



6 September 2007

Mr John Hall  
Chief Executive  
Queensland Competition Authority  
Level 19, 12 Creek Street  
**Brisbane QLD 4000**

Dear John,

**Re: Dalrymple Bay Coal Terminal – Phase 1 Capacity Expansion Project  
Draft Amending Access Undertaking Submission  
Request for Approval to Amend Annual Revenue Requirement, Revenue Cap &  
Reference Tariff**

BBI (DBCT) Management (**BBI (DBCT) Management**) is undertaking an expansion of the Dalrymple Bay Coal Terminal (**DBCT**) to increase current terminal throughput capacity. The expansion project is comprised of Phase 1 and Phase 2/3. Phase 1 is expected to reach completion on 31 January 2008 and is expected to increase DBCT's capacity from 60 million tonnes per annum (**Mtpa**) to 68 Mtpa. The total forecast cost of Phase 1 of the expansion is \$590.5M, including financing costs.

The DBCT is subject to an access undertaking which was approved by the Queensland Competition Authority (**QCA**) on 15 June 2006 (**Access Undertaking**). The QCA approved an amendment to the Access Undertaking on 20 June 2007.

Pursuant to s. 142(1) of the *Queensland Competition Authority Act 1997*, BBI (DBCT) Management hereby submits a voluntary draft amending access undertaking (**DAAU**) to amend the Access Undertaking to take into account the forecast costs of the Phase 1 expansion of DBCT. The DAAU proposes amendments to the "Annual Revenue Requirement" (**ARR**), "Revenue Cap" and "Reference Tariff" (each as defined in the Access Undertaking) as well as the inclusion of a new subclause in Schedule C of the 2006 DBCT Access Undertaking relating to an 'unders and overs' mechanism.

The intention of the amendments is to ensure that BBI (DBCT) Management earns revenue from the Phase 1 expansion on the first day of the month following the month in which it is commissioned, but in a manner which is revenue neutral to both BBI (DBCT) Management and terminal users. The proposed amendments to the Access Undertaking are identified in Appendix 4 of the enclosed submission.

A further DAAU will be submitted following the commissioning of the Phase 1 expansion to make any adjustment to the ARR, Revenue Cap and Reference Tariff to reflect the actual costs of the Phase 1 expansion. BBI (DBCT) Management intends that the unders and overs mechanism will enable the reconciliation of forecast versus actual capacity expansion costs, including the payment of interest on any under or over-recovery of revenue due to the QCA's approval of this first DAAU.

BBI (DBCT) Management hereby requests that the QCA approve amendments to the 2006 DBCT Access Undertaking as specified in the attached submission and outlined below:

- Increase in the “ARR” in the 2007/08 financial year, following Phase 1 commissioning by \$20,191,169 to \$112,002,730;
- Increase in the “Revenue Cap” in the 2007/08 financial year, following Phase 1 commissioning by \$19,954,716 to \$110,268,535;
- Increase the “Reference Tariff” from \$1.4977 to \$2.0652, effective 1 February 2008, to reflect the increase in the “Revenue Cap”; and
- Inclusion of an unders and overs mechanism (Attachment 1 to this letter).

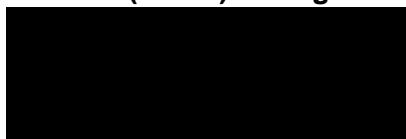
In support of our request for approval of the amendments contained in the DAAU we enclose the Stage 1 Supporting Materials, including financial modelling details. A CD ROM is also enclosed containing electronic copies of modelling and supporting explanatory material.

Please note that some of the information included in the attached documents is confidential. We therefore request that the QCA does not disclose the attached documents to third parties without our approval. If the QCA wishes to disclose any of the information included in our submission to third parties (including for public comment) we kindly ask that you contact us so that we can promptly identify the information which will need to be redacted.

Please contact us if you have any queries or require more information.

