

## **SCHEDULE A**

### ***Maintenance Of Regulatory Asset Base***

- 1. MAINTENANCE OF REGULATORY ASSET BASE**
- 1.1 QR Network will maintain a Regulatory Asset Base for the purposes of Clause 6.2.4(c) of this Undertaking.
- 1.2 For the purposes of Clause 1.1, on an annual basis, QR Network will roll forward the asset values in its Regulatory Asset Base, applying the following principles:
  - (a) the opening asset value will be indexed for the Year using CPI;
  - (b) depreciation of the assets will be calculated for the Year using asset lives and a depreciation profile endorsed by the QCA;
  - (c) the value of asset disposals and transfers during the Year will be subtracted from the Regulatory Asset Base;
  - (d) prudent capital expenditure will be added to the Regulatory Asset Base, where prudent capital expenditure is that accepted by the QCA in accordance with Clause 2; and
  - (e) the value of the assets in the Regulatory Asset Base will be adjusted in accordance with Clauses 1.3 to 1.4.
- 1.3 The value of assets contained in the Regulatory Asset Base may be increased by QR Network if:
  - (a) it is at the end of the Term and QR Network is seeking to include a valuation for intangible assets, being a matter that was not considered as part of the initial valuation of assets contained in the Regulatory Asset Base; or
  - (b) additional sections of existing Rail Infrastructure are incorporated into the Central Queensland Coal Region, in which case the additional sections will be initially valued in accordance with the Depreciated Optimised Replacement Cost methodology,provided that the increase in asset value must first be accepted by the QCA.
- 1.4 The QCA will not require the value of assets contained in the Regulatory Asset Base to be reduced unless:
  - (a) the QCA made its decision to accept the expenditure in the Regulatory Asset Base on the basis of information provided by QR Network that QR Network knew, or should have known, was false or misleading at the time it provided the information;
  - (b) circumstances arise in the future where demand has deteriorated to such an extent that regulated prices on an unoptimised asset would result in a further decline in demand; or
  - (c) it becomes clear that there is a possibility of actual (not hypothetical) bypass.

For clarity, a reduction or cessation in the utilisation of a section of QR Network's Rail Infrastructure within an Individual Coal System or a part of the Western System west of Rosewood will not result in a reduction in any asset values in the Regulatory Asset Base for that Individual Coal System or that part of the Western System west of Rosewood, unless it triggers the criteria above.

## **2. ACCEPTANCE OF CAPITAL EXPENDITURE INTO THE REGULATORY ASSET BASE**

- 2.1 The QCA will determine what capital expenditure should be accepted into QR Network's Regulatory Asset Base. The QCA's prior approval is not required for any capital expenditure.
- 2.2 The QCA will accept all prudent capital expenditure into the Regulatory Asset Base. Prudence has three aspects:
  - (a) prudence in scope;
  - (b) prudence in standard of works; and
  - (c) prudence in cost.

The QCA's consideration of prudent capital expenditure will be in accordance with Clause 3 provided that the assessment of whether actual capital expenditure will be accepted into the Regulatory Asset Base will only be made after the expenditure has been incurred, subject to Clause 3.1 which provides for pre-approval by the QCA of certain aspects of the capital expenditure.

- 2.3 While Reference Tariffs may include a Capital Indicator at the beginning of a regulatory period, this does not imply an acceptance by the QCA of this level of capital expenditure for inclusion in the Regulatory Asset Base. For clarity, actual capital works undertaken by QR Network during a regulatory period may be determined by the QCA to not be prudent and therefore not accepted by the QCA for inclusion in the Regulatory Asset Base, even though total capital expenditure may be within the Capital Indicator.
- 2.4 QR Network will provide to the QCA for approval a copy of its strategic asset management plan describing the general standards QR Network will apply in determining whether to incur capital expenditure by replacing assets within the Regulatory Asset Base rather than maintaining the existing assets (on approval by the QCA being the "Asset Management Plan"). The Asset Management Plan is not intended to be binding on QR Network, or represent a pre-assessment of prudence by the QCA, but is intended to provide a useful guide as to the prudence of the scope of QR Network's proposed Asset Replacement Expenditure. QR Network will advise the QCA of any proposed amendments to the Asset Management Plan over the Term. If the QCA assesses any proposed amendments to the Asset Management Plan as material, it will notify QR Network and those amendments will not be taken into account when considering consistency with the Asset Management Plan in accordance with this Schedule, unless the Asset Management Plan including the proposed amendments is resubmitted by QR Network for approval by the QCA, and is approved by the QCA.
- 2.5 The QCA will consider for inclusion in the Regulatory Asset Base any capital expenditure on commissioned projects or projects that have been formally discontinued. The QCA will not consider for inclusion in the Regulatory Asset

Base any capital expenditure on projects that have either not been commissioned or have not been formally discontinued. The QCA will either:

- (a) advise QR Network in writing that it has approved the capital expenditure for inclusion in the Regulatory Asset Base; or
- (b) if the QCA is considering refusing approval for the inclusion of an element of QR Network's capital expenditure in the Regulatory Asset Base, the QCA will give to QR Network a preliminary notice of the QCA's decision, stating the reasons and the way it considers it appropriate to adjust the amount of the capital expenditure.

2.6 If the QCA gives QR Network a preliminary notice under Clause 2.5:

- (a) within thirty (30) days of QR Network being given the preliminary notice, QR Network may revise the amount of the capital expenditure and/or provide additional information supporting its view that the capital expenditure was prudent; and
- (b) the QCA will consider the information provided under Clause 2.6(a) and either approve or refuse to approve the capital expenditure.

### **3. ASSESSMENT OF CAPITAL EXPENDITURE**

#### **3.1 Regulatory Pre-Approval of Capital Expenditure**

QR Network may seek pre-approval of the scope or the standard of a capital expenditure project or of a procurement strategy in accordance with this Clause 3.1. If QR Network seeks such a pre-approval, the QCA will assess the prudence of the scope or the standard of the capital expenditure project or the procurement strategy in accordance with this Clause 3.1, provided that a failure to obtain that pre-approval does not affect the right to seek approval in accordance with Clause 3.3 for that capital expenditure.

##### **3.1.1 Regulatory Pre-Approval of Scope of Capital Expenditure**

- (a) The QCA will accept the scope of a capital expenditure project as prudent if:
  - (i) it is Asset Replacement Expenditure and is consistent with the asset age and composition of the assets in, as applicable, the Central Queensland Coal Region or that part of the Western System west of Rosewood and asset replacement is in accordance with the Asset Management Plan. However, the QCA retains the right to review the composition of Asset Replacement Expenditure; or
  - (ii) it is General Expansion Capital Expenditure and the scope of the capital expenditure has been accepted by a Customer Group in accordance with Clause 3.2.2(f); or
  - (iii) it is Customer or, if an Access Holder has no Customer, Access Holder specific capital expenditure for a branch line to a mine which is to be included as a loading point for a Reference Tariff developed in accordance with Part 6 of the Undertaking, and the scope of the capital expenditure has been accepted by the Customer or Access Holder concerned.

- (b) QR Network, an Access Seeker, an Access Holder or a Customer may make a submission to the QCA seeking regulatory pre-approval of the scope of a capital expenditure project where a capital expenditure project has not been accepted by a Customer Group in accordance with Clause 3.2.2(f) (including a project that has been omitted from the Coal Rail Infrastructure Master Plan and/or the Customer Group acceptance process under Clause 3.2.2), provided that QR Network, the Access Seeker, the Access Holder or the Customer (as the case may be) has provided sufficient information to the QCA to allow it to reasonably consider the request for pre-approval given the criteria set out in Clause 3.3.2.
- (c) The QCA must:
  - (i) consider a submission made under Clause 3.1.1(b) in accordance with the requirements set out in Clause 3.3.2 and taking into account the outcome of a Customer Group vote (if any), in accordance with Clause 3.2.2, in respect of that capital expenditure project; and
  - (ii) notify the person who made a submission under Clause 3.1.1(b) and QR Network:
    - (A) whether the scope of the capital expenditure project is pre-approved by the QCA; and
    - (B) if refused (in whole or in part), stating the reasons for that refusal.

### 3.1.2 Regulatory Pre-Approval of Standard of Capital Expenditure

- (a) QR Network may make a submission to the QCA seeking regulatory pre-approval of the standard of a capital expenditure project which has received regulatory pre-approval of scope in accordance with Clause 3.1.1, provided that submission includes sufficient information to allow the QCA to reasonably consider the request for pre-approval.
- (b) The QCA must:
  - (i) consider such a submission made under Clause 3.1.2(a) in accordance with the requirements set out in Clause 3.3.3; and
  - (ii) notify QR Network:
    - (A) whether the standard of the capital expenditure project is pre-approved by the QCA; and
    - (B) if refused (in whole or part), stating the reasons for its refusal.

### 3.1.3 Regulatory Pre-approval of Procurement Strategy

- (a) QR Network may make a submission to the QCA seeking regulatory approval of a procurement strategy for all or aspects of a capital expenditure project, if the QCA has approved the scope of that capital expenditure project as prudent in accordance with Clause 3.1.1.
- (b) The QCA must consider a submission made under Clause 3.1.3(a) in accordance with Clauses 3.1.3(c) and (d) and taking into account the likely outcomes of QR Network's compliance with that procurement

strategy and the requirements for prudence of costs set out in Clause 3.3.4.

