File note

Port Waratah Coal Services, Newcastle Coal Infrastructure Group and Newcastle Port Corporation applications for authorisation [A91147-A91149 and A91168-A91169]

On 21 September 2009 the Australian Competition and Consumer Commission received a copy of the Levy Protocols as executed by Newcastle Port Corporation and the Newcastle Coal Infrastructure Group.

A copy of the Levy Protocols is attached.

Initialled by **Newcastle Coal Infrastructure Group Pty Ltd** by its attorney

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Initial of attorney Name of attorney

D. R. Somerville

2 Park Street
Sydney NSW 2000
Australia

GPO Box 3810
Sydney NSW 2001

T +61 2 9263 4000
F +61 2 9263 4111

DX 10348 SSE

www.gtlaw.com.au

International associate
金杜律师事务所
KING & WOOD
INTERNATIONAL AND PRC LAWYERS

Unallocated expansion capacity levy protocol

This document is the Levy Protocol referred to in the Capacity Framework Agreement between Newcastle Port Corporation, Port Waratah Coal Services Limited and Newcastle Coal Infrastructure Group Pty Limited dated on or about 31 August 2009 (CFA) and may be referred to as such in the long form documentation envisaged by the CFA.

PART 1 PRELIMINARY

1 Purpose

The unallocated expansion capacity levy ('Levy') is intended to assist Terminal Operators to meet the cost of Unallocated Expansion Capacity at NCIG Stage 2, PWCS and/or Terminal 4 through application of a per tonne levy on all coal exported by Terminal Users.

2 Modifications

Terminal Operators may jointly, with the consent of the Administrator and NPC, modify this Levy Protocol in the light of experience to the extent that it is necessary in order to more accurately satisfy the purpose of the Levy.

3 Conditions for Levy to apply

(a) The Levy will apply to an Expansion upon election by the relevant Terminal Operator.

(b) A Terminal Operator may elect to apply the Levy whenever:

i. an Expansion is Completed by a Terminal Operator; and

ii. the Contracted Allocation for that Expansion is less than the Capacity that is made available by that Expansion; and

iii. an Administrator has been established in accordance with Part 6 of this Levy Protocol.

4 Definitions

Administrator means the entity created to administer the application, calculation, charging and collection of the Levy, the release of Levy Proceeds, and the determination of when the Levy ceases to apply.

Annual Total Expansion Cost means, in respect of an Expansion, the annual cost of owning and operating the Expansion as determined under clause 9 of this Levy Protocol.

Annual Unrecovered Expansion Cost means, in respect of an Expansion, the Annual Total Expansion Cost of that Expansion less the costs recovered from all coal committed for shipment for export (under a Long Term Ship or Pay Contract) and each tonne (in addition to tonnes committed for shipment under a Long Term Ship or Pay Contract) that is actually shipped for export by Terminal Users in each case for that Levy Year.

Billing Period means the period for which the Terminal User is billed as per the terms and conditions contained in their respective Long Term Ship or Pay Contracts or Short Term Contracts to which the Levy applies.

Capacity means the coal export capacity measured in Mtpa (having regard to the mode of operation and system assumptions of the relevant terminal).

Capital Cost means any expenditure, which has been brought to account as a non-current asset in the balance sheet of the Terminal Operator's statutory accounts provided that the expenditure conforms with at least one of the following:

(a) the expenditure relates to the purchase, commissioning, development or construction of an Expansion, including all pre-commissioning costs and those costs incurred by Terminal Operator prior to notification of Expansion requirements including financing costs, or

(b) the expenditure will extend the service life of the Expansion beyond that expected when the Expansion was originally Completed.

Committed in respect of NCIG Stage 2, has the meaning given in the CFA.

Completed in respect of an Expansion, an Expansion is commissioned, available to receive coal and capable of satisfying the Contracted Allocations due to be satisfied by that Expansion.

Contracted Allocation means, in respect of a Producer, the aggregate amount of Capacity which the Terminal Operators are contractually bound to make available to that Producer.

Debt Any financial indebtedness that is classified as a financial liability under the Australian accounting standards.

Debt Financing Costs means the actual interest payments and principal repayments and other fees and charges incurred by the Terminal Operator in respect of Debt used to fund the Capital Cost of the relevant Expansion, where principal repayments have regard to the quantum of Debt, useful life of the assets or the usual pattern of financing for similar assets.

Depreciation means the depreciation of the Expansion assets which has been brought to account annually in the financial statements of the Terminal Operator in accordance with Australian accounting standards.

