

APPENDIX A - DETAILED AMENDMENTS TO DRAFT 2009 UNDERTAKING

INTRODUCTION

This document provides a detailed list of amendments to QR Network's draft 2009 Undertaking which was submitted to the QCA for assessment in September 2008.

These amendments are reflected in the mark-up of the drafting which accompanies this document at Volume 3. The provided markup in Volume 3 is against the 2009 DAU document submitted to the QCA in September 2008.

This document **does not** provide commentary on drafting where QR Network does not accept the QCA's decision and has not altered its original drafting.

Layout of the Submission

The table at the beginning of each Part outlines:

- the clause effected by redrafting
- the relevant issue addressed
- reference to the relevant section of QCA's draft decision (where applicable)
- the reason for the drafting amendment.

The "Basis for change" column in the tables below shows the following categories:

- Accept DD – Means drafting that has been modified based on full acceptance of the Draft Decision or acceptance with only very minor amendments.
- Accept DD with alternate drafting – Means drafting that has been modified based on a general acceptance of the Draft Decision or its intent, but with drafting that QR Network believes better meets this intent or could be improved.
- Reject DD with alternate drafting – Means drafting that has been modified based on a rejection of the Draft Decision with revised drafting proposed by QR Network.
- New Issue – Means drafting that has been modified or inserted based on a new issue since the 2009DAU was submitted.

Further discussion of the amendments is included under each issue heading following the summary table in each Part. The number(s) in brackets next to each issue heading is the clause(s) which is being affected by the amendments.

References

In this submission:

- References to QR Network are in the context of QR Network's activities which are proposed to be regulated by the 2009 Undertaking.
- References to UT1 are to the period covered by the 2001 Undertaking, effective 1 July 2001.
- References to UT2 are to the period covered by the 2005 Undertaking, effective 1 July 2005, and the 2008 Undertaking effective 1 September 2008.
- References to UT3 are to the period covered by the 2009 Undertaking which is expected to become effective from 1 July 2010, except for the reference tariffs which will be applied retrospectively from 1 July 2009.
- References to the draft 2009 Undertaking refers to the submission made by QR Network to the QCA on 9 September 2008.
- References to the 2010DAU are to this submission (April 2010).
- References to "mines" are to coal mine owners as end customers pursuant to a haulage agreement with an Access Holder.
- Other than for Internal Access Agreements and Rail Transport Infrastructure which are referenced in the 2008 Undertaking, defined terms in the submission have the meaning given in the 2010 DAU.

Other amendments

This document does not detail:

- minor corrections to formatting and typographical errors
- minor consequential amendments.

PART 1 - PREAMBLE

No changes are proposed.

PART 2 – INTENT AND SCOPE

The following amendments have been made to the drafting in part 2 of QR Network's 2010 Draft Access Undertaking.

Clause	Issue	QCA draft decision reference	Basis for change
2.2	Non-Discriminatory Access	NA	New Issue
2.3	Intent of Undertaking	2.4	Accept DD with alternate drafting
2.4, 3.7.2	Scope of Undertaking	2.1-2.3	Accept DD
2.6	Draft Incentive Framework	NA	New Issue
Part 12	Early Termination Triggers	2.5	Accept DD
Part 12	Transitional Arrangements	NA	New Issue

Non Discriminatory Access (2.2)

QR Network inserts new provisions as part of its commitment to provide non-discriminatory access to both access holders and seekersexcept where there is an express provision to the contrary in the Undertaking or, in respect of an Access Holder, in an Access Agreement with that Access Holder.

Clause 2.2 has been inserted to stipulate QR Network's commitment to provide non-discriminatory access but with the stated exceptions.

Clause 2.2 also includes a mechanism which allows an Access Seeker or Access Holder to lodge a formal complaint with QR Network if it believes that this clause has not been applied. This then provides the ability for the Access Seeker or Holder to formally complain to the QCA about the application of the non-discriminatory access provisions if its complaint has not been resolved and the ability for the QCA to instigate an Audit in accordance with clause 10.3 of the Undertaking.

Intent of Access Undertaking (2.3)

This has been changed to better align with the QCA Act, as requested by the QCA in the Draft Decision, particularly with respect to the pricing principles set out in section 168A of the Act. QR Network accepts the proposed drafting to acknowledge that QR

Network is part of a wider supply change. It does not accept the proposed drafting to balance its legitimate business interests with the pricing principles in all matters.

Clause 2.3(f)(v) has been added to reflect the alignment with the pricing principles, consequently items under clause 2.2(b)(vi)(A) from the 2009DAU have been removed. Clauses 2.3(e) and 2.3(f)(iv) have been included to reflect the QCA proposed drafting to acknowledge QR Network's role in the supply chain.

Scope of Undertaking (2.4, 3.7.2)

The QCA requested that QR Network procure an Undertaking from the QR Ltd Board which obliges QR Ltd or QR related parties to allow QR Network to obtain ownership or access to land for the purpose of providing access to the declared service; the supply of electric energy; and compliance with Ringfencing requirements in QR Network's Undertaking.

QR Network accepts this obligation and has amended Part 2 of the Undertaking to give effect to these provisions.

Clause 3.7.2 has been inserted to outline the process that an access seeker or holder can follow if it wishes to obtain access to rail transport infrastructure owned by a QR party. Clause 3.7.2(c) has also been included to allow an access seeker or holder to utilise the dispute resolution process under clause 10.1 if it disagrees with the outcome of its request.

Consistent with the QCA's decision 2.3, QR Network has amended clause 2.4(e) to extend its application to related parties of QR Network.

Draft Incentive Framework (2.6)

The draft incentive framework was discussed in detail in Volume 1 of this submission.

Early Termination Triggers (Part 12)

The proposed early termination triggers have been removed from the redraft. These have been removed due to industry and QCA opposition as they were seen to reduce regulatory certainty.

The terminating triggers were covered in part (ii) and (iii) of the definition of terminating date in part 11 of the draft 2009 Undertaking. The definition of terminating date in part 12 has been modified in accordance with decision 2.5 to remove QR Network's ability to terminate the Access Undertaking, unless done consistent with the QCA Act.

Transitional Arrangements (Part 12)

QR Network inserts provisions relating to the transitional arrangements from the restructure of QR Network into private and public owned entities as a result of the planned sales process. The transitional provisions in Clause 12.5 are intended to come into effect following the approval of an Access Undertaking for the non-CQCR rail transport infrastructure and enable the QR Network's 2009 to continue to operate as a stand-alone Access Undertaking applicable only the CQCR. Further commentary on these changes can be found in Volume 1 of this submission.

PART 3 – RINGFENCING ARRANGEMENTS

The following amendments have been made to the drafting in part 3 of QR Network's 2010 Draft Access Undertaking.