- (c) The QCA will approve QR Network's procurement strategy if it is satisfied that it is consistent with the following general principles, namely that the procurement strategy:
  - (i) is in accordance with good industry practice;
  - (ii) will generate an efficient and competitive outcome;
  - (iii) will avoid conflict of interest or collusion amongst tenderers;
  - (iv) is prudent in the circumstances of the capital expenditure project (including tending to assist in achieving the requirements for prudence of cost set out in Clause 3.3.4); and
  - (v) will avoid unreasonable exposure to contract variation claims.
- (d) In particular, in considering whether or not to approve QR Network's procurement strategy, the QCA will consider whether, inter alia:
  - (i) there is a clear process for the calling of tenders, including having clear specifications for tenders, and processes for mitigating conflicts of interest (except when it is assessed that calling tenders is likely to be less advantageous than an alternative means of negotiating a contract);
  - (ii) there is a tender assessment process which contains clear and appropriate processes for determining the successful tender, with any decisions to approve a tender that is not the lowest tender being appropriately justified and documented;
  - (iii) the basis of payment for works is clearly specified and the basis for undertaking the works is in accordance with good commercial practice;
  - (iv) there is a process for managing contracts before and after award that accords with good commercial practice for a project of the type and scale of the capital expenditure project and provides appropriate guidance on the criteria that QR Network should apply to decisions regarding the management of the capital expenditure project, including but not limited to:
    - (A) safety during construction and operation;
    - (B) compliance with environmental requirements during construction and operation;
    - (C) minimising disruption to Existing Capacity during construction;
    - (D) accommodation of the reasonable requests of Access Holders and their Customers (if applicable) to change the scope and sequence of construction to suit their needs;
    - (E) a prudent balance between:
      - (1) a higher price in return for more certainty as to final cost;

- (2) a lower price accepting that final cost may be less certain; and
      - (3) costs, schedule and minimising disruption to Existing Capacity during construction;
    - (F) minimising whole of asset life costs including future maintenance and operating costs;
    - (G) minimising total project cost which may at times not be consistent with minimisation of individual contract costs;
  - (v) there is a process for managing contract variations and/or escalation that occurs post award of a contract, requiring that reasonable consideration be given to managing the risk of contract variations and/or escalation and the allocation of potential risks during the management of the contract and requiring the provision of clear documentary evidence regarding the nature and reasonableness of any variation and/or escalation; and
  - (vi) QR Network has engaged an auditor in accordance with Clause 3.1.3(h) to monitor compliance with the procurement strategy.
- (e) The QCA will give QR Network a notice in writing within 20 Business Days of the QCA receiving all the information it requires to assess the procurement strategy:
- (i) whether the procurement strategy is approved; and
  - (ii) if the QCA decides not to approve the procurement strategy (in whole or part) the reasons for its refusal and the way the processes should be amended.
- (f) The QCA will accept that the value of a contract as awarded is prudent and will include it into the Regulatory Asset Base if:
- (i) the QCA has approved QR Network's procurement strategy in accordance with Clause 3.1.3(e);
  - (ii) the QCA is satisfied that contract provisions regarding contract variations and escalation accord with good commercial practice; and
  - (iii) the auditor engaged in accordance with Clause 3.1.3(h) certifies that the tender has been conducted in accordance with the approved procurement strategy.
- (g) The QCA will accept that contract variations and/or escalations post award of a contract are prudent and will include them into the Regulatory Asset Base if:
- (i) a contract (the value of which as awarded has been accepted as prudent under Clause 3.1.3(f)) has been managed in accordance with the approved procurement strategy;
  - (ii) the auditor engaged in accordance with Clause 3.1.3(h) has certified that the contract variations and/or escalations have

- been handled in a manner consistent with the relevant contract provisions; and
- (iii) the QCA is satisfied that the cost of contract variations and/or escalations is otherwise appropriate, having regard to:
    - (A) whether adequate consideration was given to properly managing the risk of contract variations and/or escalation or the allocation of potential risks during the awarding and management of the contract;
    - (B) whether the contract has been appropriately managed having regard to the matters in Clause 3.1.3(d)(iv);
    - (C) whether the contract variations and/or escalations are appropriately justified; and
    - (D) whether the contract has been managed with regard to a prudent balance between costs, schedule and minimising disruption to Existing Capacity during construction.
  - (h) As part of the implementation of an approved procurement strategy, QR Network will engage an independent external auditor (at QR Network's cost unless otherwise approved by the QCA) to audit the compliance of QR Network's tender and contract management processes with the procurement strategy approved under Clause 3.1.3(e) in accordance with the following process:
    - (i) QR Network will appoint the auditor, subject to obtaining the QCA's prior approval of the selection of the auditor and the terms and conditions of the engagement of the auditor;
    - (ii) the auditor will be required to acknowledge and accept that the auditor owes a separate duty of care to the QCA in the provision of the audit and, in the event of a conflict between the auditor's obligations to QR Network and its duty of care to the QCA, the auditor's duty of care to the QCA will take precedence;
    - (iii) the auditor must agree the processes for conducting an audit with QR Network and obtain the QCA's approval of the audit process (which will consist of a proposed work program, including audit costs, for the execution of the audit);
    - (iv) QR Network will, within a nominated timeframe that is determined by the auditor to be reasonable after consultation with QR Network, provide any relevant information the auditor reasonably requires for the purpose of conducting the audit;
    - (v) if required by QR Network, the auditor will enter into a confidentiality deed with QR Network in relation to any information provided by QR Network to the effect that it must keep the information confidential and only use that information for the purpose of conducting the audit and completing the audit report detailed below;

- (vi) the auditor will compile an audit report:
  - (A) identifying whether QR Network has complied in all material respects with the approved procurement strategy including in relation to contract variations and/or escalation; and
  - (B) if the auditor identifies that QR Network has not complied in all material respects with the approved procurement strategy:
    - (1) details on the relevant non-compliance;
    - (2) any reasons stated by QR Network for the relevant non-compliance; and
    - (3) whether the non-compliance was reasonable in the circumstances;
- (vii) the auditor will provide to QR Network and the QCA:
  - (A) progress reports on the audit process every 6 months; and
  - (B) a copy of the audit report upon completion of the audit (which the QCA may publish if it considers it appropriate); and
- (viii) if the QCA forms the view that any of the auditor's reports (whether progress reports or a final report) are lacking in detail or otherwise deficient, the QCA may direct QR Network to instruct the auditor to review their report and, in doing so, to address the concerns of the QCA.
- (i) When deciding whether to approve a procurement strategy, the QCA may take advice as it considers necessary from appropriately qualified and experienced independent advisors and, if so, the cost of those advisors will be borne by QR Network.
- (j) All costs paid or incurred by QR Network in connection with compliance with this Clause 3.1.3 (including in Clauses 3.1.3(h) and (i)) must be accepted by the QCA for inclusion into the Regulatory Asset Base.

## **3.2 Customer Group Acceptance of Projects**

### **3.2.1 Identification of Customer Groups**

- (a) A Customer Group is defined as all Customers and Access Holders who do not have Customers, who have responsibility for Reference Tonnes. Reference Tonnes means that portion of, as applicable, a Customer's or an Access Holder's annual tonnage that:
  - (i) is charged, or will be charged, an Access Charge which is based on a Reference Tariff (including for the avoidance of doubt, Access Charges which are varied from the Reference Tariff pursuant to Clause 6.1.2(b) of the Undertaking or Clause 3, Part A of Schedule F); and



- (ii) will have its Access Charge affected at any future time by the inclusion in the Regulatory Asset Base of the capital expenditure projects for which acceptance is sought in accordance with Clause 3.2.2(f) (i.e. typically, for the Central Queensland Coal Region, within the same Individual Coal System),

and, either:

- (iii) is:
  - (A) if included in an Access Agreement that will be in force at the time that is five (5) years after Customer Group acceptance is sought in accordance with Clause 3.2.2; and
  - (B) if subject to a legally binding commitment in the Access Agreement (even if that commitment is conditional upon the completion of Infrastructure Enhancements or upon other conditions which are the responsibility of QR Network to satisfy or can be waived by QR Network),

comprised of the number of tonnes specified in that Access Agreement for a twelve (12) month period starting five (5) years after the first day of the month in which Customer Group acceptance is sought in accordance with Clause 3.2.2; or

- (iv) is:
  - (A) if included in an Access Agreement which is due to expire within five (5) years after Customer Group acceptance is sought in accordance with Clause 3.2.2; and
  - (B) if it is reasonably expected by QR Network that the Access Agreement will be extended or a new Access Agreement entered in respect of substantially the same annual tonnages from the existing mine which has the benefit of the Access under the existing Access Agreement or a Replacement Mine (taking into account factors such as whether the relevant Customer (or Customer's Access Holder) or the relevant Access Holder is seeking an extension of the Access Agreement and the projected remaining life of the existing mine or Replacement Mine),

comprised of the annual tonnage in the last year of the current Access Agreement.

- (b) QR Network will identify the members of a particular Customer Group with reference to Access Agreements that are in place at the date that Customer Group acceptance of capital projects is sought.

### 3.2.2 Customer Group Voting Process

- (a) Subject to Clause 3.2.2(b), QR Network may seek a Customer Group acceptance of the scope of capital expenditure projects that are included in the Coal Rail Infrastructure Master Plan prior to proceeding with the projects in order to gain pre-approval of the scope of the

project in accordance with Clause 3.1.1(a)(ii). If QR Network seeks such Customer Group acceptance of the scope of a capital expenditure project:

- (i) QR Network will provide a written request to each member of the Customer Group seeking that acceptance and provide:
  - (A) advice on:
    - (1) the specific list of capital expenditure projects from the Coal Rail Infrastructure Master Plan for which it is seeking Customer Group acceptance; and
    - (2) QR Network's assessment of the member's Reference Tonnes and the total number of Reference Tonnes relating to the list of capital expenditure projects; and
  - (B) an outline of the rights and obligations of a member of a Customer Group in relation to a Customer Group voting process as set out in this Clause 3.2.2,  
  
provided that if, after discussions with QR Network, the member wishes to query these tonnages or the composition of the Customer Group:
    - (C) the member must, within two (2) weeks after receiving QR Network's written request in accordance with Clause 3.2.2(a)(i), notify the QCA to seek verification of those matters;
    - (D) if the member has notified the QCA under Clause 3.2.2(a)(i)(C), QR Network and the member must, on request from the QCA, make available all documents necessary to verify the member's tonnages or its assessment of the Customer Group (and the QCA will confine its assessment to the information provided); and
    - (E) the QCA shall notify QR Network and the member of its decision within two (2) weeks after receiving the member's notification under Clause 3.2.2(a)(i)(C); and
- (ii) QR Network will notify contemporaneously any applicable Customer or Access Holder which has not been included within the Customer Group on the basis of QR Network's assessment that Clause 3.2.1(a)(iv) has not been satisfied provided that if, after discussions with QR Network, the Customer or Access Holder wishes to query its non-inclusion in the Customer Group:
  - (A) the Customer or Access Holder must, within two (2) weeks after receiving such notice in accordance with Clause 3.2.2(a)(ii), notify the QCA to seek verification of that matter;
  - (B) if the Customer or Access Holder has notified the QCA under Clause 3.2.2(a)(ii)(A), QR Network and the

