

## Chisholm, Shane

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**Sent:** Wednesday, 11 February 2009 1:29 PM  
**To:** Chisholm, Shane  
**Subject:** Report to ACCC  
**Attachments:** 1234319293-MicrosoftWord-ReporttoACCC.pdf

Dear Shane,

I refer to our teleconference on 28 January 2009.

I attach a written response which sets out the progress that is being made in reaching a long-term solution. It also sets out the expected project outcomes.

I would be grateful for any feedback from you in relation to the project outcomes.

Kind regards,  
Stephen

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## **Response to ACCC on progress on the Long term Solution**

### **Project Phases**

The Long-Term Solution (LTS) will be developed in two phases.

Phase 1 will result in the establishment of a Memorandum of Understanding (MOU) that will contain the key principles that will underpin coordination in the supply chain going forward. It is intended that this must be concluded by the end of May 2009. An Implementation Plan will also be developed to guide the development of the detailed solution (Phase 2).

Phase 2 will be the development and implementation of the commercial, operational, legal and regulatory frameworks to support the solution embodied in the MOU. This will be concluded in the 12 to 18 months following the execution of the MOU.

### **Project Resourcing and Governance**

The Dalrymple Bay Coal Chain Board (DBCCB) has ultimate oversight of this project.

A project working group has been formed with membership drawn from producers, infrastructure providers and the Office of the Central Coordinator. Synergies Economic Consulting has been engaged to support the DBCCB and the project working group.

### **Project Outcomes**

Phase 1 of the project will have two key outcomes:

- a Memorandum of Understanding which details the totality of the agreement on the LTS; and
- an Implementation Plan which identifies the responsibilities of the parties, implementation challenges, timeframes, capacity management mechanisms, and the process for implementation.

Six key areas have been identified for agreement under the MOU. These are:

- definition of the supply chain which considers the geographic scope of the MOU;

- contractual alignment which will develop principles for the contracting framework;
- assessing supply chain capacity which considers technical issues regarding capacity definitions and measurement of a reference tonne;
- master planning which considers the principles upon which a supply chain master plan should be founded;
- supply chain pricing principles which will develop pricing principles to achieve supply chain objectives; and
- governance structure which considers the governance options for the LTS.