Clause	Issue	QCA draft decision reference	Basis for change
3.1	Major Yards review	3.6	Accept DD
3.3	Confidentiality Deed	3.2	Accept DD
3.3	Provision of information to infrastructure providers	NA	New Issue
3.3.1	External Flows of Confidential Information	NA	New Issue
3.3.2	Provision of deed/undertaking by QR parties	3.3	Accept DD - No change required
3.4	Decision Making Principles	3.1	Accept DD
3.5	Complaints handling on breach of confidentiality deed	3.4	Accept DD
3.6	Audit of Decision Making	3.1	Accept DD
3.7.2	Provision of Access to Rail Transport Infrastructure	2.2	Accept DD with alternate drafting
Part 12	Major Yards definition	3.5	Accept DD

Major Yards Review (3.1)

The QCA requested that QR Network reinstate clause 3.1(f) from the 2008 Access Undertaking to be able to jointly review the appropriateness of yard control services at yards other than major yards. QR Network has reinstated clause 3.1(f) from the 2008 Access Undertaking as clause 3.1(e) of the 2010 DAU.

Standard Confidentiality Deed (3.3)

QR Network has reinstated the standard confidentiality deed as schedule B to the Access Undertaking, as requested by the QCA. Clause 3.3(c) from the 2008 Access Undertaking has been reinstated as the same clause in the 2010DAU and a reference to schedule B has been included.

Provision of information to other infrastructure providers (3.3)

In order to facilitate the alignment of capacity between different infrastructure providers, QR Network has determined it necessary that it be able to share third party confidential information with other infrastructure providers for the purpose of facilitating coordination capacity allocation processes. DBCC particularly requested that QR Network be able to provide information on contracted volumes to ports in order to align capacity between rail and ports.

As such it has inserted clause 3.3(d)(ii)(L) to enable this the transfer of confidential information to the extent necessary of achieving capacity alignment and that the service provider has provided the necessary undertaking to keep the information provided by QR Network confidential.

External Flows of Confidential Information (3.3.1)

QR Network has made minor modifications to this clause to create better consistency between QR Network's and Third Party's obligations in dealing with confidential information.

Clause 3.3.1(c)(ii)(B) has been modified to allow the release of confidential information subject to the agreement of the third party access seeker/holder.

Provision of deed/undertaking by QR Parties (3.3.2)

QR Network has accepted the QCA decision for QR Ltd and other QR businesses to provide a deed or undertaking agreeing to be bound by the terms of the confidentiality agreement and the undertaking.

QR Network has already provided drafting in the 2009 DAU to give effect to this arrangement. Clause 3.3.2(i)(i) from the 2009 DAU has been maintained in the 2010DAU, which stipulates that confidential information may only be provided to a

QR Party where QR Network and the QR Party have entered into a legally enforceable agreement.

Decision Making Principles (3.4)

QR Network has reinstated the decision making principles from the 2008 Access Undertaking, in accordance with decision 3.1. This approach was favoured by both stakeholders and the QCA.

Clause 3.4 from the 2008 Access Undertaking has been included at clause 3.4 of the resubmitted 2009 Draft Undertaking to fulfil this requirement.

Complaints handling on breach of Confidentiality Deed (3.5)

QR Network accepts the QCA decision on the inclusion of complaint handling provisions to allow for a complaint to be made by an access seeker/holder in the event of a breach of a confidentiality deed by QR Network or a QR related party.

Clause 3.5(a) already allows for a complaint to be made if QR Network has breached any of its obligations under clause 3.3. This has been modified to include the ability to complain if a QR Party is found to have breached the provisions in clause 3.3.

Audit of Decision Making Principles (3.6)

In accordance with decision 3.1, QR Network will reinstate provisions that subject the decision making principles to an annual audit process. Clause 3.6 (a)-(c) has been amended to enable this requirement.

Provision of Access to Rail Transport Infrastructure (3.7.2)

QR Network has reinstated the transfer of rail infrastructure provisions from UT2 in Clause 3.7.2 to give effect to the requirements of the QCA's draft decision 2.2. However, QR Network has extended the provisions to:

- qualify the application of the provisions to certain non-running line rail infrastructure by requiring an assessment against the declaration criteria (Clause 3.7.2(b)(vii)); and

- specify the conditions which must be satisfied on transferring rail infrastructure from a related QR Party to QR Network (Clauses 3.7.2(b)(viii)-(xi)).

Major Yards Definition (Part 12)

The QCA requested that the major yards definition be amended to include Pring as a major yard. This definition has been modified to include Pring in the definitions of part 12 of the redraft.

PART 4 – NEGOTIATION FRAMEWORK

The following amendments have been made to the drafting in part 4 of QR Network's 2010 Draft Access Undertaking.

Clause	Issue	QCA draft decision reference	Basis for change
4.1	Standard Application Forms Variations	NA	New Issue
4.2	Rejection of Access Application	4.5	Accept DD
4.2	Modification of timelines prior to provision of IAP	NA	New Issue
4.3	Extension of IAP period	4.6	Accept DD
4.3	Capacity Modelling Assumptions	4.7	Accept DD with alternate drafting
4.5	Negotiation ceasing on reduction of capacity	4.8	Accept DD
4.7, Part 12	Capacity Notification Register	4.9-4.11	Accept DD with alternate drafting
4.8	Major Projects	NA	New Issue
Part 12	Major Projects Definition	4.2	Accept DD

Standard Application Forms Variations (4.1)

QR Network has agreed to allow for the variation of the standard application form to take account of different train types.

Clause 4.1(c)(i) has been added to reflect this change.

Rejection of Access Application (4.2)

QR Network has accepted the QCA's decision for QR Network not to unreasonably reject an IAP based on insufficient information, including not unreasonably rejecting an IAP where the proposed train service does not fit within the parameters of a common train service.

Clause 4.2(c) has modified to reflect the QCA's decision on this matter.

Timeline changes when access applications modified before IAP issued (4.2)

Clauses 4.2(g) and 4.2(h) have been added to deal with instances where access applications are modified before an indicative access proposal is issued. The changes relate to extensions of timeframes when substantial changes are made to access applications after the acknowledgement notice is issued but before an IAP is provided.

These changes have been made to provide Access Seekers with greater flexibility in providing information as part of access applications. They are similar in nature to the amendment in clause 4.2(c) from decision 4.5.

Extension of IAP Period (4.3)

The QCA accepted QR Network's proposals to extend the IAP provision period in decision 4.6. QR Network proposed to request permission from the access seeker if the IAP timeframe is to be extended after day 20. If the timeframe is extended before day 20, permission is not required. If the timeframe is extended before day 20, the timeframe may not be extended by more than 30 days.

