being determined; and

$CPI_{n-1}$  means the Consumer Price Index: All Groups - Brisbane (Australian Bureau of Statistics Publication No.6401.0), as first published, for the Quarter which commenced 9 months prior to the Escalation Date for which the variable  $AT_n$  is being determined.

3.2.2 Within seven (7) days of each Escalation Date following the Commencing Date, QR will publish the escalated components of the Reference Tariff on its website.

3.2.3 Where an error has been made in the calculation of the escalated components of a Reference Tariff, QR must correct the error so that the relevant components of the Reference Tariff are escalated in accordance with Subclause 3.2.1.

### 3.3 Variation of Reference Tariffs

3.3.1 QR will submit a variation of a Reference Tariff to the QCA:

- (a) in accordance with this Clause 3.3, if an Endorsed Variation Event or a Review Event occurs; or
- (b) subject to Subclause 3.3.3, within sixty (60) days:
  - (i) of a written notice being received from the QCA in accordance with Subclause 3.3.2; or
  - (ii) after the end of each Year of the Term if required to submit a variation under Subclause 3B.3.3 of Part B.

3.3.2 The QCA may give QR a written notice requiring QR to submit a variation of a Reference Tariff if:

- (a) the QCA does not approve a variation of a Reference Tariff submitted by QR; or
- (b) QR fails to submit a variation of a Reference Tariff:
  - (i) within sixty (60) days of the QCA determining that an Endorsed Variation Event or a Review Event has occurred; or
  - (ii) in accordance with Subparagraph 3.3.1(b)(ii).

3.3.3 The QCA may grant QR an extension of the time for submitting, or resubmitting, a variation of a Reference Tariff if:

- (a) QR provides a written request to the QCA for an extension of time which includes the reasons why QR requires the extension of time; and
- (b) the extension of time is reasonable or necessary.

If the QCA grants QR an extension of time under this Subclause 3.3.3, QR must submit or resubmit the variation of a Reference Tariff within the time specified by the QCA.

3.3.4 The QCA may develop a variation of a Reference Tariff that is consistent with the requirements specified in this Clause 3.3 for the variation of a Reference Tariff:

- (a) if QR does not comply with a written notice given by the QCA under Subclause 3.3.2 or Paragraph 3.3.9(b) for it to submit, or resubmit, a variation of a Reference Tariff; or
- (b) if the QCA refuses to approve a variation of a Reference Tariff resubmitted by QR.

3.3.5 Where an Endorsed Variation Event occurs:

- (a) QR must, within sixty (60) days of QR knowing that an Endorsed Variation Event has occurred, submit a variation of the relevant Reference Tariff (including evidence that the Endorsed Variation Event has occurred and details of the methodology, data and assumptions used to vary the Reference Tariff);
- (b) if the QCA considers it appropriate, the QCA may publish details of QR's proposed variation of the relevant Reference Tariff and invite and consider comments from stakeholders regarding the proposed variation; and
- (c) the QCA may approve the proposed variation of the relevant Reference Tariff if the QCA is satisfied that:
  - (i) the Endorsed Variation Event has occurred; and
  - (ii) the variation of the Reference Tariff:
    - (A) is consistent with the change in the cost resulting from the Endorsed Variation Event;
    - (B) reflects the impact of the relevant Endorsed Variation Event on the financial position of QR's Below Rail Services (including the impact of incremental maintenance and incremental capital costs); and
    - (C) has been calculated as if all other Reference Tariffs were also being recalculated due to the occurrence causing the Endorsed Variation Event.

3.3.6 Where a Review Event occurs:

- (a) QR must, within sixty (60) days of QR knowing that a Review Event has occurred, submit a variation of the relevant Reference Tariff (including evidence that the Review Event has occurred and details of the methodology, data and assumptions used to vary the Reference Tariff);
- (b) the QCA will publish details of QR's proposed variation of the relevant Reference Tariff and invite and consider comments from stakeholders regarding the proposed variation; and
- (c) the QCA may approve the proposed variation of the relevant Reference Tariff if the QCA is satisfied that:
  - (i) the Review Event has occurred; and
  - (ii) the variation of the relevant Reference Tariff:
    - (A) is consistent with the change in the cost resulting from the Review Event;

- (B) reflects the impact of the relevant Review Event on the financial position of QR's Below Rail Services (including the impact of incremental maintenance and incremental capital costs); and
- (iii) has been calculated as if all other Reference Tariffs were also being recalculated due to the occurrence causing the Review Event.

3.3.7 Where QR submits a variation of a Reference Tariff in accordance with Subparagraph 3.3.1(b)(ii):

- (a) the variation must:
  - (i) nominate the Reference Tariff to be varied;
  - (ii) include details of the methodology, data and assumptions used to vary the Reference Tariff; and
  - (iii) include details of and reasons for any amount used in preparing that variation in lieu of an Increment having been determined by the QCA;
- (b) the QCA will publish details of QR's proposed variation of the relevant Reference Tariff and will invite and consider comments from stakeholders regarding the proposed variation;
- (b)(c) the QCA may adjust the variation but only to the extent that a determination of the QCA ~~has made a determination~~ under Subparagraph 3B.2.1(b) of Part B requires that an adjustment be made in relation to an Increment; and
- (e)(d) the QCA will approve the proposed variation of the Reference Tariff if the QCA is satisfied that the variation of the Reference Tariff is in accordance with Subclause 3B.3.3 of Part B and subject to any adjustment under Paragraph 3.3.7(b).

3.3.8 If the QCA approves a variation to a Reference Tariff:

- (a) the QCA will give QR a notice in writing stating the reasons for the QCA's decision;
- (b) the variation to the Reference Tariff will apply:
  - (i) from the Escalation Date immediately following the date of the occurrence of the Endorsed Variation Event or Review Event;
  - (ii) if the date of the occurrence of the Endorsed Variation Event or Review Event is the same as an Escalation Date, from the date of the occurrence of the Endorsed Variation Event or Review Event; or
  - (iii) if that variation arose as a result of the operation of Clause 3B and Paragraph 3.3.1(b)(ii), from 1 July of the Year following the Year in which the variation was submitted; and
- (c) QR must:
  - (i) publish the varied Reference Tariff on its website; and
  - (ii) advise Access Holders and Access Seekers, in respect of the relevant Reference Train Service, of the variation to the Reference Tariff.

- 3.3.9 If the QCA refuses to approve a variation to a Reference Tariff, the QCA will give QR a notice in writing:
- (a) stating the reasons for its refusal and the way in which the QCA considers that the variation should be amended; and
  - (b) requiring QR to vary the Reference Tariff in the way the QCA considers it appropriate and resubmit the variation to the QCA within thirty (30) days of QR receiving the notice.
- 3.3.10 QR must comply with a notice given under Paragraph 3.3.9.
- 3.3.11 The QCA may approve a resubmitted variation to a Reference Tariff or a variation to a Reference Tariff developed by the QCA under Paragraph 3.3.4, if the QCA is satisfied that the variation of the Reference Tariff:
- (a) is consistent with the matters specified under Subparagraph 3.3.5(c), 3.3.6(c) or 3.3.7(c) (as applicable); and
  - (b) has been amended or developed in accordance with the QCA's decision.

#### **3.4 Varied Components of Applicable Access Charge**

- 3.4.1 Nothing in this Section will preclude QR and the Access Holder agreeing to Access Charges that have varied cash flows but the same net present value as the Reference Tariff as applied in accordance with the other provisions of this Section.
- 3.4.2 Varied cash flows could be achieved by variations to the structure of the charges and/or variations to the escalation arrangements. In any case the variation from the specified application of the Reference Tariff will be assessed on the basis of the risks and costs, including opportunity cost, associated with the timing of the resultant cash flows.
- 3.4.3 Nothing in this Section will preclude QR from seeking Access Conditions, pursuant to Subclause 6.5.2 of the Undertaking.

#### **4. Variations to Reference Train Service**

Where a Train Service differs from the Reference Train Service due to it not complying with Paragraph 2.3.1(f), then QR will, unless otherwise agreed with the QCA, quote an Access Charge that varies from the Reference Tariff by applying the following principles:

- (a) an estimate of the number of reference Train Paths used by the proposed Train Service will be determined as follows:

$$\text{rtp} = \frac{\text{maximum number of Reference Train Services at full utilisation}}{\text{maximum number of proposed Train Services at full utilisation}}$$

This value of rtp is used for the purpose of Clause 2.1 of Part B;

- (b) an estimate of the maximum number of train paths available for a Reference Train Service and for the proposed Train Service will be carried out using a readily available simulation package; and

- (c) in accordance with Subparagraph 4.3(a)(v) or Subparagraph 4.5.2(v) of the Undertaking (as applicable), QR will advise the Access Seeker how it has determined the value of rtp.

## 5. Definitions and Interpretation

5.1 In this Section, references to Parts, Clauses, Subclauses, Paragraphs and Subparagraphs are references to Parts, Clauses, Subclauses Paragraphs and Subparagraphs contained in this Section unless otherwise stated.

5.2 The following definitions are specific to this Schedule. In addition to these definitions, Part 10 of the Undertaking sets out the definitions of defined terms used in this Section and applicable to the Undertaking generally:

“**AT<sub>2-4</sub>**” means the ~~aggregate of the~~ AT<sub>2</sub>, AT<sub>3</sub> and AT<sub>4</sub> components of Access Charges;

“**Billing Period**” means a period of a calendar month;

“**Change in Law**” means:

- (i) any amendment, repeal, modification or enactment of any Law;
- (ii) any change in the interpretation or application, including by the exercise of delegated authority, of any Law resulting from a decision of a court or Authority;
- (iii) the making of any new directive, or any change in an existing directive, of any Authority;
- (iv) the imposition of a requirement for authorisations not required as at the Commencing Date;
- (v) after the date of grant of any authorisation, a change in the terms and conditions attaching to that authorisation or the attachment of any new terms or conditions;  
or
- (vi) any such authorisation as has been granted ceasing to remain in full force and effect or, if granted for a limited period, not being renewed on a timely basis on application therefore being duly made, or being renewed on conditions which are materially less favourable than those attached to the original authorisation.

“**Change in Relevant Taxes**” means:

- (i) the imposition of a new Relevant Tax;
- (ii) an increase in the rate of a Relevant Tax; or
- (iii) a change in the basis of calculation of a Relevant Tax;

“**Distribution Entities**” has the same meaning as given to that term in the *Electricity Act 1994 (Qld)*;

“**Endorsed Variation Event**” means the occurrence of any of the following events:

- (a) a Change in Law or a Change in Relevant Taxes occurs, that either alone or in combination with all other Changes in Law or Changes in Relevant Taxes that have occurred since the Commencing Date, would cause a change in the costs reflected in, for Reference Tariffs specified in Part B, the AT<sub>3</sub>, AT<sub>4</sub>, and/or AT<sub>5</sub> components of the relevant Reference Tariff and, for Reference Tariffs specified in Part C, the AT<sub>1</sub> component of the

- relevant Reference Tariff, of greater than two and a half percentage points (2.5%) excluding the impact of any Change in Law or Change in Relevant Taxes that have previously resulted in a variation of the Reference Tariff;
- (b) a change in the regulatory pricing of Queensland Electricity Transmission Corporation Limited that, either alone or in combination with all other changes in the regulatory pricing of the Queensland Electricity Transmission Corporation Limited that have occurred since the Commencing Date and that have not previously resulted in a variation of the Reference Tariff, would cause a change in the costs reflected in the AT<sub>5</sub> component of the relevant Reference Tariff of greater than two and a half percentage points (2.5%);
  - (c) a change in the pricing of one or more Distribution Entities and/or Retail Entities that either alone or in combination with all other changes in the pricing of relevant Distribution Entities and/or Retail Entities that have occurred since the Commencing Date and that have not previously resulted in a variation of the Reference Tariff, would cause a change in the costs reflected in AT<sub>5</sub> and/or the EC component of the relevant Reference Tariff of greater than two and a half percentage points (2.5%);
  - (d) for Reference Tariffs specified in Part B, a new Reference Tariff being approved for a new Reference Train Service which will operate on an existing Individual Coal System Infrastructure and an adjustment to the Reference Tariff/s for existing Reference Train Services operating on that same Individual Coal System Infrastructure is necessary to reflect the contribution to Common Costs made by the new Reference Train Service; or
  - (e) the QCA Levy is reviewed (taking into account any over or under recovery of fees via the QCA Levy in the previous year) following the QCA's announcement of its fees for the provision of regulatory services for the rail industry.

**“Energy Charge” or “EC”** means that component specified in each applicable Reference Tariff in Part B for the supply of electric energy;

**“Escalation Date”** means the date being 1 January, 1 April, 1 July and 1 October in each year;

**“First Escalation Date”** means that date identified as the first escalation date for each nominated Reference Train Service in Part B or Part C;

**“GST”** means a tax in the nature of a supply or goods or services tax levied or imposed by the Commonwealth of Australia;

**“Increment”** means the amount as calculated under Clause 3B.2 of Part B;

**“Information Pack”** means the document issued by QR meeting the requirements of Clause 1 of Part A of Schedule D and relevant to the system in which the Nominated Infrastructure is located;

**“Law” or “Laws”** means a statute, ordinance, rule or regulation;

**“Loading Time”** means the time between a Train Service arriving at a Nominated Loading Facility and that same Train departing the Nominated Loading Facility, and

for the purpose of clarity, this time runs from when a Train Service arrives at the entry signal to the Nominated Loading Facility until it has completed loading, presented at the exit signal, is ready to depart the Nominated Loading Facility and has advised the relevant Train Controller accordingly;

**“Load Variation Table”** means a table published by QR in respect to a nominated Reference Train Service or Train Service type identifying allowable overloads for wagons and bogies and specifying relevant Operational Constraints and additional charges, where applicable, for such overloads;

**“Nominated Infrastructure”** means that Rail Infrastructure over which the relevant Reference Train Service travels between the Nominated Loading Facility/ies and Nominated Unloading Facility/ies;

**“Nominated Loading Facility”** means a loading facility specified for a nominated Reference Train Service in Part B or Part C, and **“Nominated Loading Facilities”** has a corresponding meaning;

**“Nominated Unloading Facility”** means an unloading facility specified for a nominated Reference Train Service in Part B or Part C, and **“Nominated Unloading Facilities”** has a corresponding meaning;

**“QR Cause”** means where QR is unable to make Rail Infrastructure available for the operation of Train Services in accordance with an Access Holder’s Train Service Entitlement as a result of:

- (i) Planned Possessions, Urgent Possessions or Emergency Possessions;
- (ii) a Force Majeure Event; or
- (iii) any other action by QR, acting as Railway Manager, which may directly result in the Rail Infrastructure not being so available;

provided that the above reasons are not in any way attributable to the Access Holder;

**“Relevant Tax”** means a tax, charge, levy, duty, impost, rate, royalty, or imposition which is imposed on QR by, or payable by QR to, any Authority but does not include any income tax, fringe benefits tax, capital gains tax or any tax that replaces any of those taxes;

**“Retail Entities”** has the same meaning as given to that term in the *Electricity Act 1994 (Qld)*;

**“Review Event”** means the circumstances which QR considers to give rise to a need to vary a Reference Tariff, but only where QR has given written notice to the QCA of QR’s intention to propose a variation to that Reference Tariff under Clause 3.3 of Part A;

**“Storage”** means the storage of individual items of Rollingstock, long-term storage of Trains, or short-term storage of Trains where the Access Holder does not operate Train Services in accordance with its Train Service Entitlement;

**“Stowage”** means the short-term storage of Trains on the Rail Infrastructure, at locations specified by QR exercising its reasonable discretion, for the purpose of:

