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30 March 2021

Mr Justin Martyn
Director Regulated Rail - Access
Australian Competition & Consumer Commission
Level 11
1 King William Street
Adelaide, SA 5000

Email: Justin.Martyn@acc.gov.au

Dear Justin,

HUNTER VALLEY COAL NETWORK ACCESS UNDERTAKING – VARIATION AND EXTENSION APPLICATION

I refer to ARTC's application to vary and extend the term of the Hunter Valley Coal Network Access Undertaking (HVAU) that was submitted to the ACCC on 23 December 2020. This variation will be version 8 of the HVAU.

In the application documentation, ARTC indicated that it would subsequently determine the standard access charges to apply for the period 1 July 2021 to 31 December 2021 and include those in version 8 of the HVAU prior to the ACCC making its final decision. ARTC confirms that this pricing has now been finalised and a copy of the standard access charges is provided in Appendix 1 of this letter.

ARTC has also identified some minor drafting amendments to be made in version 8 of the HVAU. These changes are predominantly cross-referencing updates and do not alter the intended operation of the HVAU or the elements of the HVAU package agreed with customers. An overview of these minor amendments is provided in Appendix 2.

To reflect these changes, ARTC withdraws its variation and extension application submitted on 23 December 2020, and submits a revised access undertaking application with the following amended documents:

1. Revised marked-up version of the HVAU incorporating the cumulative changes for version 8. Note that the amendments since 23 December 2020 are distinguished using purple font.
2. A clean version of the amended HVAU version 8.

This documentation is intended for publishing.

There are no changes to the Indicative Access Holder Agreement and Costing Manual that were submitted on 23 December 2020.

A confidential financial model will be provided separately to the ACCC.

ARTC requests that the ACCC consents to the variation and extension of the HVAU in accordance with the attached version 8 terms, pursuant to section 44ZZA(7) of the Competition and Consumer Act 2010.

For further information regarding preparation of this submission, please contact me on (02) 4952 0210 or wjohnson@artc.com.au.

Yours sincerely



Wayne Johnson
Group Executive Hunter Valley Network

APPENDIX 1 - ARTC 2021 H2 HUNTER VALLEY ACCESS CHARGES

The following Standard Access Charges apply from 1 July 2021 to 31 December 2021.

Segments	Non-TOP \$/kgtkm (ex GST)	TOP (ex GST)		Service Envelope characteristics as at the Variation Effective Date
		\$/Train KM	\$/Contracted Coal gtkm	
In Pricing Zone 1*	1.101	28.176	2.468	Maximum length 1,545 metres Maximum axle load 30 tonnes Maximum speed empty 100 kmh Maximum speed loaded 60 kmh Section running times (must meet) - As published on ARTC website from time to time.
In Pricing Zone 2*	1.028	35.911	Nil	Maximum length 1,545 metres Maximum axle load 30 tonnes Maximum speed empty 80 kmh Maximum speed loaded 60 kmh Section running times (must meet) - As published on ARTC website from time to time.
In Pricing Zone 3*	3.031	65.028	Nil	Maximum length 1,329 metres Maximum axle load 30 tonnes Maximum speed empty 100 kmh Maximum speed loaded 60 kmh Sectional running times (must meet) - As published on ARTC website from time to time.

APPENDIX 2 SUMMARY OF ADDITIONAL AMENDMENTS TO THE HVAU

This appendix provides a summary of further, minor amendments to the HVAU proposed by ARTC. These amendments are additional to the amendments lodged with the HVAU on 23 December 2020, and if accepted, will form part of the HVAU version 8. In this document, the new mark ups are shown in purple text against the previously submitted mark ups to HVAU version 7.

1 Additional amendments to the HVAU

No	HVAU Section	Amendments	Explanation
1	3.5	(d) ARTC and the Access Holder may disclose Confidential Information: ... (vi) subject to entering into appropriate confidentiality arrangements with the auditor, to an auditor appointed under section 4.10A(c)(f) of this Undertaking; or	Correction to cross reference.
2	3.15	(c) Disputes in relation to an Access Agreement once executed will be dealt with in accordance with the provisions of that Access Agreement and are not dealt with under this Undertaking. To avoid doubt, disputes raised in accordance with sections 4.15(d) and 4.20(e)(f) will be dealt with in accordance with section 3.15(f) of the Undertaking.	Correction to cross reference.
3	4.9	(b) For each Constrained Coal Customer, ARTC will: ... (ii) determine the annual allocation of the total unders or overs amount to each Constrained Coal Customer in accordance with the methodology specified at sub-section (b)(iii) ;	Update to more fully describe the cross-referenced section.