QR Network has adopted the QCA's required amendments to clause 4.3(b)(i) in full.

Capacity Modelling Assumptions (4.3)

QR Network accepts the QCA's decision to provide capacity modelling assumptions to access seekers as part of the issuance of an IAP.

QR Network has modified clause 4.3(c)(iii) in line with the drafting proposed by the QCA, but for the avoidance of doubt has limited this to coal carrying train services.

Negotiation ceasing on reduction of capacity (4.5)

QR Network agrees with the the QCA's proposed drafting on allowing an access seeker to maintain their position in the queue where capacity has been reduced.

QR Network has amended clause 4.5.1(e) and 4.5.1(f) to reflect the QCA's decision 4.8. Clause 4.7(a) has also been amended as required.

Capacity Notification Register (4.7, Part 12)

QR Network accepts the consequential amendment proposed by the QCA to clause 4.7 as a result of changes to clause 4.5.1 (above). It accepts decision 4.10 to include a definition of the Capacity Notification Register (CNR) in part 12 of the Undertaking. QR Network is also proposing for access seekers on a CNR to have complimentary port queuing arrangements, with 6 monthly updates.

QR Network has inserted a definition for the CNR in part 12 of the Undertaking. Clauses 4.7(a) and 4.7(c)(ii) has been added to reflect the requirement for access seekers to have complimentary port queuing arrangements. In line with decision 4.9, QR Network has made a consequential amendment to Clause 4.7(a) as per the QCA's drafting.

Capacity allocation for Major Projects (4.8)

Clause 4.8 has been removed and a new clause 7.5 included to deal with Major and Minor Expansions.

Major Projects Definition (Part 12)

QR Network has removed the major project clauses and definition that it proposed in the draft 2009 Access Undertaking. These provisions have been substituted with the capacity expansion provisions in clause 7.5 and associated definitions in part 12.

PART 5 – ACCESS AGREEMENTS

The following amendments have been made to the drafting in part 5 of QR Network's 2010 Draft Access Undertaking.

Clause	Issue	QCA draft decision reference	Basis for change
5.2	Development of alternate form of agreement	5.3	Accept DD
5.2	Withdrawal of Standard Access Agreements	5.7	Accept DD
5.3	Access Agreements for new or renewed train services	5.6	Accept DD
Part 12	Standard Access Agreement Definition	5.2	Reject DD with alternate drafting
Part 12	Definition of consequential loss	5.5	Reject DD with alternate drafting
Volume 2	Reinstatement of Standard Access Agreement	5.1	Accept DD
Schedule E	Liability for the carriage of dangerous goods	5.4	Accept DD

Development of alternative form of access agreement (5.2)

QR Network proposed a new form of standard access agreement, which is under development with stakeholders. The QCA requested that QR Network place in the undertaking the process for developing this agreement. It provided detailed drafting setting out a timeline, consultation processes and linkages between operator and capacity holder agreements.

QR Network has agreed to include the QCA's proposed drafting in relation to the prospective form of access agreement. QR Network has adopted the intent of QCA decision 5.3 but incorporated the objective into the existing frameworks for the development of standard access agreements within clause 5.2 of the 2010 DAU.

Withdrawal of Standard Access Agreements (5.2)

The QCA rejected QR Network's proposals to be able to withdraw a proposed Standard Access Agreement at any time. It proposed alternate drafting only allowing

QR Network to withdraw a proposed Standard Access Agreement if it does not relate to a notice given by the QCA under clause 5.2(b).

Clause 5.2(k) has been modified in line with the QCA's decision.

Access Agreements for new or renewed train services (5.3)

QR Network has reinstated clause 5.3 of the 2008 Undertaking as clause 5.3 of the 2010 DAU.

Standard Access Agreement Definition (Part 12)

QR Network does not believe that the definition of Standard Access Agreement proposed by the QCA in its Draft Decision adds significantly to the definition already within the draft 2009 Undertaking.

QR Network proposes alternate drafting in part 12 for the definition of Standard Access Agreement. This now reflects the Standard Access Agreement as provided in volume 2.

Definition of consequential loss (Part 12)

QR Network accepts the QCA's decision to amend the definition of consequential loss to clarify that a QR party is a third party. However it proposes alternate drafting that provides better clarification on this matter.

Item (d) of the definition of consequential loss in part 12 has been amended to provide better clarity on what constitutes a third party.

Re-instatement of Standard Access Agreements in Volume 2 (Volume 2)

The QCA requested that the Operator and Access Holder Standard Access Agreements be placed in volume 2, as is the case under UT2.

QR Network provides these agreements in volume 2 of the 2010 DAU.

Liability for the carriage of dangerous goods (Schedule E)

QR Network accepts the QCA Decision to disallow QR Network to limit its liability for the carriage of dangerous goods.

Schedule E, item 14 has been modified to reflect the QCA's proposed drafting on this matter. This has the effect of reinstating the 2008 Undertaking provisions.

PART 6 – PRICING RELATED ISSUES

The following amendments have been made to the drafting in part 6 of QR Network's 2010 Draft Access Undertaking.

Clause	Issue	QCA draft decision reference	Basis for change
6.1.3	Price Differentiation	6.1	Accept DD
6.4.2	Private Infrastructure	6.2	Accept DD with alternate drafting
6.4.4	MCI: interim review	6.19	Accept DD with alternate drafting
6.5.2	Sharing of Responsibility	6.6	Accept DD with alternate drafting
6.5.2	Major Projects Deeming	6.5	Accept DD
Part 12	Major Projects Definition	6.4	Accept DD

Price Differentiation (6.1.3)

QR Network accepts the QCA's decision to reinstate clause 6.1.2 of the 2008 Access Undertaking in the 2010 DAU. This is included as clause 6.1.3 of the 2010 DAU. Clauses 12.2(a)(xxi), 12.2(a)(xxii) and 12.2(a)(xxiii) are also included. These have been reinstated as per decision 6.1.

Private Infrastructure (6.4.2)

QR Network accepts the intent of the QCA drafting in relation to decision 6.2. It proposes however to include an "avoidance of doubt" clause at the end of the proposed drafting by the QCA.

Clause 6.4.2(b) has been modified to include the majority of the QCA's drafting as well as an "avoidance of doubt" clause stipulating QR Network's commitment to calculate a reference tariff for mines adjacent to private infrastructure, as outlined in Schedule F.

MCI: Interim Review (6.4.4)

QR Network accepts the requirement to review the composition and application of the MCI after 2011-12 but proposes that the relevant weightings can only be varied where there is a material difference between the proposed and actual weightings.

Clause 6.4.4 has been inserted consistent with the QCA drafting.

