

21 December, 2017

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AUSTRALIAN RAIL TRACK CORPORATION LTD
ARTC 2011 HUNTER VALLEY COAL NETWORK ACCESS UNDERTAKING
VARIATION APPLICATION TO THE ACCC

Please find enclosed, for the Australian Competition and Consumer Commission's (ACCC) consideration, a copy of the application documentation supporting the variation of ARTC's Hunter Valley Coal Network Access Undertaking accepted by the ACCC on June 29, 2011 (2011 HVAU).

The 2011 HVAU was accepted by the ACCC on 29 June 2011 with a Commencement Date of 1 July 2011 and an expiry date of 1 July 2016. It has since been extended three times as ARTC has sought to negotiate a replacement undertaking with Hunter Valley producers and stakeholders for approval by the ACCC:

- Following the approval by the ACCC of an initial extension application on 22 June 2016, an expiry date of 31 December 2016 was given.
- Subsequently, the ACCC approved a further extension application on 23 November 2016, bringing the expiry date to 30 June 2017; and
- Finally, on 29 June 2017, the ACCC approved an extension providing an expiry date of 31 December, 2021.

As required as part of the final extension approved by the ACCC on 29 June 2011, ARTC now seeks to vary the 2011 HVAU to reflect the concepts of Path Based Pricing and the introduction of an Incremental Cost methodology.

The documentation relating to ARTC's extension application of the 2011 HVAU is intended for publishing should the ACCC wish to do so and includes:

- 1 An Explanatory Guide for the Variation which includes detailed reasons for the proposed changes to the 2011 HVAU and attaches a list of all proposed amendments and their justification plus the presentation provided to customers as part of the engagement process to detail the worked examples of the proposed methodology;
- 2 A marked up version of the 2011 HVAU incorporating the changes discussed above.
- 3 A clean version of the amended 2011 HVAU.
- 4 A marked up version of the Indicative Access Holder Agreement.
- 5 A clean version of the amended Indicative Access Holder Agreement.

ARTC seeks the ACCC's acceptance and approval of the extension of the 2011 HVAU. For further information regarding the preparation of this application, please contact Simon Ormsby on (08) 8217 4314 (Ph) or sormsby@artc.com.au (email) or Gavin Carney on (08) 8217 4189 on GCarney@ARTC.com.au (email).

Yours sincerely



John Fullerton

Chief Executive Officer