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Mr Richard Chadwick
General Manager, Adjudication
Australian Competition & Consumer Commission
23 Marcus Clarke Street
CANBERRA ACT 2601

28 November 2008

Dear Richard,

This letter is to indicate Rio Tinto Coal Australia (RTCA) support for the application to extend the interim authorisation granted by the ACCC in relation to the Queue Management System (QMS). The QMS arrangements were most recently authorised by the ACCC on 29 February 2008 (authorisations A91060-A91062).

In particular, with respect to the submission, RTCA would like to express its view that:

1. In the short term, a capacity allocation system such as the QMS is required to assist with planning certainty and management of resource allocation at our mining operations and potentially avoid excessive demurrage costs.

The QMS also provides a mechanism for the identification and trading of unutilised system capacity. In 2008, through such a mechanism, the QMS has enabled significant additional export revenue to be generated.

As such, RTCA supports the short term extension of the QMS (section 3.1.1) until the Long Term Solution (LTS) is agreed.

2. We believe that there is a commitment amongst users of the Supply Chain to develop a long term solution consistent with the principles included in the submission. As such, we support the aims of Phase 2 of the LTS (section 3.1.3).
3. We also believe that there is a need for a negotiated solution to move industry from the current QMS to a LTS. The existence of different contractual positions amongst Supply Chain users will result in different commercial outcomes depending on what transitional solution is developed.

We agree with the objectives associated with the Transitional Allocation Mechanism (TAM) and in particular support that such a mechanism will provide for an orderly means of transfer and swapping allocation.

We would also like to draw attention to the fact that the current QMS, while introducing some order in the management of Supply Chain capacity, has not been successful in ensuring that sufficient focus is maintained on contractual arrangements that are in place through the coal chain. As such, we believe that the long term principles included in this submission, if successfully implemented, will form the basis of a robust and equitable system for Supply Chain capacity management.

As such, RTCA requests that the Commission grants an extension to the interim authorisation requested under sub-sections 88(1) and 88 (7) of the Trade Practices Act 1974 (Cth), without amendment.

Yours faithfully,

A handwritten signature in black ink, appearing to be 'G. Walker', written over a horizontal line.

Graham Walker