Sharing of Responsibility (6.5.2)

QR Network accepts the intent of the modification of clause 6.5.2(b)(ii) as outlined in decision 6.6 of the QCA's Draft Decision. QR Network has modified this clause in a manner it believes will meet the intent of the QCA drafting.

Major Projects Deeming (6.5.2)

The QCA requested that QR Network replace the word "presumed" with "deemed" in clause 6.5.2(c). QR Network accepts this change and has modified the clause accordingly.

Major Projects Definition (Part 12)

Consistent with decision 4.2, the QCA requested QR Network to revise the definition of a major project. QR Network has removed the major project clauses and definition that it proposed in the draft 2009 Access Undertaking. These provisions have been substituted with the capacity expansion provisions in clause 7.5.

PART 7 – CAPACITY MANAGEMENT

The following amendments have been made to the drafting in part 7 of QR Network's 2010 Draft Access Undertaking.

Clause	Issue	QCA draft decision reference	Basis for change
7.1	Initial System Rules	7.1	Accept DD with alternate drafting, New Issue
7.2	Cyclic Traffic	NA	New Issue
7.3, part 12	Competing Applications	7.6, 7.7	Accept DD, New Issue
7.3.1	Non-discrimination	NA	New Issue
7.3.3	Capacity Expansion	7.16	Reject DD
7.3.4	Reordering of queue for capacity	7.17	Accept DD
7.3.4	Position of renewal and conditional access applications in a queue	NA	New Issue
7.3.5	Capacity Resumption	7.5	Accept DD
7.3.6	Relinquishment Fee Definition	7.13	Accept DD
7.3.6	Definition movements	7.15	Accept DD
7.3.7	Capacity Initiated Transfers	7.9	Accept DD, New Issue
7.4	First right of refusal on renewal	7.10	Accept DD
7.4	Early Notification of renewal	7.11	Accept DD
7.5	Capacity Expansion	NA	New Issue
Part 12	Removal of transfer fee definition	7.14	No change required
Part 12	System Path Definition	7.3	Accept DD
Part 12	Intermediate Train Path Definition	7.4	Accept DD
Part 12	Renewal Application Definition	7.12	Accept DD
Part 12	Available capacity definition	7.18	No change required

Clause	Issue	QCA draft decision reference	Basis for change
Schedule G, Appendix 1	System Rules Amendment	7.2	New Issue, Accept DD
Various	End user can be an access seeker	7.8	Accept DD

Initial System Rules (7.1)

QR Network rejects the requirement to create system rules for all systems within a specified time frame. It does however accept the creation of system rules for the Goonyella system and will commit to submitting draft system rules for this system within 9 months after the approval date of the 2009 Undertaking. Where System Rules are required for other systems QR Network will follow a similar process to the creation of the rules for the Goonyella system.

Clause 7.1 outlines the process and consultation that QR Network will undertake in developing System Rules. Clause 7.1(e) has been inserted to obligate QR Network make system rules for the Goonyella Coal System within nine months of the approval date of the 2009 Undertaking.

QR Network has also included a mechanism in clause 7.1(f) which outlines that it will not make System Rules or it will vary the System Rules where they would be subject to compensation claims that were not able to be included in the future calculation of reference tariffs.

Addition of reference to coal traffic as cyclic traffic (7.2)

Coal carrying traffic is to be considered to be cyclic traffic in the CQCR. This was an omission from the draft 2009 Access Undertaking. This concept was outlined in the principles paper circulated to stakeholders by QR Network prior to the lodgement of the draft Access Undertaking but was omitted in the final draft. The amendment of clause 7.2(a) corrects this position.

Non-Discrimination in providing Access (7.3.1)

QR Network has amended this clause as a consequential amendment given the inclusion of clause 2.2 which deals specifically with Anti-discrimination. Clause 7.3.1 now becomes superfluous.

Competing Applications (7.3, part 12)

The QCA requested in their Draft Decision that QR Network clarify that the definitions of competing applications, replacement mine and customer include access applications from an end customer or mine.

QR Network has modified the definitions of replacement mine and customer in part 12 in line with the proposed drafting. It has reinserted the definition of competing applications from the 2008 Access Undertaking in part 12 of the 2010 DAU. This definition provides better clarity and meets the intent of the QCA's drafting.

QR Network proposes to prioritise a customer application, being the customer of an access seeker, over competing access seeker applications when determining the order of a queue. Amendments have been made to enable the negotiation of access with a customer in the first instance (where a competing application is received from an Operator as well). QR Network will negotiate access with an Operator at the direction of the Customer or where access rights have not been negotiated with the customer through the negotiation period.

Clause 7.3.2(c) – (f) has been added to reflect this.

Capacity Expansion (7.3.3)

Clause 7.3.3 has been removed and a new clause 7.5 included to deal with Major and Minor expansions.

Removal of queue reordering when applications are all for more than 10 years (7.3.4)

The QCA in decision 7.17 rejected QR Network's proposal to reorder a queue for access applications greater than 10 years in length.

QR Network accepts this decision and has removed references to reordering the queue for applications greater than 10 years in duration. QR Network has amended clause 7.3.4(d) (iii) to reflect its ability to reorder the queue for access applications shorter than 10 years in length.

Position of renewal and conditional access applications in a queue (7.3.4)

QR Network proposes to clarify that renewal applications will be placed in the front of the queue ahead of other access seekers. Also where access seekers capacity rights are reduced in accordance with clause 11.3(b)(ii), these applications will collectively be placed in the next position in the queue behind renewal applications.

Clauses 7.3.4(f) and 7.3.4(g) have been modified accordingly.

Capacity Resumption (7.3.5)

QR Network accepts the QCA's decision to clarify that the resumption trigger applies over a year rather than each of the four consecutive quarters.

Clause 7.3.5(a)(i) has been modified in line with the QCA's proposed drafting.

Relinquishment Fee Definition (7.3.6)

QR Network accepts the QCA decision to include the definition of relinquishment fee in part 7. This has been inserted within clause 7.3.6(k).

Definition Movements (7.3.6)

QR Network accepts the QCA's decision to move the definitions of nominated access rights and relinquishment fee from part 12 to part 7.

The definitions of relinquishment fee and reduction factor have been moved from part 12 to clauses 7.3.6(k)–(m) and 7.3.6(n) respectively. The definition of nominated access rights has been modified in part 12 to refer to those rights under clause 7.3.6.

For clarity, QR Network has summarised the purpose of the following clauses:

- Clause 7.3.6(d). This clause has been included to avoid the potential for QR Network to have obligations to provide train service entitlements to the transferee and the transferor. This situation may arise as the rights are not formally relinquished in the Access Agreement until payment of the Relinquishment Fee.

