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2 February 2024

Australian Competition and Consumer Commission
23 Marcus Clarke Street
Canberra ACT 2601

Attention: David Hatfield & Jaime Martin

Re: Hunter Valley Coal Chain Coordinator (HVCCC) application for authorisation AA1000658 – interested party consultation

Dear David & Jaime,

Glencore appreciates the opportunity to make this submission of support for the application for Authorisation by Hunter Valley Coal Chain Coordinator Limited (HVCCC).

By way of background, Glencore has a material interest in and is a major exporter of coal from a number of coal mines in both the Hunter Valley of New South Wales, as well as in Queensland. Glencore therefore have a unique perspective having seen the significant relative benefits of an independent, centralised planning and coordination entity taking an “across asset” view of the coal chain. Glencore is also a member of the HVCCC and is a strong advocate for a similar organisation to be put in place in Queensland.

The following provides a brief overview of the key areas of benefits we see from HVCCC’s activities:

- 1) **Capacity Modelling:** The whole of coal chain capacity modelling provides confidence in the capacity delivery of shared infrastructure to underpin major investment decisions, either new coal chain infrastructure or coal mines. This modelling ensures producer contracts with coal chain entities are deliverable in the context of the interaction and operation of the broader coal chain. This ensures only efficient investments in infrastructure are undertaken, as well as providing confidence for coal miners investing in capital at the up-stream end of the coal chain;
- 2) **Coordinated Planning and Disruption Management:** The objective, coordinated planning and live run activities HVCCC undertakes genuinely ensures the maximisation of shared infrastructure at minimum cost. HVCCC

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has a unique ability to identify, plan to and manage “the constraint of the day”, with such constraints often changing frequently depending upon maintenance, weather or other operating considerations. This ensures the whole coal chain is aware of the then prevailing constraint and what decisions may be made to exploit. In our experience in Queensland, we often see far less knowledge of the prevailing constraint and asset owners subsequently making decisions in isolation without knowledge of potential detrimental impacts on other aspects of the coal chain. A litmus test on the performance of the coal chain can be evidenced by the level of demurrage paid by coal producers (a form of liquidated damages occurring due to ships waiting around to be loaded). Over time, the demurrage cost per tonne of coal sold from our business in Queensland has been far higher than that we experience in New South Wales. Whilst other factors can be at play, we believe a large contributor this is the HVCCC coordination activities ensuring the coal chain participants are appraised of the constraint(s) being faced, along with possible decisions to employ. This leads to less lost capacity and enhanced competitiveness of the Hunter Valley coal as a reliable supplier of coal to a global market. We note greater coordination of coal chain entities in Queensland may be possible, in our experience, not having a formal and authorized body with the breadth of operations as HVCCC’s means practically this is rarely the case, where vessel queues and demurrage remain high, particularly after disruptive events or periods of higher demand;

- 3) **Objectivity and Transparency:** The increased transparency provided by an independent, objective entity provides significant benefits in root cause/loss identification. This is particularly beneficial in identifying and targeting for improved operations or potential investment, as well as this transparency leading to greater performance-based competition between coal chain entities. This is particularly so in the above rail space. With an independent entity identifying and transparently reporting losses, a producer in the Hunter Valley can be confident in the relative performance statistics for above rail haulage providers and therefore able to assess and make decisions not only based on price, but on historical performance. In our view, this transparency has created a greater incentive for above rail hauliers to compete against each in reliability and timeliness of rail haulage, thereby having a benefit of efficiency and costs to the whole of the coal chain.

In summary, we believe there are very material public benefits to New South Wales and Australia from the activities of HVCCC with no currently observed detriments.

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As such, we strongly support the application for Authorisation and the continued operation of the HVCCC. Should you wish to discuss this further, please contact me on [REDACTED].

Ben Farrar
Glencore