Yours sincerely

**BBI (DBCT) Management Pty Limited**



**Jeff Pollock**  
Chief Operating Officer

cc: Paul Bilyk – Director Ports & Rail

Attachment 1

**Reconciliation of ARR, Revenue Cap and Reference Tariff between Phase 1 forecast costs and Phase 1 actual costs**

- (j) The objects of Sub-Sections 4(k) to (o) are:
- (1) to provide for an interim ARR, Revenue Cap and Reference Tariff to apply from a date following completion and handover of "Phase" 1 (as defined in Sub-Section 4(k)) until approval by the QCA of an amended ARR, Revenue Cap and Reference Tariff which are based on the actual costs of Phase 1; and
  - (2) to provide a mechanism for the adjustment of Access Charges so as to reconcile the difference between the interim Reference Tariff and the amended Reference Tariff which is based on the actual costs of Phase 1 with the purpose that DBCT Management and Reference Tonnage Access Holders will (subject to the interest calculation provided for in Sub-Section 4(n)) be placed in the same position they would have been in had the further amended Reference Tariff based on the actual costs of Phase 1 originally applied.
- (k) On **[insert]** the QCA approved amendments to the:
- (1) ARR;
  - (2) Revenue Cap; and
  - (3) Reference Tariff,
- on an interim basis so as to incorporate the reasonable forecast costs of the Capacity Expansion known as Phase 1 of the Stage 7X Project (**Phase 1**).
- Those amendments are, subject to Sub-Section 4(l), effective on the first day of the Month following the Month in which Phase 1 is commissioned and handed over to the Operator.
- (l) DBCT Management will submit a further draft amending access undertaking in respect of Phase 1 in accordance with Sub-Section 4(g) promptly, after commissioning and handover to the operator of Phase 1. That draft amending access undertaking will propose amendments to the ARR, Revenue Cap and Reference Tariff based upon the actual costs of Phase 1.
- (m) Promptly, and in any event within sixty days, after approval by the QCA of the draft amending access undertaking referred to in Sub-Section 4(l), DBCT Management will, for each Reference Tonnage Access Holder, calculate:
- (1) the sum of the Interim Access Charges payable in the Interim Reference Tariff Period;
  - (2) the sum of the Adjusted Access Charges that would have been payable had they originally applied (in lieu of the Interim Access Charges) in the Interim Reference Tariff Period; and
  - (3) the difference between Sub-sections 4(m)(1) and 4(m)(2),
- where:

- (4) **Interim Access Charges** means the Access Charges applying the Reference Tariff referred to in Sub-Section 4(k);
- (5) **Interim Reference Tariff Period** means the period on and from the first day of the Month following the Month in which Phase 1 is commissioned and handed over to the Operator to (but excluding) the date on which the QCA approves the Reference Tariff referred to in Sub-Section 4(l); and
- (6) **Adjusted Access Charges** means the Access Charges applying the Reference Tariff referred to in Sub-Section 4(l).

DBCT Management will advise the relevant Reference Tonnage Access Holder and the QCA of the calculation referred to in this Sub-Section 4(m) promptly, and in any event within sixty days, after the date on which the QCA approves the Reference Tariff referred to in Sub-Section 4(l).

- (n) DBCT Management will, in the Month following the Month in which the calculation referred to in Sub-Section 4(m)(3) is advised to the QCA, recover or repay in a single payment:
  - (1) the difference referred to in Sub-Section 4(m)(3); and
  - (2) interest on the difference calculated on a monthly basis from the date the applicable portion of the difference would have been payable under the relevant Access Agreement (had the amended Reference Tariff referred to in Sub-Section 4(l) applied) to the date of payment of the difference referred to in Sub-Section 4(m)(3) by DBCT Management or the relevant Reference Tonnage Access Holder (as applicable) calculated at a rate equal to a WACC(3) Rate compounded monthly.
- (o) Where Sub-section 4(m) specifies a time period the QCA may, on one or more occasions, at its discretion, grant an extension to any time period that applies provided that an application for that extension has been received by the QCA before the expiration of the time period in question.