- Clause 7.3.6(k)(i). This clause relates to the calculation of transfer and relinquishment fees for Access Agreements entered into prior to 30 June 2006.
- Clause 7.3.6(k)(ii)(A). This clause applies only to the relinquishment of coal carrying train services in the CQCR which are not subject to a transfer. The clause caps the quantum of the relinquishment fee payable.
- Clause 7.3.6(k)(ii)(B). This clause relates to transfers and relinquishment of Access Rights which are subject to take or pay obligations (excluding relinquishment of coal carrying train services in the CQCR that are not transferred or relate to UT1 Access Agreements).
- Clause 7.3.6(k)(iii). This clause relates to the calculation of relinquishment and transfer fees for Access Agreements which do not include take-or-pay obligations.
- Clause 7.3.6(l). This clause deems the circumstances in when the relinquishment or transfer fee will be zero.
- Clause 7.3.6(m). This clause allows the transfer fee to be adjusted to reflect any consequential variations in a System Premium resulting from the transfer to avoid potential over recovery of the Customer's incremental costs.
- Clause 7.3.6(n)(i)(C). This clause relates to calculation of the reduction factor when services operate predominantly within an Individual Coal System. The effect of this clause is to align the transfer fee with the difference in the net present value of the take-or-pay obligations between the existing and new Access Rights.
- Clause 7.3.6(n)(i)(D). This clause maintains the existing reduction factor provisions which take into consideration the contribution to common costs. This is particularly important where multiple individual coal systems share common infrastructure (i.e. Moura and Blackwater).
- Clause 7.3.6(o). This clause relates to assumptions used to calculate the take-or-pay obligations, including rollingstock configuration.

Customer Initiated Transfers (7.3.7)

Clauses 7.3.7(b)(iv)-(v) have been amended to ensure that a Customer cannot rely on the customer initiated transfer provisions to avoid any Adjustment Charge obligations associated with the nominated Access Rights being transferred. QR Network will only consent to the transfer where the Access Seeker has agreed to

meet the adjustment charges that would arise and be recoverable from the original Access Holder if the transfer had not occurred.

First right of refusal on renewal (7.4)

QR Network accepts the intent of the QCA's drafting under decision 7.10.

Clause 7.4(d) has been modified to reflect these changes.

Early Notification of Renewal (7.4)

The QCA in decision 7.11 required QR Network to delete clause 7.4(d)(ii) so that it does not provide a notification to renew prior to three years before the expiration of an access agreement. Clause 7.4(d)(ii) from the 2009DAU has been removed.

Capacity Expansion (7.5)

For clarity, QR Network has summarised the purpose of the following clauses that constitute the capacity expansion provisions:

Extensions - Clause 7.5.1

Extensions refer to rail infrastructure which connects to an existing rail system. This covers mine specific spur lines, unloading loops at coal terminals, Surat Basin rail etc.

Enhancements to an existing rail system such as the Newlands upgrades and WICET related mainline works are Expansions (see below) and not Extensions.

QR Network may elect whether to undertake an Extension and where it does not must cooperate so as to allow the Extension to proceed including entering into a Rail Connection Agreement.

Incremental Investments – Clause 7.5.2

Provisions apply to Minor Expansions and Major Expansions up to capex of \$300m. QR Network agrees to undertake these investments without Access Conditions i.e. on regulatory terms – Clause 7.5.2(a).

Significant Investments – Clause 7.5.3

Provisions apply to Major Expansions for capex of \$300m and greater – Clause 7.5.3(a).

The provisions work as follows:

1. QR Network commences concept study and calls for expressions of interest. Applicants are identified. Arrangements for funding or underwriting of prefeasibility study costs are worked out - Clause 7.5.3(b), (c)
2. QR Network commences prefeasibility study and runs a request for proposal process. At this time we nominate whether we are prepared to fund the asset and if so the required commercial terms (Access Conditions). QR Network also sets the timeframe for which commercial negotiations around the Access Conditions should be concluded (Conditions Negotiation Period). Conditions Negotiation Period must allow sufficient time from its expiry and project sanction for User Funding without delaying the project. – Clause 7.5.3(d)
3. If QR Network elects not to fund then User Funding provisions are invoked – Clause 7.5.3(e)
4. The users can give a notice to invoke User Funding provisions at any time during the Conditions Negotiation Period – Clause 7.5.3(f)
5. If parties are still negotiating at the end of the Conditions Negotiation Period they can either agree to extend the period or failing this the User Funding provisions are invoked. This means that the default option where QR Network can not agree Access Conditions is User Funding. – Clause 7.5.3(g)
6. Capacity is allocated to parties who have agreed to Access Conditions with QR Network – Clause 7.5.3(h)

User Funded Expansions – Clause 7.5.4

User Funding provisions apply where triggered under the Significant Investments provisions described above. The arrangements for user funding are set out in a User Funding Agreement. QR Network must cooperate in negotiating this Agreement – Clause 7.5.4(a), (b), (c)

The balance of the provisions i.e. Clause 7.5.4(d) sets out principles applying to User Funded Expansions. These are minimum requirements and are not an exhaustive list. Following is a brief summary of each:

1. Entities funding must have a direct interest in the access rights created by the expansion – Clause 7.5.4(i)
2. QR Network may require lodgement of security. This also ensures other Contributors are not also exposed to default by a participant – Clause 7.5.4(ii)
3. QR Network will own and operate the assets funded by the users – Clause 7.5.4(iii)
4. An Access Agreement must be entered into in relation to the Access Rights created by the expansion – Clause 7.5.4(iv)
5. QR Network must rebate back to the users the capital related components of Access Charges (i.e. tariffs) – Clause 7.5.4(v)
6. User has priority access to capacity which they have funded – Clause 7.5.4(vi)
7. User may transfer its Access Rights – Clause 7.5.4(vii), (viii)
8. QR Network may recover railway manager fees and operational costs – Clause 7.5.4(ix), (x)
9. User Funding Agreement must allow user involvement in design, construction and procurement of the assets. This is subject to the legitimate business interests of both the users and QR Network. – Clause 7.5.4(xi)

Dispute Resolution – Clause 7.5.5(e)

There is a general reference to dispute resolution firstly to CEOs (or nominees) and failing this to an expert determination.

Removal of transfer fee definition (Part 12)

The QCA requested that QR Network explicitly differentiate between the capacity transfer and relinquishment provisions. QR Network does not consider there to be any difference between the two concepts and therefore has not made a change to the 2010 DAU (except to move the relevant provisions from part 12 to part 7).

System Path Definition (Part 12)

QR Network accepts the QCA's proposed drafting on the definition of a system path. The definition of system path has been included in part 12 as per the QCA's drafting in decision 7.3.

