

# GLENCORE

7<sup>th</sup> November 2014

Mr Matthew Schroder  
General Manager  
Fuel, Transport and Prices Oversight Branch  
Australian Competition and Prices Oversight Branch  
Australian Competition and Consumer Commission  
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Dear Mr Schroder

## Re HVAU Revenue Allocation Review

Further to Glencore's previous submissions on this review, it now wishes to record a further concern stemming from the disclosure of ARTC's Revenue Allocation process.

In June 2014 the ACCC approved a variation to the HVAU to allow the inclusion of the Gap to Turrawan Segments into Zone 3 of the Network. At the time Glencore did not oppose this variation based upon its "understanding" that such a variation would not impact its business. From the lack of submissions from other Producers, Glencore assumes that this was the general misconception amongst all Zone 1 and 2 access holders. After the recent revelations of the Revenue Allocation review by the ACCC it is now apparent that had Glencore been aware of the pricing practices of ARTC than it would have been positively opposed to such an extension of Zone 3 and it would have made submissions to that affect. We also contend that other access holders would also have made submissions to support rejection of the variation. The lack of opposition to this variation is a direct reflection of the misleading practices of ARTC and should not be seen as being passive support.

Glencore is of the strong opinion that this variation to the HVAU was done at a time when all access holders were not aware of the impacts that such a decision could have on their own operations. The ACCC's assertion that all relevant stakeholders had evaluated the variation and were unopposed is no longer a valid assumption since many of the stakeholders did not know that the variation would impact them at all. Under the revenue reallocation process being carried out by ARTC (if allowed to stand), the increased investment by ARTC into an extended Zone 3 impacts the cost competitiveness of all Zone 1 and 2 access holders by increasing their access charges.

It is Glencore's contention that the variation approved by ACCC to incorporate the Gap to Turrawan segments into the HVAU should now be rejected and the variation process should be reinitiated subsequent to the Revenue Reallocation review so that it can be re evaluated by all stakeholders knowing all the ramifications of the options.