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16 May 2014

Ms Tania Holman
Director – Aurizon Network
Queensland Competition Authority
GPO Box 2257
Brisbane Qld 4001

By email: rail@qca.org.au

Dear Tania

Submission: Proposed New Reference Tariffs for Middlemount to Dalrymple Bay Coal Terminal

This Middlemount Coal submission to the Queensland Competition Authority (QCA) is in response to Aurizon Network's proposal for new reference tariffs to apply for the Middlemount mine to Dalrymple Bay Coal Terminal (DBCT) dated 11 April 2014.

Middlemount Coal appreciates this opportunity to provide comments on Aurizon Network's proposal and confirms that this submission is public.

Middlemount Coal generally supports the reference tariffs put forward by Aurizon Network in its proposal to the extent that it is able to form a view on the information available. In its assessment of Aurizon Network's proposal, Middlemount Coal requests the QCA's detailed consideration of the following two specific issues.

1. Recognition of Middlemount Train Services in the Goonyella System Forecast

In order to rail tonnage to DBCT, Middlemount undertook a fixed term transfer of access rights from another Goonyella system mine. Given that the tonnage was available for transfer, in Middlemount's view it is unlikely that this tonnage was included in the Goonyella system forecast volumes. On this basis, Middlemount Coal believes that the tonnage railed to DBCT under the fixed term transfer should be treated as tonnage in excess of the UT3 Goonyella system volume forecast. We request that the QCA satisfies itself that Aurizon Network receives its correct revenue entitlement.

2. Interpretation of Private Incremental Cost

Middlemount Coal believes that it should be recognised for its privately funded and owned spur line, irrespective of which system is utilised for railings (GAPE, Goonyella or any other system). The aim of this recognition being alignment with how the cost of existing users' spur lines are socialised through inclusion in the relevant system asset bases. We request the QCA to consider treating privately funded capital costs associated with spur and balloon loops as Common Costs to ensure that Middlemount is not placed at a relative disadvantage to other users.

If the QCA requires any further information in regard to this submission please contact Middlemount Coal.

Yours faithfully

A handwritten signature in black ink, appearing to read 'Mark Pratt'.

Mark Pratt
Chief Financial Officer