Customer or Access Holder must, on request from the QCA, make available all documents necessary to verify whether the Customer or Access Holder should have been included in the Customer Group and, if so, the Customer's or Access Holder's Reference Tonnes (and the QCA will confine its assessment to the information provided);

- (C) the Customer or Access Holder bears the onus of demonstrating to the QCA's satisfaction that Clause 3.2.1(a)(iv) was satisfied; and
  - (D) the QCA shall notify QR Network and the Customer or Access Holder of its decision within two (2) weeks after receiving the Customer's or Access Holder's notification under Clause 3.2.2(a)(ii)(A).
- (b) Unless otherwise approved by the QCA, QR Network may only seek a Customer Group acceptance of the scope of a capital expenditure project that is General Expansion Capital Expenditure if the commencement of that capital expenditure project is anticipated by QR Network to occur not less than 6 months after QR Network provides the written request to each member of the Customer Group in accordance with Clause 3.2.2(a)(i).
  - (c) Unless a member of a Customer Group has, within six (6) weeks after receiving the request under Clause 3.2.2(a)(i), lodged with QR Network bona fide objections to the proposed capital expenditure including reasons why it believes the proposed capital expenditure is not required, then the member will be deemed to have accepted the scope of the proposed capital expenditure projects. If any member of a Customer Group provides information, and claims confidentiality to the extent that it cannot be disclosed to the QCA, that confidential information will be disregarded.
  - (d) If QR Network does not provide adequate or appropriate information in accordance with Clause 11.2.2(c) of the Undertaking, that may form a bona fide basis for a member of a Customer Group to object to the proposed capital expenditure for which Customer Group acceptance is sought.
  - (e) When determining objections, QR Network may seek QCA approval to disregard any votes on the basis that a specific objection is not bona fide. The QCA shall consult with that member of the Customer Group in reaching a decision. The QCA shall advise QR Network and that member of its decision within two (2) weeks after receiving this request from QR Network.
  - (f) Customer Group acceptance of the scope of a capital expenditure project will be deemed to have been received if at least sixty percentage points (60%) of the Customer Group (as assessed by weighting members in accordance with their Reference Tonnes) accepts the scope of the proposed capital expansion projects.
  - (g) Within ten (10) weeks after QR Network having sought acceptance of proposed capital expenditure projects under Clause 3.2.2(a), QR Network will notify each member of the Customer Group of the results of the vote. In the event that a project has not been accepted by the

Customer Group, QR Network will provide each member with details regarding the number and percentage of objections received and, on request, will make available any objecting submissions, excluding any specific sections which the submitting member has specified as confidential.

- (h) A member of a Customer Group who considers that a project should receive regulatory pre-approval of scope, notwithstanding that Customer Group acceptance has not been secured, may apply to the QCA under Clause 3.1.1(b). In this case, QR Network will, on request from the QCA, make available to the QCA all relevant documents, including any confidential elements of objections.

### **3.3 Prudency of Capital Expenditure**

#### **3.3.1 Assessment of Prudency of Capital Expenditure**

- (a) In assessing whether the capital expenditure undertaken is prudent, the QCA will:
  - (i) only consider information that was, or would reasonably have been, available to QR Network at the time of making the investment decision (and in assessing the prudency of capital expenditure on the basis of that information, the QCA can take into account any advice or comments received pursuant to Clause 3.3.1(b)); and
  - (ii) take into account the extent to which QR Network has achieved compliance with Clause 3.2.2(f) (for example, where a significant number of the members of a Customer Group have accepted the scope of works but the threshold test for Clause 3.2.2(f) has not been met).
- (b) The QCA will take advice as it considers necessary from independent advisors using appropriate benchmarks and experience, and consult as it considers necessary with relevant stakeholders.

#### **3.3.2 Prudency of Scope of Works**

- (a) Assessing the prudency of scope of works involves assessing whether the works are reasonably required.
- (b) The QCA will accept the scope of a capital expenditure project:
  - (i) if it has been approved by a Customer Group under Clause 3.2.2(f) or pre-approved in accordance with Clause 3.1.1; or
  - (ii) if QR Network can demonstrate to the QCA's reasonable satisfaction, having regard to the factors set out in Clause 3.3.2(c), QR Network had reasonable grounds for proceeding with a project given the circumstances relevant at the time the investment decision was made.
- (c) In assessing the scope of a capital expenditure project the QCA shall have regard to, inter alia:
  - (i) the Coal Rail Infrastructure Master Plan;
  - (ii) the need to accommodate what is reasonably required to comply with Access Agreements;

- (iii) the extent of Reasonable Demand, and the need for new capital expenditure projects to accommodate that demand;
  - (iv) the age and condition of existing assets, the need for replacement capital expenditure projects and consistency with the Asset Management Plan;
  - (v) QR Network's legislative requirements, including relating to workplace health and safety and environmental requirements;
  - (vi) the appropriateness of QR Network's processes to evaluate and select proposed capital expenditure projects, including the extent to which alternatives are evaluated as part of the process;
  - (vii) the extent to which the capital expenditure project was subjected to the capital evaluation and selection process; and
  - (viii) the extent to which consultation has occurred with relevant stakeholders about the capital expenditure project.
- (d) The QCA may determine, in assessing the scope of a capital expenditure project, that:
- (i) the scope of the capital expenditure project is in excess of that needed to accommodate current contracted demand, likely future demand within a reasonable timeframe and any spare capacity considered appropriate ("Reasonable Demand"); and
  - (ii) if the scope of that capital expenditure project is in excess of Reasonable Demand, the element of the prudent costs of the capital expenditure project that was not needed to meet Reasonable Demand ("Excluded Capital Expenditure").
- (e) If the QCA has determined Excluded Capital Expenditure in respect of a capital expenditure project, then:
- (i) that Excluded Capital Expenditure will be set aside and escalated at the rate of CPI (from the date of commissioning of the capital expenditure project) until the full scope of the capital expenditure project is accepted by the QCA as required to meet Reasonable Demand (whether on one occasion or in parts over time); and
  - (ii) when the QCA accepts that all or part of the excluded aspects of the capital expenditure project are required to meet Reasonable Demand:
    - (A) the QCA will accept all or the relevant part of the Excluded Capital Expenditure into the Regulatory Asset Base at its escalated value; and
    - (B) if only part of the Excluded Capital Expenditure is included in the Regulatory Asset Base, paragraph (i) will continue to apply to the remainder.

### 3.3.3 Prudency of Standard of Works

- (a) Assessing the prudency of standard of works involves assessing whether the works are of a reasonable standard to meet the

requirements of the scope and are not overdesigned such that they are beyond the requirements of the scope.

- (b) The QCA will accept the standard of the works undertaken where:
  - (i) the standard of works has been pre-approved in accordance with Clause 3.1.2;
  - (ii) QR Network can demonstrate to the QCA's reasonable satisfaction, having regard to the factors set out in Clause 3.3.3(c), QR Network had reasonable grounds for its design of the infrastructure; or
  - (iii) the proposed works are consistent in all material respects with the existing standard and configuration of adjacent infrastructure and/or existing infrastructure with similar usage levels, or its modern engineering equivalent, to the extent that the standard of the adjacent or existing infrastructure has previously been accepted by the QCA as being reasonable.
- (c) Where QR Network proposes to depart from the standard and configuration of adjacent and/or existing infrastructure with similar usage levels in assessing the standard of the works undertaken, or where the standard of such existing or adjacent infrastructure has not been accepted by the QCA as reasonable, the QCA will have regard to, inter alia:
  - (i) the requirements of Railway Operators and what is reasonably required to comply with Access Agreements;
  - (ii) current and likely future usage levels;
  - (iii) the requirements of the National Codes of Practice;
  - (iv) the requirements of other relevant Australian design and construction standards;
  - (v) QR Network's design standards contained within its Safety Management System and which is accepted by the Safety Regulator; and
  - (vi) all relevant legislation, including requirements by any Authority (e.g. the Safety Regulator and the EPA).

#### 3.3.4 Prudence of Costs

- (a) Assessing the prudence of costs involves assessing whether the costs are reasonable for the scope and standard of work done.
- (b) The QCA will accept the prudence of costs of a capital expenditure project if the costs are reasonable for the scope and standard of works undertaken having regard to the matters set out in Clause 3.3.4(c) given the circumstances relevant at the time when the costs were incurred or the capital expenditure project was undertaken (as applicable).
- (c) In assessing the reasonableness of the cost of works undertaken, the QCA will have regard to, inter alia:
  - (i) QR Network's Coal Rail Infrastructure Master Plan;

- (ii) the level of such costs relative to the scale, nature, cost and complexity of the project;
- (iii) the circumstances prevailing in the markets for engineering, equipment supply and construction;
- (iv) QR Network's compliance with any applicable procurement strategy approved by the QCA in accordance with Clause 3.1.3;
- (v) the Asset Management Plan; and
- (vi) the manner in which the capital expenditure project has been managed, including QR Network's balancing of:
  - (A) safety during construction and operation;
  - (B) compliance with environmental requirements during construction and operation;
  - (C) compliance with Laws and the requirements of Authorities;
  - (D) minimising disruption to the operation of Train Services during construction;
  - (E) accommodating reasonable requests of Access Holders to amend the scope and sequence of works undertaken to suit their needs;
  - (F) minimising whole of asset life costs including future maintenance and operating costs;
  - (G) minimising total project cost which may at times not be consistent with minimisation of individual contract costs;
  - (H) aligning other elements in the supply chain; and
  - (I) meeting contractual timeframes and dealing with external factors.

#### **4. CAPITAL EXPENDITURE CARRYOVER ACCOUNT**

- (a) QR Network will maintain a register in which it will annually record all Approved Capital Expenditure. The register will include the following information:
  - (i) capital expenditure by project;
  - (ii) categorisation of capital expenditure to that related to electrification assets and that not related to electrification assets; and
  - (iii) for capital expenditure not related to electrification assets, categorisation of capital expenditure based on Individual Coal System.

