

**HVCCC RESPONSE TO ACCC AS AT 22 JANUARY 2024**

**(FOLLOWING ACCC REQUEST FOR INFORMATION DATED 20 DECEMBER 2023)**

**1. Question 1**

**The Proposed Conduct for which authorisation is sought is described in Attachment 1 to the application. At item 2 of Attachment 1, HVCCC seeks authorisation for:**

***(2) Any concerted practice or any contract, arrangement or understanding between Members or Related Entities that they will act in a particular way on the basis of a recommendation by, or advice from, HVCCC, or any conduct which involves a Member or a Related Entity making an independent decision based on, or giving effect to, a recommendation by, or advice from, HVCCC in delivery of HVCCC Objects.***

- (a) **The description at item 2 (above) appears to describe potentially broad and open-ended conduct. The ACCC is often reluctant to authorise conduct that is broader than it needs to be. Please be more precise about what type of conduct HVCCC is seeking authorisation for at item 2 of Attachment 1 to the application. Please provide examples of the type of conduct, contracts, arrangements or understandings HVCCC envisages will require the protection of any authorisation granted.**

**Response to Question 1**

We note the ACCC's comments. It was not our intention that the conduct described in item (2) would be open-ended or any broader than necessary. The purpose of item (2) is to recognise HVCCC has a particular role in providing advice and making recommendations concerning those subjects identified in item (1) and the execution of that role may evolve over time.

It was for the reasons described in the last paragraph that the words "in the delivery of HVCCC Objects" were included at the end of item (2).

So there is no doubt as to the scope and breadth of item (2), we propose that it be redrafted as follows:

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*(2) Any concerted practice or any contract, arrangement or understanding between Members or Related Entities that they will act in a particular way on the basis of a recommendation by, or advice from, HVCCC, or any conduct which involves a Member or Related Entity making an independent decision based on, or giving effect to, a recommendation by, or advice from, HVCCC in delivery of HVCCC Objects, in each case so far as necessary or desirable to achieve the purposes set out in item (1).*

We believe that the additional underlined words make explicit the link between items (1) and (2) which perhaps was not so clear when relying on context alone. That should also allay any concern that the conduct described for which authorisation is sought is any broader than necessary, let alone open-ended.

Further, we note that whereas item (1) describes the particular conduct for which authorisation is sought, namely the essential subject matter of the application for authorisation, item (2) addresses how decisions concerning that subject matter are in practice implemented by Members, that is often by relying on recommendations or advice from HVCCC. It allows those Members to act in a particular way or to reach independent decisions based on a recommendation by, or advice from, HVCCC acting in accordance with its Objects while focussed on the subject matter described in item (1).

The following are some examples of the types of contracts, arrangements and understandings HVCCC envisages will require the protection of any authorisation granted and the particular protection afforded by item (2):

- each exercise in strategic capacity planning, so far as it involves a measure of coordination among Members, a non-binding recommendation by HVCCC and decisions by any Member which may follow or take account of those recommendations
- the preparation of System Assumptions and Annual Declarations which, adopting a whole of coal chain perspective, can involve HVCCC providing advice or recommendations which individual Members can choose to follow or not accept

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- the conduct of weekly planning meetings for operational planning so far as those meetings involve participation by Members (in particular Producers and Service Providers) and non-binding recommendations and advice by HVCCC
  - on the “day of operations” close cooperation is required, in particular to ensure coal transportation is optimal and maintained through disrupted or congested areas. The Live Run Integration Team (LRIT) (see further below) comprising representatives of terminal, track, and rail haulage Members convene as necessary to address how best to manage and address disruptions and performance to achieve the daily plan. HVCCC administers the LRIT and provides advice and recommendations which again Members are free to follow or not accept.

2. **Question 2**

**Section 2.1 of the application outlines the current Members of the HVCCC. Please provide a copy of the Members Agreement.**

**Response to Question 2**

HVCCC will respond to this question separately.

3. **Question 3**

**Section 2.1 of the application provides brief information about the incorporation of the HVCCC in 2009. Please provide further information about the broader history of the Hunter Valley coal chain and the issues that lead to the development of the arrangements the subject of the Current Authorisation. In your response, please include an explanation of how the HVCCC’s current role and activities came about under the Current Authorisation and where they are captured in the authorised Capacity Framework Arrangements.**

**Response to Question 3**

The history of the Hunter Valley coal chain is comprehensively described in the ACCC’s decision to grant the Current Authorisation (see pages 31 to 37 of the ACCC’s Final Determination dated 9 December 2009).