Expansion means any or all of NCIG Stage 2, Terminal 4 and any expansion to the PWCS Terminals from time to time for which the relevant Terminal Operator elects to apply the Levy under clause 3. An Expansion may be a stage of a multiple-stage Expansion.

Expansion Capacity means the additional Capacity made available by an Expansion.

Hunter Valley Coal Chain chain of coal delivery in New South Wales from coal mines in the Hunter Valley to the Port of Newcastle.

Levy means the charge to be paid by all Terminal Users of the amount calculated under Clause 8 and payable under Clause 14 of this Levy Protocol.

Levy Account means the account controlled by the Administrator for the receipt and disbursement of Levy Proceeds.

Levy Proceeds means the monies collected from the Levy paid by all Terminal Users to the Administrator.

Levy Reset means the recalculation of the Levy prior to each Levy Year after the first year in which the Levy was applied to the Expansion.

Levy Year means the period from which the Levy may be applied until the end of that financial year, and thereafter each financial year.

Long Term Ship or Pay Contract means a minimum 10 year evergreen ship or pay contract with the relevant Terminal Operator which provides a Producer with access to Capacity that is to be allocated at the terminals according to the Nomination and Allocation Procedures.

Mtpa means million tonnes per annum.

Nomination and Allocation Procedures means:

(a) in respect of PWCS, the Nomination and Allocation Procedure for the nomination of Capacity by and allocation of Capacity to Producers at the PWCS Terminals which PWCS is required to comply with in accordance with the terms of each lease for the land on which the PWCS Terminals are located, and

(b) in respect of NCIG, the Nomination and Allocation Procedure for the nomination of 12 Mtpa of Capacity by and allocation of Capacity to Non NCIG Producers at NCIG Stage 2 which NCIG is required to comply with as a condition precedent to exercising its option to lease the land on which NCIG Stage 2 will be located.

NPC means Newcastle Port Corporation a statutory state owned corporation established under the *Ports and Maritime Administration Act 1995* (NSW).

Operating Cost means those costs which relate to the reasonable day to day operations required to make the Expansion Capacity available to Terminal Users, net of any working capital costs associated with the Expansion.

Producer means the any person who, by virtue of its ownership, management rights or some other means:
(a) exercises effective operational control over, or
(b) has, in relation to its dealings with the Terminal Operators, authority to represent the interest of,
one or more mines producing coal for export through the Hunter Valley Coal Chain.

Recovery Period means the period over which a Levy is to apply for each Expansion as determined under clause 5.

Return on Capital Cost means the return on the Capital Cost that is funded by equity, as determined by the Administrator with reference to relevant regulatory and other relevant precedent.

Short Term Contracts means any agreement with a Terminal Operator which provides for access to Capacity at the terminal (or terminals) operated by that Terminal other than under a Long Term Ship or Pay Contract.

Terminal Operator means each of Port Waratah Coal Services Ltd and Newcastle Coal Infrastructure Group Pty Ltd or their successors.

Terminal User means any person that utilises the services provided by a Terminal to export coal through the Port of Newcastle, including without limitation any counterparty to a Terminal Operator under a Long Term Ship or Pay Contract or a Short Term Contract such as related parties, agents, marketing companies or traders.

Total Expansion Cost means the Operating Costs, Debt Financing Costs, and Return on Capital Cost (for the portion of Capital Cost funded by equity) and Depreciation (for the portion of Capital Cost funded by equity) of the Expansion.

5 What is 'unallocated expansion capacity'?

(a) For NCIG Stage 2 "Unallocated Expansion Capacity" refers to that portion of the 12 Mtpa of Capacity that is offered for allocation at NCIG Stage 2 in accordance with the NCIG Nomination and Allocation Procedure that is not contracted in accordance with that NCIG Nomination and Allocation Procedure.

(b) For all other Expansions, Unallocated Expansion Capacity is the total Expansion Capacity for that Expansion less the total of all Contracted Allocations for that Expansion.

(c) The Unallocated Expansion Capacity for an Expansion is determined in the following manner:

i. Following satisfaction of the conditions for a Levy to apply under Clause 3, the Terminal Operator must provide to the Administrator an estimate of the Capacity and the proposed Recovery Period for that Expansion.

ii. The Administrator must form an independent view of the reasonableness of the estimate of the total Capacity and proposed Recovery Period for each Expansion and ensure all Terminal Operators and Terminal Users of the Expansion are notified of the Capacity per Expansion prior to each Levy Year.

iii. Prior to each Levy Year, having regard to the outcome of relevant Nomination and Allocation Procedures, the Administrator will declare the Unallocated Expansion Capacity for the Expansion.