- (i) enabling an Access Holder to carry out scheduled Above Rail Services normally carried out during a scheduled operational cycle (such as crew

- changes, meal breaks, and provisioning) in accordance with the relevant Train Service Entitlement; and/or
- (ii) providing an Access Holder with a place to temporarily store its Train/s:
- between scheduled Train Services in accordance with the relevant Train Service Entitlement; or
  - when the Access Holder cannot operate its Train Service in accordance with its Train Service Entitlement as the result of a breakdown situation or temporary outage of the Access Holder, the loading facility or the unloading facility, and/or unavailability of the Nominated Infrastructure; but does not include Storage;

**“System Allowable Revenue”** means:

- (i) for AT<sub>2-4</sub> in relation to an Individual Coal System Infrastructure:<sup>57</sup>
- the total revenue from AT<sub>2-4</sub> arising from all Access Agreements in relation to that Individual Coal System Infrastructure that QR is entitled to earn over the relevant Year, as specified in Clauses 5.4, 6.4, 7.5 and 8.5 of Part B (as amended from time to time); less
  - any revenue from AT<sub>2-4</sub> that QR would have been entitled to earn under all Access Agreements in relation to that Individual Coal System Infrastructure during the relevant Year but which it did not receive as a result of breach of an Access Agreement or the Undertaking by QR or negligence on the part of QR; and
- (ii) for the AT<sub>5</sub> component of Access Charges for either the Blackwater System or the Goonyella System:<sup>57</sup>
- the total revenue from the AT<sub>5</sub> component of Access Charges arising from all Access Agreements in relation to that Individual Coal System Infrastructure that QR is entitled to earn over the relevant Year, as specified in Clauses 5.4 and 6.4 of Part B (as amended from time to time); less
  - any revenue from the AT<sub>5</sub> component of Access Charges that QR would have been entitled to earn under all Access Agreements in relation to that Individual Coal System Infrastructure during the relevant Year but which it did not receive as a result of breach of an Access Agreement or the Undertaking by QR or negligence on the part of QR;

**“System Forecast”** means the gtk for the relevant Individual Coal System Infrastructure that is specified for the relevant Reference Train Service in Part B;

**“System Gtk”** means the sum of the gtk for all coal carrying Train Services to the extent those Train Services travel on the relevant Individual Coal System Infrastructure over the relevant period;

**“Take or Pay”** means that part of the Access Charge payable pursuant to Subclause 2.2 of Part B or Clause 5 of Part C;

**“Total Actual Revenue”** means:

- (i) for AT<sub>2-4</sub> in relation to an Individual Coal System Infrastructure, the total revenue from AT<sub>2-4</sub> ~~(including the amount of any Take or Pay amounts, Relinquishment Fees and transfer fees under Subclause 7.4.4 of the Undertaking which QR is entitled to be paid but, for the avoidance of doubt, less the amount of any reductions of those amounts in accordance with the~~

Undertaking) arising from all Access Agreements in relation to that Individual Coal System Infrastructure that QR has actually earned over the relevant Year;<sup>1</sup> ~~and~~

For the purposes of calculating Total Actual Revenue, the total revenue from AT<sub>2-4</sub> that QR has actually earned over the relevant Year will be deemed to include:

- any Take or Pay amounts that QR would have been entitled to be paid (regardless of whether those amounts are actually paid) in accordance with Clause 2.2 of Part B in relation to the relevant Year if QR had contracted on the terms of the relevant Standard Access Agreement that applied on the date of execution of an Access Agreement (regardless of whether QR has contracted on terms other than those contained in the relevant Standard Access Agreement);
- any Relinquishment Fees that QR would have been entitled to be paid (regardless of whether those amounts are actually paid) in accordance with clause 7.4.3 of the Undertaking during the relevant Year, less the amount of any reduction of the Relinquishment Fees that QR is required to pay during the relevant Year, if QR had contracted on the terms of the relevant Standard Access Agreement that applied on the date of execution of an Access Agreement (regardless of whether QR has contracted on terms other than those contained in the relevant Standard Access Agreement);
- transfer fees that QR would have been entitled to be paid (regardless of whether those amounts are actually paid to QR) in accordance with clause 7.4.4 of the Undertaking during the relevant Year; and
- any revenue from AT<sub>2-4</sub> arising from Access Agreements that QR earned but failed or was unable to collect during the relevant Year.

- (ii) for the AT<sub>5</sub> component of Access Charges for each of the Blackwater System or the Goonyella System, the total revenue from the AT<sub>5</sub> component of Access Charges arising from all Access Agreements in relation to that Individual Coal System Infrastructure that QR has actually earned over the relevant Year,<sup>1</sup> including any revenue from AT<sub>5</sub> arising from Access Agreements that QR earned but failed or was unable to collect during the relevant Year; and

**“Unloading Time”** means the time between a Train Service arriving at a Nominated Unloading Facility and that same Train departing the Nominated Unloading Facility, and for the purpose of clarity, this time runs from when a Train Service arrives at the entry signal to the Nominated Unloading Facility until it has completed unloading, presented at the exit signal, is ready to depart the Nominated Unloading Facility and has advised the relevant Train Controller accordingly.

## Part B. - Provisions Specific to Reference Train Services in the Central Queensland Coal Region

### 1. Reference Train Service Characteristics

- 1.1 Further to Subclause 2.3.1 of Schedule F, Part A, the Reference Train Service has, measured as an average over a Year, a maximum Stowage period for each Train Service no greater than that specified in Clauses 5 to 8 of this Part B for that Reference Train Service.
- 1.2 An Access Seeker for a Reference Train Service will have its Train Service Entitlement:
- based on its Trains being available for operation 24 hours per day and 360 days per year; and
  - specified in terms of a Cyclic Traffic operated evenly throughout each yearly, monthly and weekly period, and will comply with the applicable coal corridor scheduling procedures.

### 2. Access Charge

#### 2.1 Reference Tariff

- 2.1.1 The applicable Reference Tariff for a nominated Reference Train Service shall be assessed as:

$$\left( AT_1 \times \frac{gk}{1000} \right) + (AT_2 \times rtp) + \left( AT_3 \times \frac{ntk}{1000} \right) + (AT_4 \times nt) + \left( AT_5 \times \frac{egtk}{1000} \right) + \left( EC \times \frac{egtk}{1000} \right) + (QCALevy \times nt)$$

where:

- $AT_1$  is the incremental maintenance tariff specified as  $AT_1$  for the nominated Reference Train Service in Clauses 5 to 8 of this Part B;
- $AT_2$  is the incremental capacity tariff specified as  $AT_2$  for the nominated Reference Train Service in Clauses 5 to 8 of this Part B;
- $AT_3$  is the allocative part of the Reference Tariff that is levied on a net tonne kilometre basis specified as  $AT_3$  for the nominated Reference Train Service in Clauses 5 to 8 of this Part B;
- $AT_4$  is the allocative part of the Reference Tariff that is levied on a net tonne basis specified as  $AT_4$  for the nominated Reference Train Service in Clauses 5 to 8 of this Part B;
- $AT_5$  is the electric access tariff that is levied on an egtk basis specified as  $AT_5$  for the nominated Reference Train Service in Clauses 5 to 8 of this Part B;
- $gk$  is the gross tonne kilometres attributed to the relevant Train Service, being the total gross weight (in tonnes) of the Rollingstock utilised in the relevant Train Service (including all goods, product, persons or matter carried) multiplied by the distance (in kilometres) travelled by the Train Service;
- $rtp$  is the number of reference Train Paths used by the relevant Train Service where a Reference Train Service uses one reference Train Path;
- $nt$  is the net tonnes attributed to the relevant Train Service, being the total gross weight (in tonnes) of the Rollingstock when loaded utilised in the

- relevant Train Service (including all goods, product, persons or matter carried) less the weight of such Rollingstock (in tonnes) when empty;
- ntk is the net tonne kilometres attributed to the relevant Train Service, being the nt for the Train Service multiplied by the distance (in kilometres) travelled by the Train Service;
- egtk is the electric gross tonne kilometres attributed to the relevant Train Service, being the gtk for the Train Service if that Train Service uses electric traction, and zero if the Train Service does not use electric traction;
- EC is the electric energy charge specified as EC for the nominated Reference Train Service in Clauses 5 to 8 of this Part B; and
- QCA Levy is the fee allocated to the nominated Reference Train Service to cover the fees imposed by the QCA upon beneficiaries of its regulatory services specified in Clauses 5 to 8 of this Part B.

Where the above terms are used elsewhere in this Part B they shall have the same meaning.

- 2.1.2 The amounts of AT<sub>1</sub>, AT<sub>2</sub>, AT<sub>3</sub>, AT<sub>4</sub>, AT<sub>5</sub>, EC and the QCA Levy specified in Clauses 5 to 8 of this Part B are GST exclusive. An amount for GST will be added to the total calculated Access Charge, in accordance with the provisions of the applicable Access Agreement, when an Access Holder is invoiced.
- 2.1.3 For the purposes of this Part B, a Train Service is a one way Train Service, that is, the journey from the Nominated Loading Facility to the Nominated Unloading Facility is one Train Service, and the return journey from the Nominated Unloading Facility to the Nominated Loading Facility is a second Train Service.
- 2.1.4 For the purposes of this Clause 2.1 the measures gtk, rtp, ntk, nt and egtk shall be assessed for the relevant Train Service over the Billing Period for which the Reference Tariff is being calculated.

## **2.2 Take or Pay**

- 2.2.1 QR will be entitled to earn Take or Pay revenue in accordance with the provisions of this Subclause 2.2.
- 2.2.2 Subject to any amendment pursuant to Clause 3, for Train Services for which Access Agreements (either new or varied Access Agreements) are executed on or after the Commencing Date, the Take or Pay arrangements will be as specified in Subclause 2.2.3. Subject to any amendment pursuant to Clause 3, for Train Services included in Access Agreements in place on the day immediately prior to the Commencing Date, the Take or Pay arrangements will be as specified in Subclause 2.2.5.
- 2.2.3 Subject to any amendment pursuant to Clause 3, Take or Pay revenue from a particular Reference Train Service will be determined for each Year, and invoiced following completion of that Year, as, subject to Subclause 2.2.4, the amount which is one hundred percentage points (100%) of the amount calculated by multiplying:
- (a) AT<sub>2</sub>, AT<sub>3</sub> and AT<sub>4</sub> (at the rate applicable in the final Quarter of the Year); by

- (b) the rtp, nt and ntk (as applicable) calculated by:
- (i) the rtp, nt and ntk (as applicable) that would have been achieved for the subject Year had the full contracted entitlement been railed for the relevant Train Service; less
  - (ii) the rtp, nt and ntk (as applicable) not railed for the subject Year due to the non operation of Train Services for a QR Cause; less
  - (iii) the rtp, nt and ntk (as applicable) railed for the subject Year,
- provided always that the amount of Take or Pay for the Year shall not be less than zero.

2.2.4 Notwithstanding Subclause 2.2.3, Take or Pay shall not be payable for a Year where the System Gtk exceeds 100% of the System Forecast identified for the nominated Reference Train Service, less the gtk not achieved due to the non operation of Train Services for a QR Cause.

2.2.5 Take or Pay revenue from a particular Reference Train Service will be determined in accordance with Clause 3.2 of the 2001 Undertaking, until such time that the amendments to Schedule F developed in accordance with Clause 3 take effect in accordance with Clause 3.8.

2.2.6 Notwithstanding Subclause 2.2.3, where the Total Actual Revenue for AT<sub>2-4</sub> for an Individual Coal System Infrastructure less the aggregate amount of Take or Pay arising that QR would be entitled to earn from all Access Agreements executed on or after the Commencing Date (calculated on the basis that QR has contracted on the terms of the relevant Standard Access Agreement that applied on the date of execution of an Access Agreement) in relation to that Individual Coal System Infrastructure ~~executed on or after the Commencing Date~~ (“Total Revenue”) is:

- (a) greater than or equal to the System Allowable Revenue for AT<sub>2-4</sub> in relation to that Individual Coal System Infrastructure, Take or Pay shall not be payable for that Year under Access Agreements in relation to that Individual Coal System Infrastructure executed on or after the Commencing Date (“UT2 Agreements”);
- (b) less than the System Allowable Revenue for AT<sub>2-4</sub> in relation to that Individual Coal System Infrastructure:
  - (i) QR will calculate the aggregate amount of Take or Pay arising that QR would be entitled to earn from all UT2 Agreements (calculated on the basis that QR has contracted on the terms of the relevant Standard Access Agreement that applied on the date of execution of an Access Agreement) (“Total Actual Take or Pay”); and
  - (ii) if the Total Actual Take or Pay exceeds the amount by which the System Allowable Revenue for AT<sub>2-4</sub> exceeds the Total Revenue for that Individual Coal System Infrastructure (“Maximum Take or Pay Amount”), then:
    - (A) QR will calculate for each relevant Access Holder, the proportion that the Access Holder’s Take or Pay amount bears to the Total Actual Take or Pay (“Proportion”); and

- (B) each relevant Access Holder's Take or Pay amount will be reduced to equal that Access Holder's Proportion of the Maximum Take or Pay Amount.

For the avoidance of doubt:

- (a) nothing in this clause affects the amount of Take or Pay that will be payable under Access Agreements executed prior to the Commencing Date; and
- (b) Take or Pay (calculated in accordance with Subclauses 2.2.3 and 2.2.6) will only be payable on UT2 Agreements if System Allowable Revenue for AT<sub>2-4</sub> for an Individual Coal System Infrastructure is greater than Total Revenue for that Individual Coal System Infrastructure.

2.2.7 In order to calculate nt, ntk and gtk for the purposes of Subparagraphs 2.2.3(b)(i) and (ii), QR will:

- (a) identify from the Access Agreement the number of train paths that would have been utilised had the full contracted entitlement been attained; and
- (b) determine the number of train paths that were not utilised due to a QR Cause,

and convert this to nt, ntk and gtk by using a nominal payload per loaded Train Service as reasonably determined by QR.

2.2.8 QR shall provide to the Access Holder information on how it has determined the amount of the Take or Pay at the same time as it is invoiced.