Intermediate Train Path Definition (Part 12)

QR Network accepts the revised drafting on the definition of intermediate train path. The definition in part 12 reflects the QCA's proposed drafting.

Renewal Application Definition (Part 12)

QR Network accepts the majority of the QCA's proposed drafting in decision 7.12 of its Draft Decision on the definition of renewal application. However it does not accept the right of renewal applying to the holder of transferred capacity.

To this extent the definition of renewal application in part 12 has been modified.

Available Capacity Definition (Part 12)

QR Network accepts the intent of the proposed drafting in decision 7.18 and believes that its drafting of available capacity and the interaction with other elements of capacity definitions meets the QCA's intent.

System Rules Amendment (Schedule G)

QR Network rejects the proposed changes in decision 7.2 as it believes that the drafting in the 2009 DAU is sufficient. However, it proposed new drafting which will allow it to recover compensation costs given to an access holder where the imposition of system rules disadvantages that access holder. Where compensation via the reference tariffs can not be recovered, QR Network may vary the system rules or refuse to proceed with the making of proposed system rules.

Clause (h) of Schedule G, Appendix 1 has been inserted to allow QR Network to vary the system rules or refuse to proceed with the making of proposed system rules where it cannot recover compensation costs.

QR Network accepts the QCA's proposed changes to the dispute resolution process (ie QCA resolution in accordance with clause 10.1.4) and this drafting has been included at clause (g) in Schedule G, Appendix 1.

End user can be an Access Seeker (Various)

QR Network accepts the QCA's decision to make it clear that it is possible for an end user to be an access seeker.

Amendments have been included in line with the QCA's decision to clauses 2.4(e), 3.1(b)(vi), 5.1 and 6.5.2(b).

PART 8 – INTERFACE ISSUES

The following amendments have been made to the drafting in part 8 of QR Network's 2010 Draft Access Undertaking.

Clause	Issue	QCA draft decision reference	Basis for change
8.1.2	IRMP publication on website	8.2	Accept DD
Various	Alignment of Schedule references	8.3	Accept DD

IRMP Publication on Website (8.1.2)

In accordance with decision 8.2, QR Network has modified clause 8.1.2(a) to outline that it will publish the IRMP on its website and that changes will be identified from time to time.

Alignment of Schedule References (Various)

QR Network accepts decision 8.3 to align all references to the operating plan with the current numbering, Schedule B. Various clauses have been updated to give effect to this, except that Schedule B has been moved to Schedule I.

PART 9 – REPORTING

The following amendments have been made to the drafting in part 9 of QR Network's 2010 Draft Access Undertaking.

Clause	Issue	QCA draft decision reference	Basis for change
9.1, 9.2.2, 9.2.3, 9.2.4	Quarterly Performance Report/ Public Maintenance Report	9.1	Accept DD, New Issue
9.2.3	Maintenance cost index reporting	9.2	Accept DD with alternate drafting
9.4	Breach Report	NA	New Issue
9.6	Responsibility Statement	9.3	Accept DD
9.7	Report Auditing	NA	New Issue

Quarterly Performance Report/ Public Maintenance Report (9.1, 9.2.2, 9.2.3, 9.2.4)

QR Network accepts the QCA's decision on the provision of the calculation of the below rail transit time within the quarterly performance report. It also accepts the inclusion of forecasted and actual scope items within the public maintenance report.

Clause 9.2.3 and 9.2.4 has been modified to include the additional items in the public maintenance report. Clause 9.1(i) has been inserted to stipulate that the below rail transit time will be included in the quarterly performance report along with the methodology for its calculation.

QR Network also agreed to provide information from the previous four quarters in each quarterly performance report as requested by the QCA in previous discussions, except for the first quarterly report in the period, where the previous four quarters will relate to information provided under the 2008 Access Undertaking.

QR Network will also delay the revised quarterly performance reporting format by one quarter, to allow for enough time to set up revised internal reporting systems. The quarterly performance report for the first quarter in the period will thus be prepared as per the 2008 Access Undertaking information requirements.

Clauses 9.1(b) (i) and (ii) were removed, obligating QR Network to provide the previous four quarters of information unconditionally in the quarterly performance reports, except for the first report in the period, which will be subject to the information requirements under the 2008 Access Undertaking.

QR Network proposes to disaggregate the performance reports by QR Party and Third Party, but will only submit these versions of the reports to the QCA. Clauses 9.1(l) and 9.2.2(e) have been inserted to provide these supplementary reports to the QCA at the same time as the public reports are released.

QR Network also proposes to introduce a new performance indicator in the quarterly performance report, that being contracted train paths. This is inserted as clause 9.1(i)(vii).

Maintenance Cost Index (MCI) Reporting (9.2.3)

QR Network accepts the majority of the requirements set out in the QCA's decision 9.2. However it proposes to only report on the major weighting categories of the MCI and to limit reporting on the effects of derailments to planned maintenance work to the CQCR. Also reporting of incidents will only be limited to below rail damage cost above a \$200 000 threshold.

Clauses 9.2.3(b) and 9.2.4 have been modified to reflect these changes.

Breach Report (9.4)

This clause has been amended so that QR Network is obliged to provide an Access Seeker or Holder with a report of a breach of the Undertaking where they are affected. This is in addition to providing the breach report to the QCA.

Responsibility Statement (9.6)

QR Network agreed to re-introduce the responsibility statement to be signed by the QR Network Executive General Manager, as required by the QCA in decision 9.3. This has been modified slightly to reflect that QR Network will provide this statement for reports that were previously subject to this provision in Schedule MB of the 2008 Undertaking.

Clause 9.6(c) has been added to reflect this along with a change to the heading name of clause 9.6.

Report Auditing (9.7)

QR Network will expand its report auditing obligations under clause 9.7 to include the auditing of all reports required under part 9 of the Undertaking.

Clause 9.7 has been modified accordingly.

Audit request by QCA (9.8)

This clause has been included to enable the QCA to request an audit of any aspect of the Access Undertaking where certain pre-requisites are met.

PART 10 – DISPUTE RESOLUTION AND AMENDMENT PROCESSES

The following amendments have been made to the drafting in part 10 of QR Network's 2010 Draft Access Undertaking.

Clause	Issue	QCA draft decision reference	Basis for change
10.1.4	Consistency with the QCA Act	NA	New Issue
10.1.4	Supply chain planning and dispute resolution	NA	New Issue
10.3	Audit Process	NA	New Issue

Consistency with the QCA Act (10.1.4)

QR Network makes a minor amendment to clause 10.1.4(a) to specify that in the event of any inconsistency between part 5 of the QCA Act and the dispute resolution provisions in clause 10.1, part 5 of the Act will prevail.