(d) For avoidance of doubt, where an Expansion is developed in stages, the Administrator may aggregate Expansion stages per terminal for the purposes of declaring the total Capacity for each Expansion and declaring the Unallocated Expansion Capacity for each such Expansion.

PART 2: IMPOSITION OF LEVY

6 How is the Levy imposed

(a) The Levy is imposed on each tonne of coal committed for shipment for export (under a Long Term Ship or Pay Contract) and each tonne (in addition to tonnes committed for shipment under a Long Term Ship or Pay Contract) that is actually shipped for export per Levy Year at a per tonne rate from the time that conditions for a Levy to apply under Clause 3 are satisfied.

(b) The Levy will continue until the Administrator determines in its reasonable opinion that:

i. the Total Expansion Cost of Unallocated Expansion Capacity is recovered, or

ii. all Expansion Capacity is Contracted under Long Term Ship or Pay Contracts, or

iii. the costs of Levy administration would exceed all remaining Total Expansion Costs to be otherwise recovered through the Levy,

or, until the Terminal Operators agree that the Levy should cease to apply.

(c) Any Terminal Operator or Producer may request a determination under Clause 6(b) by providing the Administrator with its reasons to make such a determination on the basis of at least one of Clause 6(b)(i) to 6(b)(iii), and the Administrator must respond to these reasons within 2 months of the request.

7 Who is liable for Levy?

All Terminal Users that contract to utilise the terminals under Long Term Ship or Pay Contract or Short Term Contracts (including those that do not utilise the Expansion) are liable to pay the Levy.

8 Calculation of Levy

(a) The Levy will be set each Levy Year by dividing the Annual Unrecovered Expansion Cost of owning and operating an Expansion by the forecast total tonnes of coal committed for shipment for export (under a Long Term Ship or Pay Contract) and each tonne, in addition to tonnes committed for shipment under a Long Term Ship or Pay Contract, that is forecast to be shipped for export by Terminal Users.

(b) The Levy calculation can occur once the Administrator establishes:

i. the Annual Total Expansion Cost of owning and operating each Expansion;

ii. the Capacity of each Expansion and the date that the Capacity will become available;

iii. the total tonnage contracted to each Expansion under Long Term Ship or Pay Contracts or Short Term Contracts;

iv. the costs to be recovered by Terminal Operator from contracted Expansion Capacity;

v. the forecast total tonnes of coal committed for shipment for export (under a Long Term Ship or Pay Contract) and each tonne in addition to tonnes committed for shipment under a Long Term Ship or Pay Contract that is forecast to be shipped for export by Terminal Users;

vi. the Unallocated Expansion Capacity for each Expansion;

vii. the Recovery Period; and

viii. costs of Levy administration, including cost of Administrator operation, as estimated by the Administrator under Part 6 of this Levy Protocol.

(c) The Administrator will seek estimates for each variable listed under Clauses 8(b) and 9(a) from each relevant Terminal Operator by a specified date following conclusion of the Nomination and Allocation Procedure for each Expansion and where relevant prior to each Levy Year, and the relevant Terminal Operator will provide these estimates to the Administrator by that date.

(d) The Administrator will review the estimates, assess the reasonableness of each estimate, make amendments to an estimate where the Administrator considers the estimate to be unreasonable and advise the relevant Terminal Operator of the final estimates of each variable listed under Clauses 8(b) and 9(a) prior to calculating the Levy under Clause 8.

(e) The Administrator will calculate the Levy.

(f) The Administrator will ensure all Terminal Operators and Terminal Users are notified of the Levy for each Levy Year.

See Annex 1: Flow chart of Levy calculation

See Annex 3: Worked example of Levy calculation and reset

9 Calculation of Annual Total Expansion Cost of owning and operating the Expansion

(a) The Annual Total Expansion Cost comprises, for or in respect of each Levy Year:

   i. the Debt Financing Costs;

   ii. a Return on Capital Cost for that portion of the agreed Capital Cost of the Expansion that is funded by equity;

   iii. the Depreciation for the portion of Capital Cost of the Expansion that is funded by equity; and

   iv. the Operating Costs of the Expansion.

10 Costs of Administrator

(a) The costs incurred by the Administrator in undertaking its functions under this Levy Protocol will be recovered from Levy Proceeds up to the amount approved by Terminal Operators under Clause 10(b).

