



5th April 2024

Mr. George Passmore
Queensland Competition Authority
Level 27, 145 Ann Street
Brisbane Queensland 4001
Submitted online: <https://www.qca.org.au/submissions>

Dear George ,

Bravus's and Bowen Rail Company's response to the QCA Preliminary View on 2024 Aurizon Network system rules

Bravus Mining and Resources Pty Ltd (**Bravus**) and Bowen Rail Company (**BRC**) welcomes the opportunity to respond to the QCA preliminary view on 2024 Aurizon Network system rules.

Our combined submission in response is set out in the **Attachment**.

Regards,

Ian Gibbons

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Supply Chain Consultant

Bravus Mining and Resources

Brendan Lane

Brendan Lane
GM Rail Operations
Bowen Rail & Carmichael Rail Network

Attachment

Summary :

1. **Bravus and BRC do not support this trial proceeding to implementation given updated Aurizon Network information on the absence of trial scheduling benefits together with consideration of the sticky nature of implementation costs.**
2. **Bravus would seek the QCA’s explanation on how the CQCN voting mechanism proposed as part of the trial provides adequate protections for access holders in an individual (smaller) Coal System.**

Detailed Discussion:

- **Bravus and BRC do not support this trial proceeding to implementation given updated Aurizon Network information on the absence of trial scheduling benefits together with consideration of the sticky nature of implementation costs.**

Bravus acknowledges that Aurizon Network has consulted extensively on the Rolling plan proposal but the consultation process failed to outline alternative proposals that potentially better address the key drivers of train cancellation waste. In terms of the Rolling plan proposal, Aurizon Network has failed to establish a clear business case that objectively weighs up the benefits and costs of introducing the Rolling Plan trial as planned. Following Bravus feedback on the Rolling Plan to Aurizon Network, Aurizon Network has recently outlined its parallel scheduling trial results demonstrate there is no net improvement in the number of trains scheduled under the Rolling Plan over the current process.

Bravus notes that both Aurizon Network’s submission and the QCA’s response are silent on the nature and extent of the expected trial costs. Bravus notes the trial will introduce additional costs in terms of RACE modification costs, additional scheduling resources for all Above Rail Operators and Aurizon Network and more scheduling effort as a result of unproductive scheduling. Bravus notes the proposal has not addressed the key drivers of waste Aurizon presented to the working group including overordering by (in particular, over-contracted) mines or overordering by under-resourced above rail operators (see Figure 1) particularly in the 0 to 24 hour time frame.

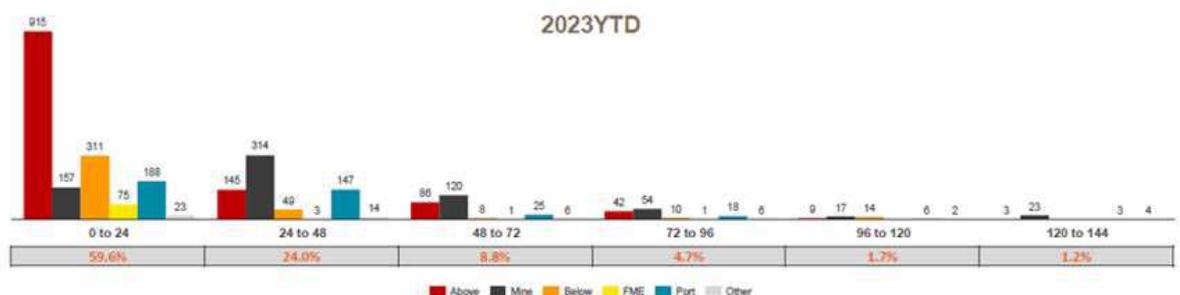


Figure 1. Cancellation by Cause and Timeframe Source: Aurizon Network 11th December 2023



Bravus is of the view that Aurizon Network in nominating a single Rolling Plan solution failed to outline what alternative waste reduction solutions would better address the key drivers of train cancellations. For example, as an alternative, Bravus would propose that maintaining the currently Weekly ordering process and increasing the TSE lockdown period from 24hrs to 48 hrs and facilitating systems and processes to reuse cancelled train paths, pursuing UT5 resumption options would better address the key drivers of loss identified in figure 1.

Further, Aurizon Network's submission to the QCA makes no reference to the sticky nature of the costs and the difficulty of unwinding these additional trial costs. Noting the default position of the trial is to retain the Rolling Plan and these additional costs to the detriment of productivity.

Compliance with S138(2), S168(A) and the Network Management Principles would imply the selected trial option if not the best alternative to address train cancellation waste can at least demonstrate a reduction in train cancellation waste and hence promote reduced costs or otherwise improve productivity to the benefit of access holders, future access holders and the public interest.

In the interest on pursuing economic efficiency in the Network, any trial proposal should be subject to accepted project management principles. Bravus would request the QCA seek from Aurizon Network before proceeding to trial -

- The objective of the trial / the problem statement we are trying to address and in doing so how the trial addresses the key drivers of waste caused by train cancellations.
- Alternative solutions beyond the Rolling Plan option to address these train cancellation losses.
- The likely business case in terms of benefits and costs of each of these options.
- A recommendation based upon an objective business case assessment of the preferred option to go to trial.

Should a trial proceed, Bravus would endorse the RWG's suggestion that End Users should have an independent right, similar to Aurizon Network's right, to call for a vote to discontinue the trial at any time.

Bravus would seek the QCA's view on how the CQCN voting mechanism proposed as part of the trial provides adequate protections for access holders in an individual (smaller) Coal System.

Bravus would respectively seek the QCA explanation on how the CQCN voting mechanism provides protection for access holders in the Newlands system in the (probably unlikely) event Deliverable Network Capacity was reduced as a result of these changes. Bravus is concerned



that a Network voting mechanism that measures a Coal Network outcome without a requirement that each Coal System benefit/be no worse off from the trial has the potential to unfairly differentiate between users/Coal systems in a way that has a material adverse effect on the ability of one or more of the users/Coal systems to compete with other users/Coal systems. Bravus notes that the cost to rectify any introduced additional Capacity Deficit as a result of a system rule change resides with the affected coal system not the Coal Network.

Bravus would propose the trial success criteria of a Coal Network vote needs to be subject to all Coal Systems individually being made no worse off in terms of the trial metrics to provide this assurance. Specifically, Bravus would contend that the acceptance of a change to the system rules needs to demonstrate net or neutral benefits in each Coal system regardless of any Coal Network voting outcome in order to comply with the QCA act and the Network Management Principles.