

Author name: D. Stone

Date of submission: Tuesday, 22 December 2015

Submission: Centennial in recent times has been sending more coal from its mines at Fassifern and in the Lithgow area to the coal terminals at Newcastle. It now also sends coal by rail from the Lithgow area to Eraring Power station.

Newcastle Port Eraring Total

2012/13 year 2,779,000 0 2,779,000

2013/14 year 2,478,000 606,000 3,083,000

2014/15 year 4,464,000 471,000 493,5000

Future with good market 7,000,000

This increase in volume of Coal Haulage will contribute to 'over recovery' for many sections of track. When the coal prices recover this should contribute even further to over recovery as volumes to Newcastle will increase again.

Currently the rail access charges are paid by both the above rail providers, Pacific National and Southern Shorthall Rail. These charges are passed directly back to the coal shipper and directly impact Centennial's bottom line.

These are difficult economic times for the coal industry. Centennial has been driving to reduce cost in every element of our business. Centennial has had to put several of its mines on care and maintenance. Under the circumstances, over recovery for rail access is a cause for significant concern and impacts Centennial's profitability.

Centennial seeks a process to recover a proportion of the charges that may have led to over recovery of rail access charges from the 2013/14 and 2014/15 year. Centennial further seeks a reduction in current charges for the 2015/16 year to mitigate potential over recovery.

Centennial is working hard with TfNSW to introduce longer more efficient coal trains to the Sydney Trains Network. Due to the Distributed Power configurations of these longer trains there will be less wear and tear on the rail network. Centennial is seeking a rail access charge setting process that provides some reduction in rail access charges for these Distributed Power Trains.

To prevent over recovery in the future it is proposed that yearly forecasts provided by the cargo owner to the above rail provider each year be used to gauge the volume effect on revenue recovery and that rail access charges be set accordingly. Train configuration can be used to further refine the calculation of the rail access charge. Over recovery in previous years can either be provided as a rebate to the shippers affected or used to reduce charges in the following year.