(b) At least 2 months prior to commencement of each Levy Year, the Administrator will provide an annual budgeted cost for Levy administration to Terminal Operators for approval by Terminal Operators.

(c) Any Terminal Operator or Producer may seek an independent review of the reasonableness of its annual budgeted cost to be recovered.

PART 3: VARIATION OF LEVY

11 Levy Reset

The Administrator will calculate the Levy for each Levy Year.

See Annex 2: Flow chart of Levy Reset

See Annex 3: Worked example of Levy calculation and reset

12 Over- and under-recovery of Annual Total Expansion Cost per Levy Year

(a) The total Levy Proceeds per annum may amount to more or less than the Annual Unrecovered Expansion Cost estimated for that Levy Year. As soon as possible following each Levy Year, the Administrator will compare the estimate of the Annual Unrecovered Expansion Cost in the previous Levy Year and the amount of total Levy Proceeds actually collected for that Levy Year.

(b) Any over (under) recovery of the Annual Unrecovered Expansion Cost in the prior Levy Year through Levy Proceeds collected for that Levy Year will be applied to reduce (increase) the Annual Unrecovered Expansion Cost calculated for the following Levy Year.

13 Changes in Contracted Capacity

Where Unallocated Expansion Capacity at commencement of Levy Year is subsequently allocated under new Long Term Ship or Pay Contracts or Short Term Contracts within that Levy Year, Levy Proceeds may exceed the Annual Unrecovered Expansion Cost. This over-recovery will be set off against the Annual Total Expansion Cost for the following Levy Year in the Levy Reset under Clause 12.

PART 4: COLLECTION

14 Payment

(a) The Levy is to be paid by all Terminal Users.

(b) The Levy will be separately identified as an item in the invoices issued by the Terminal Operators to Terminal Users.

(c) Invoices will be issued in accordance with the invoicing arrangements the Terminal User has with the Terminal Operator under Long Term Ship or Pay Contracts or Short Term Contracts, including Billing Period.

PART 5: DISBURSEMENT OF LEVY PROCEEDS

15 Disbursement

(a) All Levy Proceeds will be deposited into the Levy Account controlled by the Administrator.

(b) Each month the Administrator will:

i. first, retain Levy Proceeds deposited into the Levy Account up to an amount equal to one-twelfth of the annual budgeted cost of the Administrator approved under Clause 10; and

ii. second, disburse all remaining Levy Proceeds deposited into the Levy Account to each Terminal Operator(s) with Unallocated Expansion Capacity, based on the proportion of the Total Annual Expansion Cost applicable to that Terminal Operator(s) for that Levy Year (net of any adjustments calculated under Clause 12 above).

(c) At the end of each Levy Year, the Administrator will conduct a reconciliation of shipments, collections and disbursements, and conduct a final disbursement of remaining Levy Proceeds deposited into the Levy Account to:

i. first, the Administrator, an amount up to the annual budgeted cost of the Administrator approved under Clause 10 and not previously disbursed to the Administrator in that Levy Year; and

ii. second, to each Terminal Operator(s) with Unallocated Expansion Capacity within the Levy Year, the remaining Levy Proceeds collected for that Levy Year based on the proportion of the Annual Unrecovered Expansion Cost applicable to that Terminal Operator(s) for that Levy Year (net of any adjustments calculated under Clause 12 above).

PART 6: ADMINISTRATOR

16 Administrator

(a) The Administrator will be established by NCIG, PWCS and NPC in accordance with the terms of the CFA.

(b) The Administrator will continue to operate until it is determined under Clause 6(b) that the Levy should no longer continue.

(c) The Administrator acts to:

i. fulfil all functions ascribed to it under this protocol;

ii. manage the Levy Account for receipt and disbursement of Levy Proceeds; and

iii. source any expert advice it requires to fulfil its functions under this protocol.

