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3 June 2011

Mr Anthony Wing
General Manager
Transport and General Prices Oversight
ACCC
GPO Box 520
MELBOURNE VIC 3001

Dear Mr Wing,

Thank you for the opportunity to respond to ARTC's suggested revisions to the Hunter Valley Access Undertaking (HVAU) provided to you on 17 May 2011.

As noted in our submission of 11 May 2011, QR National Coal still has concerns about a number of elements in the proposed HVAU. However, despite being somewhat disappointed that many of these concerns have not be addressed, we have confined this response to ARTC's suggested amendments.

In general, QR National Coal supports proposed amendments that will benefit our customers. In particular, QR National Coal supports consistency in the System Assumptions between Hunter Valley Coal Chain Coordinator (HVCCC) and ARTC. We also support provisions that require matching of network exit capability and coal chain capacity, which is essential for efficient operation of the Coal Supply Chain.

In addition, we support ARTC's proposed amendments to the provisions governing the audit of the True Up Test (TUT), the provisions for the treatment of mutually exclusive access applications and the expanded provisions related to the fifth year review of the HVAU.

With respect to the determination of the Efficient Train Configuration, QR National Coal is concerned that the proposed amendments introduce additional uncertainty for customers and other market participants, including operators.

ARTC's proposal to introduce an *initial* Indicative Service within five months of the HVAU taking effect, creates an additional layer of complexity to the transitional arrangements. QR National Coal considers that ARTC should provide further clarification on the transitional arrangements as soon as possible.

We note that the Interim Indicative Services and associated charges, based on the existing train configurations, will be grandfathered to December 2014. It is essential that the grandfathering arrangements include, not only pricing consistency between the two primary train services currently operating in the Hunter Valley, but also that Access Charges will continue to be based on gross tonne kilometers (GTK).

During the almost three years over which the HVAU has been negotiated, market participants have relied on assurances provided by ARTC, not only that pricing consistency will be maintained, but that charges will be GTK based.

If you require clarification or have any queries, please contact David Hamblyn, Acting National Access Manager on telephone (07) 3235 7849.

Regards,



Marcus McAuliffe
EVP & CEO Coal Operations
QR National Coal