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Following is an account of the broader history of the Hunter Valley coal chain that led to the arrangements which are the subject of the Current Authorisation. It is based on the account provided by the ACCC referred to above.

The earliest and most obvious identified issue was the need to manage vessel queues at the Port of Newcastle (or “capacity balancing systems” as they were then described). In March 2004 the ACCC granted authorisation for a short-term Capacity Distribution System. Over the course of the next 5 years and until the grant of the Current Authorisation several interim authorisations were granted dealing with particular aspects of the so-called capacity balancing system.

Despite these interim authorisations, it was recognised that a longer-term solution was required which dealt not only with vessel queue management and terminal and infrastructure capacity expansions, but also with structural, regulatory and contractual aspects of the Hunter Valley coal chain that were contributing to the ongoing capacity imbalance.

On 7 June 2007 the *Pasha Bulker* beached in Newcastle drawing attention to a very large queue of ships and the commensurate increased risk of collisions, groundings and other difficulties especially in heavy weather. At this point, the coal chain was constrained, with levels of demand exceeding capacity.

The Hon. Nick Greiner AC was appointed by the NSW Government to conduct a review of the Hunter Valley coal chain. Guided by a proposal from coal producers for access to coal terminals Mr Greiner provided his report to the NSW Minister for Ports and Waterways. That report identified the following key requirements to achieve a major expansion of the Hunter Valley coal chain:

- improve information sharing with the logistics coordinator
- enhance coordination of the coal chain
- develop a long-term framework to ensure access to export terminal capacity
- develop a framework for track access to ensure expansion of track capacity

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On 12 December 2008 the former NSW Minister for Ports and Waterways, The Hon. Joe Tripodi MP, announced a proposed terminal access framework with key elements including triggers requiring terminals to build new capacity on demand, long-term contracts to underpin investment in terminals, guaranteed access for new entrants and expanding producers and business and planning certainty for existing producers.

In the following months interested parties including Newcastle Port Corporation (NPC), Port Waratah Coal Services (Port Waratah) and Newcastle Coal Infrastructure Group (NCIG) and a representative group of producers met regularly to develop the terminal access framework and to provide greater detail to allow for the implementation of a long-term solution based on that framework. In April 2009, Port Waratah, NCIG and NPC signed an Implementation Memorandum which committed the parties to enter into contracts and other documents which were to form the basis of the long-term solution. Those documents included, among other matters, deeds of amendment to terminal leases, long-term ship or pay contracts, capacity and allocation procedures at the Port Waratah and NCIG terminals, terminal access protocols and coal chain access protocols.

On 29 June 2009 the ACCC received an application for authorisation in relation to the long-term solution to the ongoing capacity constraints in the Hunter Valley, namely the Capacity Framework Arrangements which form the centrepiece of the Current Authorisation and which were recognised by the ACCC as “a significant milestone for the Hunter Valley coal industry.” Following that application, on 9 December 2009 the Current Authorisation in the terms set out in the ACCC’s Final Determination was granted.

The particular role of the HVCCC is recognised in the Current Authorisation and is perhaps best summarised at paras 2.89 and 3.26 of the ACCC’s 2009 Determination, which are extracted in full below:

*2.89 Further, authorisation is sought for the following conduct:*

- *Sharing information and coordination between the Applicants, producers, HVCCC and above and below rail service providers for the purpose of:*
  - *determining and reviewing system capacity for any period*
  - *developing and reviewing system assumptions (including the PWCS System Assumptions) and*

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- *developing, measuring and reviewing producer performance standards (such as load point standards, train standards, unloading standards, cargo assembly standards and vessel standards)*
  - *determining and coordinating flexibility and tolerance limits in relation to capacity allocations during any period*
  - *developing and reviewing a Capacity Transfer System and*
  - *facilitating and reviewing the operational coordination and efficient operation of different parts of the coal chain.*
  - *Making or giving effect to contracts with producers based on any agreed system capacity, system assumptions, performance standards, flexibility and tolerance limits, for the purpose of facilitating contractual and operational alignment across the coal chain.*
  - *Making or giving effect to any adjustment or variation to contracted allocations or determination of capacity losses due to a producer deviating from system assumptions or performance standards.”*

