

## HVAU 2017 – Opex changes

The new opex mechanism will affect a number of provisions in the Hunter Valley Access Undertaking (HVAU). Set out below is a list of provisions that ARTC expects will require amendment as a result of the new opex regime being developed. As the opex regime has not yet been fully developed, the below list is intended to provide guidance on the scope of changes that will form part of the revised draft HVAU to be submitted to the ACCC in April / May 2017 (but is not an exhaustive list of changes that may be made).

| Clause   | Potential amendment  |
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| <b>Objectives (section 1.2)</b>                                      | The objectives of the HVAU may require minor amendments to recognise the change in the opex regime to an <i>ex ante</i> review.  |
| <b>Economic Cost calculation (section 4.5)</b>                       | The Economic Cost calculation in section 4.5 will be amended to incorporate the opex mechanism.  |
| <b>Opex allowance and principles</b>                                 | A new section will need to be inserted with the principles on which the opex regime is based (proposed as new subclause in section 4) and process to reset the opex allowance for future forecast periods. |
| <b>Compliance Assessment (section 4.10 and Sch G)</b>                | The compliance assessment process will need to be amended to reflect the ex-ante opex efficiency mechanism.  |
| <b>Standard Access Charges (section 4.15)</b>                        | The Charges have been left blank in the draft HVAU 2017 submitted in December 2017 as those will be subject to the outcomes of the new opex regime.  |
| <b>Process for finalising Standard Access Charges (section 4.18)</b> | The process for finalising Standard Access Charges will be amended to reflect the operation of the opex mechanism.   |
| <b>Provision of forecast information (section 4.19 and Sch F)</b>    | Similarly, those parts of the HVAU relating to the provision of forecast information, pricing and coal volumes (including to the RCG) will be amended to reflect the operation of the opex mechanism.      |
| <b>Industry Consultation (section 9)</b>                             | The role of the RCG will need to be amended to reflect any determined role for the RCG in relation to the opex mechanism.  |
| <b>Incremental Maintenance Costs</b>                                 | The definition of Incremental Maintenance Costs will need to take into account the opex allowance.   |