



AGL Energy Limited
ABN: 74 115 061 375
Level 24, 200 George St
Sydney NSW 2000
Locked Bag 1837
St Leonards NSW 2065
t: 02 9921 2999
f: 02 9921 2552
agl.com.au

Mr Matthew Schroder
General Manager
Infrastructure & Transport – Access & Pricing Branch
Australian Competition and Consumer Commission
GPO Box 520
Melbourne VIC 3001

Submitted via email transport@accc.gov.au

21 June 2017

Dear Mr Schroder,

ARTC 2017 HVAU – ACCC Consultation Paper

AGL welcomes the opportunity to comment on the Australian Competition and Consumer Commission (ACCC) Consultation Paper on the Australian Rail Track Corporation's (ARTC) proposed 2017 Hunter Valley Access Undertaking (2017 HVAU).

AGL refers to its previous letter to the ACCC, dated 2 February 2017, and wishes to reiterate its concerns with certain aspects of the 2017 HVAU, as detailed below. However, AGL is pleased to note that the term defined in the latest version of the 2017 HVAU has been reduced from 9½ years to 5½ years. AGL considers this change appropriate.

Lack of Flexibility

AGL wishes to emphasise its dissatisfaction with the lack of flexibility in the access holder agreement (AHA) to deal with variations in coal haulage quantities and routes.

The domestic coal-fired power generation industry faces significant uncertainty in the short term, which necessitates a portfolio of short, medium and long-term coal supply contracts.

Unlike domestic coal exporters, who usually run their mines close to maximum capacity for the life of the mine (and are therefore able to contract for a fixed quantity of coal to be hauled from a known loading point to the port for a lengthy term), AGL's Hunter Valley power stations need the flexibility to contract for shorter terms and from various locations.

AGL is of the opinion that a two-year AHA term provides sufficient certainty to the ARTC for maintenance and planning purposes and that there is no obligation on the ARTC to provide access where no capacity exists.



Without the necessary support in the 2017 HVAU, AGL's desire to contract with the AHA (for terms shorter than 10 years) may not conclude positively; with no alternative rail access provider to turn to.

Operation of the renewal notice provisions

Clause 2.4 and clause 2.5 of the train path schedule (TPS) in the current, and proposed 2017 AHA, respectively deal with annual renewal of the TPS and extension of the schedule.

AGL notes that under the terms provided, should an access holder fail to issue a renewal notice, the term of the AHA can only be extended if another access seeker applies for the paths. Accordingly, a situation may arise where an access holder wants to extend its AHA term, and the rail capacity is available, but the access holder will have to wait until another party applies for the same paths before it can apply for those paths.

AGL accepts that an access holder may lose its automatic right to extend the term of the contract if it fails to issue a renewal notice, but this should not preclude the access holder from extending the term at a later stage, if those paths are still available, without having to wait until another party applies for those paths.

Improving Transparency

AGL requests greater data transparency so that the performance of AGL trains can be compared with the average performance of all trains on the relevant rail network.

AGL is concerned that the incentives in the HVAU - that drive overall ARTC performance – may lead to possible delays in AGL trains.

Finally, AGL supports the inclusion of all coal access holders in the Rail Capacity Group, as this will allow more equitable and fulsome participation in decision making processes that impact rail users.

If you have any queries about this submission or require further information, please contact Liz Gharghori at lgharghori@agl.com.au or on 03 8633 6723.

Yours sincerely,

A handwritten signature in black ink, appearing to read 'Simon Camroux'.

Simon Camroux
Manager Wholesale Regulation