### ~~3. Review of Access Charges~~

~~3.1 The Reference Tariffs specified in this Part B are applicable:~~

- ~~(a) from 1 July 2005 to 30 June 2006; and~~
- ~~(b) from 1 July 2006, until the date an approved Proposed Schedule F Amendment takes effect pursuant to Paragraph 3.8(a).~~

~~3.2 Following the Commencing Date, QR will consult with the Queensland Resources Council and the QCA regarding when and how the Reference Tariffs will vary between 1 July 2006 to the Terminating Date to address volume risk. This consultation will include consideration of:~~

- ~~(a) broad options for the regulatory framework, including a price cap model, a revenue cap model or a hybrid of these models; and~~
- ~~(b) within the broad options, the detailed processes in accordance with which they would operate.~~

~~3.3 QR will submit a proposed amendment to Schedule F (referred to as a "Proposed Schedule F Amendment") between 1 December 2006 and 28 February 2007 which incorporates amendments to the Undertaking to specify:~~

- ~~(a) the form of regulation to apply from 1 July 2006, including when and how Reference Tariffs will vary to address volume risk;~~

- ~~(b) — the Take or Pay arrangements to apply from 1 July 2006;~~
  - ~~(c) — the amount of the Relinquishment Fee to apply from 1 July 2006 for Access Agreements in existence at the day immediately prior to the Commencing Date;~~
  - ~~(d) — the definition of Review Event to apply from 1 July 2006; and~~
  - ~~(e) — any consequential amendments to the Undertaking that are necessary on the basis of the form of regulation to apply (such as coal volume trigger monitoring in the event of using a price cap model).~~
- ~~3.4 — The QCA may develop a Proposed Schedule F Amendment that is consistent with this Undertaking and the principles contained in Schedule F if:~~
- ~~(a) — QR does not comply with Clause 3.3 or a notice given by the QCA under Paragraph 3.9(b) for it to resubmit a Proposed Schedule F Amendment; or~~
  - ~~(b) — the QCA refuses to approve a Proposed Schedule F Amendment resubmitted by QR.~~
- ~~3.5 — Where QR submits, or the QCA develops, a Proposed Schedule F Amendment, the QCA will:~~
- ~~(a) — publish the Proposed Schedule F Amendment;~~
  - ~~(b) — invite persons to make submissions on the Proposed Schedule F Amendment to the QCA within a reasonable period of time specified by the QCA; and~~
  - ~~(c) — consider any submission it receives within the time.~~
- ~~3.6 — The QCA may approve a Proposed Schedule F Amendment (including a Proposed Schedule F Amendment developed by the QCA) only if the QCA:~~
- ~~(a) — is satisfied that the Proposed Schedule F Amendment is consistent with this Undertaking and principles contained in Schedule F;~~
  - ~~(b) — considers it appropriate to do so having regard to the matters listed in s138(2) of the Act; and~~
  - ~~(c) — the QCA has complied with Clause 3.5.~~
- ~~3.7 — The QCA will consider a Proposed Schedule F Amendment given to it by QR and either approve or refuse to approve it within sixty (60) days after the QCA receives a Proposed Schedule F Amendment under this Clause 3 or such further period as the QCA and QR may agree or as the QCA may reasonably determine and notify to QR.~~
- ~~3.8 — If the QCA approves a Proposed Schedule F Amendment submitted under Clause 3.3, or resubmitted under Paragraph 3.9(b):~~
- ~~(a) — the amendment to Schedule F will apply from the date of the QCA decision, or any other date following the date of the QCA decision that the QCA determines;~~

~~(b) — the varied Reference Tariffs incorporated in the Proposed Schedule F Amendment will be backdated as if they had applied from 1 July 2006. This will require payment of the difference in Access Charges paid by each relevant Access Holder since 1 July 2006 because of the continued applicability of the current Part B Reference Tariffs (in accordance with Paragraph 3.1(b)) and the Access Charges that would have been paid by those Access Holders since 1 July 2006 if the varied Reference Tariffs incorporated in the Proposed Schedule F Amendment had applied, from:~~

- ~~— (i) — in the event of the difference being positive (over-recovery), QR to each relevant Access Holder;~~
- ~~— (ii) — in the event of the difference being negative (under-recovery), each relevant Access Holder to QR.~~

~~— This payment is due within thirty (30) days of the amendment to Schedule F applying in accordance with Paragraph 3.8(a). In the event of an Access Holder not paying any money owed to QR pursuant to Paragraph 3.8(b), QR may recover this additional money by incorporating it as a component of that Access Holder's future Access Charges;~~

~~(c) — the QCA will give QR a notice in writing stating the reasons for its decision; and~~

~~(d) — QR must:~~

- ~~(i) — publish a new version of Schedule F; and~~
- ~~(ii) — advise Access Holders and Access Seekers, in respect of the specified Train Services to which the amended Schedule F applies, that an amended Schedule F has been approved.~~

~~3.9 — If the QCA refuses to approve a Proposed Schedule F Amendment the QCA will give QR a notice in writing:~~

~~(a) — stating the reasons for its refusal and the way in which the QCA considers that the Proposed Schedule F Amendment should be amended; and~~

~~(b) — requiring QR to amend the Proposed Schedule F Amendment in the way the QCA considers it appropriate and resubmit the amended Proposed Schedule F Amendment to the QCA within thirty (30) days of the notice.~~

~~3.10 — If QR complies with the notice given under Paragraph 3.9(b) above, the QCA may approve the resubmitted Proposed Schedule F Amendment in accordance with Clause 3.11.~~

- 3.11 ~~The QCA may approve the resubmitted Proposed Schedule F Amendment only if the QCA:~~
- ~~(a) is satisfied that the resubmitted Proposed Schedule F Amendment is in accordance with the notice under Clause 3.9;~~
  - ~~(b) is satisfied that the resubmitted Proposed Schedule F Amendment is consistent with this Undertaking and principles contained in Schedule F; and~~
  - ~~(c) considers it appropriate to do so having regard to the matters listed in s138(2) of the Act.~~
- 3.12 ~~The QCA may grant QR an extension of the time for submitting, or resubmitting, a Proposed Schedule F Amendment, if:~~
- ~~(a) QR provides a written request to the QCA for an extension of time which outlines the reasons why QR requires the extension of time; and~~
  - ~~(b) the QCA, acting reasonably, considers that an extension of time is appropriate.~~
- 3.13 ~~If the QCA grants QR an extension of time under Clause 3.12 above, QR must submit, or resubmit, a Proposed Schedule F Amendment, (whichever is applicable) within the time specified by the QCA.~~
- 3.14 ~~The QCA may not make a decision under this Clause 3 approving or refusing to approve a Proposed Schedule F Amendment, unless:~~
- ~~(a) the QCA observed the rules of natural justice;~~
  - ~~(b) the QCA observed any procedures that were required by law or this Undertaking;~~
  - ~~(c) the QCA had jurisdiction to make the decision under this Undertaking;~~
  - ~~(d) the QCA was authorised to make the decision under this Undertaking;~~
  - ~~(e) the QCA's decision would not be an improper exercise of the power conferred by this Undertaking. An improper exercise of power includes a reference to:~~
    - ~~(i) taking an irrelevant consideration into account in the exercise of a power;~~
    - ~~(ii) failing to take a relevant consideration into account in the exercise of a power;~~
    - ~~(iii) an exercise of a power for a purpose other than a purpose for which the power is conferred;~~
    - ~~(iv) an exercise of a discretionary power in bad faith;~~
    - ~~(v) an exercise of a personal discretionary power at the discretion or behest of another person;~~

- ~~(vi) — an exercise of a discretionary power in accordance with a rule or policy without regard to the merits of a particular case;~~
- ~~(vii) — an exercise of a power that is so unreasonable that no reasonable person could so exercise the power;~~
- ~~(viii) — an exercise of a power in such a way that the result of the exercise of the power is uncertain; and~~
- ~~(ix) — any other exercise of a power in a way that is an abuse of the power;~~
- ~~(f) — the QCA's decision did not involve an error of law (whether or not the error appears on the record of the decision);~~
- ~~(g) — the QCA's decision was not induced or affected by fraud;~~
- ~~(h) — to the extent that any matters were required to be established before the decision could be made, there was some material or evidence from which the QCA could reasonably be satisfied the matter was established to justify the making of the decision or, to the extent that the existence of a particular fact forms the basis on which the decision is made, the fact did or does exist; and~~
- ~~(i) — the decision was not otherwise contrary to law or this Undertaking.~~

~~For the avoidance of doubt, the terms of this Clause 3.14 are intended to have the same meaning as used in the *Judicial Review Act 1991* (Qld).~~

~~3.15 — The requirements set out in Clause 3.14 also apply to the QCA's conduct in making a decision under this Clause 3.~~

~~3.16 — If the QCA's decision or conduct is challenged on the basis of a breach of a requirement in this Clause 3, QR and the QCA agree that QR may seek an order suspending the operation of the decision and a stay of any proceedings under the decision.~~

~~3.17 — This Clause 3 does not affect the right of any party to seek any other form of remedy or relief including relief by way of the equitable remedies of injunction or declaration or to seek review under the *Judicial Review Act 1991* (Qld).~~

~~3.18 — Nothing in this Clause 3 affects the rights of QR under section 142 and related provisions of the Act.~~

## **3B. Revenue Cap Adjustment**

### **3B.1 Calculation of Revenue Adjustment Amounts**

After the end of each Year, QR will calculate the following amounts (each a "Revenue Adjustment Amount") for each relevant Individual Coal System Infrastructure:

- (a) an “AT<sub>2-4</sub> Revenue Adjustment Amount”, by subtracting the System Allowable Revenue for AT<sub>2-4</sub> from the Total Actual Revenue for AT<sub>2-4</sub> for the relevant Individual Coal System Infrastructure for that Year; and
- (b) an “AT<sub>5</sub> Revenue Adjustment Amount”, by subtracting the System Allowable Revenue for AT<sub>5</sub> from the Total Actual Revenue for AT<sub>5</sub> for the relevant Individual Coal System Infrastructure for that Year.

For the avoidance of doubt, a Revenue Adjustment Amount calculated under this Clause 3B.1 may be a negative or a positive number.

Where a Revenue Adjustment Amount is less than +/- 2% of the System Allowable Revenue for that component of the Access Charges, the Revenue Adjustment Amount for that component of the Access Charges will be deemed to zero (0) and there will be no adjustment to the System Allowable Revenue for that component of the Access Charges under Clause 3B.3.

### 3B.2 Calculation of Increment

**[The QRC submits that Clause 3B.2 should be deleted as there should be an automatic +/- 2% allowance before under or over recoveries lead to an adjustment to future System Allowable Revenues (see the proposed amendment to Clause 3B.1) . If Clause 3B.2 is not deleted then the QRC proposes the following alternative clause which allows the Increment to be either positive or negative]**

3B.2.1 The Increment is calculated as follows for each relevant Individual Coal System Infrastructure:

- ~~(a) — where the Total Actual Revenue for AT<sub>2-4</sub> is less than or equal to the System Allowable Revenue for AT<sub>2-4</sub> for the relevant Individual Coal System Infrastructure, the Increment equals zero (0);~~
- ~~(ba)~~ subject to Paragraph 3B.2.1(~~eb~~), where:
  - (i) the Total Actual Revenue for AT<sub>2-4</sub> is greater or less than the System Allowable Revenue for AT<sub>2-4</sub> for the relevant Individual Coal System Infrastructure;
  - (ii) QR is required by Subclause 3B.3.3 of Part B to submit a variation of relevant Reference Tariffs to the QCA; and
  - (iii) the QCA, when considering that variation, is reasonably satisfied that the difference calculated by subtracting between the Total Actual Revenue for AT<sub>2-4</sub> and the System Allowable Revenue for AT<sub>2-4</sub> from the Total Actual Revenue for AT<sub>2-4</sub> for the relevant Individual Coal System Infrastructure (“Difference”) has, in whole or part, arisen as a direct result of activities or initiatives of QR (or its contractors) which have increased or decreased the efficiency of the Below Rail network,

the Increment equals that proportion of the Difference, as determined by the QCA taking into account the extent to which the Difference has in whole or part arisen as a direct result of the activities or initiatives of QR (or its contractors).

- (eb) ~~in~~ in no circumstance will the Increment exceed an amount equal to two percentage points (2%) of the System Allowable Revenue for AT<sub>2-4</sub>.

For the avoidance of doubt, an Increment calculated under this Clause 3B.2 may be a negative or a positive number.

### 3B.3 Revenue Adjustment

3B.3.1 Where a Revenue Adjustment Amount has been calculated under Clause 3B.1 of Part B for an Individual Coal System Infrastructure, the equivalent System Allowable Revenue to that used in the calculation of that Revenue Adjustment Amount for the relevant Individual Coal System Infrastructure will be adjusted in accordance with this Clause 3B.3 for the Year after the Year in which that Revenue Adjustment Amount was calculated (“2<sup>nd</sup> Year System Allowable Revenue”) ~~will be adjusted in accordance with this Clause 3B.3.~~

For example, if a Revenue Adjustment Amount relates to the 2006/2007 Year, System Allowable Revenue will be adjusted for the 2008/2009 Year.

3B.3.2 A 2<sup>nd</sup> Year System Allowable Revenue shall be adjusted as follows:

- (a) for an AT<sub>2-4</sub> Revenue Adjustment Amount, by subtracting from the relevant 2<sup>nd</sup> Year System Allowable Revenue:
  - (i) that AT<sub>2-4</sub> Revenue Adjustment Amount less the amount of the relevant Increment; and
  - (ii) a return on capital amount, calculated by reference to the Discount Rate as applied to the amount in Subparagraph 3B.3.2(a)(i) over the period starting on the first day of the Year in which the Revenue Adjustment Amount is calculated and ending on the last day of the Year following that Year;
- (b) for an AT<sub>5</sub> Revenue Adjustment Amount, by subtracting from the relevant 2<sup>nd</sup> Year System Allowable Revenue:
  - (i) that AT<sub>5</sub> Revenue Adjustment Amount; and
  - (ii) a return on capital amount, calculated by reference to the Discount Rate as applied to the amount in Subparagraph 3B.3.2(b)(i) over the period starting on the first day of the Year in which the Revenue Adjustment Amount is calculated and ending on the last day of the Year following that Year.

3B.3.3 Where a 2<sup>nd</sup> Year System Allowable Revenue is adjusted under this Clause 3B.3, QR shall submit a variation of the relevant Reference Tariffs to the QCA with the object of recovering from or returning to Access Holders, as the case

may be, the amount of the adjustment calculated in accordance with Subclause 3B.3.2 during the relevant Year using the modeling parameters and assumptions used to determine Reference Tariffs for the relevant Year.

### 3B.4 Operation of Clause 3B

This Clause 3B only applies from 1 July 2006.

## 4. Reference Tariffs for New Coal Carrying Train Services

### 4.1 Minimum contribution to Common Costs

4.1.1 Each coal carrying Train Service in the Central Queensland Coal Region will be expected to make a minimum contribution towards QR's Common Costs determined as follows:

(a) if the Train Service utilises Rail Infrastructure in the Goonyella, Blackwater or Moura coal systems, the minimum contribution towards QR's Common Costs for non-electrification related costs will be calculated as follows:

(i) subject to Subparagraphs (ii) and (iii), the minimum Common Cost contribution will be the greater of the following:

(A) for a Train Service in the Goonyella coal system:

|   |                  |
|---|------------------|
| Common Cost contribution (cents/'000 gtk) = | $240 - 0.3M - S$ |
|---|------------------|

(B) for a Train Service in the Blackwater coal system:

|   |                  |
|---|------------------|
| Common Cost contribution (cents/'000 gtk) = | $350 - 0.3M - S$ |
|---|------------------|

(C) for a Train Service in the Moura coal system:

|   |                   |
|---|-------------------|
| Common Cost contribution (cents/'000 gtk) = | $800 - 0.6M - 6S$ |
|---|-------------------|

(D) for a Train Service in the Goonyella, Blackwater or Moura coal system, \$1.00/'000 gtk,

where, for Subparagraphs 4.1.1(a)(i)(A), (B) and (C):

**M** is the relevant mine's mainline length in kilometres;

**S** is the relevant mine's spur length in kilometres;

(ii) the minimum Common Cost contribution calculated in accordance with Subparagraph (i) is based on the assumption that the new Train Service will use a similar number of Train Paths per gross tonne as the Predominant Train Service on the Individual Coal System Infrastructure. If the new Train Service uses significantly more Train Paths than the Predominant Train Service, then QR may apply to the QCA for a variation in the new Train Service's Common Cost contribution. The QCA will approve such a variation if it considers that the Common Cost contribution for the new Train Service, if calculated in accordance with Subparagraph (i), would be manifestly inadequate; and

- (iii) the minimum Common Cost contribution will be escalated from 1 July 2005 in accordance Clause 3.2 of Part A;
  - (b) if the Train Service utilises Rail Infrastructure in the Newlands coal system, the new Train Service will make a contribution towards QR's Common Costs, provided that where two mines load from mine specific spur lines attached to the same corridor, all other things being equal in respect of the two Train Services, a lower Access Charge (when expressed in \$/net tonne terms) would apply for Train Services carrying coal from a mine with a shorter haul distance than for Train Services carrying coal from a mine with a longer haul distance;
  - (c) the minimum Common Cost contributions for the use of electrical infrastructure will be determined in each case, taking into account all of the relevant circumstances, consistent with the principles underlying the Common Cost contributions in respect of Rail Infrastructure that is not electrical infrastructure;
  - (d) to the extent that this Subclause 4.1.1 does not specify the Common Cost contribution to be made by a new Train Service, the amount of the Common Cost contribution will be established in accordance with the principles set out in this Subclause 4.1.1 as part of the development of a new Reference Tariff for new Reference Train Services in accordance with Subclause 6.4.2 of the Undertaking.
- 4.1.2 The Reference Tariff for a new coal carrying Train Service will be the higher of (on a \$/net tonne basis):
- (a) the Reference Tariff for the most relevant existing Reference Train Service; or
  - (b) the sum of the new coal carrying Train Service's Incremental Costs and required minimum Common Cost contribution determined in accordance with Subclause 4.1.1.
- 4.1.3 Where the Reference Tariff for a new coal carrying Train Service is established under:
- (a) Paragraph 4.1.2(a), the loading facility for the new Train Service will be added into the relevant existing Reference Train Service; or
  - (b) Paragraph 4.1.2(b), a new Reference Train Service will be established which will incorporate the new Train Service.
- 4.1.4 Where QR enters into an Access Agreement with an Access Seeker in relation to Train Services carrying coal from a new mine prior to the authorisation of the applicable Reference Tariff, the Access Charge for that Train Service will be reviewed following authorisation of the Reference Tariff to ensure that it is consistent with the Reference Tariff.

