



Shenhua Watermark Coal Pty Ltd
神华沃特马克煤矿有限公司

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Mr Matthew Schroder
General Manager
Fuel, Transport and Prices Oversight Branch
Australian Competition and Consumer Commission
GPO Box 520
Melbourne Vic 3001
Email: transport@accc.gov.au

Dear Matthew

Response to ACCC Consultation Paper on ARTC's draft 2017 Hunter Valley Access Undertaking

Shenhua Watermark Coal Pty Ltd (**SWC**) welcomes the opportunity to provide the following submission in response to the Consultation Paper issued on 15 December 2016 by Australian Competition and Consumer Commission (**ACCC**) in relation to ARTC's draft 2017 Hunter Valley Access Undertaking (**2017 HVAU**)

1. INTRODUCTION

SWC is a future coal producer with the designated prospective Watermark mine in the Gunnedah Basin. SWC would have future exposure to Pricing Zone 3 (PZ3) as defined by the current 2011 Hunter Valley Access Under Taking (**2011 HVAU**). SWC will transport its product coal from Watermark to the Port of Newcastle via the Hunter Valley Rail Corridor.

SWC has worked constructively with Whitehaven Coal during the preparation of this submission and SWC supports Whitehaven's position as expressly set out in this submission.

SWC requests that the ACCC not accept the HVAU in its current form and to consider the material outlined in this submission by SWC and a separate submission by Whitehaven Coal.

2. PROSPECTIVE MINES

SWC does not believe the criteria for the inclusion of prospective mines suggested in the current draft 2017 HVAU is appropriate. The criteria will lead to conservative estimations of the Remaining Mine Life (RML). SWC therefore supports the Hunter Valley Rail Access Taskforce (HVRATF) position in its submission in response to 2016 HVAU and 2017 HVAU, that a mine is prospective if it:

- has obtained all reasonably necessary project approvals; or
- contracts have been executed for Network Exit Capacity sufficient to provide for the delivery and export of any coal forecast to be produced over the remaining Term or any Further Term; or
- there is otherwise a reasonable expectation that the mine will commence operations and coal will be produced within five years of the Review Date.

3. WHITEHAVEN SUBMISSION

SWC supports Whitehaven Coal's position on the following issues in its Response to the ACCC Consultation Paper on ARTC's draft 2017 HVAU:

- *Rate of Return;*
- *Remaining Mine Life (RML) and Depreciation;*
- *Mandatory Review of Undertaking;*
- *Path Based Pricing and Revenue Allocation; and*
- *Structure of Charges – Non-Coal Access Rights*

Please feel free to contact me if you would like further clarification on the above.

Yours sincerely,



Joel Zhao

Transport Management Department