PART 7: GENERAL

17 Availability and Allocation of Expansion Capacity

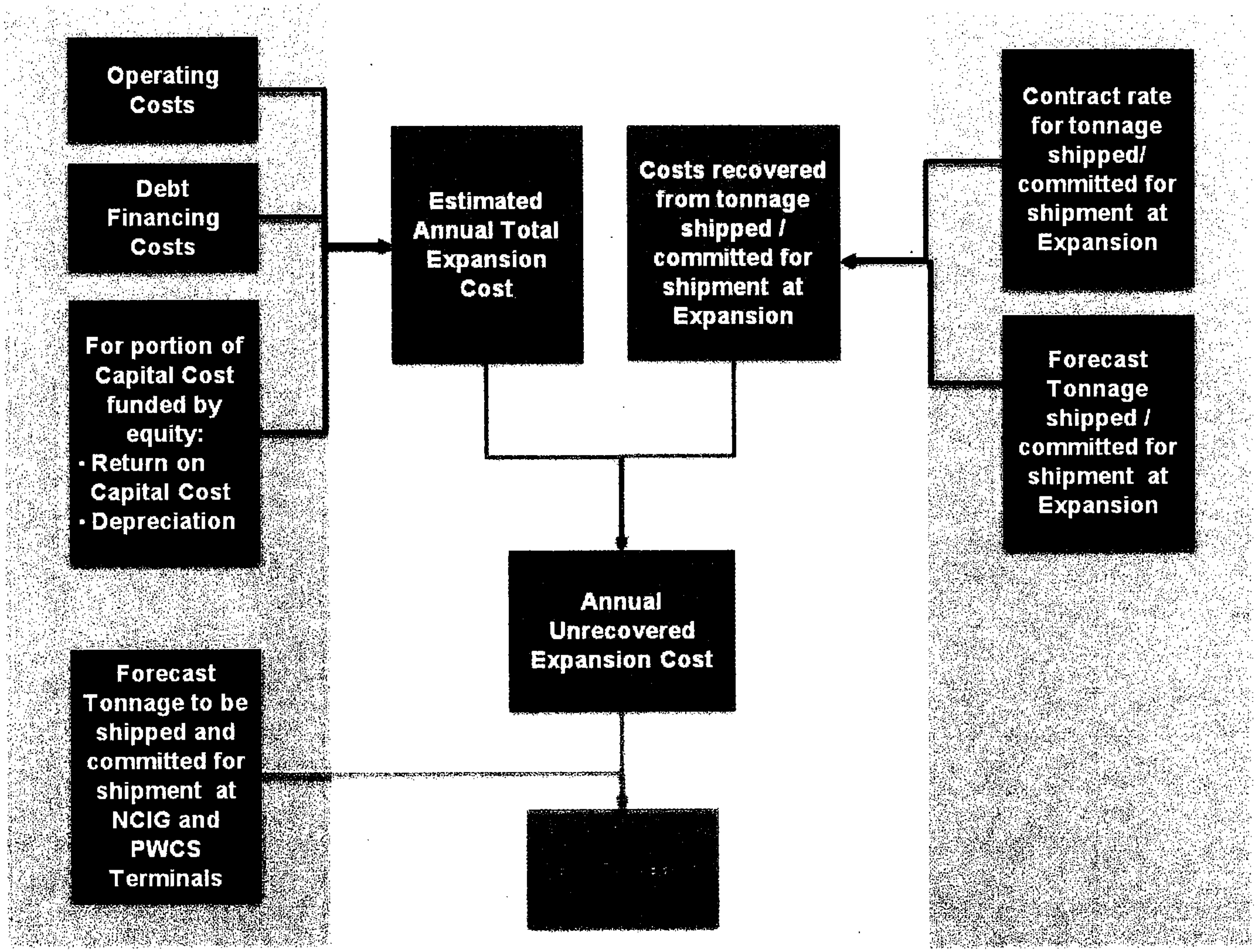
(a) Subject to paragraph (b), the Terminal Operator will use its best endeavours to allocate the Unallocated Expansion Capacity to any Producer either under a Long Term Ship or Pay Contract or under any Short Term Contract in accordance with the relevant Nomination and Allocation Procedure of that Terminal Operator.

(b) Whilst NCIG has not Committed to NCIG Stage 2, NCIG Producers will only be entitled to nominate for allocations of Unallocated Expansion Capacity at PWCS Terminals under fixed term contractual arrangements for the maximum term then available not exceeding 2 years.