## **5. Blackwater System**

### **5.1 Application of this Clause**

This Clause 5 should be read in conjunction with Part A and Clauses 1 to 4 of Part B of this Schedule F.

### **5.2 Term**

The term of this Reference Tariff is from 1 July 2005 to the Terminating Date.

### 5.3 Reference Train Service Description

5.3.1 The Reference Train Service has the following characteristics:

- (a) a maximum length (including the locomotive/s) of 1709<sup>1</sup> metres;
- (b) a maximum axle load of 26 tonne for a wheel configuration consistent with M220<sup>2</sup> loading, or otherwise generates a loading equivalent to M220;
- (c) unless specified otherwise in Clause 5.5, 5.6, 5.7 or 5.8, utilisation of either electric or diesel traction; and
- (d) measured as an average over a Year, a Stowage period (excluding Stowage due to the unavailability of the Nominated Infrastructure) for each Train Service of no greater than 3.2 hours.

5.3.2 The conditions of Access for the Reference Train Service include a Below Rail Transit Time which shall be determined as the sum of the nominated section running times for the Nominated Infrastructure (as included in the relevant Information Pack) plus (+) a factor of twenty-seven percentage points (27%). If a Train Service varies from these section running times, but is otherwise subject to this Section, the Below Rail Transit Time will be determined as the sum of the nominated section running times for the Nominated Infrastructure (as included in the relevant Access Agreement) plus (+) a factor of twenty-seven percentage points (27%).

5.3.3 For the Central Blackwater Cluster, additional elements are specified in Clause 5.5. For the North Blackwater Cluster, additional elements are specified in Clause 5.6. For the Stanwell Cluster, additional elements are specified in Clause 5.7. For the South West Blackwater cluster, additional elements are specified in Clause 5.8.

---

<sup>1</sup> This train length comprises the following: static train length (which is the straight addition of individual rollingstock lengths) plus an allowance of 2% of this static train length for train handling accuracy and for slack movement in draftgear (includes free slack in the drag box, compression of the draftgear, clearance/free slack due to coupler wear and pin clearance at the yoke).

<sup>2</sup> As specified in the ANZRC Railway Bridge Design Manual 1974

## 5.4 System Forecast and System Allowable Revenues

**[These figures will change if the System Forecast is not reset]**

| Year    | System Gtk<br>,000 gtk | System Allowable<br>Revenue – AT <sub>2-4</sub> | System Allowable<br>Revenue – AT <sub>5</sub> |
|---------|------------------------|---|---|
| 2005/06 | 22,498,740             |   |   |
| 2006/07 | 25,252,086             | 116,572,000                                     | 22,025,000                                    |
| 2007/08 | 28,470,113             | 136,275,000                                     | 21,931,000                                    |
| 2008/09 | 32,610,971             | 157,424,000                                     | 33,313,000                                    |

## 5.5 Central Blackwater Cluster

### 5.5.1 Reference Train Service Description

#### 5.5.1.1 Loading Facilities

##### *Nominated Loading Facilities*

*Average Loading Time (hours) per return trip assessed on a monthly basis*

- |  |     |
|--|-----|
| • Boonal                                     | 4.6 |
| • Koorilgah                                  | 5.0 |
| • Curragh                                    | 3.3 |
| • Boorgoon                                   | 3.8 |
| • Kinrola                                    | 5.5 |
| • Laleham/South Blackwater Mine <sup>3</sup> | 4.5 |

#### 5.5.1.2 Unloading Facilities

##### *Nominated Unloading Facilities*

*Average Unloading Time (hours) per return trip assessed on a monthly basis*

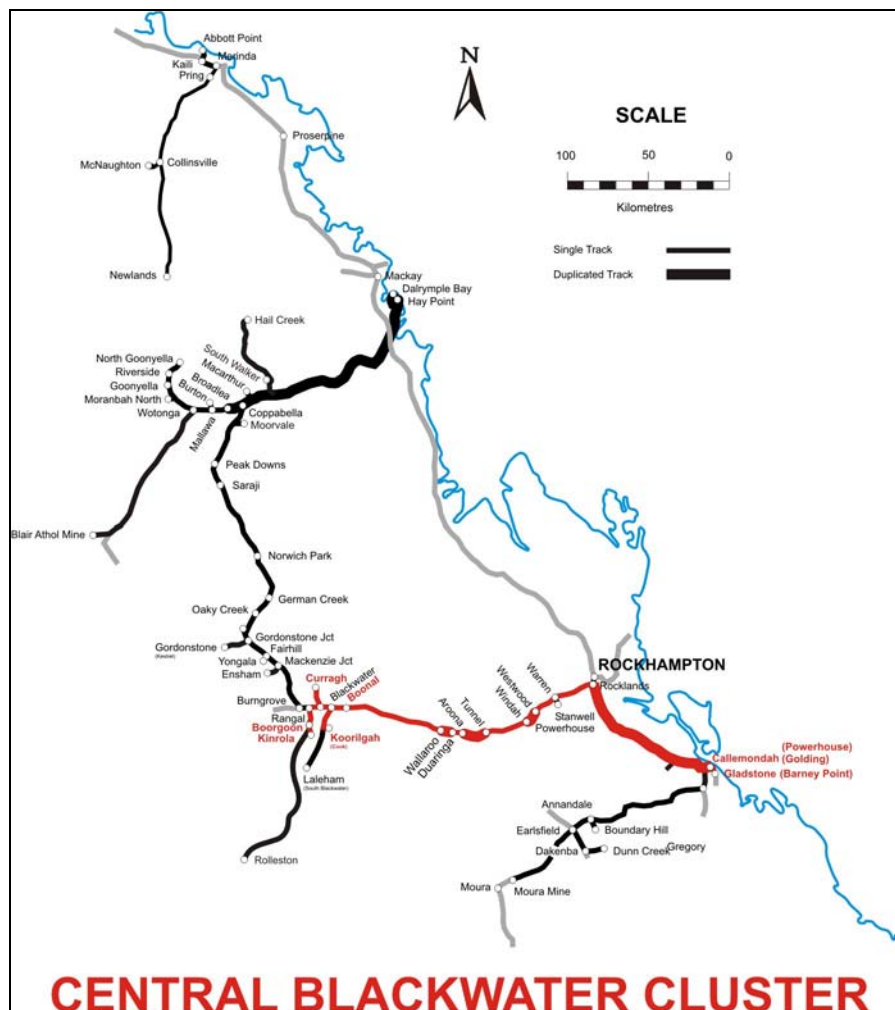
- |   |                  |
|---|------------------|
| • Golding/RG Tanna Terminal                 | 2.6              |
| • Barney Point                              | 5.0              |
| • Gladstone Power Station                   | 4.3              |
| • Cement Australia                          | 6.0              |
| • Queensland Alumina Ltd (QAL) <sup>4</sup> | 13.7             |
| • Comalco Refinery                          | 3.1 <sup>5</sup> |

<sup>3</sup> Although not a loading facility, the average Loading Time for the Laleham/South Blackwater Mine represents the average time the Train Service is off the Rail Infrastructure on the relevant Private Infrastructure.

<sup>4</sup> The average Unloading Time for the QAL refinery represents the average time the the Train Service is off the Rail Infrastructure on the relevant Private Infrastructure.

<sup>5</sup> This is an estimate of unloading time for this Unloading Facility based on the actual data to date. QR will review this unloading time following the Commencing Date. Until such review and approval of this or a varied unloading time by the QCA, QR will not vary the Access Charge for a Train Service operating to this Unloading Facility from the Reference Tariff due to the actual unloading time for this Train Service varying from the estimate.

## 5.5.1.3 Cluster Map



(Note, the cluster map is shown in colour)

## 5.5.1.4 Additional Loading Facilities

A new coal loading facility may only be considered for addition to the above listed loading facilities if the loading facility itself, or the new Rail Infrastructure that will connect the loading facility to the existing Rail Infrastructure, will connect to the existing Rail Infrastructure at a point on the corridor between Bluff and Burngrove or to any of the branch lines to any Nominated Loading Facility but not including the corridor towards Gregory beyond Burngrove.

### 5.5.2 Reference Tariff

(a) The Reference Tariff components (as at 1 July 2005) are:

| Reference Tariff Component | Reference Tariff \$ |
|----------------------------|---------------------|
| AT <sub>1</sub>            | 0.618               |
| AT <sub>2</sub>            | 1,389               |
| AT <sub>3</sub>            | 2.727               |
| AT <sub>4</sub>            | 0.833               |
| AT <sub>5</sub>            | 1.576               |
| EC                         | 0.451               |
| QCA Levy                   | 0.00588             |

(b) The First Escalation Date is 1 October 2005.

## 5.6 North Blackwater Cluster

### 5.6.1 Reference Train Service Description

#### 5.6.1.1 Loading Facilities

##### *Nominated Loading Facilities*

- Ensham
- Kestrel
- Gregory
- Oaky Creek
- German Creek
- Yongala

##### *Average Loading Time (hours) per return trip assessed on a monthly basis*

3.2  
3.6  
2.8  
3.6  
3.0  
4.2<sup>6</sup>

#### 5.6.1.2 Unloading Facilities

##### *Nominated Unloading Facilities*

- Golding/RG Tanna Terminal
- Barney Point
- Gladstone Power Station
- Cement Australia
- Queensland Alumina Ltd (QAL)<sup>7</sup>
- Comalco Refinery

##### *Average Unloading Time (hours) per return trip assessed on a monthly basis*

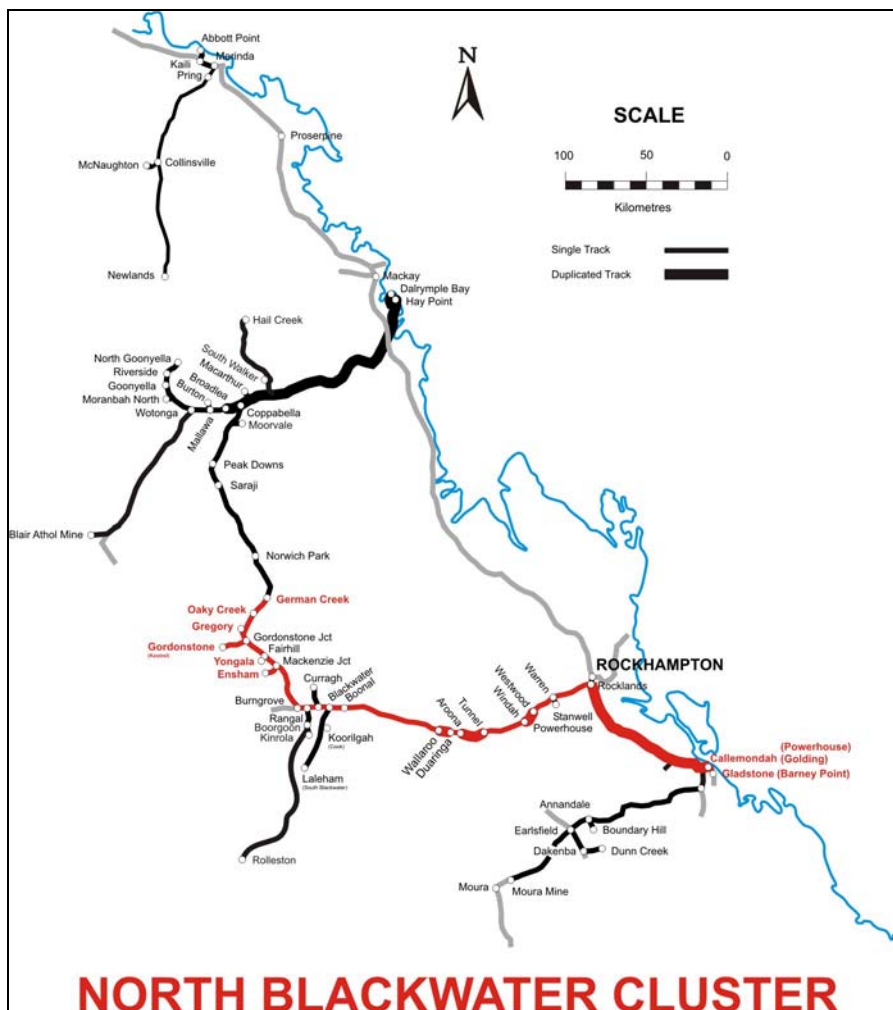
2.6  
5.0  
4.3  
6.0  
13.7  
3.1<sup>8</sup>

<sup>6</sup> This is an estimate of loading time for this Loading Facility based on the actual data to date. QR will review this loading time following the Commencing Date. Until such review and approval of this or a varied loading time by the QCA, QR will not vary the Access Charge for a Train Service operating from this Loading Facility from the Reference Tariff due to the actual loading time for this Train Service varying from this estimate.

<sup>7</sup> The average Unloading Time for the QAL refinery represents the average time the Train Service is off the Rail Infrastructure on the relevant Private Infrastructure.

<sup>8</sup> This is an estimate of unloading time for this Unloading Facility based on the actual data to date. QR will review this unloading time following the Commencing Date. Until such review and approval of this or a varied unloading time by the QCA, QR will not vary the Access Charge for a Train Service operating to this Unloading Facility from the Reference Tariff due to the actual unloading time for this Train Service varying from the estimate.

## 5.6.1.3 Cluster Map



(Note, the cluster map is shown in colour)

## 5.6.1.4 Additional Loading Facilities

A new coal loading facility may only be considered for addition to the above listed loading facilities if the loading facility itself, or the new Rail Infrastructure that will connect the loading facility to the existing Rail Infrastructure, will connect to the existing Rail Infrastructure at a point on the corridor between Burngrove and German Creek or to any of the branch lines to any Nominated Loading Facility but not including the corridor towards Coppabella.

