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13 March 2009

Mr Patrick Lam  
Senior Analyst  
Independent Pricing and Regulatory Tribunal  
PO Box Q290, QVB Post Office  
NSW 1230

## **IPART REVIEW OF COMPLIANCE UNDER THE NSW RAIL ACCESS UNDERTAKING FOR 2007/08**

I refer to your e-mail dated 13 February 2008 inviting submissions on ARTC's compliance with the NSW Rail Access Undertaking for 2007/08. Specifically you requested submissions from access seekers and holders on:

- The capital expenditure consultation process undertaken by the owners in compliance with the Asset Roll Forward Principles (ARFP), and
- The management of the unders and overs account and compliance with the ceiling test.

QRNational Coal has an Access Agreement with the Australian Rail Track Corporation (ARTC) for operation of coal train services in the Hunter Valley and is satisfied with the level of consultation in compliance with the ARFP.

QRNational Coal is represented at the monthly Rail Infrastructure Group (RIG) meetings and in addition has attended a number of information sessions on major project proposals presented by ARTC. The RIG meeting process has provided sufficient detail and opportunity for QRNational Coal to be fully informed on capital investment proposals and subsequent progress of endorsed projects.

QRNational is also represented on the Hunter Valley Coal Chain Logistics Team Steering Committee and the Capacity Management Forum. Overall QRNational is satisfied with the level of ARTC's compliance with the consultation provisions of the NSW Rail Access Undertaking.

In relation to the specific issues with ARTC's proposal as highlighted by IPART:

- 1) *Inclusion of Ulan and Wilpingjong and the removal of Muswellbrook to Dartbrook sector from the constrained group.*
  - This is acceptable to QRNational Coal.
- 2) *Inclusion of financing costs of \$0.74 m relating to the capital works on Mangoola and Wollar crossing loops.*
  - This proposal is supported by QRNational and has been fully discussed and agreed with ARTC at several RIG meetings as the preferred solution to the re-prioritisation of work on these crossing loops and the resulting financial impact on ARTC.
- 3) *Capital Projects sought to be included in the Regulated Asset Base (RAB) per page 13 of the capital consultation submission.*

- QRNational Coal accepts the inclusion of these capital projects and the calculation of the roll forward of the RAB for 2007/08.

With respect to the management of the unders and overs account and compliance with the ceiling test by the owners, QRNational accepts the calculation of the Unders/Over amount for 2007/08 (\$0.25m) and is satisfied with the compliance with the ceiling test by ARTC.

In relation to the Unders and Overs calculation for 2007/08 and previous years. QRNational would prefer to see more detail of the breakdown of the amount by load point and customer. This detail has not been readily available in the past and increases the difficulty of achieving equitable and efficient solutions for our customers. Any information provided will be treated in the strictest confidence.

Should you wish to discuss this submission in greater detail, please do not hesitate to contact either myself or John Harnischfeger on (07) 3235 1818.

Yours sincerely,



Michelle Yeaman  
National Access Manager  
QRNational Coal