

Our ref: MCR-18-657

Mr Charles Millstead  
Chief Executive Officer  
Queensland Competition Authority  
GPO Box 2257  
Brisbane Qld 4001

Dear Mr Millstead

### **Submission of Queensland Rail's Draft Access Undertaking 2 (DAU2)**

I refer to the initial undertaking notice (Notice) under section 133 of the QCA Act that the QCA issued to Queensland Rail on 14 September 2017. The Notice required Queensland Rail to submit to the QCA a draft access undertaking (Queensland Rail's Draft Access Undertaking 2 - DAU2) by 30 April 2018, to replace our current Access Undertaking 1 (AU1), which expires on 30 June 2020.

On 24 January 2018, Queensland Rail requested an extension to 31 October 2018 to allow Queensland Rail more time to work closely with stakeholders to reduce policy differences at lodgement of the DAU2, thereby limiting the areas of difference on which the QCA must adjudicate. The QCA subsequently responded on 15 February 2018 granting a three month extension to 31 July 2018 for submission of DAU2.

Queensland Rail is at an advanced stage of preparation of its DAU2 submission. We have taken a targeted approach to proposed changes in DAU2 and have consulted extensively with key stakeholders on proposed non-tariff changes to AU1 that we are contemplating. We believe that through this process the number of issues in contention has been reduced.

Queensland Rail has also prepared maintenance, operating and capital expenditure forecasts for the DAU2 period (i.e. FY21 to FY25) for two scenarios:

- (i) West Moreton System coal throughput of [REDACTED] million tonnes per annum - assuming New Acland Stage 3 mine is approved and developed; and
- (ii) West Moreton System coal throughput of [REDACTED] million tonnes per annum - assuming New Acland Stage 3 mine is not approved.

In developing proposed West Moreton System Reference Tariffs for the above scenarios significant issues for Queensland Rail and its coal customers have been highlighted in the event that the low tonnage profile is realised. The traditional "building block" approach may yield a tariff which is arguably unaffordable to the sole remaining coal customer on the West Moreton System and in a situation if a lower tariff was considered by Queensland Rail would mean that we do not recover efficient costs.

Queensland Rail intends to undertake further consultation on the issue with external stakeholders, of which they are very supportive.

To allow further time to consult with customers, we respectfully request the QCA extend the lodgement date for Queensland Rail's DAU2 submission to at least 15 September 2018. Queensland Rail will do everything it reasonably can to submit the Draft Access Undertaking as early as possible.

If you have any questions in relation to this, please do not hesitate to contact Neil Buckley, General Manager Access Revenue, on 3072 1145.

I appreciate your consideration of this matter.

Yours sincerely



**Nick Easy**  
Chief Executive Officer

13 July 2018