## 5.6.2 Reference Tariff

(a) The Reference Tariff components (as at 1 July 2005) are:

| Reference Tariff Component | Reference Tariff \$ |
|----------------------------|---------------------|
| AT <sub>1</sub>            | 0.618               |
| AT <sub>2</sub>            | 1,389               |
| AT <sub>3</sub>            | -                   |
| AT <sub>4</sub>            | 1.669               |
| AT <sub>5</sub>            | 1.576               |
| EC                         | 0.451               |
| QCA Levy                   | 0.00588             |

(b) The First Escalation Date is 1 October 2005.

## 5.7 Stanwell Cluster

### 5.7.1 Reference Train Service Description

#### 5.7.1.1 Loading Facilities

##### *Nominated Loading Facilities*

|  | <i>Average Loading Time (hours) per return trip assessed on a monthly basis</i> |
|--|---|
| • Boonal                                     | 4.6   |
| • Boorgoon                                   | 3.8   |
| • Curragh                                    | 3.3   |
| • Ensham                                     | 3.2   |
| • Gregory                                    | 2.8   |
| • Kestrel                                    | 3.6   |
| • Kinrola                                    | 5.5   |
| • Koorilgah                                  | 5.0   |
| • Laleham/South Blackwater Mine <sup>9</sup> | 4.5   |
| • Yongala                                    | 4.2 <sup>10</sup>   |

#### 5.7.1.2 Unloading Facilities

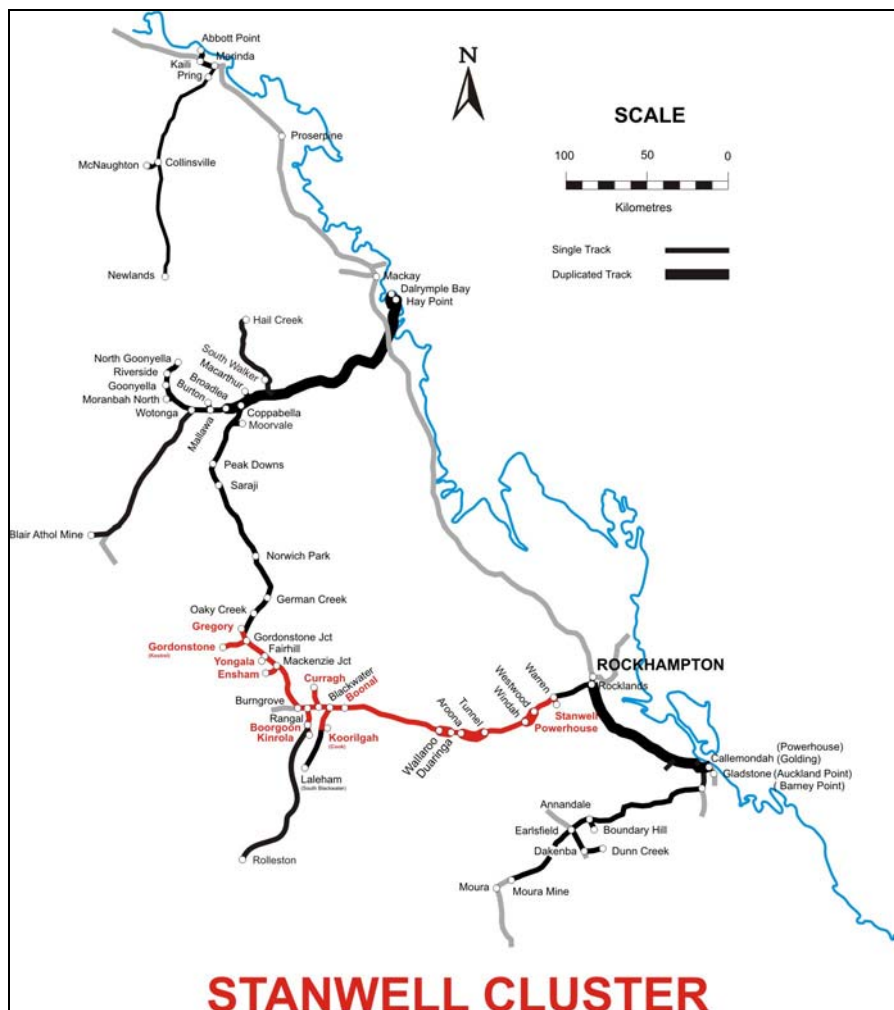
##### *Nominated Unloading Facilities*

|                       | <i>Average Unloading Time (hours) per return trip assessed on a monthly basis</i> |
|-----------------------|---|
| • Stanwell Powerhouse | 2.3   |

<sup>9</sup> Although not a loading facility, the average Loading Time for the Laleham/South Blackwater Mine represents the average time the Train Service is off the Rail Infrastructure on the relevant Private Infrastructure.

<sup>10</sup> This is an estimate of loading time for this Loading Facility based on the actual data to date. QR will review this loading time following the Commencing Date. Until such review and approval of this or a varied loading time by the QCA, QR will not vary the Access Charge for a Train Service operating from this Loading Facility from the Reference Tariff due to the actual loading time for this Train Service varying from this estimate.

5.7.1.3 Cluster Map



(Note, the cluster map is shown in colour)

5.7.1.4 Additional Loading Facilities

A new coal loading facility may only be considered for addition to the above listed loading facilities if the loading facility itself, or the new Rail Infrastructure that will connect the loading facility to the existing Rail Infrastructure, will connect to the existing Rail Infrastructure at a point on the corridor between Bluff and Gregory mine, or to any branch lines to any Nominated Loading Facility but not including the corridor towards Oaky Creek.

### 5.7.2 Reference Tariff

(a) The Reference Tariff components (as at 1 July 2005) are:

| Reference Tariff Component | Reference Tariff \$ |
|----------------------------|---------------------|
| AT <sub>1</sub>            | 0.618               |
| AT <sub>2</sub>            | 1,389               |
| AT <sub>3</sub>            | 2.240               |
| AT <sub>4</sub>            | 0.413               |
| AT <sub>5</sub>            | 1.576               |
| EC                         | 0.451               |
| QCA Levy                   | 0.00588             |

(b) The First Escalation Date is 1 October 2005.

## 5.8 South West Blackwater

### 5.8.1 Reference Train Service Description

5.8.1.1 The Reference Train Service utilises diesel traction only.

#### 5.8.1.2 Loading Facilities

##### *Nominated Loading Facilities*

- Rolleston

*Average Loading Time (hours) per return trip assessed on a monthly basis*

2.2

#### 5.8.1.3 Unloading Facilities

##### *Nominated Unloading Facilities*

- Golding/RG Tanna Terminal
- Barney Point
- Gladstone Power Station
- Cement Australia
- Queensland Alumina Ltd (QAL)<sup>11</sup>
- Comalco Refinery

*Average Unloading Time (hours) per return trip assessed on a monthly basis*

2.6

5.0

4.3

6.0

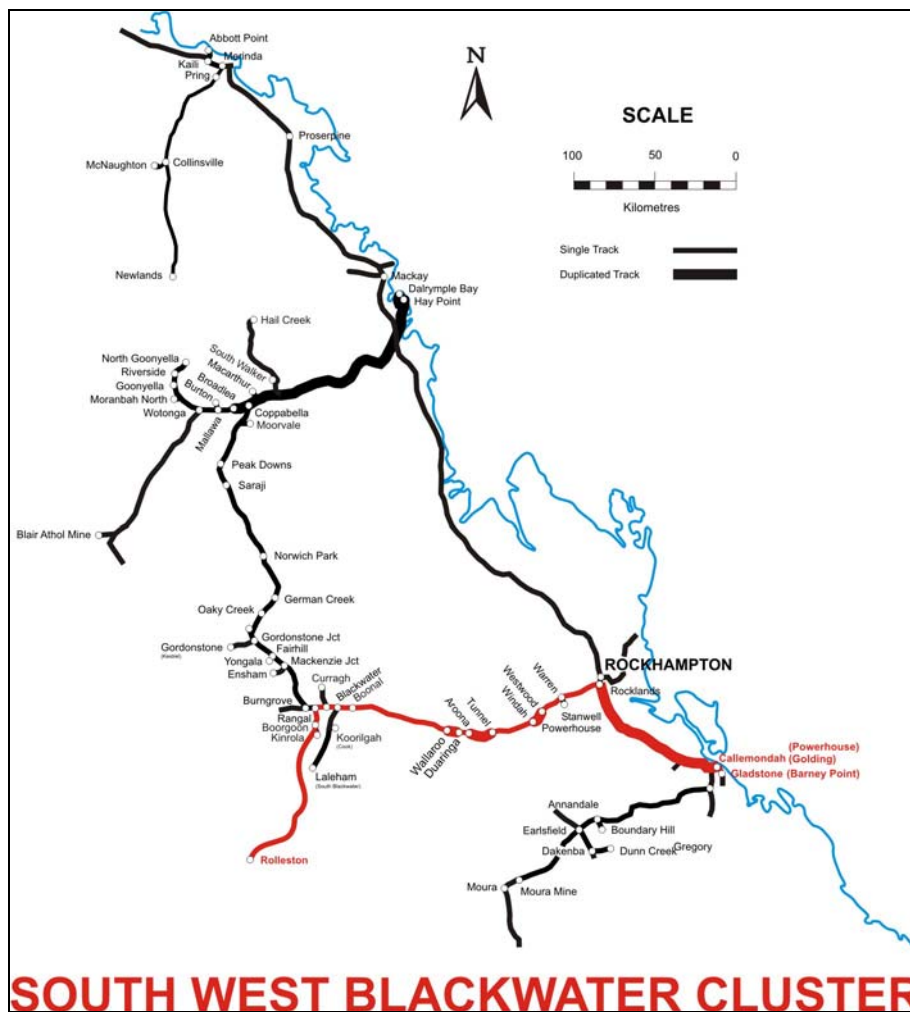
13.7

3.1<sup>12</sup>

<sup>11</sup> The average Unloading Time for the QAL refinery represents the average time the the Train Service is off the Rail Infrastructure on the relevant Private Infrastructure.

<sup>12</sup> This is an estimate of unloading time for this Unloading Facility based on the actual data to date. QR will review this unloading time following the Commencing Date. Until such review and approval of this or a varied unloading time by the QCA, QR will not vary the Access Charge for a Train Service operating to this Unloading Facility from the Reference Tariff due to the actual unloading time for this Train Service varying from the estimate.

5.8.1.4 Cluster Map



(Note, the cluster map is shown in colour)

5.8.1.5 Additional Loading Facilities

A new coal loading facility may only be considered for addition to the above listed loading facilities if the loading facility itself, or the new Rail Infrastructure that will connect the loading facility to the existing Rail Infrastructure, will connect to the existing Rail Infrastructure at a point on the corridor between the Kinrola branch junction and Rolleston.

## 5.8.2 Reference Tariff

(a) The Reference Tariff components (as at 1 July 2005) are:

| Reference Tariff Component | Reference Tariff \$ |
|----------------------------|---------------------|
| AT <sub>1</sub>            | 0.618               |
| AT <sub>2</sub>            | 1,389               |
| AT <sub>3</sub>            | 5.504               |
| AT <sub>4</sub>            | 2.317               |
| AT <sub>5</sub>            | -                   |
| EC                         | -                   |
| QCA Levy                   | 0.00588             |

(b) The First Escalation Date is 1 October 2005.

## 6. Goonyella System

### 6.1 Application of this Clause

This Clause 6 should be read in conjunction with Part A and Clauses 1 to 4 of Part B of this Schedule F.

### 6.2 Term

The term of this Reference Tariff is from 1 July 2005 to the Terminating Date.

### 6.3 Reference Train Service Description

6.3.1 The Reference Train Service has the following characteristics:

- (a) a maximum length (including the locomotive/s) of 2082<sup>13</sup> metres;
- (b) a maximum axle load of 26 tonne for a wheel configuration consistent with M220<sup>14</sup> loading, or otherwise generates a loading equivalent to M220;
- (c) utilisation of either electric or diesel traction; and
- (d) measured as an average over a Year, a Stowage period (excluding Stowage due to the unavailability of the Nominated Infrastructure) for each Train Service of no greater than 1.8 hours.

6.3.2 The conditions of Access for the Reference Train Service include a Below Rail Transit Time which shall be determined as the sum of the nominated section running times for the Nominated Infrastructure (as included in the relevant Information Pack) plus (+) a factor of twenty-three percentage points (23%). If a Train Service varies from these section running times, but is otherwise subject to this Section, the Below Rail Transit Time will be determined as the sum of the nominated section running times for the Nominated Infrastructure

<sup>13</sup> This train length comprises the following: static train length (which is the straight addition of individual rollingstock lengths) plus an allowance of 2% of this static train length for train handling accuracy and for slack movement in draftgear (includes free slack in the drag box, compression of the draftgear, clearance/free slack due to coupler wear and pin clearance at the yoke).

<sup>14</sup> As specified in the ANZRC Railway Bridge Design Manual 1974.

(as included in the relevant Access Agreement) plus (+) a factor of twenty-three percentage points (23%).

6.3.3 For the North Goonyella Cluster, additional elements are specified in Clause 6.5. For the South Goonyella Cluster, additional elements are specified in Clause 6.6. For the West Goonyella Cluster, additional elements are specified in Clause 6.7. For the Gregory via Goonyella Cluster, additional elements are specified in Clause 6.8. For the Central Goonyella Cluster, additional elements are specified in Clause 6.9.

## 6.4 System Forecast and System Allowable Revenues

**[These figures will change if the System Forecast is not reset]**

| Year    | System Gtk<br>,000 gtk | System Allowable<br>Revenue – AT <sub>2-4</sub> | System Allowable<br>Revenue – AT <sub>5</sub> |
|---------|------------------------|---|---|
| 2005/06 | 29,729,473             |   |   |
| 2006/07 | 31,849,198             | 107,783,000                                     | 33,059,000                                    |
| 2007/08 | 35,639,115             | 124,492,000                                     | 37,917,000                                    |
| 2008/09 | 41,624,802             | 151,266,000                                     | 45,393,000                                    |

## 6.5 North Goonyella Cluster

### 6.5.1 Reference Train Service Description

#### 6.5.1.1 Loading Facilities

##### *Nominated Loading Facilities*

|                        | <i>Average Loading Time (hours) per<br/>return trip assessed on a monthly basis</i> |
|------------------------|---|
| • South Walker Creek   | 3.8   |
| • Macarthur/Coppabella | 3.9   |
| • Burton               | 3.8   |
| • Moranbah North       | 3.9   |
| • Goonyella            | 3.9   |
| • Riverside            | 4.6   |
| • North Goonyella      | 4.3   |
| • Moorvale             | 3.9   |
| • Carborough Downs     | 3.5 <sup>15</sup>   |
| • Isaac Plains         | 3.5 <sup>16</sup>   |