Supply chain planning and dispute resolution (10.1.4)

QR Network has added clause 10.1.4(h) to outline the principles that will be applied in the event that a dispute is raised in accordance with clause 11.1.3(c).

QCA Audit Process (10.3)

Clause 10.3 has been amended to ensure that where the QCA appoints an Auditor, the Auditor will be independent.

PART 11 – ASSET BASE AND MASTER PLANNING FOR CQCR

Part 11 is a new part in the 2009 Undertaking and includes the master plan process previously covered in schedule A of the 2008 Undertaking.

The following amendments have been made to the drafting in part 11 or schedule A of QR Network's 2010 Draft Access Undertaking.

Clause	Issue	QCA draft decision reference	Basis for change
Part 11	Whole of coal chain initiatives	10.8	Accept DD
11.1.3	Supply Chain Assumptions	NA	New Issue
11.2.1, Appendix A, 3.2.2	Master Plan and Stakeholder Consultation	10.7	Accept DD with alternate drafting
11.3	Contracting for capacity in coal supply chains	NA	New Issue
Schedule A	Asset Management Plan Reference	10.3	Accept DD
Schedule A, 1.1	Inclusion of Western System in RAB	NA	New Issue
Schedule A, 2.5	Early works expenditure and the RAB	10.5	Accept DD
Schedule A, 3.1.3	Procurement Strategy	10.6	Accept DD with alternate drafting
Schedule A, Clause 4(d)	Carryover discount consequential amendment	10.2	Accept DD
Part 12	Removal of definition of carryover discount rate	10.1	Accept DD
Various	References to replacement capital	10.4	Accept DD

Whole of coal chain initiatives (Part 11)

QR Network accepts the intent of the proposed drafting in decision 10.8 and has reflected this in clause 11.1 of the 2010 DAU

Supply Chain Assumptions (11.1.3)

QR Network proposes drafting on how it will provide input into the supply chain operating assumptions and how conflicts will be resolved within part 12. Clause 11.1.3 has been created to provide clarification on this matter.

Master Plan and Stakeholder Consultation (11.2.1, Appendix A, clause 3.2.2)

The QCA requested that QR Network amend provisions relating to the coal system master plan and stakeholder consultation. QR Network accepted these amendments with the exception of paragraph (d), where QR Network proposes alternate drafting to clarify that the minimum six months is six months prior to the expansion project commencing.

Clauses 11.2.1(e), 11.2.1(f) and Appendix A, 3.2.2(b) have been modified to reflect these arrangements.

Contracting for capacity in coal supply chains (11.3)

QR Network proposes additional drafting to embody the alignment of port and rail contracts borne from the LTS discussions. Clause 11.3(b)(ii) has been added to define the process required when the capacity of a proposed expansion project does not result in the expected increase in tonnage. Clauses 7.3.4(g) and 3.3(d)(ii)(L) have been amended as outlined under their relevant parts within this document.

Asset Management Plan Reference (Schedule A)

QR Network accepts the QCA's drafting under decision 10.3.

Clauses 2.4, 3.3.2(c)(iv), 3.3.4(c)(v) and 3.1.1(a)(i) of Schedule A have been modified in line with the QCA's proposed drafting.

Inclusion of Western System into the RAB process (Schedule A, 1.1)

It was decided to adopt a formula based pricing methodology for the Western System and this would mean an inclusion of the Western System in the RAB process.

Clause 1.1 of Schedule A was modified to remove reference to the CQCR and allow inclusion of the Western System.

Early Works Expenditure and the RAB (Schedule A, 2.5)

QR Network accepts the QCA's decision to only allow expenditure on commissioned or formally discontinued projects to be included in the RAB.

Clause 2.5 of Schedule A has been amended to reflect the QCA's drafting in decision 10.5.

Procurement Strategy (Schedule A, 3.1.3)

QR Network accepts the QCA's decision to amend the clauses as set out in decision 10.6. In conjunction with these requirements QR Network proposes to ensure that any increase in costs as a result of the changes can be included in the RAB.

Clauses 3.1.3(b) to 3.1.3(i) of Schedule A have been modified/included in line with the QCA's proposed drafting. Clause 3.1.3(j) has been inserted to allow for associated costs to be included in the RAB.

Carryover discount consequential amendment (Schedule A, 4(d))

QR Network has amended clause 4(d) of Schedule A to give effect to decision 10.2, in line with the drafting provided by the QCA.

Removal of definition of carryover discount rate (Part 12)

QR Network accepts the QCA's decision to remove the definition of carryover discount rate from the Undertaking. The definition in part 12 has been removed.

References to replacement capital (Various clauses)

QR Network accepts the decision to reinstate the wording of replacement capital from the 2008 Undertaking. Amendments have been made in line with decision 10.4.

SCHEDULE F – REFERENCE TARIFF SCHEDULE

The following amendments have been made to the drafting in Schedule F of QR Network's 2010 Draft Access Undertaking.

Clause	Issue	QCA draft decision reference	Basis for change
Part A, 2.2.1, 2.2.7. Part 12	Review event for maintenance scope change	6.22	Accept DD
Part A, 2.3. Part B, 3.2.15.	Adjustment Charge	na	New Issue
Part A, 3.2	Variations to Reference Train Service	1.1, 6.23	Accept DD
Part B, 2.2.5	Take or pay: Capping on use of different operators	6.13	New Issue
Part B, 3.1.2	Annual review process: timing	6.15	Accept DD
Part B, 3.1.2, 3.2.2	New spurs, electrical feeder stations and electricity charges	6.21	Reject DD with alternate drafting
Part B, 3.2.2	MCI: application	6.20	Accept DD with alternate drafting
Part B, 3.2.3	Revenue Cap: Total Actual Revenue	NA	New Issue
Part B, 3.2.3, 3.2.5	Performance Increment	6.11	Reject DD with alternate drafting
Part B, 4.2, 4.1.3, 4.1.4	Treatment of cross system traffics	6.8	Accept DD with alternate drafting
Part B, 4.3	Non-reference tariffs	6.17	Accept DD with alternate drafting
Part B, 5.4(a) & 6.4(a)	Pricing for Electric Trains	6.9	Accept DD
Part C, 3.5	Western System reference tariff	1.8	Accept DD
Part 12	MCI: composition	6.18	Accept DD with alternate drafting

Review event for maintenance scope change (Part A, 2.2.1, 2.2.7 and part 12)

QR Network accepts the QCA's proposed drafting to support the reinstatement of the review event provisions and the inclusion within the Review Event definition changes in maintenance practices requested by an Access Holder or Customers.