*3.26 The Hunter Valley Coal Chain Coordinator ... will take over the work of the HVCCLT in the coming months. The major change between the HVCCLT and the HVCCC is that the HVCCC is a legal entity with representation from coal producers and service providers. An objective of the HVCCC will be to plan and coordinate the daily operation of the coal chain in order to maximise the volume of coal transported, in accordance with the proposed new contractual arrangements. The HVCCC will also provide a centralised and coordinated forward delivery plan and an annual coal chain capacity plan.*

It will be evident that the current application for authorisation beyond 31 December 2024 deals with much the same conduct as described in the ACCC's 2009 Determination but with necessary changes to recognise current practice.

The role and activities of the HVCCC are also captured in the authorised Capacity Framework Arrangements (see pages 78 to 142 of the ACCC's 2009 Determination). In this regard, we note relevant references to HVCCC on pages 84, 97, 113, 114, 116 and 118.

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4. **Question 4**

**To the extent HVCCC is able to do so, please provide an overview of what will happen to the other aspects of the arrangements under the Current Authorisation upon its expiry in December 2024.**

**Response to Question 4**

To the extent the “arrangements” referred to in Question 3, namely the Capacity Framework Arrangements, will continue beyond 31 December 2024 when the current Authorisation expires, this is a question best put to those Service Providers responsible for the Capacity Framework Arrangements.

5. **Question 5**

**Please provide a copy of the HVCCC’s Constitution, including its Objects set out at Schedule 1 to the Constitution.**

**Response to Question 5**

HVCCC will respond to this question separately.

6. **Question 6**

**Section 2.4 of the application outlines the HVCCC’s long-range and daily planning activities which involve coordination with, and making recommendations to, Service Providers in the Hunter Valley coal chain. The ACCC seeks to better understand what occurs at operational planning meetings and how the HVCCC conducts its ‘live run’ function. Please provide further information about how these activities work in practice, including examples of:**

- (a) **How the weekly planning meetings with HVCCC Members are conducted, and what kind of information is exchanged in these forums and how.**
- (b) **Please list all the current members of the Live Run Integration Team (including which entities they work for) and outline whether the composition of this team changes from time to time.**

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- (c) **Please specify how the HVCCC facilitates information exchanges between Service Providers under its Live Run role – please use examples where possible.**
- (d) **Please provide examples of specific recommendations made by the HVCCC under its Live Run role to maximise movement of coal through disrupted or constrained parts of the coal chain to minimise congestion.**
- (e) **Please explain how Live Run cancellation processes work in practice – please include examples of where these processes have been implemented in the past.**
- (f) **Can you please detail any examples of coal producers or Service Providers not following a recommendation from the HVCCC (under its Live Run function), and the circumstances in which this occurred. How often, if at all, has this occurred since 2009?**

#### **Response to Question 6**

- (a) The weekly planning meetings referred to under the heading “Operational planning” in section 2.4 of the application are led by a Forward Weekly Planning Coordinator from HVCCC’s Service Delivery Team. They are either conducted face-to-face or online, in each case separately with each individual Member’s representative. The information discussed in these meetings includes each Member’s coal demand and asset capability (including maintenance requirements). For its part, HVCCC considers the information provided by individual Members from a whole of coal chain perspective and informs each individual Member of the risks and opportunities to achieve its own forecast and plan. In addition, affected Members (identified by constrained zones) are invited to attend a weekly meeting at which HVCCC summarises the practical outcomes of the Forward Weekly Plan from a whole of coal chain perspective.
- (b) The current members of the Live Run Integration Team (LRIT) are employees of HVCCC and of the following Members:
- Australian Rail Track Corporation



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- Pacific National
  - Aurizon Operations
  - One Rail Australia
  - Southern Shorthaul Railroad
  - Port Waratah Coal Services
  - Newcastle Coal Infrastructure Group

Changes to the composition of the LRIT are rare and generally only occur if there is a change in HVCCC's Membership or a change in employment (resignation, reassignment etc.) of the relevant employee.