No	HVAU Section	Amendments				Explanation	
4	4.22	Segments	Non-TOP \$/kgtkm (ex GST)	TOP (ex GST)		Service Envelope characteristics as at the Variation Effective Date	Inclusion of Access Charges from 1 July 2021 to 31 December 2021.
				\$/Train KM	\$/Contracted Coal gtkm		
		In Pricing Zone 1	1.101	28.176	2.468	Maximum length 1,545 metres Maximum axle load 30 tonnes Maximum speed empty 100 kmh Maximum speed loaded 60 kmh Section running times (must meet) - As published on ARTC website from time to time.	
		In Pricing Zone 2	1.028	35.911	Nil	Maximum length 1,545 metres Maximum axle load 30 tonnes Maximum speed empty 80 kmh Maximum speed loaded 60 kmh Section running times (must meet) -	

No	HVAU Section	Amendments					Explanation
						<p>As published on ARTC website from time to time.</p> <p>Maximum length 1,329 metres</p> <p>Maximum axle load 30 tonnes</p> <p>Maximum speed empty 100 kmh</p> <p>Maximum speed loaded 60 kmh</p> <p>Sectional running times (must meet) - As published on ARTC website from time to time.</p>	
5	13.1	<p>(c) Notwithstanding termination of this Undertaking or expiry of the Term, ARTC will report on its website, performance against the Network Key Performance Indicators set out in Schedule D in respect of the 2016 calendar year.</p>					Removal of redundant clause relating to 2016.
6	Definitions	<p>“Segment Specific Assets” means assets that:</p> <p>(a) form part of the RAB Floor Limit or RAB and are subject to section 4.4 or section 4J.4 of the Undertaking (as applicable); and</p> <p>either</p>					Insertion of reference to ‘RAB’. This is consistent with current HVAU drafting and necessary given the definition cross references to section 4J.4 when the RAB is in operation.

No	HVAU Section	Amendments	Explanation
		<p>(b) ARTC can directly identify with a Segment because those assets are physically or functionally part of a Segment; or,</p> <p>(c) ARTC has otherwise directly identified with a Segment having regard to recovery of relevant costs associated with those assets consistent with the beneficial use of those assets;</p>	
7	Definitions	<p><u>“Variable Maintenance Cost” means, for a Segment or group of Segments, maintenance expenditure, including major periodic maintenance that varies with usage of the Segment;</u></p> <p>...</p> <p>“Variable Maintenance Cost” means, for a Segment or group of Segments, maintenance expenditure, including major periodic maintenance that varies with usage of the Segment;</p>	Moved to maintain alphabetical order. No change to the definition.
8	4J.10	<p>(a) Subject to sub-section (a1), ARTC will submit to the ACCC, by the later of 30 April each year and 4 months from the ACCC’s final determination of the previous year’s Compliance Assessment, in respect of the previous calendar year:</p> <p>...</p> <p>(iii) where documentation in (i) above demonstrates that RAB is above RAB Floor Limit in Pricing Zone 3, documentation demonstrating that Standard Access Charges satisfy the requirements in section 4J.3(c).</p>	Correction to cross reference.

No	HVAU Section	Amendments	Explanation
9	4J.10	<p>(d) The ACCC will determine whether ARTC has undertaken:</p> <p>...</p> <p>(iii) in determining whether ARTC has complied with the provisions of section 4J.34J.4 in rolling forward the RAB or the RAB Floor Limit, the ACCC may have regard to the submissions of relevant industry participants but if Capital Expenditure or Capital Allocations have been endorsed by the RCG in accordance with section 9, the ACCC will not consider whether that Capital Expenditure is Prudent or review the Capital Allocation;</p>	Correction to cross reference.