18 Undertaking to minimise use of the Levy

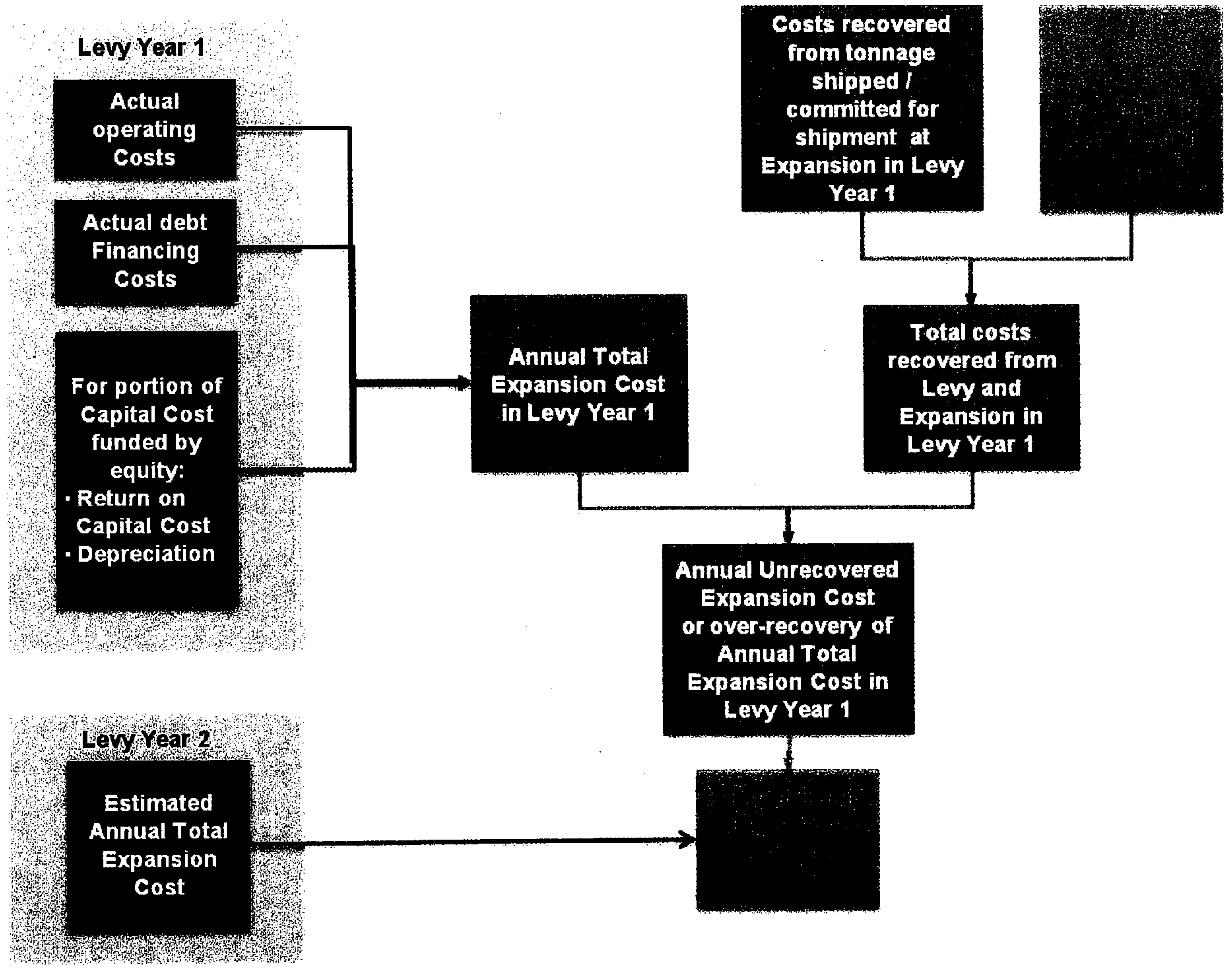
Each Terminal Operator must use all reasonable endeavours to minimise its use of the Levy, including by using reasonable endeavours to minimise the amount of Unallocated Expansion Capacity when undertaking an Expansion.

ANNEX 1: FLOW CHART OF LEVY CALCULATION IN YEAR 1



Note: The term 'tonnage shipped/committed for shipment' is abbreviated term meaning 'tonnes of coal committed for shipment for export (under a Long Term Ship or Pay Contract) and each tonne, in addition to tonnes committed for shipment under a Long Term Ship or Pay Contract, that is shipped for export by Terminal Users'

ANNEX 2: FLOW CHART OF LEVY RESET



Note: The term 'tonnage shipped/committed for shipment' is abbreviated term meaning 'tonnes of coal committed for shipment for export (under a Long Term Ship or Pay Contract) and each tonne, in addition to tonnes committed for shipment under a Long Term Ship or Pay Contract, that is shipped for export by Terminal Users'

