



3 January 2006

Mr E J Hall
Chief Executive
Queensland Competition Authority
Level 19, 12 Creek Street
BRISBANE QLD 4000

Dear Mr Hall

RE: DALRYMPLE BAY COAL TERMINAL DRAFT ACCESS UNDERTAKING

We refer to the Queensland Competition Authority's ("the Authority") Final Decision on the Dalrymple Bay Coal Terminal ("DBCT") Draft Access Undertaking ("DAU") dated April 2005 ("the Final Decision"). In its Final Decision, the Authority rejected the DAU submitted by BBI (DBCT) Management Pty Limited ("BBI") on 20 June 2003.

Since the date on which the Authority published its Final Decision, BBI has amended the DAU to accord with the principles in the Authority's Final Decision and has been negotiating appropriate amendments to the DAU with representatives of its DBCT customers ("DBCT Users"). The objectives of these negotiations were to:

- agree to a form of the DAU that was acceptable to both BBI and the DBCT Users (based substantially on the Authority's Final Decision); and
- agree to a form of the DAU that the Authority would be able to accept in accordance with its statutory assessment criteria.

The attached DAU (including the Standard Access Agreement - SAA) is the outcome of lengthy and comprehensive negotiations between BBI and DBCT Users' representatives and represents compromises by both sides made in a spirit of co-operation as parties aimed to reach a consensus position for submission to the Authority.

As the attached DAU reflects the outcome of these lengthy and comprehensive negotiations and is based substantially on the Authority's Final Decision, BBI does not consider an accompanying submission to be necessary. While the DBCT Users' representatives who participated in the negotiations represented all current DBCT Users, the Authority would be aware that the DBCT Users' representatives were unable to obtain the unanimous agreement of all DBCT Users on a small number of matters, with agreement being reached on those matters between BBI and the majority of DBCT Users. Accordingly, it is still possible that an individual DBCT User or Users (or indeed other interested parties) may make a submission to the Authority in their own right. If any such submission is received by the Authority and such a submission seeks amendment to a material or significant aspect of the DAU, BBI intends, in such circumstances, to provide the Authority with an appropriate response to that submission.

While by no means an exhaustive list of the matters negotiated between BBI and the DBCT Users' representatives, there are a number matters which we would, in particular, wish to draw to your attention:

1. As you are already aware, the DBCT Users believe that the Authority should reduce the Annual Revenue Requirement set in its Final Decision because they say it:
 - fails to take account of a timing benefit associated with receiving revenue payments throughout the year, rather than at the end of the year, while at the same time;
 - incorporates a working capital provision in the asset base.

BBI does not agree with the DBCT Users' position on this matter, however, a compromise position has been agreed between DBCT Users representatives and BBI in order to facilitate finalisation of the DAU. In summary (and assuming that there are no other changes to the ARR - for example to reflect the proposed method of dealing with the Short Gain Expansion discussed at (2) below), the 'raw' ARR detailed in the Final Decision as adjusted for the compromise position agreed by BBI and the DBCT Users' representatives is as follows:

	\$000
2004/05	86,818
2005/06	88,712
2006/07	91,016
2007/08	91,964
2008/09	92,845
to 31 December 2009	45,804

This compromise position is reflected in the attached DAU.

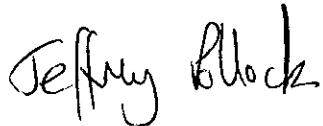
2. The DBCT Users favoured an Annual Revenue Requirement (ARR) based on the "raw" rather than the "smoothed" ARR, with the Short Gain Expansion dealt with in the same manner as potential future expansion (i.e. the actual cost of the expansion would be included in the regulated asset base when the expansion was completed and commissioned, and the ARR and associated terminal infrastructure charge adjusted to reflect the increased asset value as at that date). BBI believes this to be a reasonable approach. Again this negotiated position is reflected in the attached DAU.
3. The expansion protocol (section 12.5 of the DAU) contained in the attached DAU is based on that proposed by the Authority. However, a number of amendments have been made to the expansion protocol from that proposed by the Authority to address practical considerations associated with expansion at DBCT. The expansion protocol included in the attached DAU is supported by BBI and the DBCT Users' representatives.
4. The DAU submitted by BBI on 20 June 2003 did not include a SAA but instead included at Schedule B a number of principles to be included in a SAA. The attached DAU now includes (as Schedule B) a detailed SAA which is the outcome of lengthy negotiations between BBI and the DBCT Users' representatives and reflects the agreed positions of the parties.

The attached DAU is submitted under section 136 of the *Queensland Competition Authority Act 1997*.

We would be happy to discuss any aspect of the attached DAU (including the SAA) with you. Should you have any questions or comments on the DAU (including the SAA), or this letter, please do not hesitate to contact me.

Yours sincerely

BBI (DBCT) MANAGEMENT PTY LIMITED

A handwritten signature in black ink that reads "Jeffrey Pollock". The signature is written in a cursive, slightly slanted style.

Jeff Pollock

CHIEF OPERATING OFFICER