

We will use the results for the purposes of next year and will rely on this as indicative support?

| MINE: AUSTAR COAL MINE PTY LTD  |   | CONTACT:  |
|---|---|---|
| QUESTION:   | AGREE/DIS AGREE:                                | COMMENTS:   |
| <p>1 CBS – 2 systems – Are you in favour of:</p> <p>Option 1 - Short –Medium – Long term (2010)</p> <p>Option 2- Medium – Long term (2010)</p> <p>Do you support the waiving of the CHSA in respect to consultation on amendments to CHSA, notice provisions, audit and auction processes with regard to option 1 short term?</p> | <p>Disagree</p> <p>Disagree</p> <p>Disagree</p> | <p>Austar does not support the introduction of an allocation system. We are fundamentally back to where we started with the vessel queue, which is unacceptable to Austar due to the impacts on the sustainability of the mine. The failure of the CBS to address the vessel queue problem is indicative in question 5, were it is proposed to introduce an operational allowance to reduce the queue. If there must be an authorisation under section 88 of the TPA, we would support the VQMS, but not CBS. The CBS has failed to achieve its objective of reducing vessel queues. The way forward is free market forces. There should be no section 88 authorisation.</p> <p>With sufficient infrastructure an allocation system should not be required post 2010.</p> <p>Not applicable – disagree with option one.</p> |
| <p>2. Irrespective of what allocation system is in place do you support the Capping of demand to:</p> <ul style="list-style-type: none"> <li>• 116Mtpa (based on binding demand nominations.</li> <li>• Something less than 116 Mtpa – requires an arbiter.</li> </ul>  | <p>Disagree</p> <p>Agree</p>                    | <p>This has been discussed and audited PwC and went from 108Mt to 103.5Mt and back to 108 Mt.</p> <p>Based on the audit that was carried out by PwC Austar believes that the 116Mt cannot be justified. Something in the range 104/108 should represent the cap.</p>  |
| <p>3. With any allocation system in place do you support the inclusion of some of the principles from the VQMS such as:</p> <p>Transfers – lower valley vs. upper valley as per HVCCLT matrix – Gunnedah and Ulan</p> <p>Load point performance</p> <p>Flexibility – 90,000</p>   | <p>Agree</p> <p>Agree</p> <p>Agree</p>          | <p>If we can reach agreement on a form of allocation system then we support the inclusion of these three items.</p>   |

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| 4. With any system do you support the system to be retrospective to 1 <sup>st</sup> January 2008 ? | Disagree | <p>This depends on how long it takes to put an allocation system in place. i.e. if it goes beyond the first quarter then <i>NO</i>.</p> <p>As a general observation, NPC's application for authorisation of the CBS is by its nature, anti-competitive because it is premised on the CBS having the purpose or the effect of substantially lessening competition. A key objective of the TPA is to prevent anti-competitive conduct, thereby encouraging competition and efficiency in business. Competition (free market forces) is the best chance for reducing the vessel queue after 1 January 2008.</p> |
| 5. Do you support actions at the commencement of the year to quickly reduce the vessel queue?      | Agree    | Support in principle, but depends on size of the queue, target size of the queue and impact of the adjustment.   |

- **Option 1**

- **Short term**

- The continuation of the 2007 CBS as suggested by NPC.
- To continue this for the 1<sup>st</sup> quarter 2008 may require a waiver of the CHSA notice provisions and consultation process and audit action requirements to roll over the scheme by 1<sup>st</sup> January.

- **Medium term**

- The process then would be for an independent facilitator endorsed by the NSW Government and independent from PWCS and agreed by the industry :
  - Design a final CBS to mid 2010 to apply retrospectively to 1<sup>st</sup> January 08 with automatic extensions based on predetermined parameters.
  - To do this he/she will review all contract information and capacity allocation.
  - This CBS is to be designed with principles aligned and supportive of a rationing free hunter valley coal chain by mid 2010.
- Allocations for 08 to mid 2010 will be determined by the independent facilitator with a maximum denominator of 116 Mtpa for any one year as coal chain capacity is not expected to exceed this tonnage

- **Long Term – 2010 onwards**

- Develop an allocation system more in line with access protocols for coal chain infrastructure and associated commercial framework. This will be the extension of a medium term framework.

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- **Option 2**
  - **Medium Term**
    - Progress the CBS with a denominator of 116 MTPA respective to 1 January until mid 2010 and develop the long term solution for implementation going forward for 2010. This eliminates the short term solution and the facilitator concentrates on the 2010 solution. This solution may be implemented as we progress towards 2010
  - **Long Term – 2010 onwards**
    - Develop an allocation system more in line with access protocols for coal chain infrastructure and associated commercial framework. This will be the extension of an medium term framework.