- (b) If, at the end of each Year, the Approved Capital Expenditure differs from the Capital Indicator, the difference will give rise to an entry in the Capital Expenditure Carryover Account. The balance recorded in the Capital Expenditure Carryover Account will be deemed as:
- (i) an under recovery of revenue, if the Approved Capital Expenditure exceeds the Capital Indicator; or
  - (ii) an over recovery of revenue, if the Approved Capital Expenditure is less than the Capital Indicator.
- (c) The balance recorded in the Capital Expenditure Carryover Account will include:
- (i) a return on capital component, calculated as the difference between the return on capital assumed for the Capital Indicator and the return on capital that should have applied for the Approved Capital Expenditure, accrued at the Discount Rate;
  - (ii) a depreciation component, calculated as the difference between the depreciation assumed for the Capital Indicator and the depreciation that should have applied for the Approved Capital Expenditure; and
  - (iii) a tax depreciation component, calculated as the difference between the tax depreciation assumed for the Capital Indicator and the tax depreciation that should have applied for the Approved Capital Expenditure,
- and will be calculated using the modelling parameters and assumptions used to determine the Reference Tariffs.
- (d) The balance in the Capital Expenditure Carryover Account at the end of each Year will be rolled forward at the Discount Rate.
- (e) The balance in the Capital Expenditure Carryover Account at the end of the Term will be taken into account when determining Reference Tariffs to apply in the next undertaking with the intention of clearing the Capital Expenditure Carryover Account over the term of that next undertaking. In the event there is no next undertaking, the balance in the Capital Expenditure Carryover Account will be recovered from, or returned to, Access Holders (as the case may be) in the form of a single payment following the Terminating Date.



## **SCHEDULE B**

### ***Confidentiality Deed***

#### **BETWEEN**

**QR Network Pty Ltd (ACN 132 181 116)** of Level 14, 305 Edward Street, Brisbane  
in the State of Queensland

(***QR Network***)

#### **AND**

(***Access Seeker***)

#### **RECITALS**

- A.** The Access Seeker has made or intends to make enquiries of QR Network regarding the provision of Access and the parties may commence negotiation of the terms of an Access Agreement under which QR Network will provide the Access Seeker with Access to the Rail Infrastructure;
  - B.** In the course of the Access Seeker's enquiry and/or during the negotiations for the provision of Access to the Access Seeker and/or during the term of the Access Agreement it is envisaged that the parties will have to provide each other with Confidential Information;
  - C.** This deed sets out the terms upon which the parties will disclose Confidential Information to each other.
-

## OPERATIVE PROVISIONS

### 1. Definitions

- 1.1. Unless the context otherwise requires, and subject to Clause 1.2, terms defined in the Undertaking have the same meanings when used in this deed.
- 1.2. In this deed, the following words and expressions shall have the respective meanings:

**“Confidential Information”** means:

- (a) any information, data or other matter (‘information’) disclosed to a party by, or on behalf of, another party in contemplation of, or during the course of, the negotiations for Access in respect of which this deed was signed, or during the term of the Access Agreement that results from those Access negotiations, where:
- (i) the disclosure of the information by the recipient might reasonably be expected to affect the commercial affairs of the owner of the Confidential Information; or
- (ii) the information is marked confidential by a party when disclosed; and
- (b) any information or data collected by QR Network or an Access Holder in the performance of an Access Agreement where the disclosure of the information by the collector might reasonably be expected to affect the commercial affairs of the other party to the Access Agreement, which party shall be deemed to be the owner of such Confidential Information, provided that such information:
- (c) is not disclosed in relation to services other than the provision of Access to Rail Infrastructure for the purpose of operating Train Services;
- (d) is not already in the public domain;
- (e) does not become available to the public through means other than a breach of the confidentiality provisions in this deed;
- (f) was not in the other party’s lawful possession prior to such disclosure; and
- (g) is not received by the other party independently from a third party free to disclose such information, data or other matter,

and provided further that information will cease to be Confidential Information if the information has ceased to retain its confidential nature, for example:

- (h) the disclosure of the information by the recipient would no longer reasonably be expected to affect the commercial affairs of the owner of the information;
- (i) the information is now in the public domain through means other than a breach of the confidentiality provisions in this deed; or
- (j) the information has been received by the recipient independently from a third party free to disclose the information.

**“Permitted Purpose”** means a purpose associated with responding to an Access Application, negotiating an Access Agreement or administering an Access Agreement.

**“Undertaking”** means the access undertaking prepared by QR Network and approved by the QCA in accordance with the Act.

## **2. Disclosure and Use of Confidential Information**

2.1. Each party (“Recipient”) undertakes to keep confidential and not disclose any Confidential Information of the other party (“Owner”) or permit any person employed or engaged by it to disclose any such Confidential Information to any person (including other individuals employed or engaged by that party) except in accordance with this deed or the Undertaking, and to use Confidential Information of the other party only for a Permitted Purpose, unless:

- a) the Owner provides its prior written approval, which approval shall not be unreasonably withheld; or
- b) the disclosure and/or use is:
  - (i) required or compelled by any law;
  - (ii) required or compelled by any order of a court;
  - (iii) required or compelled by notice validly issued by any Authority;
  - (iv) necessary for the conduct of any legal proceedings, including any dispute resolution process under the Undertaking or the Act;
  - (v) required under any stock exchange listing requirement or rule;
  - (vi) to the Safety Regulator;
  - (vii) to the Recipient’s solicitors, barristers, or accountants under a duty of confidentiality;
  - (viii) to the Recipient’s banker or other financial institution, to the extent required for the purpose of raising funds or maintaining compliance with credit arrangements, if such banker or financial institution has executed a legally enforceable confidentiality deed in favour of the Owner;
  - (ix) requested by QR’s shareholding ministers;
  - (x) for the purpose of facilitating Train Control directions where the disclosure of information is by QR Network in the usual course of undertaking Train Control Services;
  - (xi) by any person involved in clearing an incident or emergency that is preventing the operation of Train Services on the Rail Infrastructure;

- (xii) to an infrastructure provider for infrastructure forming part of the supply chain in respect of which Access forms a part (including, for example, the operator of a port that is the destination of Train Services) for the purpose of facilitating the coordination of the capacity allocation processes of that infrastructure provider and of QR Network including:
  - (A) matching the Access Rights sought by an Access Seeker or held by an Access Holder with related capacity entitlements granted or to be granted by that infrastructure provider; and
  - (B) aligning the capacity allocation processes (including queues) of QR Network and of the infrastructure provider to facilitate consistent outcomes for the allocation of capacity in the supply chain,  
  
provided that the infrastructure provider has undertaken to keep the information disclosed to it by QR Network confidential and only use that information for the purpose for which it was disclosed; or
- (xiii) to a QR Party provided that the disclosure is in accordance with clauses 2.4.

2.2. For the purposes of Clause 2.1(a), it is deemed to be unreasonable for QR Network to refuse to approve the disclosure of its Confidential Information by an Access Seeker to that Access Seeker's external consultant/s, independent adviser/s or Customer/s where the Access Seeker enters into a contract with the recipient of the Confidential Information on the following terms:

- a) specifying the persons employed by the recipient who may have access to any QR Network Confidential Information provided under the contract;
- b) specifying that those persons must not disclose any QR Network Confidential Information provided under the contract to any other person unless otherwise agreed by QR Network; and
- c) if required by QR Network, requiring the recipient to execute a confidentiality deed in favour of QR Network on terms and conditions reasonably satisfactory to QR Network.

2.3. For the purposes of Clause 2.1(a), it is deemed to be unreasonable for the Access Seeker to refuse to approve the disclosure of its Confidential Information by QR Network to QR Network's external consultant/s or independent adviser/s where QR Network enters into a contract with the recipient of the Confidential Information on the following terms:

- a) advising the recipient that a conflict of interest may exist with respect to the recipient providing services on a related matter to a Related Operator;
- b) specifying:
  - (i) the persons employed by the recipient who may have access to the Access Seeker's Confidential Information provided under the contract; and
  - (ii) that those persons must not disclose any Third Party Access Seeker's or Third Party Access Holder's Confidential Information

provided under the contract to any person outside of QR Network unless otherwise agreed by the Third Party Access Seeker or Third Party Access Holder;

- (iii) if:
  - (A) the external consultant or independent advisor is also advising a Related Operator in relation to the same or a related matter; and
  - (B) QR Network has not been able to reasonably avoid appointing that external consultant or independent advisor to provide advice in relation to that Confidential Information, requiring the recipient to ensure that those individuals are not, and will not for as long as the information remains Confidential Information, be working for a Related Operator on the same or a related matter;
- c) if required by the Access Seeker, requiring the recipient to execute a confidentiality deed in favour of the Access Seeker on terms and conditions reasonably satisfactory to the Access Seeker.
- d) This Clause 2.3 does not apply to the disclosure or use of Confidential Information in accordance with Clause 2.4.

- 2.4. a) Notwithstanding any other provision of this Clause 2.4, QR Network may disclose the Access Seeker's Confidential Information to:
- (i) individuals within QR Network; and
  - (ii) the Chief Executive Officer of QR, the Chief Financial Officer of QR, the QR Board and persons providing clerical or administrative assistance to any of them including any Company Secretary and Assistant Company Secretary.
- b) Subject to Clause 2.4(c), QR Network may disclose the Access Seeker's Confidential Information to persons
- (i) in the Rollingstock Engineering Division, QR Services Australia in relation to Rollingstock or Rollingstock Interface issues;
  - (ii) in the Property Division, QR in relation to property issues; and
  - (iii) in QR Services in management level 2, 3 or 4 positions in relation to Rail Infrastructure issues,
- provided that disclosure to each recipient is limited to the extent necessary to carry out a Permitted Purpose.
- c) The Access Seeker may, in an Access Application, give notice to QR Network that it does not wish QR Network to disclose its Confidential Information to any one or more of the groups listed in Clause 2.4(b). If the Access Seeker gives such a notice to QR Network, then:
- (i) upon receipt of such notice QR Network may not disclose Confidential Information to the groups so noted;
  - (ii) QR Network will make reasonable efforts to suggest a reasonable alternate mechanism whereby QR Network can obtain the information it requires to respond to the Access Application and the

Access Seeker will not unreasonably withhold its agreement to this alternate mechanism;

- (iii) all:
  - (A) reasonable costs incurred by QR Network in obtaining information by means of an alternate mechanism agreed in accordance with Clause 2.4(c)(ii) may be recovered by QR Network from the Access Seeker as a debt due and owing; and
  - (B) relevant timeframes applicable to QR Network under the Undertaking will be extended by the same number of days as equals the number of days from QR Network's receipt of the Access Application to QR Network's receipt of the information it requires to respond to the Access Application; and
- (iv) if
  - (A) the Dispute resolution process determines that no reasonable alternate mechanism exists whereby QR Network can reasonably obtain the information it requires to respond to the Access Application; or
  - (B) the parties fail to agree on an alternate mechanism but do not seek resolution by the Dispute resolution process,

QR Network may give a Negotiation Cessation Notice to the Access Seeker, in accordance with Clause 4.6(a) of the Undertaking.

