



PORT WARATAH COAL SERVICES

22 November 2013

Mr Martin Jones
General Manager
Operations & Logistics Hunter Valley
5/33 Newton St
BROADMEADOW NSW 2292

Dear Martin,

Re: Appropriate Pricing Unit to Encourage Efficient Consumption of Capacity

I refer to your consultation paper in relation to whether gtkm is the appropriate pricing unit to encourage efficient consumption of Capacity.

Port Waratah Coal Services supports a pricing mechanism that promotes the efficient use of capacity and is of the view that this can be achieved through the use of price differentiation. To be effective:

- The pricing differential should encourage Producers to minimise the number of paths used (or planned to be used) and to maximise the tonnes per path;
- Producers using the more efficient train configurations should not be subsidising Producers that do not;
- There needs to be consistent commercial drivers in above rail contracts; and
- There needs to be incentives for Producers to align their above and below rail capacity to meet their contracted capacity with the terminals.

Whilst Port Waratah does not have a specific view on the underlying pricing unit, we are interested to ensure that in determining the pricing unit and differential rates, ARTC has regard to these factors.

Please do not hesitate to contact me on (02) 4907 2373 or by email (Geoff.crowe@pwcs.com.au) if you wish to discuss this submission further.

Yours sincerely

Geoff Crowe
General Manager Commercial