(c) HVCCC facilitates information exchanges between Service Providers in its Live Run role by:

- sending out a daily plan every 24 hours via integrated systems. That plan will take into account all known variables including such as coal available at mines, vessel stem, stockpile clearance, rail fleet, track and planned maintenance
- hosting LRIT "hook-ups" via online meetings every 3 hours
- providing operational updates in real time through the HVCCC Integrated Planning System (IPS) with links to Members' systems (as each individual Member's system is updated in the live environment)
- as necessary, discussing live with LRIT members any developments or changes to updates which require immediate attention.

If the actual performance of the coal chain accords with the daily plan any information exchange is limited to status updates. However, when actual performance does not accord with the daily plan, the focus shifts to recommending actions necessary to recover the daily plan and minimise the adverse effect of any

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disruption. For example, during a disruption, information sharing focuses on critical trains needed to complete cargoes and on trains that may need to be cancelled to achieve and “recover” the daily plan.

- (d) HVCCC in its Live Run role provides commentary and advice regarding critical and priority trains to complete cargoes, for example trains linked to vessels that may be berthing in the next 24 to 48 hours. In the same role, HVCCC also provides recommendations for the diversion or cancellation of trains. Such recommendations are made from a whole of coal chain perspective with the intent to maximise the movement of coal across the whole coal chain.
- (e) The Live Run cancellation process works as follows:
- a late running train liable to affect performance of the daily plan will be identified by either a representative of the relevant above rail haulage provider (RHP) or by HVCCC’s representative (known as the Dynamic Scheduler)
  - The RHP representative will identify which train (or trains) recorded in the daily plan should be cancelled to recover the daily plan
  - The RHP’s representative will discuss the proposed cancellation with the Dynamic Scheduler. The Dynamic Scheduler will, if necessary, make a recommendation concerning how best to recover the daily plan
  - The RHP will cancel the service after taking into account any advice given or recommendation made by the Dynamic Scheduler
  - HVCCC will “replan” the cancelled service as necessary in a future daily plan.

The process described above occurs whenever trains are not able to run to plan and the normal operation of the daily plan cannot be recovered. This process is applied continuously to minimise daily losses and maximise achievement of the daily plan.

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- (f) Service Providers will assess the recommendation made by HVCCC and make a decision based on their ability to follow the recommendation and their customer obligations, which are unknown to and of no interest to HVCCC. This could be a routine event and could occur anytime an adjustment to a daily plan is required.

7. **Question 7**

**Section 2.5 provides an overview of the Information Sharing Protocols that HVCCC has implemented regarding the treatment of competitively sensitive information that it receives from Producers, above and below rail operators, and terminal operators. Among other things, these protocols provide that the HVCCC ‘will not disclose confidential information shared by a Producer Member to any other Producer Member without the disclosing Producer Member’s prior written consent’. Can you please outline whether information has been shared by the HVCCC under these terms, and under what circumstances HVCCC would envisage sharing such information with Producer Members.**

**Response to Question 7**

The circumstances in which HVCCC may share confidential information of a Producer Member with another Producer Member, in each case with the affected Producer Member’s prior written consent, are limited and, in our experience, confined to circumstances where Producer Members may have a shared or common interest, for example Producer Members dependent on the same constrained section of track. In these circumstances, HVCCC may consider it necessary to inform interdependent Producer Members of relevant information concerning:

- shared infrastructure investment and collective risks and opportunities to maximise the volume of coal transported at the minimum total logistics cost
- recovery from delays and disruptions.

8. **Question 8**

**At section 5.4 of the application, HVCCC submits that the Information Sharing Protocols ensure that competing Producers, rail operators and port terminal**

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**operators do not obtain access to confidential or competitively sensitive information of other participants, ‘except in specific, limited circumstances, and only with prior notice.’ Please explain what these circumstances are, and/or provide examples.**

### **Response to Question 8**

The “specific, limited circumstances” referred to in section 5.4 of the application are described below:

#### **between Producer Members**

Those circumstances are described in our response to Question 7.

#### **between above Rail Haulage Providers (RHPs)**

Live run operational information may be shared between RHPs for the purpose of collective recovery from unplanned events, delays and disruptions (see response to Question 6(c) above).