#### 6.5.1.2 Unloading Facilities

##### *Nominated Unloading Facilities*

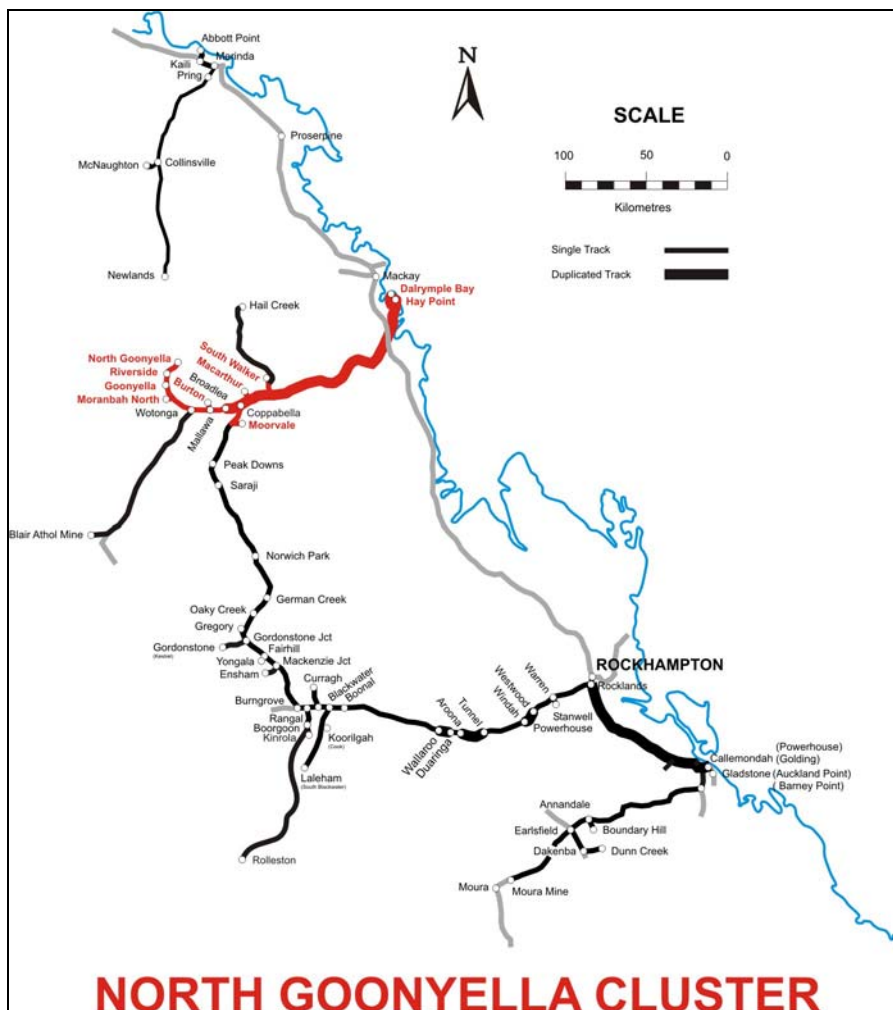
|                 | <i>Average Unloading Time (hours) per<br/>return trip assessed on a monthly basis</i> |
|-----------------|---|
| • Dalrymple Bay | 2.8   |

<sup>15</sup> This is an estimate of loading time for this Loading Facility. QR will review this loading time following commencement of the operation of Train Services from this Loading Facility. Until such review and approval of this or a varied loading time by the QCA, QR will not vary the Access Charge for a Train Service operating from this Loading Facility from the Reference Tariff due to the actual loading time for this Train Service varying from this estimate.

<sup>16</sup> This is an estimate of loading time for this Loading Facility. QR will review this loading time following commencement of the operation of Train Services from this Loading Facility. Until such review and approval of this or a varied loading time by the QCA, QR will not vary the Access Charge for a Train Service operating from this Loading Facility from the Reference Tariff due to the actual loading time for this Train Service varying from this estimate.

• Hay Point  
6.5.1.3 Cluster Map

2.8



(Note, the cluster map is shown in colour)

6.5.1.4 Additional Loading Facilities

A new coal loading facility may only be considered for addition to the above listed loading facilities if the loading facility itself, or the new Rail Infrastructure that will connect the loading facility to the existing Rail Infrastructure, will connect to the existing Rail Infrastructure at a point on the corridor between Mindi and North Goonyella or between Coppabella and Moorvale Junction or to any of the branch lines to any Nominated Loading Facility but excluding the corridors between Wotonga and Blair Athol and between Moorvale Junction and Oaky Creek.

## 6.5.2 Reference Tariff

(a) The Reference Tariff components (as at 1 July 2005) are:

| Reference Tariff Component | Reference Tariff \$ |
|----------------------------|---------------------|
| AT <sub>1</sub>            | 0.427               |
| AT <sub>2</sub>            | 800                 |
| AT <sub>3</sub>            | 2.127               |
| AT <sub>4</sub>            | 0.379               |
| AT <sub>5</sub>            | 1.004               |
| EC                         | 0.451               |
| QCA Levy                   | 0.00588             |

(b) The First Escalation Date is 1 October 2005.

## 6.6 South Goonyella Cluster

### 6.6.1 Reference Train Service Description

#### 6.6.1.1 Loading Facilities

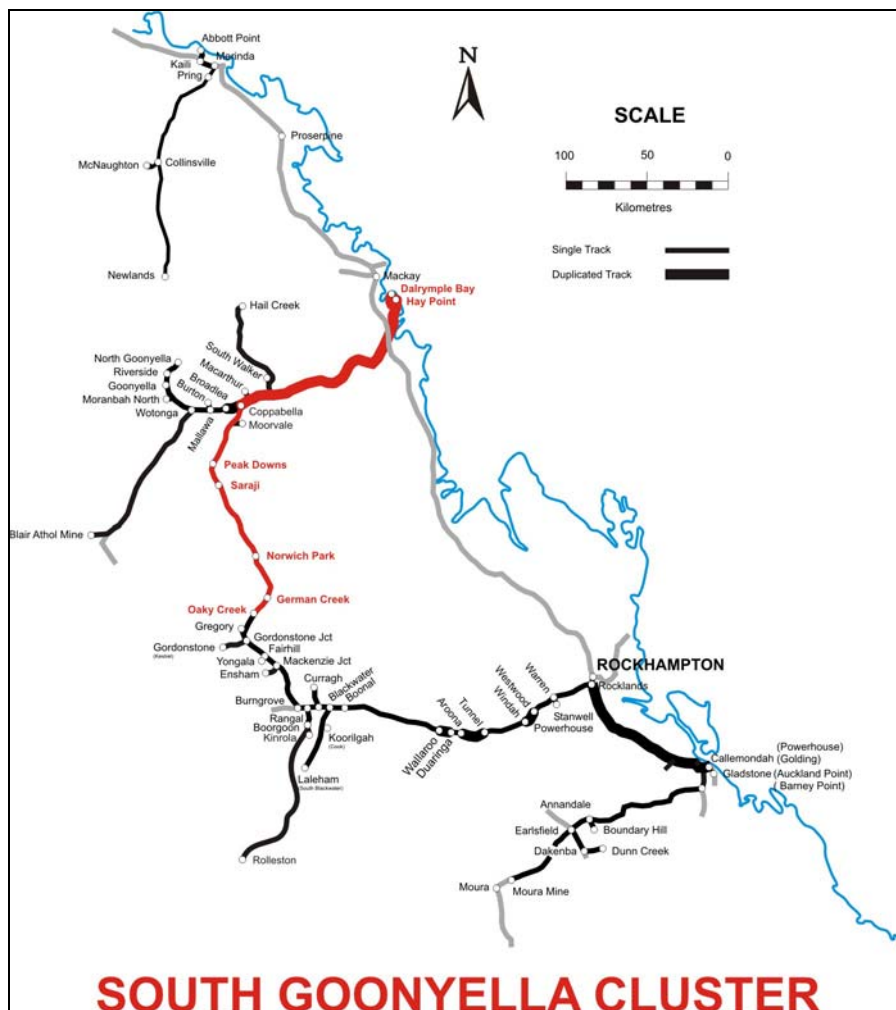
| <i>Nominated Loading Facilities</i> | <i>Average Loading Time (hours) per return trip assessed on a monthly basis</i> |
|-------------------------------------|---|
| • Peak Downs                        | 4.2   |
| • Saraji                            | 4.4   |
| • Norwich Park                      | 3.9   |
| • German Creek                      | 2.9   |
| • Oaky Creek                        | 3.8   |
| • Millennium                        | 3.0 <sup>17</sup>   |

#### 6.6.1.2 Unloading Facilities

| <i>Nominated Unloading Facilities</i> | <i>Average Unloading Time (hours) per return trip assessed on a monthly basis</i> |
|---------------------------------------|---|
| • Dalrymple Bay                       | 2.8   |
| • Hay Point                           | 2.8   |

<sup>17</sup> This is an estimate of loading time for this Loading Facility. QR will review this loading time following commencement of the operation of Train Services from this Loading Facility. Until such review and approval of this or a varied loading time by the QCA, QR will not vary the Access Charge for a Train Service operating from this Loading Facility from the Reference Tariff due to the actual loading time for this Train Service varying from this estimate.

6.6.1.3 Cluster Map



(Note, the cluster map is shown in colour)

6.6.1.4 Additional Loading Facilities

A new coal loading facility may only be considered for addition to the above listed loading facilities if the loading facility itself, or the new Rail Infrastructure that will connect the loading facility to the existing Rail Infrastructure, will connect to the existing Rail Infrastructure at a point on the corridor between Moorvale and Oaky Creek or to any of the branch lines to any Nominated Loading Facility but excluding the corridor to the junction south of the Gregory mine branch line.

### 6.6.2 Reference Tariff

(a) The Reference Tariff components (as at 1 July 2005) are:

| Reference Tariff Component | Reference Tariff \$ |
|----------------------------|---------------------|
| AT <sub>1</sub>            | 0.427               |
| AT <sub>2</sub>            | 960                 |
| AT <sub>3</sub>            | 2.216               |
| AT <sub>4</sub>            | 0.529               |
| AT <sub>5</sub>            | 1.004               |
| EC                         | 0.451               |
| QCA Levy                   | 0.00588             |

(b) The First Escalation Date is 1 October 2005.

## 6.7 West Goonyella Cluster

### 6.7.1 Reference Train Service Description

#### 6.7.1.1 Loading Facilities

*Nominated Loading Facilities*

- Blair Athol

*Average Loading Time (hours) per return trip assessed on a monthly basis*

3.1

#### 6.7.1.2 Unloading Facilities

*Nominated Unloading Facilities*

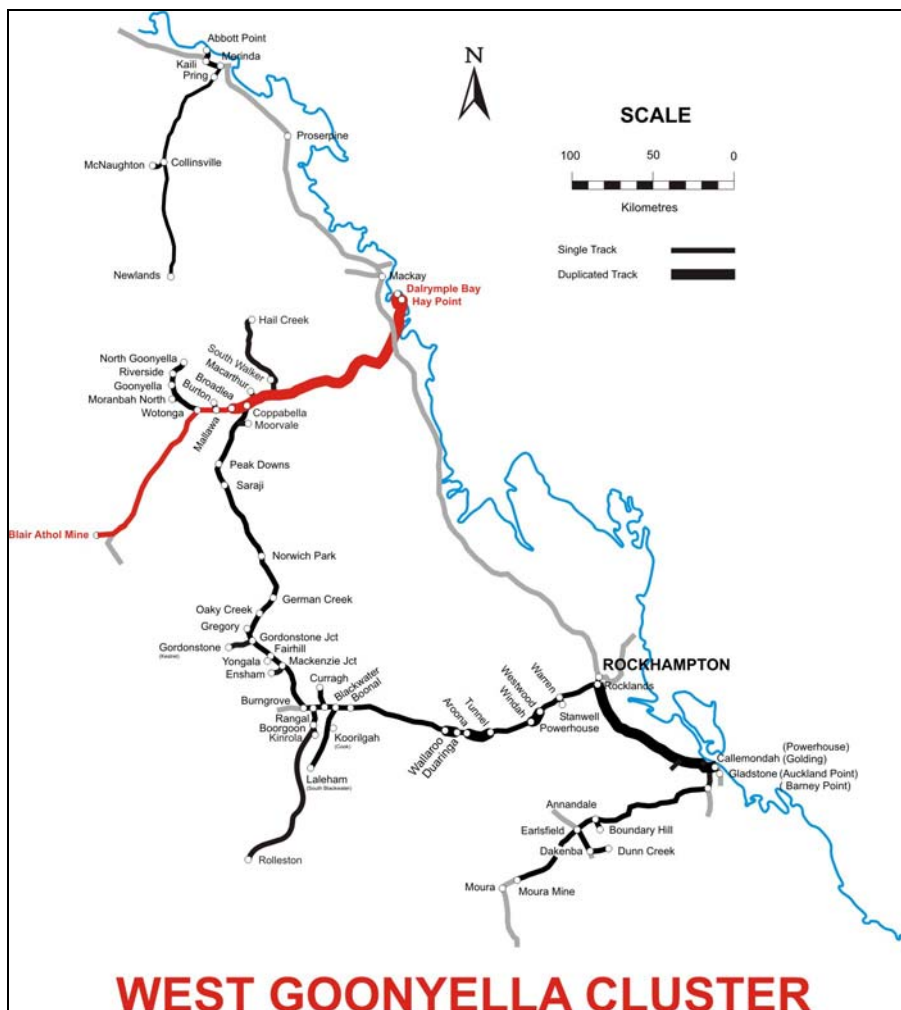
- Dalrymple Bay
- Hay Point

*Average Unloading Time (hours) per return trip assessed on a monthly basis*

2.8

2.8

6.7.1.3 Cluster Map



(Note, the cluster map is shown in colour)

6.7.1.4 Additional Loading Facilities

A new coal loading facility may only be considered for addition to the above listed loading facilities if the loading facility itself, or the new Rail Infrastructure that will connect the loading facility to the existing Rail Infrastructure, will connect to the existing Rail Infrastructure at a point on the corridor between Wotonga and Blair Athol.

### 6.7.2 Reference Tariff

(a) The Reference Tariff components (as at 1 July 2005) are:

| Reference Tariff Component | Reference Tariff \$ |
|----------------------------|---------------------|
| AT <sub>1</sub>            | 0.427               |
| AT <sub>2</sub>            | 800                 |
| AT <sub>3</sub>            | 2.254               |
| AT <sub>4</sub>            | 0.630               |
| AT <sub>5</sub>            | 1.004               |
| EC                         | 0.451               |
| QCA Levy                   | 0.00588             |

(b) The First Escalation Date is 1 October 2005.

## 6.8. Gregory Branch via Goonyella Cluster

### 6.8.1 Reference Train Service Description

#### 6.8.1.1 Loading Facilities

##### *Nominated Loading Facilities*

|                         |     |
|-------------------------|-----|
| • Gregory               | 3.6 |
| • Kestrel <sup>18</sup> | 4.8 |
| • Ensham <sup>18</sup>  | 4.2 |

##### *Average Loading Time (hours) per return trip assessed on a monthly basis*

#### 6.8.1.2 Unloading Facilities

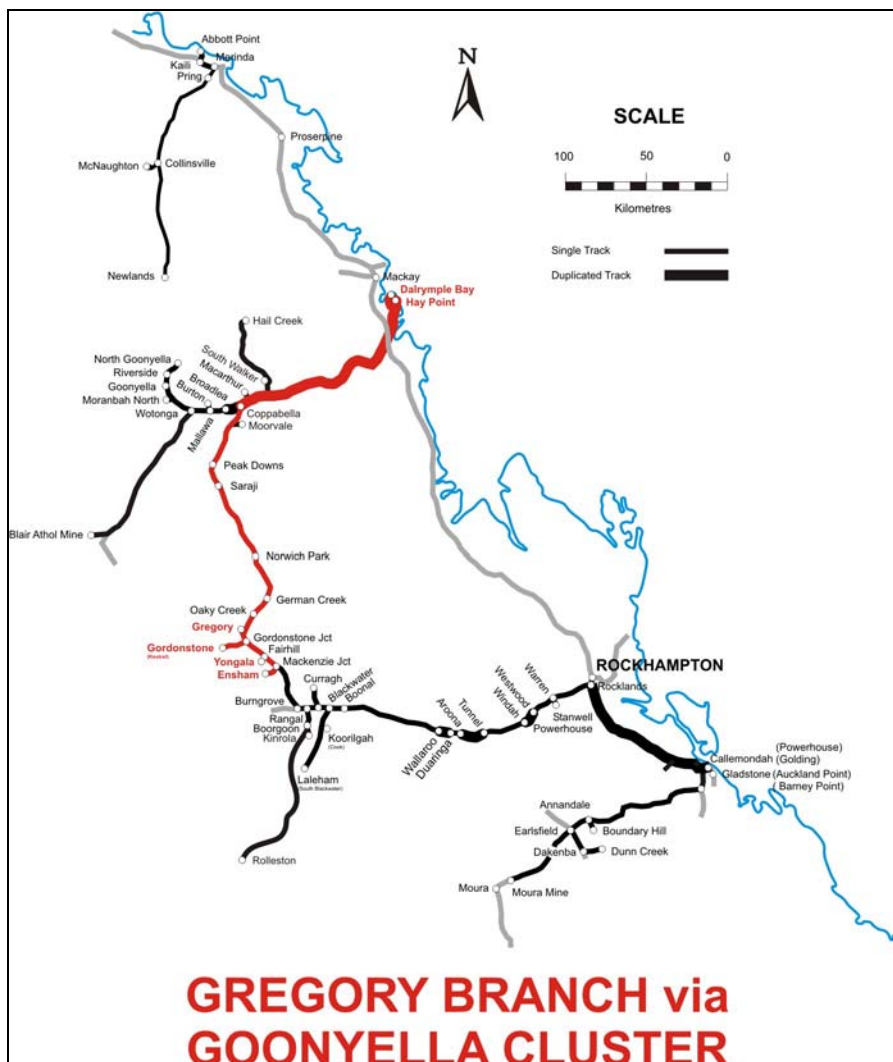
##### *Nominated Unloading Facilities*

|                 |     |
|-----------------|-----|
| • Dalrymple Bay | 2.8 |
| • Hay Point     | 2.8 |

##### *Average Unloading Time (hours) per return trip assessed on a monthly basis*

<sup>18</sup> These mines do not have angles to the north.

