



Isaac Plains Coal Management Pty Ltd
(as Manager for and on behalf of the participants
in the Isaac Plains Coal Joint Venture)

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Ref: IPCM [file]

Mr John Hall
Chief Executive Officer
Queensland Competition Authority
GPO Box 2257
BRISBANE QLD 4001

By Email: rail@qca.org.au

RE: Response to QR Network System Rules – Goonyella Coal Chain

Dear Mr Hall

Isaac Plains Coal Management (IPCM), as an exporter of coal through the Dalrymple Bay Coal Terminal, welcomes the opportunity to submit its views on the proposed QR Network System Rules for the Goonyella coal chain, dated 30 June 2011.

IPCM's primary concern relates to the proposed consumption of Train Service Entitlements (TSEs).

The Goonyella system has a high level of daily operational variability to plan. This variation will increase once the Newlands system is connected to the Goonyella coal chain.

We understand that the TSEs will continue to be allocated as per current Access Agreements i.e. monthly entitlements in accordance with the Access Agreements where monthly paths are based on a 30 day month. For scheduling purposes the monthly entitlements will be divided into weekly entitlements with adjustments for planned maintenance. We understand that this division of entitlements is for scheduling purposes only and is not rigidly applicable in the context of contractual entitlements.

We understand that a fixed weekly plan is being proposed by QR Network where planning for a weekly period will be done every Tuesday and locked in on every Thursday of the week prior to the applicable weekly period starting the following Monday of each applicable week. So, in effect the weekly plan will already be locked in at least 3 days in advance of the start of the plan period and 10 days in advance of the end of the weekly plan period.

While this might be suitable for even railing scenarios in a non-congested system, it will be difficult to implement in to a cargo assembly operation within an increasingly congested system that has a high level of operational variability. There has been no clear evidence to suggest that the Hay Point Coal Chain, based on even railing operation, experiences any less variation. In fact, due to the shared rollingstock and network infrastructure applied across both DBCT and HPCT, logistically it would be fair to accept that

variation exists. With increased tonnages leading to a more dense coal supply chain, the likelihood of variation increasing in an uncoordinated environment is highly probable.

There is also a level of ambiguity regarding when the consumption of the allocated TSEs occur. The draft Goonyella System Rules specify that the TSE consumption is at the 48 hour scheduling process whilst it has been communicated at coal chain forums that consumption of TSEs will be calculated against a fixed weekly plan. IPCM does not believe that locking in weekly TSEs provide users with any better flexibility, even considering the 48 hour re-planning events.

In summary, IPCM is uncomfortable with a fixed weekly planning regime whereby TSEs are deemed consumed well in advance of physical consumption. In our opinion, TSE consumption should not occur at any time period greater than the time of production of the 48 hour plan until total coal chain variation is under some level of control.

Please do not hesitate to contact Jamie Freeman (0431 912 776) if you require any further information or clarification.

Yours sincerely



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Operations Manager
Isaac Plains Coal Management

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