HVCCC also has an obligation under its Objects to report to Service Providers on “daily, weekly, monthly and year-to-date planned and actual Coal Chain performance” (see para 1.2(a) of HVCCC’s Objects, Schedule 1 to HVCCC’s Constitution). So, for example, information concerning train cancellation rates is shared with RHPs so as to improve supply chain optimisation for rail operation on shared sections of track.

#### **between Terminal operators**

Again, consistent with its performance reporting obligations set out in its Objects (see above) HVCCC reports on coal chain performance so far as it relates to terminal operation – in particular, identifying common causes of losses by recording schedule variations to inform improvements to the overall performance of the whole coal chain.

### **9. Question 9**

**Please outline how the Information Sharing Protocols work in practice, and importantly, what kind of information is shared between HVCCC Members and in what circumstances. Please provide practical examples of how information flows between Members and the HVCCC.**

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## Response to Question 9

Examples of the kind of information shared between Members under the Information Sharing Protocols and by reference to HVCCC's key roles include:

- **Strategic Capacity Planning** – Contract and forecast throughput volumes (not specific to individual Members, and aggregated to geographic regions), planned maintenance for shared infrastructure, asset availability and operating assumptions
- **Annual Declaration and System Assumptions** – Demand (aggregated to geographic regions), maintenance and asset performance
- **Operational Planning** – Rail schedules to fulfil nominated orders / vessels, vessel schedules (distribution limited to terminals and port entities), planned maintenance for shared infrastructure
- **Live Run** – Access for Service Providers to real-time, up-to-date operational information regarding the daily plan, coal chain status and disruptions
- **Monitoring, Analysis and Reporting** – Aggregated industry actual performance information.

In practice, the Information Sharing Protocols work as follows:

- information required from a Disclosing Member is agreed in writing with HVCCC
- the Disclosing Member's information is sourced through system-to-system integration and stored by HVCCC
- HVCCC applies controls to protect confidentiality (e.g., row level database security, aggregation and content filtering) and uses the information to produce plans or reports
- approval is sought from the Disclosing Member to publish the respective plans or reports
- Members access information through HVCCC's Member Portal or through system-to-system integration with the required controls to protect confidentiality.

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10. **Question 10**

**Please explain if there are any limits on the type of information that can be shared between HVCCC Members under the Proposed Conduct — for example, coal customer price and volume information.**

**Response to Question 10**

To protect confidentiality, information shared between Members is limited to information required to deliver HVCCC's Objects, such as information concerning forecasted (aggregated) volumes and demand, asset maintenance, capability, availability and performance.

Given its close attention to the Objects and the fact it has no exposure to or interest in a range of commercial contracts to which its Members are parties and which are not relevant to HVCCC's various roles and functions, HVCCC does not know and therefore is not in any position to share commercial information such as prices and costs under the Proposed Conduct.

11. **Question 11**

**Please explain if the Proposed Conduct allows information to be shared in a 'HVCCC forum', as opposed to information provided directly to the HVCCC.**

**Response to Question 11**

Information is not shared in an 'HVCCC forum' other than as described in section 2.4 of the HVCCC application and this response (in particular, see response to question 6 above).

12. **Question 12**

**Section 4 of the application contains HVCCC's submissions about the likely public benefits from the Proposed Conduct. The HVCCC also submits (at Attachment 5 to the application) that since it commenced operations in 2009, coal chain losses have reduced from 10.1% to 6.7%.**

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- (a) **Given the HVCCC has been engaging in the conduct since 2009, please provide detailed examples of how public benefits from coal chain coordination have been realised under the Current Authorisation, including quantification where possible.**
- (b) **To the extent there have been independent studies or reports prepared about the impact of HVCCC's activities on the operation of the Hunter Valley coal chain, please provide these.**

### **Response to Question 12**

HVCCC believes that since 2009 there have been clear public benefits from centralised coal chain coordination realised under the Current Authorisation. Those benefits together with their quantification (where possible) are described below:

#### **Capacity Planning**

HVCCC develops and publishes for its Members a Hunter Valley Capacity Master Plan. This plan identifies capacity constraints affecting the efficient operation of the coal chain and assists in the evaluation of proposals to overcome these constraints. Since 2009, the Hunter Valley Capacity Master Plan has contributed to coal chain Members collectively achieving approximately 68 mt growth in coal exports through the Port of Newcastle (see the publicly available references below)