Clauses 2.2.1(b)(i)(A) and 2.2.7 of Schedule F, part A has been modified to reflect the QCA drafting. The definition of review event in part 12 has also been added in line with the QCA drafting.

QR Network has also included in the Review Event definition an increase in the number of contracted coal carrying train services utilising rail transport infrastructure west of Burngrove. This is required to give effect to the agreed conditions associated with determination of the Reference Tariff for the West Blackwater Cluster in UT2 which reflects an allocated RAB value.

Adjustment Charge (Part A, 2.3 and Part B, 3.2.15)

QR Network has included drafting of an adjustment charge within Schedule F to enable it to recover reference tariff amounts to which it would have been entitled if the UT3 reference tariff had applied from 1 July 2009. This is included at clause 2.3 of Schedule F, Part A.

QR Network has included a consequential amendment to clause 3.2.15 of Schedule F, Part B to enable the correct calculation of the Revenue Adjustment Amount in accordance with Part A of Schedule F.

As discussed in amendments to Part 7, Clause 2.3.9 restricts the calculation of an Adjustment Charge to be payable by an Access Holder who did not operate past train services to which the Adjustment Charge relates to Customer Initiated Transfers.

Variations to reference train service (Part A, 3.2)

QR Network accepts the QCA's decision to amend the reference train path multiplier so that either slower or faster trains than the predominant train are charged a surcharge.

Clause 3.2(a) of Schedule F, Part A has been amended to ensure that the variation from the Reference Tariff only applies to train services which are 'scheduled' to operate at shorter section run times than the Reference Train.

Take or Pay: Capping on use of different operators (Part B, 2.2.5)

QR Network rejects the QCA's proposals to allow for the transfer of take or pay obligations by producers within their own portfolio of mines, as the proposals are difficult to administer, given the nature of mine ownership.

QR Network proposes to augment the take or pay provisions in Schedule F, Part B, clause 2.2 to enable the capping of take or pay liabilities for mines where they utilise different operators to haul contracted tonnages from the same origin to destination. This is inserted as clause 2.2.5.

Annual Review Process: Timing (Part B, 3.1.2)

QR Network accepts the QCA's decision 6.15 to maintain the timing of the annual review process from UT2. This would limit the annual review process in February to the updating of tariffs for the revised volume forecasts.

Clause 3.1.2 of part B has been modified in line with the QCA drafting.

New spurs, electrical feeder stations and electricity charges (Part B, 3.2.2)

QR Network rejects the QCA's decision to include the actual efficient costs of maintaining new spurs in the calculation of the revenue adjustment amount once commissioned. It is proposing alternate drafting that accepts GHD's allowance of \$15,000 per track kilometre per annum. Clause 3.2.2(a)(i) has been modified in line with this approach.

Clause 3.2.2(b) has been modified in line with the QCA drafting but split into electric energy and transmission/distribution costs to improve clarity of the scope of the QCA's draft decision.

MCI: Application (Part B, 3.2.2)

QR Network accepts the QCA's decision 6.20 with amendment. QR Network proposes to set the initial maintenance cost allowance based on the MCI, not the CPI. It also proposes to conduct the annual review process on the basis of the difference between the forecast and actual CPI minus X, and forecast and actual MCI minus X.

Clause 3.2.2 has been modified accordingly.

Revenue Cap: Total Actual Revenue (Part B, 3.2.3)

QR Network has included a new clause 3.2.3(b)(ii) to give effect to the retrospective application of not collecting transfer fees for transfers involving coal carrying train services for periods of less than two years where the relevant agreement has been modified from the Standard Access Agreement (approved under the relevant Undertaking) to include the transfer and relinquishment provisions in the UT3 Standard Access Agreement.

Performance Increment (Part B, 3.2.3, 3.2.5)

QR Network rejects the QCA's draft decision 6.11 but has proposed alternate drafting to reflect its position which would allow the application of a 4% threshold for breach or negligence at a system level (as opposed to an individual origin to destination). It also proposes to reinstate the 2% upside increment provisions from the 2008 Undertaking, as a balance to the downside system performance threshold.

Schedule F, Part B, clauses 3.2.3(d) and 3.2.5(c) have been deleted and clause 3.3 has been added to specify the methodology by which an increment will be calculated.

Treatment of Cross-system Traffics (Part B, 4.2, 4.1.3, 4.1.4)

The QCA has proposed amendments to Clause 4.2 of Schedule F, Part B, which were set out in Appendix 6 of the draft decision. QR Network proposes some amendments to the drafting contained in this clause to clarify how a cross-system

service will meet its minimum contribution to common costs and how revenue will be allocated between the relevant systems.

Clauses 4.1.3 and 4.1.4 specify how the minimum contribution to common cost for a cross-system service will be determined and when a system premium would be payable on the Reference Tariff applicable to a cross-system service, determined in accordance with the cross-system pricing provisions in 4.2.

Clause 4.2.(g) specifies how cross-system revenue is allocated across individual coal systems. It also provides for variation from these rules where agreed with the QCA in order reflect circumstances where the minimum contribution to common cost to the destination system is deemed inadequate.

Non-Reference Tariffs (Part B, 4.3)

QR Network accepts the intent of the revised drafting proposed by the QCA in decision 6.17, but proposes alternate drafting to allow for the possibility for the QCA to approve a variation from the reference tariffs on a one-off basis rather than for all non-Reference Train Services or for all Cross System Train Services. This drafting is compatible with clause 4.2.

Clause 4.3 of Schedule F, Part B has been modified accordingly.

Pricing for Electric Trains (Part B, Clause 5.4, 6.4)

QR Network accepts the QCA's decision 6.9 and will amend Schedule F, Part B, clause 5.4(a) and clause 6.4(a) to ensure that the AT5 electric overhead tariff components are separated for both Goonyella and Blackwater systems.

Western System reference tariff (Part C, 3.5)

Amendments have been made to Schedule F, Part C, clause 3.5 to reflect changes to the Western system tariffs in accordance with the QCA's draft decision. QR Network accepts the quantum of the proposed tariffs and the tariff structure subject to any changes in operating and maintenance costs.

MCI: Composition (Part 12)

QR Network accepts some components of the QCA's decision 6.18 proposed drafting but offers amending drafting where it believes it is justified. QR Network agrees that asset charges should remain constant over the regulatory period but the proposed drafting does not take into account the application of charges to new maintenance assets acquired during the regulatory period. The proposed MCI by the QCA is accepted as long as it also applies to asset charges at their nominal value. QR Network also accepts that if an index upon which the MCI relies ceases to be published, it will replace that component with the CPI, as long as no alternative third party index exists.

The definition of MCI in part 12 has been modified to allow for an index that makes up the MCI to be replaced with its CPI equivalent or an appropriate alternative.