## 6.8.1.3 Cluster Map



(Note, the cluster map is shown in colour)

## 6.8.1.4 Additional Loading Facilities

A new coal loading facility may only be considered for addition to the above listed loading facilities if the loading facility itself, or the new Rail Infrastructure that will connect the loading facility to the existing Rail Infrastructure, will connect to the existing Rail Infrastructure at a point on the corridor between Gregory mine and Burngrove or to any of the branch lines to any Nominated Loading Facility but excluding the corridors towards Oaky Creek and Bluff.

## 6.8.2 Reference Tariff

(a) The Reference Tariff components (as at 1 July 2005) are:

| Reference Tariff Component | Reference Tariff \$ |
|----------------------------|---------------------|
| AT <sub>1</sub>            | 0.427               |
| AT <sub>2</sub>            | 960                 |
| AT <sub>3</sub>            | 2.630               |
| AT <sub>4</sub>            | 0.823               |
| AT <sub>5</sub>            | 1.004               |
| EC                         | 0.451               |
| QCA Levy                   | 0.00588             |

(b) The First Escalation Date is 1 October 2005.

## 6.9. Central Goonyella Cluster

### 6.9.1 Reference Train Service Description

#### 6.9.1.1 Loading Facilities

##### *Nominated Loading Facilities*

- Hail Creek

*Average Loading Time (hours) per return trip assessed on a monthly basis*

4.1

#### 6.9.1.2 Unloading Facilities

##### *Nominated Unloading Facilities*

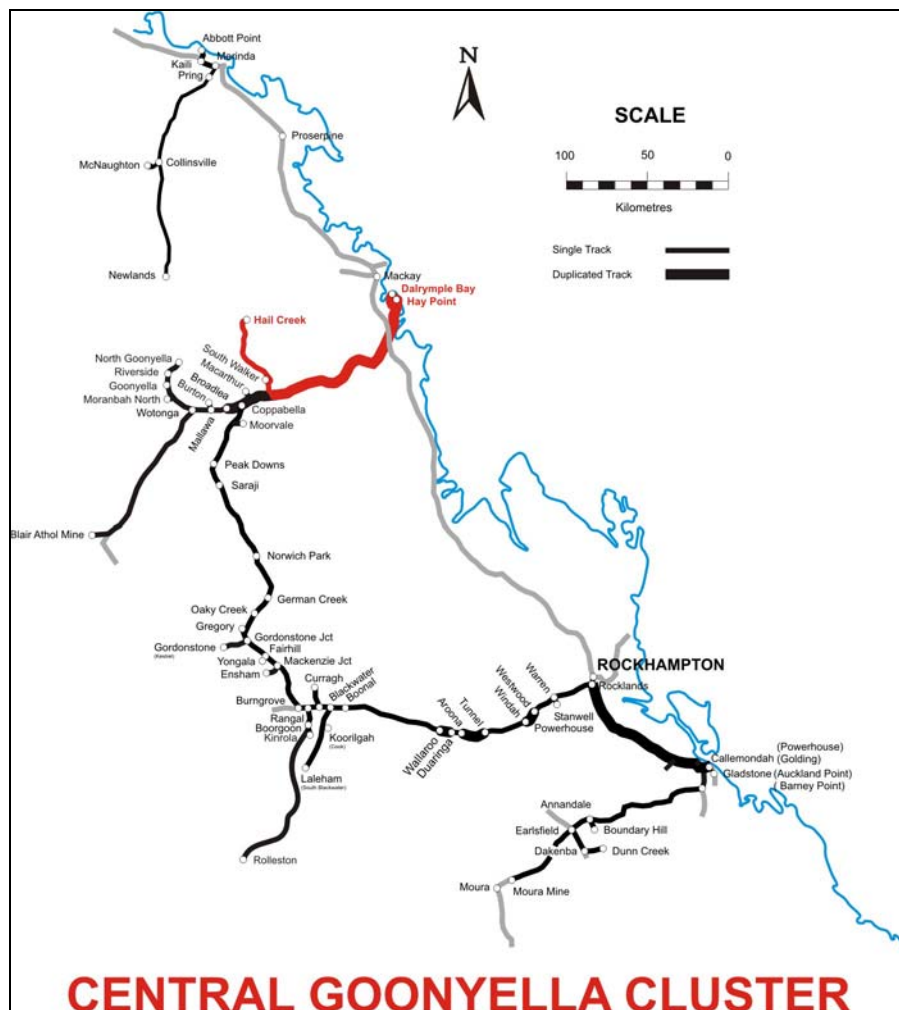
- Dalrymple Bay
- Hay Point

*Average Unloading Time (hours) per return trip assessed on a monthly basis*

2.8

2.8

6.9.1.3 Cluster Map



(Note, the cluster map is shown in colour)

6.9.1.4 Additional Loading Facilities

A new coal loading facility may only be considered for addition to the above listed loading facilities if the loading facility itself, or the new Rail Infrastructure that will connect the loading facility to the existing Rail Infrastructure, will connect to the existing Rail Infrastructure at a point on the corridor between South Walker Creek Junction and Hail Creek.

## 6.9.2 Reference Tariff

(a) The Reference Tariff components (as at 1 July 2005) are:

| Reference Tariff Component | Reference Tariff \$ |
|----------------------------|---------------------|
| AT <sub>1</sub>            | 0.427               |
| AT <sub>2</sub>            | 800                 |
| AT <sub>3</sub>            | 3.624               |
| AT <sub>4</sub>            | 0.656               |
| AT <sub>5</sub>            | 1.004               |
| EC                         | 0.451               |
| QCA Levy                   | 0.00588             |

(b) The First Escalation Date is 1 October 2005

## 7. Moura Cluster

### 7.1 Application of this Clause

This Clause 7 should be read in conjunction with Part A and Clauses 1 to 4 of Part B of this Schedule F.

### 7.2 Term

The term of this Reference Tariff is from 1 July 2005 to the Terminating Date.

### 7.3 Reference Train Service Description

7.3.1 The Reference Train Service has the following characteristics:

- (a) a maximum length (including the locomotive/s) of 1000<sup>19</sup> metres;
- (b) a maximum axle load of 26 tonne for a wheel configuration consistent with M220<sup>20</sup> loading, or otherwise generates a loading equivalent to M220;
- (c) utilisation of diesel traction; and
- (d) measured as an average over a Year, a Stowage period (excluding Stowage due to the unavailability of the Nominated Infrastructure) for each Train Service of no greater than 3.2 hours.

7.3.2 The conditions of Access for the Reference Train Service include a Below Rail Transit Time which shall be determined as the sum of the nominated section running times for the Nominated Infrastructure (as included in the relevant Information Pack) plus (+) a factor of thirty percentage points (30%). If a Train Service varies from these section running times, but is otherwise subject to this Section, the Below Rail Transit Time will be determined as the sum of the nominated section running times for the Nominated Infrastructure (as included

<sup>19</sup> This train length comprises the following: static train length (which is the straight addition of individual rollingstock lengths) plus an allowance of 2% of this static train length for train handling accuracy and for slack movement in drawgear (includes free slack in the drag box, compression of the draftgear, clearance/free slack due to coupler wear and pin clearance at the yoke).

<sup>20</sup> As specified in the ANZRC Railway Bridge Design Manual 1974.

in the relevant Access Agreement) plus (+) a factor of thirty percentage points (30%).

### 7.3.3 Loading Facilities

| <i>Nominated Loading Facilities</i> | <i>Average Loading Time (hours) per return trip assessed on a monthly basis</i> |
|-------------------------------------|---|
| • Boundary Hill                     | 3.4   |
| • Dunn Creek/Callide Coal Fields    | 4.2   |
| • Moura Mine                        | 3.6   |
| • Baralaba                          | 4.9 <sup>21</sup>   |

### 7.3.4 Unloading Facilities

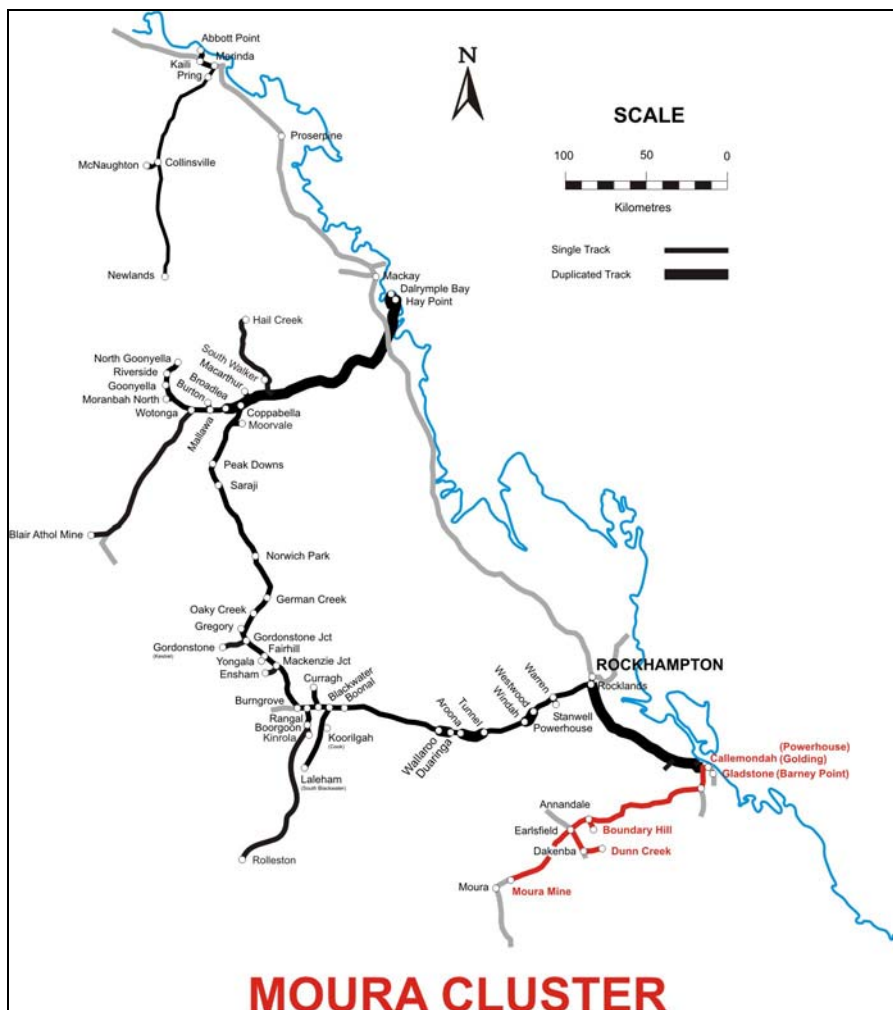
| <i>Nominated Unloading Facilities</i>        | <i>Average Unloading Time (hours) per return trip assessed on a monthly basis</i><br><i>Year</i> |
|--|--|
| • Golding/RG Tanna Terminal                  | 1.5  |
| • Barney Point                               | 3.1  |
| • Gladstone Power Station                    | 3.3  |
| • Queensland Alumina Ltd (QAL) <sup>22</sup> | 8.9  |
| • Cement Australia                           | 4.3  |
| • Comalco Refinery                           | 3.1 <sup>23</sup>  |

<sup>21</sup> This is an estimate of loading time for this Loading Facility based on the actual data to date. QR will review this loading time following the Commencing Date. Until such review and approval of this or a varied loading time by the QCA, QR will not vary the Access Charge for a Train Service operating from this Loading Facility from the Reference Tariff due to the actual loading time for this Train Service varying from this estimate.

<sup>22</sup> The average Unloading Time for the QAL refinery represents the average time the Train Service is off the Rail Infrastructure on the relevant Private Infrastructure.

<sup>23</sup> This is an estimate of unloading time for this Unloading Facility based on the actual data to date. QR will review this unloading time following the Commencing Date. Until such review and approval of this or a varied unloading time by the QCA, QR will not vary the Access Charge for a Train Service operating to this Unloading Facility from the Reference Tariff due to the actual unloading time for this Train Service varying from the estimate.

### 7.3.5 Cluster Map



(Note, the cluster map is shown in colour)

### 7.3.6 Additional Loading Facilities

A new coal loading facility may only be considered for addition to the above listed loading facilities if the loading facility itself, or the new Rail Infrastructure that will connect the loading facility to the existing Rail Infrastructure, will connect to the existing Rail Infrastructure at a point on the corridor between Annandale and Moura Mine or to any of the branch lines to any Nominated Loading Facility.

## 7.4 Reference Tariff

(a) The Reference Tariff components (as at 1 July 2005) are:

| Reference Tariff Component | Reference Tariff \$ |
|----------------------------|---------------------|
| AT <sub>1</sub>            | 1.158               |
| AT <sub>2</sub>            | 416                 |
| AT <sub>3</sub>            | 5.880               |
| AT <sub>4</sub>            | 0.961               |
| AT <sub>5</sub>            | 0                   |
| EC                         | 0                   |
| QCA Levy                   | 0.00588             |

(b) The First Escalation Date is 1 October 2005.

## 7.5 System Forecast and System Allowable Revenue

**[These figures will change if the System Forecast is not reset]**

| Year    | System GtK<br>,000 gtk | System Allowable<br>Revenue – AT <sub>2-4</sub> |
|---------|------------------------|---|
| 2005/06 | 2,404,936              |   |
| 2006/07 | 2,881,304              | 23,881,000                                      |
| 2007/08 | 3,705,743              | 31,304,000                                      |
| 2008/09 | 4,390,758              | 37,787,000                                      |

## 8. Newlands Cluster

### 8.1 Application of this Clause

This Clause 8 should be read in conjunction with Part A and Clauses 1 to 4 of Part B of this Schedule F.

### 8.2 Term

The term of this Reference Tariff is from 1 July 2005 to the Terminating Date.