ANNEX 3: WORKED EXAMPLE OF LEVY CALCULATION AND RESET

One Expansion

Key assumptions

Cost of debt	10%	(estimate for calculation purposes)
Cost of equity	15%	(pre tax nominal)
Debt/equity ratio	90%	
Debt repayment period	30	years
Accounting asset life	30	years
Capital Cost of Expansion ($m)	$500	
Expansion Capacity (Mtpa)	35	
Ship or pay (for tonnes committed to expansion)	100%	

	Year 1	Year 2
Mtpa committed by other Terminal Users	120	120
Tonnes committed to Expansion (Mtpa)	10	15
Estimated Operating Costs per annum ($m)	$30	$31

Levy Calculation

Estimated Annual Total Expansion Cost ($m)

	Year 1	Year 2
Debt Financing Costs	$46	$46
Return on Capital Cost	$8	$7
Depreciation (on equity finance portion of Capital Cost)	$2	$2
Operating Cost	$30	$31
Annual Total Expansion Cost	$86	$86

Forecast tonnes

	Year 1	Year 2
Mtpa committed to Expansion	10	15
Mtpa committed by other (non-Expansion) Terminal Users	120	120
Mtpa committed by all Terminal Users	130	135

Summary

	Year 1	Year 2
Annual cost of additional Capacity ($ per tonne)	$2.4	$2.5
Expected costs recovered from tonnes committed to Expansion ($m)	$24.5	$37.0
Forecast cost of unallocated expansion ($m)	$61.1	$49.3
Adjustment for previous years over (under) recovery ($m)	na	$1.2
Net cost to be recovered via the Levy ($m)	$61.1	$50.5
Levy per tonne forecast for Terminal Users	$0.47	$0.37

Annual Disbursement and Reset

	Year 1	Year 2
Actual Operating Costs ($m)	$35	$32
Actual Mtpa committed/shipped by other Terminal Users	122	126
Actual Mtpa committed/shipped through Expansion	11	16

Actual Annual Total Expansion Cost for Levy Year 1

	Year 1	Year 2
Debt Financing Costs	$46.4	$46.4
Return on Capital Cost	$7.5	$7.3
Depreciation (on equity finance portion of Capital Cost)	$1.7	$1.7
Operating Cost	$35.0	$32.0
Adjustment for previous years over (under) recovery ($m)	na	$1.2
Actual Annual Total Expansion Cost	**$90.6**	**$88.5**

Actual Levy Proceeds

	Year 1	Year 2
Expansion	$5.2	$6.0
Other Terminal Users	$57.4	$47.2
Total	$62.5	$53.1

	Year 1	Year 2
Costs recovered via Levy	$62.54	$53.15
Cost Recovered from Expansion Terminal Users	$26.9	$39.5
Total cost recovery	**$89.44**	**$92.61**

Levy Reset Summary ($m)

	Year 1	Year 2
Total cost recovery	$89.4	$92.6
Actual Annual Total Expansion Cost	$90.6	$88.5
Cost recovery excess (shortfall)	-$1.14	$4.09
Variation working capital costs (compared to annual budget)	$0.05	-$0.19
Carry forward (to next years Levy)	**-$1.20**	**$3.89**

Two Expansions

Key assumptions

Cost of debt	10%	(estimate for calculation purposes)
Cost of equity	15%	(pre-tax nominal)
Debt/equity ratio	90%	
Debt repayment period	30	years
Accounting asset life	30	years
Additional Capacity (Expansion 1)	35	mtpa
Additional Capacity (Expansion 2)	25	mtpa
Total Expansion Capital Cost (Expansion 1)	$500	$m
Total Expansion Capital Cost (Expansion 2)	$400	$m
Ship or pay (for tonnes committed to expansion)	100%	

	Year 1	Year 2
Mtpa committed by other Terminal Users	120	120
Mtpa committed Expansion 1	28	28
Mtpa committed Expansion 2	10	15
Estimated Operating Costs per annum (Expansion 1)	$30	$31
Estimated Operating Costs per annum (Expansion 2)	$20	$21

Levy Calculation

Estimated Annual Total Expansion Cost (Expansion 1) ($m)

	Year 1	Year 2
Debt Financing Costs	$46	$46
Return on Capital Cost	$8	$7
Depreciation (on equity finance portion of Capital Cost)	$2	$2
Operating Cost	$30	$31
Annual Total Expansion Cost	$86	$86

Estimated Annual Total Expansion Cost (Expansion 2) ($m)

	Year 1	Year 2
Debt Financing Costs	$37	$37
Return on Capital	$6	$6
Depreciation (on equity finance portion of Capital Cost)	$1	$1
Operating Cost	$20	$21
Annual Total Expansion Cost	$64	$65

