

FACT SHEET

Review of rate of return and remaining mine life relating to the Hunter Valley Coal Network

26 February 2014

IPART has commenced a review of the rate of return and remaining mine life that will apply to RailCorp's rail sectors of the Hunter Valley Coal Network (HVCN) for 5 years from 1 July 2014.

What the review covers

The NSW Rail Access Undertaking (the Undertaking) requires IPART to review the rate of return and remaining mine life of the Hunter Valley coal mines serviced by the relevant rail network every 5 years.

The Undertaking provides that the depreciation of the regulatory asset base (RAB) of the rail infrastructure is to be calculated using a straight-line methodology and the estimate of the remaining useful life of the rail assets. The Undertaking further provides that the useful life of the relevant rail infrastructure be determined by reference to the remaining mine life of the mines using the rail network. The revised remaining mine life will be used to estimate the depreciation of the HVCN from 1 July 2014.

Every 5 years, IPART is also required to review the rate of return to be applied to the average of the opening and closing RAB each year. Our decision on the rate of return will also apply from 1 July 2014.

The relevant rail network that these decisions apply to consists of 5 sectors owned by RailCorp (see Table 1).

Table 1 RailCorp Hunter Valley Coal Network sectors

Sector	Name
405	Newstan Jct to Cockle Creek
406	Cockle Creek to Sulphide Jct
490	Sulphide Jct to Adamstown
407	Adamstown to Broadmeadow (via Main)
497	Broadmeadow to Woodville Jct

Process for our 2014 review

In April 2014, we will release a draft report with draft decisions on the rate of return and remaining mine life. We have engaged a consultant (Sapere Research Group) to provide expert advice on remaining mine life. Sapere's draft report will be published on our website, along with our draft report, for consultation.

Stakeholders will be invited to make written submissions on our draft report as well as Sapere's draft report on remaining mine life. We will also hold a public roundtable to give stakeholders the opportunity to provide further feedback on our draft decisions. Following consideration of stakeholder submissions, roundtable feedback and our own analysis, we will release a final report in June 2014.

The proposed timetable for this review is shown in Table 2.

Table 2 Review of remaining mine life and rate of return from 1 July 2014

Milestone	Date
Release consultant's draft report on mine life and IPART draft report	Early April 2014
Hold public roundtable	Early May 2014
Submissions close on draft report	Mid-May 2014
Release final report (including consultant's final report on mine life)	End June 2014