



AURIZON NETWORK SYSTEM RULES FOR
THE CQCN
QRC SUBMISSION

19 MAY 2017

1 Aurizon Network System Rules for the Central Queensland Coal Network

Thank you for the opportunity to comment on Aurizon Network's proposed System Rules for the Central Queensland Coal Network (**CQCN**).

We have several concerns regarding the proposed System Rules, however, we understand that the System Rules will be reviewed at least annually. On that basis, the Queensland Resources Council (**QRC**) would not object to the approval of the proposed System Rules, if the Queensland Competition Authority (**QCA**) considers this appropriate. Our intention would be to observe the effectiveness of these rules in operation, and propose any required changes at the next annual review.

The QRC confirms this submission may be made public.

1.1 Objectives

The QRC considers that the System Rules should promote efficient planning and scheduling of the CQCN and should equitably allocate access, subject to the requirements of Access Agreements and the Access Undertaking. The System Rules should also include mechanisms which incentivise access holders and their customers to conduct their own activities in a way which promotes efficient planning and scheduling.

1.2 Concerns

The proposed System Rules create an incentive for Access Holders/Customers to 'lock down' their schedules 24 hours ahead of the Day of Operations (i.e. 24-48 hours ahead of the scheduled departure time for the service). The incentive is in the form of a deemed consumption of a Train Service Entitlement (**TSE**) for cancellations or changes made within this period. Our concerns, which we acknowledge are conflicting to some extent, are:

- (a) An incentive to lock down schedules earlier, such as 48 hours ahead of the Day of Operations (as currently applies), may reduce changes and promote more efficient planning and scheduling. An earlier lock-down period may be appropriate in systems which rail to stockpiles (such as the Blackwater and Moura systems) but would require additional consideration in systems in which railings respond to immediate shipping requirements.
- (b) The deemed TSE consumption will, in some cases, penalise Access Holders/Customers who were affected by the actions of other parties. For example, where a vessel is delayed or pushed back in the queue in a cargo assembly operation due to unavailability of coal by a particular shipper, other shippers using the same vessel (co-shippers) may incur a deemed TSE

consumption due to the late cancellations of their train services. The move from 48 hours to 24 hours does reduce this risk to some extent, but may also reduce the efficiency and robustness of the planning process.

- (c) Some generations of Access Agreements may be inconsistent with the revised 'lock down' period. For example, clause 5.1(b) of the UT4 Standard Access Agreement provides that a train service which is cancelled or not operated with less than 48 hours' notice prior to the scheduled time for that train service will be taken to be one of the Nominated Monthly Train Services for the month. This appears to be inconsistent with the proposed System Rules. Consideration should be given to how this inconsistency could be resolved.

1.3 Future changes to be considered

Subject to a review of the success of the proposed System Rules (if approved), the QRC's current thinking is that the following changes should be considered:

- (a) Amend the System Rules to reflect the differences in the operating modes of the various systems. This may involve an earlier lock-down date (such as 48 hours) for the systems which rail predominantly to stockpiles.
- (b) Replace the current 'incentive' arrangement (being the deemed consumption of a TSE for the party which makes a late change to the schedule) with an arrangement which identifies the root cause of the cancellation and attributes the TSE consumption to the responsible party. For example, where a vessel is pushed back in the queue in a cargo assembly operation due to the actions of one customer, all resulting deemed TSE consumption relating to cancelled paths may be attributed to that party. We do not consider that the Delay Cause Identification proposed within Clause 5.2 of the System Rules is sufficiently transparent or detailed to be adopted for this purpose.
- (c) Allow greater flexibility in respect of the use of Train Service Entitlements by expanding the scope of the diversion rule to allow for:
 - (1) an end user Access Holder changing Operators with or without changes to the load point; and
 - (2) an operator Access Holder allowing another operator to run the train service with or without a change in the load point.

The QRC acknowledges that amendments may be required to the approved access undertaking to achieve a broadened diversion rule of this nature. For example, the definition of 'Train Service Change' does not seem to contemplate diversions which would involve changes to Rollingstock or Rollingstock Configuration. For this reason, the QRC suggests this is considered as part of the UT5 approval process.

1.4 Contact details

Thank you for your consideration of our submission. Please contact Andrew Barger, Director, Infrastructure and Economics on 3316 2502 or andrewb@qrc.org.au for further information on this matter.