- d) QR Network may disclose the Access Seeker's Confidential Information to a Related Operator where:
  - (i) the Access Seeker approves such disclosure; or
  - (ii) such disclosure is required for the purpose of facilitating the performance of Field Incident Management or Yard Control services, provided that any disclosure is limited to the extent required for that purpose.
- e) Subject to Clause 2.4(h), if, for a Permitted Purpose, QR Network wishes to disclose the Access Seeker's Confidential Information to an employee or group of a QR Party) not specified in Clauses 2.4(a), (b) or (d), or to a group specified in Clause 2.4(b) on an issue not specified in that clause, QR Network must:
  - (i) obtain the consent of the Access Seeker prior to making the disclosure; and
  - (ii) only disclose the Confidential Information to that employee or group to the extent necessary for the Permitted Purpose.
- f) QR Network may, if not reasonably avoidable, disclose the Access Seeker's Confidential Information to an employee of a QR Party where that person is advising a Related Operator in relation to the same or a related matter. Where such a situation is not reasonably avoidable, notwithstanding the provisions of Clause 2.4(b), QR Network must obtain the consent of the Access Seeker prior to making the disclosure.

- g) If, QR Network seeks the consent of the Access Seeker for the disclosure of Confidential Information pursuant to Clause 2.4(e) or (f):
  - (i) during the process of responding to an Access Application or negotiating an Access Agreement:
    - (A) where such consent has been sought during the Negotiation Period and the owner of the Confidential Information refuses its consent to the disclosure of that Confidential Information, or fails to respond to QR Network's request for consent within thirty (30) days of its receipt of QR Network's written request, then QR Network may give a Negotiation Cessation Notice to the Access Seeker, in accordance with Paragraph 4.6(a) of the Undertaking; or
    - (B) where such consent has been sought at any time during the negotiation process (including during the Negotiation Period) and the owner of the Confidential Information fails to respond to QR Network's request for consent within five (5) days of its receipt of QR Network's written request (referred to as the "Consent Response Date"), then all relevant timeframes applicable to QR Network will be extended by the same number of days as the day on which a response is given exceeds the Consent Response Date; or
  - (ii) during the process of administering an Access Agreement:
    - (A) such consent shall not be unreasonably withheld; and
    - (B) if the Access Seeker fails to respond to QR Network's request for consent within thirty (30) days of its receipt of QR Network's written request, then consent shall be deemed to have been given.

This Clause 2.4(g) does not apply where QR Network has requested consent to disclose the Confidential Information to a Related Operator.

- h) QR Network is permitted to disclose the Access Seeker's Confidential Information to QR employees in Internal Audit, the Information Services Division and Insurance Management, to the extent necessary for those employees to perform their duties, without obtaining the consent of the Access Seeker.
- i) Except where Clause 2.4(a) applies, QR Network may only disclose the Access Seeker's Confidential Information to a QR Party:
  - (i) if QR Network and the QR Party have entered into a legally enforceable agreement with provisions requiring keeping confidential and not disclosing (and not permitting any person employed or engaged by that QR Party to disclose) Confidential Information disclosed to the QR Party by QR Network; and
  - (ii) provided QR Network notifies the QCA of:
    - (A) any breach of such provisions of which QR Network becomes aware; and

- (B) where there is a breach, the actions QR Network has taken, or proposes to take, to rectify that breach (to the extent possible) and prevent further improper use or disclosure.

2.5. For the purpose of this deed, a person who has been a consultant or contractor to either QR Network or the Access Seeker for a continuous period of at least three months, who works at least an average of 30 hours per week for that party, and who is subject to confidentiality obligations in favour of that party, shall be treated as if they were an employee of that party rather than an external consultant or independent adviser of that party.

### **3. General Obligations**

3.1. Each Recipient acknowledges and agrees that:

- a) the Confidential Information of the Owner is confidential to the Owner and is and remains at all times the valuable and exclusive property of the Owner;
- b) the Recipient is responsible for any use or disclosure of Confidential Information which is contrary to the provisions of this deed by persons to whom the Recipient discloses the Confidential Information, and shall take such steps as may be necessary to prevent any such improper use or disclosure (including enforcing any confidentiality deed or confidentiality provisions contained in another arrangement pursuant to which the Recipient disclosed that Confidential Information);
- c) the Recipient shall not copy or reduce into tangible, visible or recorded form or allow to be copied or reduced into tangible, visible or recorded form, any Confidential Information furnished to it by or on behalf of the Owner except to the extent necessary to carry out a Permitted Purpose;
- d) this deed shall not be construed as assigning any other rights to use Confidential Information, or as granting to the Recipient any licence or other rights relating to any Confidential Information or other intellectual property rights owned by the Owner;
- e) the Recipient shall secure and protect the Confidential Information received from the Owner from unauthorised disclosure, access or use;
- f) the Owner may take legal proceedings against the Recipient and/or any third party if there is any actual, threatened or suspected breach of this deed or a breach by a QR Party of a confidentiality deed or confidentiality provisions contained in another arrangement with QR Network pursuant to which the Confidential Information was disclosed to it; and
- g) damages may be inadequate compensation for breach of this deed and, subject to the court's discretion, the Owner shall be entitled to specific performance of this deed and may restrain, by an injunction or similar remedy, any conduct or threatened conduct which is or will be a breach of this deed.



#### **4. Liquidated Damages**

- 4.1. Subject to Clause 5.1, where the Access Seeker can establish that a Related Operator is in possession of the Access Seeker's Confidential Information, QR Network will pay to the Access Seeker an amount of \$10,000 by way of liquidated damages in full and final settlement of any claim that the Access Seeker may have against QR Network in respect of the breach, UNLESS QR Network can establish that the Related Operator came into possession of the Confidential Information by means other than as a result of a breach by QR Network of Clause 2.4 or a breach by a QR Party of a confidentiality deed or confidentiality provisions contained in another arrangement with QR Network pursuant to which the Confidential Information was disclosed to it.
- 4.2. Any Dispute arising in connection with this Clause 4 may be referred to the QCA. The QCA's review will determine whether QR Network is liable to pay the complainant the liquidated damages specified in Clause 4.1.

#### **5. Compensation for loss in excess of \$50,000**

- 5.1 If the Access Seeker is able to establish that it has suffered more than \$50,000 loss or damage as a result of a breach by QR Network of Clause 2.4 or a breach by a QR Party of a confidentiality deed or confidentiality provisions contained in another arrangement with QR Network pursuant to which the Confidential Information was disclosed to it, this deed shall not preclude the Access Seeker from taking action to recover compensation from QR Network in any court of competent jurisdiction. In these circumstances the parties agree that QR Network shall not be liable to the Access Seeker for the payment of liquidated damages in accordance with Clause 4.

#### **6. General**

- 6.1. Nothing in this deed obliges either party to disclose any particular Confidential Information or enter into any further agreement with the other party if it decides, in its absolute discretion, that it is not in its commercial interests to do so.
- 6.2. Unless otherwise terminated by mutual consent in writing, this deed will continue in force notwithstanding:
  - a) any subsequent termination of any discussions or negotiations between the parties; or
  - b) the return of all copies of the Confidential Information to the Owner.
- 6.3. This deed is personal to the parties and may not be assigned or otherwise transferred in whole or in part without the prior written consent of the other party.
- 6.4. The laws of Queensland will govern the construction and performance of this deed and the parties submit to the non-exclusive jurisdiction of the Supreme Court of Queensland. This deed constitutes the entire agreement between the parties in respect of the Confidential Information and supersedes all previous agreements and understandings in respect of the Confidential Information. Nothing in this deed derogates from any obligation of QR Network under the Undertaking with respect to the Confidential Information.

6.5. In this deed, references to Clauses are references to Clauses contained in this deed unless otherwise stated.

**[Appropriate execution clauses to be included.]**

## **SCHEDULE C**

### ***Summary of Information Requirements as part of Access Application***

#### **1. ACCESS SEEKER**

- Access Seeker's name and contact details (if the Access Seeker is an unincorporated joint venture, all parties should be identified)
- Customer's name and contact details (if applicable)

#### **2. COAL & FREIGHT TRAIN SERVICES**

##### *(a) Train Service Description*

- Route of operation (include diagram if necessary)
- Required term of Access Agreement
- Method of transporting freight (e.g. containers, louvered wagons, bulk wagons)
- Description of freight
- Net tonnes of product per annum each year of operation, represented on a monthly basis (where monthly railings are not even)

##### *(b) Timetable Requirements*

- Whether new service or variation to existing service for the Access Seeker
- Whether new service or variation to existing service on the rail network
- Required frequency of Train Services, including weekly requirements, seasonality variations and any trends over the agreement term
- Preferred departure and arrival windows on preferred days of operation, separately for forward and return journeys, where relevant
- Requirements for shunting or Dwell times enroute, separately for forward and return journeys

##### *(c) Rollingstock Details*

- Proposed number of locomotives per Train
- Proposed number of wagons per Train
- Type and class of locomotive
- Mass of each locomotive (includes full sand and fuel load)
- Type and class of wagons
- Nominal gross mass of wagon
- Tare mass of each wagon

- Tare mass per container
- Average number of containers per wagon
- Average proposed load (of product) per wagon
- Maximum proposed gross tonnes per wagon
- Maximum axle load
- Gross tonnes per Train Service, separately for forward and return journeys
- Total length of train (including locomotives)

(d) *Infrastructure Requirements*

- Details of any Infrastructure Enhancements that may be necessary for operation of service, where known

### **3. PASSENGER TRAIN SERVICES**

(a) *Train Service Description*

- Route of operation (include diagram if necessary)
- Required term of Access Agreement
- Type of passenger traffic (e.g. long distance, commuter, tourist)

