

29 January 2014

*{by e-mail}*

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

**Further Whitehaven Submission on ACCC's Preliminary Views in relation to ARTC's proposed variation to include the Gap to Turrawan**

I am writing in response to ARTC's 17 January 2014 Submission on ACCC's paper dated 12 December 2013 in relation to the ACCC's preliminary views on the appropriateness of ARTC's proposed variation of the Hunter Valley Access Undertaking (HVAU) to include the Gap to Turrawan.

Whitehaven has previously provided public submissions in relation to ACCC's assessment of ARTC's proposed variation of the Hunter Valley Access Undertaking (HVAU) to include the Gap to Turrawan.

In regard to ARTC's latest 17 January 2014 submission Whitehaven supports the adjustments proposed by ARTC in this latest submission, including the need to include 3 shorter sidings for the efficient delivery of maintenance services; however:

1. Whitehaven does not support ARTC proposed financing costs of \$56.8m. This is in the order of 19% of the latest DORC estimate of \$302m. It is unclear whether financing costs were previously included in the valuation of the Dartbrook to Gap section and it is our understanding that the financing cost component in the Zone 1 valuation was in the order of 4% of the DORC estimate. A 19% financing cost therefore appears excessive; and
2. The latest ARTC submission does not address Whitehaven's concerns around 30tn axle load operations and the short life of existing rail track which is scheduled to be replaced in the immediate future.

Whitehaven also notes that ARTC have proposed to make appropriate amendments to provide for greater transparency on capitalised losses and the ACCC is open to feedback as to how this may be achieved. Whitehaven would like greater visibility of:

1. The brought forward balance of capitalised losses;
2. The proposed increase/decrease to capitalised losses as part the annual process for finalisation of Access Charges; and
3. The forecast increase/decrease to capitalised losses over the remaining contracted take or pay period.

Thank you for the opportunity to submit comment on this matter. Please contact me if you would like further clarification on the above.

Yours sincerely,

Jonathan Vandervoort  
**EXECUTIVE GENERAL MANAGER - INFRASTRUCTURE**