

SUBMISSION TO THE QUEENSLAND COMPETITION AUTHORITY

NBB SYSTEM RULES – QCA POSITION PAPER RESPONSE

APRIL 2016

Thank you for the opportunity to provide a response to the QCA Position Paper on the Aurizon Network (AN) NBB System Rules. Anglo American has reviewed the Position Paper and provides the following comments:

General Overview

Anglo American is supportive and appreciative of the outcomes of the QCA Position Paper decisions in relation to the structure and workings of the NBB System Rules. Anglo American also particularly supports the following concepts proposed by the QCA:

- The MTP is to be made available to all stakeholders;
- The ITP is to be based upon a rolling period format;
- The concept of weekly TSE is no longer used;
- There is no lockdown of train schedules or consumption of TSE until after the 48hr schedule is finalised.
- Train orders and schedules in the ITP are to be revised as necessary to accommodate final train orders received for the applicable 48hr schedule period;
- The CTPDMP is to be used where necessary to finalise the 48hr schedule plan;
- The rules are to elaborate on how the system variability is applied across access holders; and
- The system rules are not an appropriate mechanism for the allocation of commercial penalties.

Anglo American requests the QCA consider the following issues raised by the Position Paper:

Deferral of decision on NBB Rules

Anglo American does not agree that the QCA decision and AN implementation of the final NBB System Rules should be deferred to a later date. The System Rules have been in discussion, reviewed by independent consultants, subjected to submissions from all sides of industry and should now be finalised and implemented.

The revised NBB System Rules are critical to each end user's ability to access their contracted track capacity and fundamental to the audit fidelity of ToP ultimately being charged by AN. Without the rules being in place sooner rather than later there can be no surety on either of these matters.

It is also difficult to understand how AN sees fit to have System Rules operate for Capricornia, while at the same time requesting a deferral on the decision/implementation of NBB Rules.

Anglo American requests the QCA finalise its decision on the NBB System Rules and ensures AN implements the revised NBB System Rules concurrently with the commencement of UT4.

Section 3.3.3 - ITP Schedule Period length

Anglo American does not have a firm view on the period to apply to the ITP, e.g. 10 days. However, for long ITP periods, then the larger the difference will be between the ITP and DTP outcomes. It is suggested that the ITP be no greater than 7 days prior to the start of the 48hr period.

Anglo American believes that there is a fundamental difference between the 48hr period and the ITP. The ITP should simply be for planning purposes and should not seek to schedule services, or lock in some orders ahead of other terminal orders. The ITP should act as a tool to ensure that total orders in the period can indicatively be managed. The development of the 72hr schedule is nothing more than scheduling of the final orders received for the relevant 48hr period. It is noted that the NBB system currently operates using a 96hr schedule, rather than 72hr. It is suggested that the 72hr schedule is closer to the day of operations, therefore being more stable and relevant.

Section 3.7 – Variations to possession planning

Anglo American has previously raised concerns in relation to changes made by AN to track maintenance outages within the 3 week lock down period and subsequent misalignment of other mine, train or port based planned outages. This is a difficult issue to address if the track maintenance periods are not actually 'locked down' but movable with consultation. It is recommended as a final remedy that track maintenance outages within the 3 week lock down period cannot be moved within the lockdown period without the agreement of stakeholders (i.e. simply consulting is not acceptable). Where agreement cannot be reached, then the outage is to be deferred to a later time outside of the lock down period in question, unless it represents emergency maintenance repairs.

Section 4.1 – TSE calculations

Anglo American is appreciative of the QCA's comments in relation to the calculation of TSE and network availability. Anglo American supports the QCA considering this issue further in relation to wider UT4 and access agreement arrangements and conditions.

Section 5.1 - Scheduling GAPE services

Anglo American believes that the proposal by the QCA that all train services ordered are treated on an equal basis for development of the 48hr schedule alleviates some of the concerns over the treatment of GAPE services. Anglo American is still concerned that GAPE services degrade available Goonyella system capacity, which is required to service all NBB orders (i.e. GAPE and non-GAPE). Anglo American requests that if this issue is not taken up within the NBB rules, then it is considered further by the QCA in relation to UT4 (Capacity shortfalls).

Section 5.2 - Pooling of paths

Anglo American is still of the opinion that it and other end users have little or no control over the way the paths are pooled or allocated for use, as this control rests with the rail operator.

As the access agreements are entered into on behalf of the end user, it seems only appropriate that the decision on where to pool the paths should lie with the end user.

In addition, Anglo American considers that the most efficient use of paths for a variable rail system is for these to be pooled at the destination terminal level. This would align total track capacity capability to dump station capability, rather than segmenting the track capacity by contract or individual rail operator.

Section 6.4 - Business Execution Rules (BER)

The purpose of the BER is unclear. The impact of the BER on scheduling and diversions is not known by industry, but should be. If AN train control and scheduling employees work with a document which provides business instructions in relation to the scheduling and alteration of train services, then that document should be made transparently available to access holders and their customers.