(b) *Timetable Requirements*

- Whether new service or variation to existing service for the Access Seeker
- Whether new service or variation to existing service for the rail network
- Required frequency of Train Services, including weekly requirements, seasonality variations and any trends over the agreement term
- Preferred departure and arrival windows on preferred days of operation, separately for forward and return journeys
- Requirements for shunting or Dwell times enroute, separately for forward and return journeys

(c) *Rollingstock Details*

- Total number of locomotives per Train
- Total number of carriages per Train
- Total number of passenger multiple units (PMU) per Train
- Type and class of locomotive
- Mass of each locomotive (including full sand and fuel load)
- Type and class of carriage
- Nominal gross mass of each carriage
- Type and class of PMU
- Average gross mass of PMU

- Maximum number of vehicles
- Maximum axle load
- Total length of Train (including locomotives)
- Gross tonnes per Train Service, separately for forward and return journeys
- Maximum operation speed separately for loaded and empty Trains

(d) *Infrastructure Requirements*

- Details of any Infrastructure Enhancements that may be necessary for operation of service, where known

## **SCHEDULE D**

### ***Preliminary and Additional Information***

#### **PART A. PRELIMINARY INFORMATION**

##### **1. Information Pack**

<b>Content</b>	<b>Cost</b>	<b>System Definition</b>
(a) Introduction <ul style="list-style-type: none"><li>• Criteria for use of data</li><li>• Purpose of document</li></ul>	Nil	Blackwater
(b) Civil Infrastructure <ul style="list-style-type: none"><li>• Description of the railway</li><li>• Description of Track</li><li>• Operational constraints, eg grades and curves</li></ul>		Brisbane Metropolitan
(c) Signals and Operational Systems <ul style="list-style-type: none"><li>• Description of safeworking systems</li></ul>		Central Western
(d) Telecommunications <ul style="list-style-type: none"><li>• Description of communication system used</li></ul>		Goonyella
(e) Electric Traction <ul style="list-style-type: none"><li>• General system description</li></ul>		Maryborough
(f) Rollingstock Interface Requirements <ul style="list-style-type: none"><li>• Track gauge</li><li>• Axle load/s</li><li>• Train speed/s</li><li>• Rollingstock gauge</li><li>• Noise limits</li></ul>		Moura
(g) Locality Information <ul style="list-style-type: none"><li>• Terrain information</li><li>• Climatic conditions and resultant system disruptions</li></ul>		Mt Isa
(h) Committed Corridor Upgrades		Newlands
(i) Relevant Maps and Drawings <ul style="list-style-type: none"><li>• Corridor maps</li><li>• Working plan and section drawings<sup>#</sup></li></ul>		North Coast Line
		South Western
		Tablelands
	Western	

<p>(j) Level Crossings</p> <ul style="list-style-type: none"> <li>• Number of level crossings</li> <li>• Type of protection used</li> </ul> <p>(k) Train Operations</p> <ul style="list-style-type: none"> <li>• Sectional running times (calculated based on the projected average sectional running times for the Predominant Train Service)</li> <li>• Maximum Train lengths</li> <li>• Incident recovery times</li> </ul> <p>(l) Description of Systems</p> <ul style="list-style-type: none"> <li>• Operational</li> <li>• Safeworking</li> </ul>		
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# This information is not available from QR Network's website.

## 2. QR Network Rollingstock Interface Standards

Content	Cost
QR Network Rollingstock Interface Standards * #	\$1,000.00 per set (exclusive of GST)

\* QR Network Rollingstock Interface Standards are provided subject to the following caveats:

- QR Network will provide uncontrolled versions of the documents; and
- Changes may occur to the documents subsequent to their provision.

# This information is not available from QR Network's website.

## 3. Commercial Information

Content	Cost
Reference Tariffs	Blackwater System Goonyella System Moura System Newlands System Western System Nil
Applicable QR Network Standard Access Agreement	Nil
Worked example of Relinquishment Fee	Nil
Sample IRMP	Nil
Capacity Information	Nil
<ul style="list-style-type: none"> <li>• MTP * #</li> </ul>	

System Rules (if available)	Nil
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- \* The MTP is provided subject to the following caveats:
  - The identity of other Access Holders will not be detailed on the information provided;
  - The terms and conditions of other Access Holders' Train Service Entitlements will not be detailed; and
  - The MTP will not show all parts of the Rail Infrastructure, and as such may not show all Train Services that may impact on the Existing Capacity of the Rail Infrastructure detailed, but QR Network will note those other parts of the Rail Infrastructure where interaction with other Train Services is most likely to impact on the Existing Capacity of the Rail Infrastructure detailed.
  
- # This information is not available from QR Network's website.



## **PART B. ADDITIONAL INFORMATION**

### **1. Capacity Information**

- a) The relevant current DTP, assessed in accordance with Clause 1(b) below, for the relevant part of the Rail Infrastructure subject to the following caveats:
  - (i) the identity of other Access Holders will not be detailed on the information provided;
  - (ii) the terms and conditions of other Access Holders' Train Service Entitlements will not be detailed; and
  - (iii) the DTP will not show all parts of the Rail Infrastructure, and as such may not show all Train Services that may impact upon the Existing Capacity of the Rail Infrastructure detailed, but QR Network will note those other parts of the Rail Infrastructure where interaction with other Train Services is most likely to impact on the Existing Capacity of the Rail Infrastructure detailed.
- b) The relevant current DTP will be assessed as:
  - (i) for an Access Application in respect of a Timetabled Traffic, the current DTP for the relevant day (or days) of the week; or
  - (ii) for an Access Application in respect of a Cyclic Traffic, the current DTPs for a week, unless QR Network reasonably believes that provision of DTPs for a longer period of time is required in order that the DTPs show a use of Existing Capacity that is representative of current utilisation.
- c) Access to Train Control diagrams, indicating actual running of Train Services against the relevant DTP, for those days for which the DTP has been provided in accordance with Clause 1(a) above.

### **2. Access to Rail Corridor**

If QR Network does not have authority to authorise Access Seekers to access land upon which Rail Infrastructure on a route nominated by the Access Seeker is situated, then the following information in relation to access to that land:

- (i) identification of the relevant party (including that party's name, address and contact details) that the Access Seeker would need to obtain approval from to gain access to that land, where this information is reasonably available to QR Network;
- (ii) advice as to the nature and extent of the rights, if any, that QR Network holds in relation to the relevant land; and
- (iii) a notice that may be provided to that party identifying that QR Network has no objection to the Access Seeker negotiating for access to that land.

### **3. Information for EIRMR**

All relevant information reasonably available to QR Network that is required for the purpose of the Access Seeker's EIRMR, in accordance with Clause 8.2.1(b) of the Undertaking.

#### **4. Information for Interface Risk Assessment**

All relevant information reasonably available to QR Network that is required for the purpose of the Interface Risk Assessment, in accordance with Clause 8.1.1(c) of the Undertaking.

#### **5. Other Information**

Other information as follows:

- (i) information required in accordance with section 101(2) of the Act, to the extent that this information has not already been provided; and
- (ii) other information that is reasonably required by the Access Seeker in accordance with section 101(1) of the Act, provided such information is reasonably able to be provided by QR Network and cannot be reasonably obtained from a source other than QR Network.

## **SCHEDULE E**

### ***Principles for inclusion in Standard Access Agreement***

#### **1. Access Rights**

- The Access Agreement will provide for non-exclusive Train Service Entitlements for the operation of Train Services in terms of agreed service levels over the nominated network.
- Long term Train Service Entitlements can be varied only in accordance with agreed scheduling procedures specified in the Access Agreement or as otherwise agreed between the parties. The Network Management Principles should guide the performance of the scheduling function by QR Network and be incorporated by reference in the Access Agreement.
- It is the responsibility of the Access Seeker entering into an Access Agreement with QR Network to ensure that the operator of Train Services utilising the Access Rights is Accredited.
- Access Agreements will be for a specified term and include a good faith negotiation process for renewal.

#### **2. Access Charges**

- Access Charges are to be agreed between the parties and payable in accordance with reasonable payment terms set out in the Access Agreement. Late payments or credits by either party will bear interest at an agreed default rate.
- The Access Agreement will provide for a fair and reasonable mechanism for dealing with bona fide Disputed invoices.
- The Access Agreement may provide for periodic review of Access Charges.
- Unless otherwise stated, all amounts payable under the Access Agreement are exclusive of GST.
- In appropriate cases QR Network may require lodgement of a security deposit to secure performance by the Access Holder of its obligations under the Access Agreement having regard to QR Network's reasonable assessment of the creditworthiness of the Access Holder. Any required security deposit should reflect the cash flow risk that QR Network has taken on.
- Where there are no security arrangements in place and a user defaults on its payments, QR Network is entitled to require some form of security deposit equivalent to its financial exposure, where the default was not attributable to a legitimate Dispute.

- An Access Holder paying a cash security deposit should be credited with interest on the security at a market-based rate for as long as it is held by QR Network.

### **3. Train Service Entitlements**

- The Access Holder shall not be entitled to commence Train Services unless and until all provisions of the Access Agreement required to be completed or complied with prior to the commencement of Train Services have been completed or complied with by the due date specified in the Access Agreement. QR Network will use all reasonable endeavours to cooperate with the Access Holder to facilitate the Access Holder's completion or compliance with such requirements.
- The Access Holder must only operate Trains of the nominated specification for the transport of the nominated product type over the nominated network.
- The Access Agreement will contain provisions regarding the resumption of capacity by QR Network. Unless otherwise agreed by the parties, the provisions will include objective criteria to assess consistently under-utilised capacity, a requirement that there be either a reasonable expectation of a sustained alternative demand or a reasonable expectation of a commercial benefit for the provision and management of the infrastructure sufficiently material to justify the resumption of capacity and a Dispute resolution process conducted by an expert. Appropriate adjustments will be made to the Access Charges payable following a reduction in Train Service Entitlements.