### 8.3 Reference Train Service Description

8.3.1 The Reference Train Service has the following characteristics:

- (a) a maximum length (including the locomotive/s) of 1380<sup>24</sup> metres;
- (b) a maximum axle load of 20 tonne for a wheel configuration consistent with M160<sup>25</sup> loading, or otherwise generates a loading equivalent to M160;

<sup>24</sup> This train length comprises the following: static train length (which is the straight addition of individual rollingstock lengths) plus an allowance of 2% of this static train length for train handling accuracy and for slack movement in drawgear (includes free slack in the drag box, compression of the draftgear, clearance/free slack due to coupler wear and pin clearance at the yoke).

- (c) utilisation of diesel traction; and
- (d) measured as an average over a Year, a Stowage period (excluding Stowage due to the unavailability of the Nominated Infrastructure) for each Train Service of no greater than 2.4 hours.

8.3.2 The conditions of Access for the Reference Train Service include a Below Rail Transit Time which shall be determined as the sum of the nominated section running times for the Nominated Infrastructure (as included in the relevant Information Pack) plus (+) a factor of eighteen percentage points (18%). If a Train Service varies from these section running times, but is otherwise subject to this Section, the Below Rail Transit Time will be determined as the sum of the nominated section running times for the Nominated Infrastructure (as included in the relevant Access Agreement) plus (+) a factor of eighteen percentage points (18%).

### 8.3.3 Loading Facilities

| <i>Nominated Loading Facilities</i> | <i>Average Loading Time (hours) per return trip assessed on a monthly basis</i> |
|-------------------------------------|---|
| • Newlands                          | 1.8   |
| • McNaughton                        | 2.5   |
| • Sonoma                            | 2.0 <sup>26</sup>   |

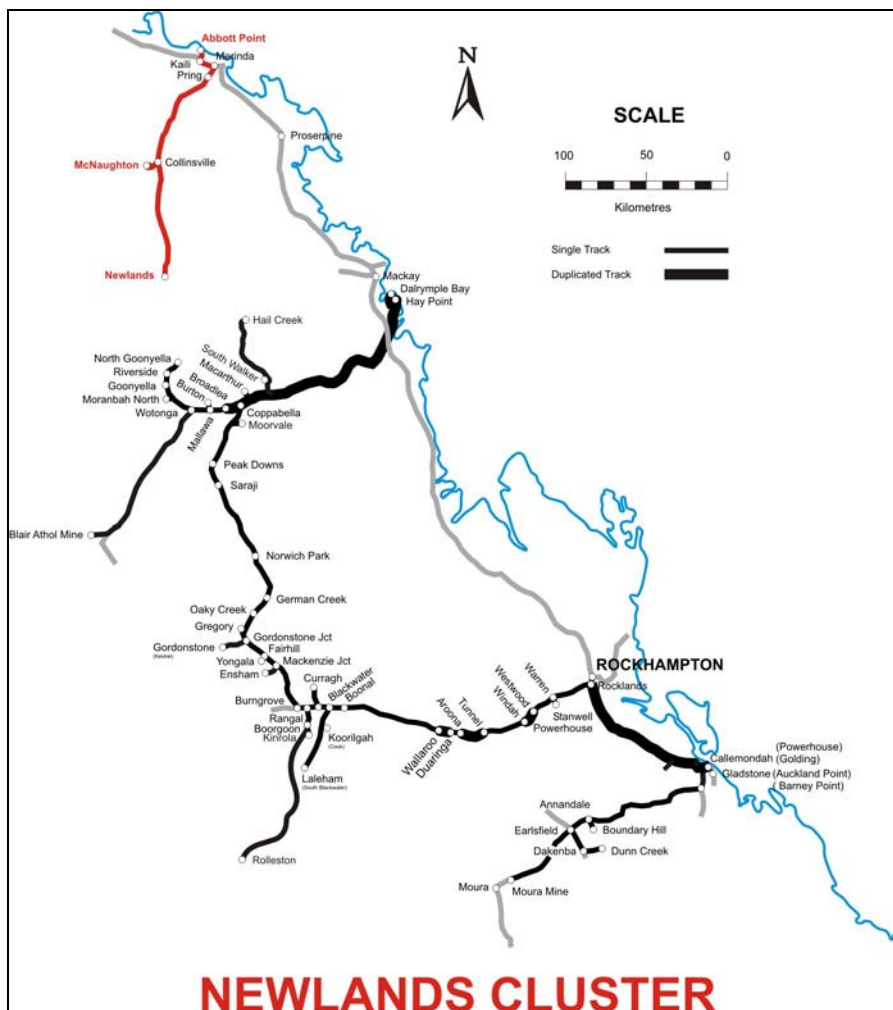
### 8.3.4 Unloading Facilities

| <i>Nominated Unloading Facilities</i> | <i>Average Unloading Time (hours) per return trip assessed on a monthly basis</i> |
|---------------------------------------|---|
| • Abbot Point                         | 1.6   |

<sup>25</sup> As specified in the ANZRC Railway Bridge Design Manual 1974.

<sup>26</sup> This is an estimate of loading time for this Loading Facility. QR will review this loading time following commencement of the operation of Train Services from this Loading Facility. Until such review and approval of this or a varied loading time by the QCA, QR will not vary the Access Charge for a Train Service operating from this Loading Facility from the Reference Tariff due to the actual loading time for this Train Service varying from this estimate.

### 8.3.5 Cluster Map



(Note, the cluster map is shown in colour)

### 8.3.6 Additional Loading Facilities

A new coal loading facility may only be considered for addition to the above listed loading facilities if the loading facility itself, or the new Rail Infrastructure that will connect the loading facility to the existing Rail Infrastructure, will connect to the existing Rail Infrastructure at a point on the corridor between Collinsville and Newlands, or to the Line Section between Collinsville and McNaughton.

#### 8.4 Reference Tariff

(a) The Reference Tariff components (as at 1 July 2005) are:

| Reference Tariff Component | Reference Tariff \$ |
|----------------------------|---------------------|
| AT <sub>1</sub>            | 1.203               |
| AT <sub>2</sub>            | 186                 |
| AT <sub>3</sub>            | 4.652               |
| AT <sub>4</sub>            | 0.658               |
| AT <sub>5</sub>            | 0                   |
| EC                         | 0                   |
| QCA Levy                   | 0.00588             |

(b) The First Escalation Date is 1 October 2005.

#### 8.5 System Forecast and System Allowable Revenue

**[These figures will change if the System Forecast is not reset]**

| Year    | System Gvk<br>,000 gvk | System Allowable<br>Revenue – AT <sub>2-4</sub> |
|---------|------------------------|---|
| 2005/06 | 2,844,447              |   |
| 2006/07 | 3,459,063              | 21,823,000                                      |
| 2007/08 | 3,733,799              | 23,996,000                                      |
| 2008/09 | 4,168,528              | 27,234,000                                      |

## Part C. – Provisions Specific to Individual Reference Train Services in the Western System

### 1. Application of this Clause

This Part C should be read in conjunction with Part A of this Schedule F.

### 2. Term

The term of this Reference Tariff is from 1 July 2005 to the Terminating Date.

### 3. Reference Train Service Characteristics

3.1 Further to Subclause 2.3.1 of Schedule F, Part A, the Reference Train Service has the following characteristics:

- (a) a train length (including the locomotive/s) of 675 metres<sup>27</sup>;
- (b) a maximum axle load of 15.75 tonne; and
- (c) utilisation of diesel traction.

3.2 An Access Seeker for a Reference Train Service will have its Train Service Entitlement:

- (a) based on its Trains being available for operation 24 hours per day and 360 days per year; and
- (b) specified in terms of Timetabled Traffic and will comply with the applicable corridor scheduling procedures.

3.3 Loading Facilities

| <i>Nominated Loading Facilities</i> | <i>Average Loading Time (hours) per return trip assessed on a monthly basis</i> |
|-------------------------------------|---|
|-------------------------------------|---|

- |                             |     |
|-----------------------------|-----|
| • Ebenezer                  | 2.3 |
| • Jondaryan (New Acland)    | 2.5 |
| • Macalister (Wilkie Creek) | 3.3 |

3.4 Unloading Facilities

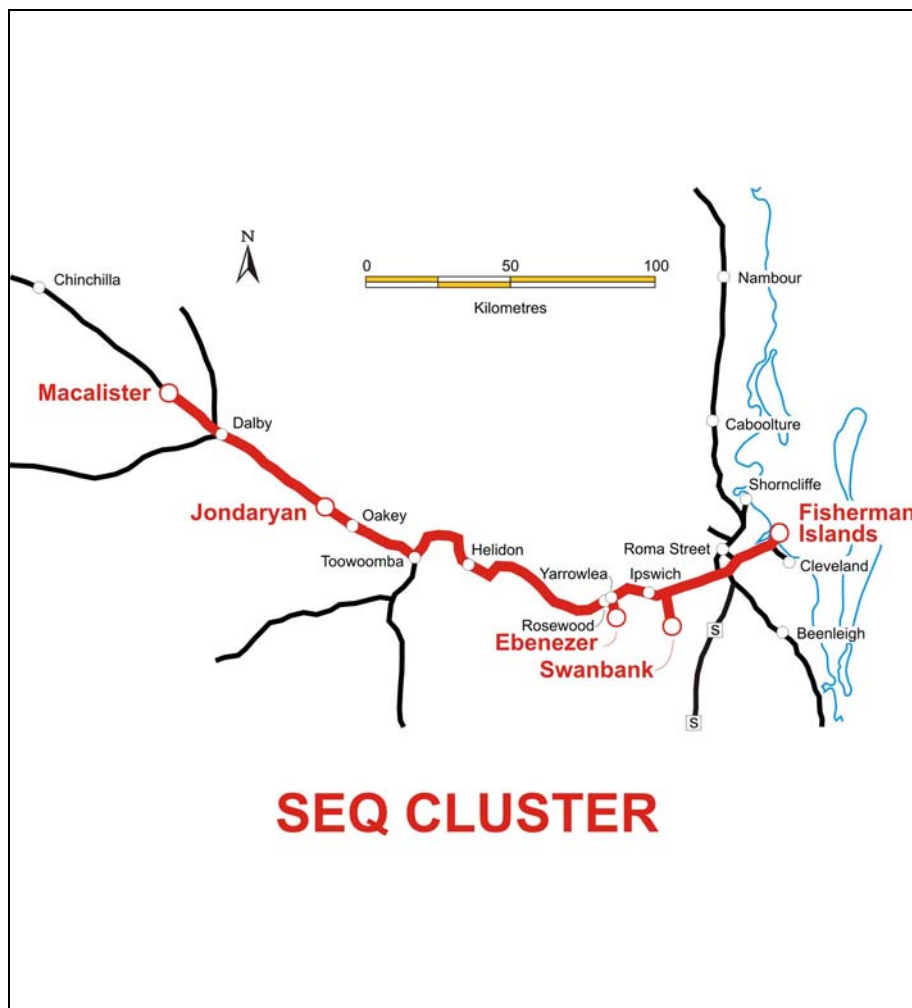
| <i>Nominated Unloading Facilities</i> | <i>Average Unloading Time (hours) per return trip assessed on a monthly basis</i> |
|---------------------------------------|---|
|---------------------------------------|---|

- |                                 |                   |
|---------------------------------|-------------------|
| • Fisherman Islands coal loader | 2.3               |
| • Swanbank                      | 2.0 <sup>28</sup> |

<sup>27</sup> This train length comprises the following: static train length (which is the straight addition of individual rollingstock lengths) plus an allowance of 2% of this static train length for train handling accuracy and for slack movement in drawgear (includes free slack in the drag box, compression of the draftgear, clearance/free slack due to coupler wear and pin clearance at the yoke).

<sup>28</sup> This is an estimate of unloading time for this Unloading Facility based on the actual data to date. QR will review this unloading time following the Commencing Date. Until such review and approval of this or a varied unloading time by the QCA, QR will not vary the Access Charge for a Train Service operating to this Unloading Facility from the Reference Tariff due to the actual unloading time for this Train Service varying from the estimate.

### 3.5 Cluster Map



(Note, the cluster map is shown in colour)

### 3.6 Additional Loading Facilities

A new coal loading facility may only be considered for addition to the above listed loading facilities if the loading facility itself, or the new Rail Infrastructure that will connect the loading facility to the existing Rail Infrastructure, will connect to the existing Rail Infrastructure at a point on the corridor between Bundamba and Macalister or to any of the branch lines to any Nominated Loading Facility

## 4. Reference Tariff

4.1 The applicable Reference Tariff for the nominated Reference Train Service shall be assessed as:

$$\left( AT_1 \times \frac{gtk}{1000} \right) + (QCALevy \times nt)$$

where:

- $AT_1$  is the variable part of the Reference Tariff that is levied on a gross tonne kilometre basis specified as  $AT_1$  for the nominated Reference Train Service in this Part C;
- gtk is the gross tonne kilometres attributed to the relevant Train Service, being the total gross weight (in tonnes) of the Rollingstock utilised in the relevant Train Service (including all goods, product, persons or matter carried) multiplied by the distance (in kilometres) travelled by the Train Service;
- nt is the net tonnes attributed to the relevant Train Service, being the total gross weight (in tonnes) of the Rollingstock when loaded utilised in the relevant Train Service (including all goods, product, persons or matter carried) less the weight of such Rollingstock (in tonnes) when empty; and

QCA Levy is the fee allocated to the nominated Reference Train Service to cover the fees imposed by the QCA upon beneficiaries of its regulatory services.

- 4.2 The amounts of  $AT_1$  and the QCA Levy specified in this Part C are GST exclusive. An amount for GST will be added to the total calculated Access Charge, in accordance with the provisions of the applicable Access Agreement, when an Access Holder is invoiced.
- 4.3 For the purposes of this Part C, a Train Service is a one way Train Service, that is, the journey from the Nominated Loading Facility to the Nominated Unloading Facility is one Train Service, and the return journey from the Nominated Unloading Facility to the Nominated Loading Facility is a second Train Service.
- 4.4 For the purposes of this Clause 4, the gtk measure shall be assessed for the relevant Train Service over the Billing Period for which the Reference Tariff is being calculated.
- 4.5 The amount of the Reference Tariff is:
- (a) The Reference Tariff components (as at 1 July 2005) are:

| Reference Tariff Component | Reference Tariff<br>\$ |
|----------------------------|------------------------|
| $AT_1$                     | 10.50                  |
| QCA Levy                   | 0.00588                |

- (b) The First Escalation Date is 1 October 2005.

## 5. Take or Pay

- 5.1 QR will be entitled to earn Take or Pay revenue in accordance with the provisions of this Clause 5.
- 5.2 Take or Pay revenue from a particular Reference Train Service will be determined for each Year, and invoiced following completion of that Year, as the amount which is eighty percentage points (80%) of the amount calculated by multiplying:

- (a)  $AT_1$  (at the rate applicable in the final Quarter of the Year); by
- (b) the gtk calculated by:
  - (i) the gtk that would have been achieved for the subject Year had the full contracted entitlement been railed for the relevant Train Service; less
  - (ii) the gtk not railed for the subject Year due to the non operation of Train Services for a QR Cause; less
  - (iii) the gtk railed for the subject Year;

provided always that the amount of Take or Pay for the Year shall not be less than zero.

5.3 In order to calculate gtk for the purposes of Subparagraphs 5.2(b)(i) and (ii), QR will:

- (a) identify from the Access Agreement the number of train paths that would have been utilised had the full contracted entitlement been attained; and
- (b) determine the number of train paths that were not utilised due to a QR Cause,

and convert this to gtk by using a nominal payload per loaded Train Service as reasonably determined by QR.

5.4 QR shall provide to the Access Holder information on how it has determined the amount of the Take or Pay at the same time as it is invoiced.