Forecast tonnes (Mtpa)

	Year 1	Year 2
Mtpa committed Expansion 1	28	28
Mtpa committed Expansion 2	10	15
Mtpa committed by other Terminal Users	120	120
Mtpa committed by all Terminal Users	158	163

Summary - Expansion 1

	Year 1	Year 2
Annual cost of additional Capacity ($ per tonne)	$2.4	$2.5
Expected costs recovered from tonnes committed to Expansion ($m)	$68.5	$69.1
Forecast cost of unallocated expansion ($m)	$17.1	$17.3
Adjustment for previous years over (under) recovery ($m)	na	-$0.6
Net cost to be recovered via the Levy ($m)	$17.1	$16.6
Levy per tonne forecast for Terminal Users	$0.11	$0.10

Summary - Expansion 2

	Year 1	Year 2
Annual cost of additional Capacity ($ per tonne)	$2.6	$2.6
Expected costs receovered from tonnes committed to Expansion ($m)	$25.8	$39.2
Forecast cost of unallocated expansion ($m)	$38.7	$26.1
Adjustment for previous years over (under) recovery ($m)	na	$3.1
Net cost to be recovered via the Levy ($m)	$38.7	$29.2
Levy per tonne forecast for Terminal Users	$0.24	$0.18
Aggregate Levy ($ per tonne)	$0.35	$0.28

Annual Disbursement and Reset

Actual Operating Costs ($m) - Expansion 1	$32	$33
Actual Operating Costs ($m) - Expansion 2	$26	$22
Actual Mtpa committed/shipped by other Terminal Users	120	120
Actual Mtpa committed/shipped at Expansion 1	29	29
Actual Mtpa committed/shipped at Expansion 2	11	16

Actual Levy Proceeds

	Year 1	Year 2
Expansion terminal 1 users	$10.2	$8.2
Expansion terminal 2 users	$3.9	$4.5
Other Terminal Users	$42.4	$33.7
Total	$56.5	$46.4

Disbursement of Levy Proceeds to Expansion Terminal Operators

	Year 1	Year 2
Expansion terminal 1	$17.3	$16.8
Expansion terminal 2	$39.2	$29.5
Total	$56.5	$46.4

Total costs recovered: Expansion terminal 1

	Year 1	Year 2
Costs recovered via Levy	$17.3	$16.8
Cost Recovered from Expansion 1 Terminal Users	$70.9	$71.5
Total costs recovered	**$88.2**	**$88.4**

Actual Annual Total Expansion Cost ($m): Expansion 1

	Year 1	Year 2
Debt Financing Costs	$46.4	$46.4
Return on Capital Cost	$7.5	$7.3
Depreciation (on equity finance portion of Capital Cost)	$1.7	$1.7
Operating Cost	$32.0	$33.0
Adjustment for previous years over (under) recovery ($m)	na	-$0.6
Actual Annual Total Expansion Cost for Expansion 1	**$87.6**	**$87.7**

Reset Summary ($m): Expansion 1

	Year 1	Year 2
Total cost recovery	$88.2	$88.4
Actual Annual Total Expansion Cost	$87.6	$87.7
Cost recovery excess (shortfall)	$0.66	$0.67
Variation working capital costs (compared to annual budget)	-$0.03	-$0.03
Carry forward (to next years Levy)	$0.63	$0.64

Total costs recovered ($m): Expansion terminal 2

	Year 1	Year 2
Costs recovered via Levy	$39.2	$29.5
Cost Recovered from Expansion 2 Terminal Users	$28.4	$41.8
Total costs recovered	**$67.5**	**$71.3**

Actual Annual Total Expansion Cost ($m): Expansion 2

	Year 1	Year 2
Debt Financing Costs	$37.1	$37.1
Return on Capital	$6.0	$5.8
Depreciation (on equity finance portion of Capital Cost)	$1.3	$1.3
Operating Cost	$26.0	$22.0
Adjustment for previous years over (under) recovery ($m)	na	$3.1
Actual Annual Total Expansion Cost for Expansion 2	**$70.5**	**$69.3**

Reset Summary ($m): Expansion 2

	Year 1	Year 2
Total cost recovery	$67.5	$71.3
Actual Annual Total Expansion Cost	$70.5	$69.3
Cost recovery excess (shortfall)	-$2.93	$1.97
Variation working capital costs (compared to annual budget)	$0.14	-$0.09
Carry forward (to next years Levy)	-$3.07	$1.88