### **4. Day-to-Day Train Movements**

- QR Network is to have responsibility for Train Control and shall exercise Train Control having regard to the safe conduct of rail operations on the nominated network.
- QR Network and the Access Holder shall ensure that the operation of Train Services is in accordance with entry and exit times in the relevant Daily Train Plan unless otherwise permitted by the Network Management Principles or varied in the circumstances specified in the Access Agreement (which normally include safety considerations, force majeure, incidents or emergencies, track possessions in accordance with the Access Agreement or as otherwise agreed between the parties, such agreement not to be unreasonably withheld).
- The Network Management Principles establish the procedures QR Network must follow in varying the Daily Train Plan.
- The Access Holder is required to comply with all QR Network Train Control directions and ensure all Trains and Rollingstock are equipped with appropriate communication systems to comply with the agreed Rollingstock Interface Standards.

## 5. Train Operations

- The Access Agreement will specify all reasonable operational, communication and procedural requirements for Train Services.
- QR Network and the Access Holder are to comply with all laws, Safeworking Procedures and Safety Standards and all other train operations requirements in the Access Agreement. Safeworking Procedures and Safety Standards will as far as practicable be consistent for all Railway Operators on the nominated network.
- The Access Holder must obtain certification from an appropriately qualified person whom both parties accept as being competent to provide certification for the Access Holder's Rollingstock and Rollingstock Configurations. QR Network has a right to view a certificate of compliance and associated test results from an Access Holder in order to satisfy itself that the Rollingstock and Rollingstock Configurations are as agreed by the two parties in the IRMP and, if QR Network is so satisfied the Rollingstock and Rollingstock Configurations so certified will be included in the Rollingstock specification as being authorised to operate on the nominated network subject to continuing compliance with the IRMP and the Rollingstock specification.
- The Access Agreement will specify relevant Rollingstock Interface Standards. QR Network may vary the agreed Rollingstock Interface Standards, the Safeworking Procedures and Safety Standards and other System-wide Requirements in respect to the management of the Rail Infrastructure in the following circumstances:
  - on safety grounds, acting reasonably, at any time following consultation with the Access Holder and the provision of reasonable notice to the Access Holder. In such circumstances, each party is responsible for its own costs (including the costs of additional or modified equipment) in complying with the system wide change;
  - in any other circumstance requiring a system wide change, QR Network may, acting reasonably, negotiate such changes with the Access Holder and the Access Holder must not unreasonably withhold its consent to the change. Each party is responsible for costs in complying with the system wide change (including the cost of additional or modified equipment or modification of either party's Rollingstock) as agreed between them or, failing agreement, as determined by an expert.
- The parties should agree specific performance levels and measurement criteria as a basis for creating effective performance management and incentives. This may involve financially based incentives and sanctions. The performance levels may also be reviewed periodically.
- The Access Holder is responsible for the safe operation of its Rollingstock on the nominated network and must ensure that at all times its Rollingstock and Rollingstock Configurations comply with all applicable laws, the Rollingstock specification and the Rollingstock Interface Standards specified in the Access Agreement.

- QR Network may suspend the operation of Rollingstock and Trains for actual non-compliance or (acting reasonably) anticipated non-compliance with all applicable laws, the Rollingstock specification and the Rollingstock Interface Standards specified in the Access Agreement where such non-compliance creates a risk to the safety of any person or a material risk to property. QR Network may also suspend the operation of the affected Rollingstock and Trains for actual non-compliance where such non-compliance does not create a risk to the safety of any person or a material risk to property and the Access Holder has failed to rectify the non-compliance within a reasonable period of time. Where QR Network suspends Rollingstock and/or Trains in these circumstances, the suspension will only apply until the non-compliance is rectified or in the event of anticipated non-compliance, the Access Holder has demonstrated that it is in compliance.
- Where QR Network suspends an Access Holder's Rollingstock and/or Trains, it must provide the Access Holder with a written notice stating the grounds for suspension prior to, or immediately following, the suspension.
- The Access Holder must ensure all loadings of Rollingstock are secure.

## **6. Infrastructure Management**

- QR Network is responsible for the management and control of the nominated network.
- QR Network will carry out maintenance work on the nominated network such that, subject to any agreed criteria and the Network Management Principles, the infrastructure is consistent with the agreed Rollingstock Interface Standards and the Access Holder can operate Train Services in accordance with its Train Service Entitlements.
- QR Network may impose operational constraints (such as speed or load restrictions) for the protection of persons or property or to facilitate maintenance work or enhancements and has reasonable entitlements to take possession of the track for the purpose of maintenance work, emergency repairs and enhancements. In carrying out such work QR Network will use its reasonable endeavours to minimise disruption to Train Services so that the Access Holder can operate Train Services in accordance with its Train Service Entitlements.
- The Access Agreement will contain possession protocols for consultation with the Access Holder regarding maintenance that will impact on the Access Holder's schedule.
- The Access Agreement will contain provisions requiring the parties to provide advice to each other in relation to factors that could affect the Access Holder's operation of Train Services or the integrity of the nominated network.
- Prior to the commencement of Train Services, the Access Holder may, subject to reasonable terms and conditions, inspect the nominated network for the purposes of assessing the operational, environmental and safety risks with respect to the infrastructure, as well as the standard of the infrastructure comprising the nominated network including, but not limited to, fencing and

at-grade crossings. QR Network will not be liable for claims in relation to, or arising out of, the standard of the infrastructure except where QR Network fails to maintain the infrastructure such that, subject to any agreed criteria (including those specified in the Network Management Principles), it is consistent with the agreed Rollingstock Interface Standards and the Access Holder can operate Train Services in accordance with its Train Service Entitlements.

## **7. Incident Management**

- Prior to the commencement of Train Services the Access Holder is required to develop an emergency response plan containing procedures for dealing with incidents which must be compatible with QR Network's emergency procedures.
- In the event of an incident, QR Network is responsible for the overall coordination and management of incident responses and may, subject to using reasonable efforts to consult with the Access Holder, take any action it considers reasonably necessary to recommence services as soon as possible. The Access Holder is responsible for recovery of its Rollingstock in accordance with its emergency response plan.
- The Access Holder must cooperate and assist with the restoration of the network in accordance with directions from Train Controllers seeking to coordinate the clearance of network blockages. Any Access Holder so directed should be adequately compensated for doing so and is entitled to expect that all rail operators will be subject to the same obligation. QR Network has the right to pass through the cost of clearing the blockage to the party that has caused the damage.
- Investigations into incidents are to be commenced as soon as practicable after an incident and carried out in accordance with the process specified in the Access Agreement. The parties must cooperate in any investigation and consult in good faith in relation to the implementation of any recommendations.

## **8. Environmental Protection and Other Issues**

- All Environmental Laws, regulations and relevant guidelines must be complied with.
- Environmental management must be approached on a risk identification and risk management basis with respect to operations on the nominated network. Auditing requirements should be linked to the environmental risks posed by an Access Holder's Train Services and be established in that Access Holder's Environmental Investigation and Risk Management Report (EIRMR) which should be amended as necessary from time to time to address ongoing risk and compliance issues.
- The Access Holder is required to inform QR Network of non-compliance with its Environmental Investigation and Risk Management Report (EIRMR) and provide details of how it intends to address the non-compliance. The Access

Holder is required to rectify the non-compliance as soon as practicable having regard to the nature of the non-compliance, the reasonable interests of QR Network and any action required by the EPA.

- The Access Holder should comply with its obligations under the EP Act including any notices or directions it receives from the EPA. The Access Holder is required to inform QR Network of non-compliance with the Access Holder's obligations under the EP Act. Failure to comply with such an obligation, where that failure causes or threatens Serious Environmental Harm, establishes grounds for a material event of default.
- QR Network reserves the right to suspend the right of an Access Holder to operate on the nominated network if, in QR Network's reasonable opinion, the Access Holder's Train Services cause or threaten Material Environmental Harm or Serious Environmental Harm. A suspension will only apply until the Access Holder demonstrates to QR Network that the circumstances that gave rise to QR Network's right to suspend have ceased to exist.
- Where QR Network suspends an Access Holder's Train Services on environmental grounds, it must provide the Access Holder with a written notice stating the grounds for suspension prior to, or immediately following, the suspension.

## **9. Accreditation**

- QR Network must have and maintain Accreditation as a Railway Manager under the TIA to the extent required to perform its obligations under the Access Agreement.
- An operator Accredited as a Railway Operator under the TIA must operate Train Services and the operator must maintain such Accreditation to the extent required to perform its obligations under the Access Agreement.

## **10. Access Holder's Staff**

- The Access Holder is responsible for demonstrating through the Interface Risk Assessment process that it has in place a process for ensuring the competence of its staff performing safety related work.
- QR Network reserves the right to suspend the right of the Access Holder's Train Services to operate on the nominated network in the event of breach or (acting reasonably) anticipated breach of any laws relating to rail safety, QR Network Train Control directions, Safeworking Procedures or Safety Standards. A suspension will only apply until the breach is rectified or, in the event of an anticipated breach, the Access Holder has demonstrated to QR Network that it is in compliance.
- Where QR Network suspends an Access Holder's Train Services, it must provide the Access Holder with a written notice stating the grounds for suspension prior to, or immediately following, the suspension.



## **11. Safety Risk Management**

- Safety risk management must be addressed by risk identification through the Interface Risk Assessment process and the formulation of an IRMP. The parties will be required to comply with the IRMP.

## **12. Inspection and Audit Rights**

- Rights of inspection and audit in relation to each party's compliance with the Access Agreement and inspection of Trains and Rollingstock shall be included in the Access Agreement.
- The Access Agreement will specify the terms and conditions on which the parties can carry out such inspections and audits.
- Each party will, in carrying out any inspection or audit, give the other party reasonable notice and use reasonable endeavours to minimise disruption to the other party's operations.

## **13. Insurance**

- The Access Agreement will provide for insurances to be effected by the parties to appropriately provide for the relevant insurance risks.

## **14. Indemnities and Liabilities**

- Each party is liable for, and is required to release and indemnify each other for, all claims in respect of personal injury, death or property damage caused or contributed to (to the extent of the contribution) by the wilful default or negligent act or omission of that party or its staff.
- The Access Holder is solely liable for and is required to release and indemnify QR Network for any damage to property or personal injury or death of any person being transported on Train Services except to the extent that the damage or harm is caused or contributed to (to the extent of the contribution) by the wilful default or negligent act or omission of QR Network or its staff. Unless otherwise agreed, the Access Holder shall extend to QR Network any exclusion or limitation of liability afforded by the Access Holder's conditions of carriage with its customers.

