

23 February 2011

Our ref: DN/11/41268

Mr Patrick Lam  
Senior Analyst  
Independent Pricing and Regulatory Tribunal  
Level 8/1 Market Street  
Sydney NSW 2000



Email: patrick\_lam@ipart.nsw.gov.au

Dear Patrick

### **IPART Review of Compliance under the NSW Rail Access Undertaking**

Thank you for your email of 14 February 2011 inviting submissions on ARTC's compliance with the NSW Rail Access Undertaking for the financial year 2009/10. IPART requested specific comment on the following matters:

- whether the type and size of capital expenditure undertaken by ARTC is appropriate;
- whether the inclusion of \$7 million in costs related to project feasibility work on projects not yet accepted, postponed or cancelled is appropriate;
- the size of the under-recovery of \$20.5 million and how it should be recovered given the transition to a new undertaking which will be monitored by the ACCC.

#### **1. Type and Size Of Capital Expenditure**

QR National Coal, as a member of the Rail Infrastructure Group (RIG), has previously supported all the capital projects undertaken by ARTC and accepts their inclusion in the Asset roll forward calculation.

#### **2. Inclusion of \$7 million of Project Feasibility costs**

QR National Coal accepts the inclusion of these costs as it was able to review them as a part of the RIG process.

#### **3. Size of the Under-Recovery and Recovery Method**

QR National Coal accepts the calculation of the unders and overs account and is satisfied with ARTC's compliance with the ceiling test.

We are supportive of ARTC's commitment to consult industry to develop an agreed methodology for the recovery of the 2009/10 under-recovery. QR National Coal is supportive of the appropriate regulatory body, either IPART or ACCC, having a role in the consultation process in the event that all parties are unable to reach agreement.

## **Carrington Loop**

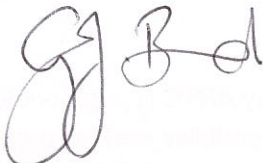
QR National Coal notes ARTC's exclusion of maintenance costs for the Carrington Loop due to ARTC's interpretation of the regulated coal network under the NSW Rail Access Undertaking.

QR National Coal believes that:

- the Carrington Loop is an integral part of the Coal Supply Chain;
- ARTC did not oppose the lease transferring from PWCS on expiry because the loop is required for the Coal Supply Chain to function efficiently; and
- As a necessary part of the Coal Supply Chain, it should be a part of the regulated coal network and only regulated rates of return should be earned by ARTC.

Should you wish to discuss any aspects of this submission, please do not hesitate to contact either myself or Robin Laver on (07) 3235 5215.

Yours sincerely

A handwritten signature in black ink, appearing to read 'GB', with a stylized flourish extending from the end.

**Glenn Baird**

National Access Manager

Planning and Execution

QR National Coal