

24 April 2023

To: George Passmore
Director Business Performance
Queensland Competition Authority

Dear George

NECAP 2023 – Confirmation of Capital Expenditure

Dalrymple Bay Infrastructure Management Pty Ltd (**DBIM**) refers to section 12.10 of the DBCT 2021 Access Undertaking (**AU**) under which DBIM is required to incur NECAP expenditure as necessary to ensure that the Terminal complies with Good Operating and Maintenance Practice, and that DBIM complies with its obligations under the Port Services Agreement (**PSA**).¹

In respect of the charges applicable for the Financial Year commencing on 1 July 2023, Capital Expenditure of \$44,667,600 (**NECAP 2023**) was incurred by DBIM on NECAP works completed up to 31 March 2023, as summarised in Attachment 1. In accordance with s.12.10(b)(1), DBIM confirms that NECAP 2023 falls within the definition of Capital Expenditure in the AU. DBIM also confirms that:

- NECAP 2023 is not (and has not been) expenditure recovered through HCF or HCV (as those terms are defined in the Standard Access Agreement);
- all projects in NECAP 2023 (other than the NQ02 Project) were unanimously approved by all Access Holders pursuant to s.12.10(b)(2)(A);
- the NQ02 Project was approved by all Access Holders except one which, following notification by DBIM pursuant to s.12.10(b)(2)(B), has confirmed in writing it does not object to NQ02 as NECAP;
- the Operator has recommended in writing the incurrence of NECAP 2023; and
- the NECAP 2023 works were completed and handed over to the Operator prior to 31 March 2023.

NECAP 2023 includes an allowance for Interest During Construction (**IDC**).

The following supporting documentation is available to the QCA for review if required:

- Project Briefs, including details on the nature of Capital Expenditure for each project;
- Operator Recommendations for each NECAP Series relating to NECAP 2023;
- Access Holder Approvals for each NECAP Series relating to NECAP 2023;
- Evidence of no objection to relevant expenditure (NQ02) included in NECAP 2023; and
- Certification of handover of completed works to the Operator relating to NECAP 2023.

Given the above, we request that the QCA confirms that it is reasonably satisfied that the expenditure falls within the definition of Capital Expenditure in the AU.

If you require any further information, please do not hesitate to contact me.

Yours sincerely



Jonathan Blakey
Chief Commercial & Sustainability Officer
Dalrymple Bay Infrastructure Management

¹ Capitalised expressions in this letter have the meaning given in the AU, unless otherwise defined.

Attachment 1: NECAP 2023 Compliance with the Definition of Capital Expenditure

The following definition is extracted from Schedule F (Definitions & Interpretation) of the DBCT 2021 AU.

Capital Expenditure means expenditure (incurred by DBIM) which:

- (a) relates to replacement or expansion of any part of the Terminal;
- (b) relates to refurbishment or upgrade of any part of the Terminal which can reasonably be expected to extend the life of the relevant part beyond its original useful life or is undertaken for environmental or safety reasons;
- (c) otherwise relates to the refurbishment or upgrade of Terminal plant and/or infrastructure which is reasonably expected to improve whole of life cost, or is incurred with the agreement of the Operator; or
- (d) is ancillary or incidental to paragraphs (a), (b) or (c),

but not expenditure recovered through HCF or HCV (as those terms are defined in the Standard Access Agreement).

Actual Costs for NECAP 2023

ID	Project	Project Manager	NECAP 2023 Expenditure	Relevant paragraph of definition of Capital Expenditure
NK01	New Stacker ST1A	DBIM	2,438,657	Paragraph (a) replacement of part of the terminal (Stacker ST1)
NK02	ST1 removal	DBIM	3,763,021	Paragraph (d) ancillary to Paragraph (a) replacement of Stacker ST1
NK03	Engineering and auditing services	DBIM	103,437	Paragraph (d) ancillary to Paragraph (a) replacement of Stacker ST1
NK04	Minor site works	DBIM	230,970	Paragraph (d) ancillary to Paragraph (a) replacement of Stacker ST1
NK05	Control systems, ACCA and other technical assistance	DBIM	37,805	Paragraph (d) ancillary to Paragraph (a) replacement of Stacker ST1
NK06	Critical spares	DBIM	419,734	Paragraph (d) ancillary to Paragraph (a) replacement of Stacker ST1
NP01	Safety guards – phase 8 of 8	DBIM	351,862	Paragraph (b) upgrade of part of the terminal (conveyor systems) undertaken for safety reasons
NP10	SP2 personnel lift upgrade	Operator	42,490	Paragraph (a) replacement of part of the terminal (sample plant lift) due to end-of-life
NQ02	3D Mapping & Automation System	DBIM	15,010,675	Paragraph (c) upgrade of terminal plant (yard machines) to improve whole of life cost
NQ03	Pile wrapping – phase 7	DBIM	133,024	Paragraph (c) upgrade of terminal infrastructure (offshore piles) to improve whole of life cost
NQ04	Stockyard anti-collision upgrade – phase 2	DBIM	1,179,331	Paragraph (b) upgrade of part of the terminal (yard machines) undertaken for safety reasons
NQ05	SL1 Collision Avoidance	DBIM	12,009	Paragraph (b) upgrade of part of the terminal (shiploader SL1) undertaken for safety reasons
NQ06	Vessel Drift Detection	DBIM	1,636,954	Paragraph (b) upgrade of part of the terminal (berths) undertaken for safety reasons
NQ07	MCC Replacement Project - Phase 1	Operator	3,005,141	Paragraph (a) replacement of parts of the terminal (motor control centres) due to end-of-life
NR01	Arc flash mitigation - phase 1	Operator	1,545,587	Paragraph (b) upgrade of part of the terminal (substations) undertaken for safety reasons
NR03	Offshore pile wrapping - phase 8	DBIM	4,682,118	Paragraph (c) upgrade of terminal infrastructure (offshore piles) to improve whole of life cost
NR04	L15 Gallery Sheeting	Operator	2,411,276	Paragraph (b) upgrade of part of the terminal (offshore conveyor galleries) undertaken for environmental reasons
NR05	RRP dust mitigation	Operator	647,583	Paragraph (b) upgrade of part of the terminal (rail receival pits) undertaken for environmental reasons
NR06	ID drying slab	Operator	1,387,954	Paragraph (b) upgrade of part of the terminal (industrial dam coal collection pit) undertaken for environmental reasons

ID	Project	Project Manager	NECAP 2023 Expenditure	Relevant paragraph of definition of Capital Expenditure
NR11	SR2 early engineering	DBIM	285,214	Paragraph (d) a study ancillary to Paragraph (a) replacement of part of the terminal (Stacker Reclaimer SR2)
NS02	SL2 Luff Winch Underpans	Operator	349,055	Paragraph (b) upgrade of part of the terminal (shiploader SL2 luff winch) undertaken for environmental & safety reasons
NS03	Offshore pile wrapping - phase 9	Operator	1,108,713	Paragraph (c) upgrade of terminal infrastructure (offshore piles) to improve whole of life cost
NS07	Site wide GTU safe isolation access	Operator	400,432	Paragraph (b) upgrade of part of the terminal (conveyor gravity take-ups) undertaken for safety reasons
Total construction costs			41,183,042	
Interest during construction			3,484,557	
Total			44,667,600	