- 2009-2010 97.08mt  
<https://www.parliament.nsw.gov.au/tp/files/58917/Newcastle%20Port%20Corporation%20Annual%20Report%202010-11%20-%20Part%201.pdf>
- 2019 165.25mt <https://www.portofnewcastle.com.au/wp-content/uploads/2020/05/Port-of-Newcastle-Annual-Trade-Report-2019.pdf>

More specifically, Annual Capacity Planning conducted by HVCCC has identified that by optimising the balance of port terminal utilisation during planned maintenance activities a quantifiable reduction in vessel turnaround time of one day could be delivered. To put

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this in perspective, if 1,813 vessels presented annually (as occurred in 2019 – see the Port of Newcastle (PON) reference above) at \$30,000 per day demurrage, a one-day improvement in vessel turnaround time would equate to \$54 million in potential demurrage savings.

### **Operational Planning**

Providing a centralised maintenance alignment service enables capacity of the coal chain to be preserved and throughput to be maximised. On a regular basis (at least weekly), HVCCC recommends adjustments to periods of maintenance activities to minimise the capacity loss (e.g., Producer load point outages to align with rail outages) as well as promoting opportunistic maintenance activities (e.g., track or terminal ad hoc maintenance) when Producer demand is at lower levels and system capacity is not required.

### **Facilitating Live Run**

Minimise losses and maximise throughput given the speed in which decisions are made to recover from disruption(s). Lost throughput can be rescheduled by HVCCC within 24 hours. A recent example of this is the derailment on the Ulan line during December 2023 which prevented the movement of coal for approximately 10 days. Cargoes linked to the mine sites isolated by the derailment were sourced from other mines (where applicable) and trains rescheduled within 24 hours. This reduced the number of vessels impacted by this incident by approximately 45% and maximised the throughput of coal throughout the remainder of the coal chain.

### **Recommending improvements in delivery of HVCCC Objects**

Optimising train utilisation – through the collaborative development of a Hunter Valley Coal Chain Train Stow Procedure, trains that are not required to meet demand are stowed to ensure efficient use of assets. During a period of reduced demand in Q1 2023, this resulted in demand being met with up to 20 fewer operating trains. Operating fewer trains whilst achieving the desired throughput enables significant benefits.



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### Independent studies or reports about the impact of HVCCC's activities

- On 28 October 2022 in a speech to Hunter Valley mining leaders, the federal Minister for Resources, the Hon Madeleine King MP, cited HVCCC's role in managing the complexity of the Hunter Valley coal exports. The speech also notes 15,000 direct coal industry jobs in NSW. See (<https://www.minister.industry.gov.au/ministers/king/speeches/speech-hunter-valley-mining-leaders>)
- National Energy Resources Australia (NERA) is an industry-led, not-for-profit body which aims to improve competitiveness, collaboration and productivity in energy resources industries. NERA's December 2016 report cites HVCCC's role in reducing coal transportation costs by improving the productivity and capacity of interdependent assets through regulated collaboration and coordination (see National Energy Resources Australia [https://www.nera.org.au/Publications-and-insights/Attachment?Action=Download&Attachment\\_id=150](https://www.nera.org.au/Publications-and-insights/Attachment?Action=Download&Attachment_id=150)).
- The Regional Development Australia (Hunter) 2014 Innovation Scorecard, endorsed by both the Commonwealth and NSW governments, cites the benefits of HVCCC's centralised planning and scheduling, with independent and impartial decision-making focused on managing the coal chain as a single system whilst ensuring that individual Members' contractual entitlements are met. That report also cites the benefits of using simulation modelling to identify, manage and mitigate coal chain constraints (see [https://www.rdahunter.org.au/wp-content/uploads/2019/03/3201\\_RDA\\_Hunter\\_Innovation\\_Scorecard\\_V7.0.pdf?\\_gl=1\\*14jun9y\\*\\_ga\\*MTM2ODk3MTM2NS4xNzA1NDU1NzA2\\*\\_ga\\_67L7VV8BV5\\*MTcwNTQ1NTcwNi4xLjAuMTcwNTQ1NTcwNi4wLjAuMA.\\*\\_ga\\_30H64Q5C35\\*MTcwNTQ1NTcwNi4xLjAuMTcwNTQ1NTcwNi4wLjAuMA.&\\_ga=2.24591666.927645175.1705455707-1368971365.1705455706](https://www.rdahunter.org.au/wp-content/uploads/2019/03/3201_RDA_Hunter_Innovation_Scorecard_V7.0.pdf?_gl=1*14jun9y*_ga*MTM2ODk3MTM2NS4xNzA1NDU1NzA2*_ga_67L7VV8BV5*MTcwNTQ1NTcwNi4xLjAuMTcwNTQ1NTcwNi4wLjAuMA.*_ga_30H64Q5C35*MTcwNTQ1NTcwNi4xLjAuMTcwNTQ1NTcwNi4wLjAuMA.&_ga=2.24591666.927645175.1705455707-1368971365.1705455706))

