

File Ref: 1303124

19 July 2018

Mr Jonathan Blakey
General Manager—Commercial and Regulation
DBCT Management Pty Ltd
PO Box 7823 Waterfront Place
Brisbane Qld 4001

Dear Mr Blakey

DBCT Management's applications under section 5.4(k)(5) and Schedule C, Part A, section 4(e)(1) of the 2017 AU

We refer to the letters dated 11 July 2018 from DBCT Management to the QCA in relation to the following matters under the Dalrymple Bay Coal Terminal 2017 access undertaking (the 2017 AU):

- (1) application under section 5.4(k)(5), for approval of a variation to an access agreement for capacity at DBCT under an alternative process
- (2) application under Schedule C, Part A, section 4(e)(1), for approval to amend the reference tariff in light of the aforementioned access agreement variation (as a review event).

Application under section 5.4(k)(5)

DBCT Management indicated that it has been approached by an access holder who also currently holds a position in the queue formed under section 5.4(a) of the 2017 AU. This access holder has requested that an additional 0.6 Mtpa of capacity be added to its access agreement for the 2018–19 financial year. However, due to the Notifying Access Seeker processes already underway (under section 5.4), DBCT Management is unable to contract the requested capacity until this process has been completed, which will occur on 24 August 2018 (being the end of the three-month period required under section 5.4(e)(5)).

DBCT Management has therefore requested approval for variation of the access agreement by way of an alternative process (under section 5.4(k)(5)), as it maintains that the process in section 5.4 will result in 'a materially greater amount of Available System Capacity not being able to be utilised than could otherwise be the case if an alternative process is followed'.

The proposed alternative arrangements entail DBCT Management entering into an agreement to vary the relevant access holder's access agreement, such that the access holder will receive the additional capacity as follows:

- (1) for the period between 1 July 2018 and 24 August 2018, the access holder will receive 0.6Mtpa (reduced on a pro rata basis for this period)
- (2) if, at 24 August 2018, following completion of the Notifying Access Seeker process, there is still sufficient uncontracted tonnage to satisfy this access request, the access holder will receive 0.6 Mtpa for the full 2018–19 financial year (or such lesser period for which the capacity is available).

DBCTM also indicated that there will be appropriate conditions precedent in the variation deed to the access holder's access agreement.

In accordance with section 5.4(k)(5) of the 2017 AU, the QCA considers it appropriate to approve the proposed alternative arrangements regarding the allocation of capacity for the period 1 July to 24 August 2018, in light of the following:

- (1) it will allow available system capacity to be used in a way that it would not otherwise be used
- (2) 0.6 Mtpa represents a materially greater amount of capacity that could be used prior to 24 August than would otherwise be the case
- (3) the conditional nature of the application and approval beyond 24 August does not impact the availability of capacity beyond that date.

Application under Schedule C, Part A, section 4(e)(1)

In anticipation of the QCA's approval of the proposed variation to the access holder's access agreement under section 5.4(k)(5), and the consequent change in reference tonnage (comprising 0.6 Mt from 1 July 2018 to 30 June 2019), DBCT Management has requested approval to amend the reference tariff, from \$2.6155 to \$2.5933, as a review event.

In accordance with Schedule C, Part A, section 4 of the 2017 AU, the QCA considers it appropriate to approve DBCT Management's application to amend the reference tariff to \$2.5933. The amended tariff is to apply from 1 August 2018 to 30 June 2019. We note that the amended reference tariff is conditional on there being available capacity from 24 August 2018. Unless DBCT Management informs the QCA otherwise, we will assume the review event progresses as documented—that is, that capacity is available and the reference tariff remains \$2.5933 from 24 August 2018.

Next steps

The QCA will notify users and stakeholders of the decisions in this regard by publishing this letter and DBCT Management's letters of 11 July 2018 on our website.

Should you require further information, please contact Clotilde Bélanger on (07) 3222 0587.

Yours sincerely



Charles Millstead
Chief Executive Officer