### 13. Question 13

**Attachment 5 to the application summarises key information about the operation of the Hunter Valley coal chain, including export volumes and the composition of the**

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**key industry participants. It also notes the types of coal exported from the Port of Newcastle. Please provide further background information about the operation of the Hunter Valley coal chain, including further detail about:**

- (a) Export capacity of the terminals and recent export volumes through each of the terminals at the Port of Newcastle.**
- (b) Current contracting processes at the NCIG and PWCS terminals, above rail providers and track owners, and how this might change upon the expiry of the Current Authorisation at the end of 2024.**
- (c) Proportion of thermal coal and coking coal exports from the Hunter Valley.**
- (d) Any domestic supply arrangements for Hunter Valley coal, including the total volume of coal supplied domestically, and the nature of the HVCCC's role in respect of those domestic supply arrangements.**

### **Response to Question 13**

- (a) Port Waratah's licenced export capacity and actual throughput are promulgated via its website: <https://pwcs.com.au/about/what-we-do>

NCIG's licenced export capacity and actual throughput are promulgated via its website: <https://ncig.com.au/wp-content/uploads/2023/11/NCIG-Sustainability-Report-2023.pdf>.

- (b) HVCCC has no involvement in contracting processes at the NCIG and PWCS terminals and therefore cannot comment on how those processes might change on the expiry of the Current Authorisation. Attachment 4 of the Application lists the Member organisations. Please refer questions to the respective Member point of contact provided with the application.
- (c) HVCCC does not have access to reliable and up-to-date information concerning the various types of coal exported from the Hunter Valley because the relevant coal supply and sale contracts which would contain this type of information are negotiated between Producer Members and their customers, and also because

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coal may be blended prior to shipping. Please refer questions regarding coal types directly to relevant Producer Members.

- (d) HVCCC's role is the movement of coal for export. HVCCC is involved in domestic supply only to the extent that such supply is facilitated by RHPs and below rail infrastructure within the Hunter Valley export coal chain. Additionally, some domestic coal is supplied, for example using conveyors, without using the Hunter Valley export coal chain infrastructure or HVCCC's services.

HVCCC planning and coordination contributed to 14 million tonnes of coal being supplied to domestic power stations in 2023 using the Hunter Valley coal chain infrastructure.

14. **Question 14**

**Please provide reasons to support HVCCC's request for authorisation for 10 years, until 31 December 2034.**

**Response to Question 14**

HVCCC's centralised coordination is a well-established and stable attribute of the Hunter Valley coal chain and has been since the Current Authorisation came into effect almost 15 years ago.

Forecasted demand for Hunter Valley coal is expected to remain relatively stable for the next 10 years, and ongoing worldwide demand for seaborne thermal coal is also expected to remain firm for several decades (see Strategic Statement on Coal Exploration and Mining in NSW, p5 The Global Future for Coal:

(see: <https://www.resourcesregulator.nsw.gov.au/sites/default/files/2022-11/strategic-statement-on-coal-exploration-and-mining-in-nsw.pdf>)

Complexity is anticipated to increase steadily into the future as demand is increasingly met by mines further from the Newcastle export terminals. Accordingly, there remains significant benefit from and need for continued centralised coordination for Hunter Valley

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coal chain Members and, indirectly, their coal customers, well after the expiration of the Current Authorisation.

A 10-year authorisation supports long-term certainty and the confidence not only for Hunter Valley coal chain Members but also for many other businesses operating in the Hunter region.