## **15. Limitation of Liability**

- The liabilities of the parties for default shall be limited as agreed in the Access Agreement.
- Except as otherwise provided in the Access Agreement, neither party has any liability for Consequential Loss or loss of profits in any circumstances.
- Unless otherwise agreed in the Access Agreement, where a party:
  - (whether QR Network or the Access Holder), requires the conduct of an audit or inspection under Clause 8.1.7(e) or (f) of the Undertaking (as applicable); or

- (being QR Network), suspends an Access Holder's Rollingstock, Trains and/or Train Services,

that party (referred to as the "First Party") will be liable to the other party in respect of loss or damage (including damages for Consequential Loss) arising from the conduct of the audit or inspection or the suspension (as applicable) if, and only if, no reasonable person in the position of the First Party could have formed the view that the stated grounds for such an audit, inspection or suspension existed, provided that the other party must use all reasonable endeavours to mitigate the loss or damage arising from the conduct of the audit or inspection or the suspension. The First Party shall bear the burden of establishing that a reasonable person in its position could have formed that view.

- The Access Agreement will specify the circumstances in which the Access Holder has a claim against QR Network for the non-provision of Access or the cancellation of a Train Service caused by breach of the Access Agreement or negligence by QR Network.
- The Access Agreement will specify the circumstances in which each party has a claim against the other party for delays to Train movements caused by breach of the Access Agreement or negligence by the other party.
- Claims by either party must be lodged within twelve months of the occurrence of the event or circumstance giving rise to the claim.

## **16. Material Change**

- Access Charges will be adjusted to reflect the net impact of any material change where such material change results in a variation to the net cost to QR Network of performing its obligations under the Access Agreement.
- A material change shall be limited to changes in taxes, laws or funding from QR Network's Transport Service Payments. The effects of material changes should be assessed on a case-by-case basis and in consultation with the Access Holder.
- An independent expert will determine any Dispute regarding the impact on Access Charges as a result of a material change.

## **17. Disputes**

- Any Dispute between the parties is to be firstly referred in writing to the respective chief executives for resolution. If the Dispute is not resolved, then the parties may agree to refer the Dispute for resolution by an expert or arbitration. If there is no agreement to resolve the Dispute in this manner then the Dispute is to be determined by a court.

## **18. Default, Suspension and Termination**

- The Access Agreement will specify reasonable events of default and mutual rights of suspension and termination having regard to the commercial interests of both parties.

## **19. Force Majeure Event**

- The obligations of either party (other than an obligation to pay monies due) will be suspended where by reason of a Force Majeure Event that party is delayed in, or prevented from, carrying out its obligations under the Access Agreement. The Access Agreement will provide for relief in respect of the payment of Access Charges to the extent that QR Network is unable to provide Access Rights because of a Force Majeure Event affecting QR Network.
- If infrastructure on specified lightly trafficked corridors of the nominated network is damaged by a Force Majeure Event and in QR Network's reasonable opinion the cost of repairing the damage is not economic, QR Network may elect not to proceed with repairs or replacement unless the parties agree as to the funding of the cost of that work.
- The Access Agreement will provide for a process that might result in termination of the Access Agreement if circumstances of a prolonged Force Majeure Event prevent the performance by a party of its obligations.

## **20. Assignment**

- The Access Holder may assign the whole of its rights and obligations under the Access Agreement to a related body corporate, provided that the assignor remains liable for the performance of obligations under the Access Agreement or to a non-related body corporate, with the prior written consent of QR Network (such consent not to be unreasonably withheld).
- A change in control of an Access Holder not a publicly listed corporation will be deemed to be an assignment of the Access Agreement.

## **21. QR Network's Access Undertaking**

- The parties will comply with all applicable laws.
- The parties will comply with the terms of the Undertaking, including the ring fencing obligations, in effect from time to time, unless otherwise agreed in the Access Agreement.

## **SCHEDULE F**

### ***Reference Tariff Schedules***

#### **INTRODUCTION**

This Schedule specifies:

- (a) the Reference Tariffs applicable to nominated coal carrying Reference Train Services; and
- (b) the methodology that will be used for determining a new Reference Tariff for a new coal carrying Reference Train Service where required in accordance with the Undertaking.

This Schedule is comprised of the following Parts:

- (a) Part A, which applies to all coal carrying Reference Train Services;
- (b) Part B, which applies to coal carrying Reference Train Services on the Central Queensland Coal Region; and
- (c) Part C, which applies to coal carrying Reference Train Services on the Western System.

In this Schedule:

- (a) Parts B and C must be read in conjunction with and subject to Part A; and
- (b) Clauses 5 to 8 of Part B must each be read in conjunction with Clauses 1 to 4 of Part B.

The provisions of this Schedule will be the basis for Access Charges negotiated for new Access Agreements for relevant Train Services or for rate review provisions in Access Agreements that specifically refer to the Reference Tariff for the nominated Reference Train Service.

#### **PART A. - GENERAL PROVISIONS**

##### **1. Reference Train Service Description**

###### **1.1 Commodity Type**

The Reference Train Service carries bulk coal. In defining bulk coal, no differentiation is to be made between coal qualities or types, or between the end use markets of the coal.

###### **1.2 Geographic Scope**

- 1.2.1 The Reference Train Service operates on the rail corridor directly connecting specified Nominated Loading Facility/ies and specified Nominated Unloading Facility/ies.

1.2.2 A new coal loading facility may only be added to the existing Nominated Loading Facilities for a Reference Train Service if it satisfies the requirements in relation to additional loading facilities that are set out in Part B or Part C for the relevant Reference Train Service.

1.2.3 Diagrams showing the location of the Nominated Loading Facilities and the Nominated Unloading Facilities for a nominated Reference Train Service are included in the Information Pack for the relevant system.

### **1.3 Characteristics**

1.3.1 Each Reference Train Service:

- (a) has a maximum length (including the locomotive/s) as specified in Part B or Part C for that Reference Train Service;
- (b) has a maximum axle load as specified in Part B or Part C for that Reference Train Service with loading in excess of this maximum axle load dealt with in accordance with the relevant Load Variation Table;
- (c) complies with the maximum speeds permitted on the Nominated Infrastructure as specified in the relevant Information Pack;
- (d) complies with QR Network's Rollingstock Interface Standards applicable to the Nominated Infrastructure;
- (e) is otherwise compatible with the Nominated Infrastructure described in the relevant Information Pack and requires no additional expenditure by QR Network to implement varied Below Rail controls identified in the IRMP or EIRMR;
- (f) operates in accordance with nominated sectional running times specified in the relevant Information Pack;
- (g) does not exceed the Loading Times specified in Part B or Part C for that Reference Train Service;
- (h) does not exceed the Unloading Times specified in Part B or Part C for that Reference Train Service;
- (i) operates as an empty Train on the return journey from the relevant Nominated Unloading Facility to the relevant Nominated Loading Facility;
- (j) has the ability to operate on the configuration of the Nominated Infrastructure existing at the Approval Date without limiting the ability of existing Train Services to operate in accordance with their Train Service Entitlements;
- (k) utilises bottom dump wagons with the "KWIK DROP" door operating mechanism;
- (l) utilises measures to minimise coal spillage and/or leakage en route that are reasonable, having regard to the practices existing at the Approval Date; and
- (m) has any other characteristics specified for that Reference Train Service set out in Part B or Part C.

1.3.2 A Reference Train Service:

- (a) assumes Below Rail Services comprised in Access are provided in accordance with this Undertaking; and

- (b) does not include any Above Rail Services such as the carrying out of any provisioning, inspection, testing and maintenance of Rollingstock, or storage, marshalling, shunting or other relocation of Rollingstock.

## **1.4 Conditions of Access**

1.4.1 The Reference Train Service will:

- (a) operate in accordance with the terms and conditions of a Standard Access Agreement for coal carrying Train Services; and
- (b) have its Train Service Entitlement specified as described in Part B or Part C.

1.4.2 Under the Access Agreement, QR Network will commit to operate the Rail Infrastructure such that, on average over a Year, the Below Rail Transit Time specified in Part B can be achieved for the relevant Reference Train Service.

## **2. Access Charge**

### **2.1 Reference Tariff**

The applicable Reference Tariff for a nominated Reference Train Service shall be assessed in accordance with the methodologies established in Clause 2 of Part B and Clause 3 of Part C (as applicable).

### **2.2 Variation of Reference Tariffs**

2.2.1 QR Network:

- (a) may submit a variation of a Reference Tariff to the QCA, where QR Network considers that the variation will promote efficient investment by either QR Network or another person in the coal transport supply chain; or
- (b) will submit a variation of a Reference Tariff to the QCA, subject to Clause 2.2.3:
  - (i) within sixty (60) days of:
    - (A) QR Network becoming aware that an Endorsed Variation Event has occurred or a Review Event has occurred or will occur; or
    - (B) a written notice being given to QR Network by the QCA in accordance with Clause 2.2.2; or
  - (ii) by 28 February prior to each Year of the Term, in accordance with Clause 3.1.1 of Part B (if applicable).

2.2.2 The QCA may give QR Network a written notice requiring QR Network to submit a variation of a Reference Tariff if:

- (a) the QCA does not approve a variation of a Reference Tariff submitted by QR Network; or
- (b) QR Network fails to submit a variation of a Reference Tariff:
  - (i) within sixty (60) days of the QCA determining that an Endorsed Variation Event has occurred; or

- (ii) that it is required to submit under Clause 2.2.1(b)(ii).

2.2.3 The QCA may grant QR Network an extension of the time for submitting, or resubmitting, a variation of a Reference Tariff if:

- (a) QR Network provides a written request to the QCA for an extension of time which includes the reasons why QR Network requires the extension of time; and
- (b) the extension of time is reasonable or necessary.

If the QCA grants QR Network an extension of time under this Clause 2.2.3, QR Network must submit or resubmit the variation of a Reference Tariff within the time specified by the QCA.

2.2.4 The QCA may develop a variation of a Reference Tariff that is consistent with the requirements specified in this Clause 2.2 for the variation of a Reference Tariff:

- (a) if QR Network does not comply with a written notice given by the QCA under Clause 2.2.2 or Clause 2.2.10(b) for it to submit, or resubmit, a variation of a Reference Tariff; or
- (b) if the QCA refuses to approve a variation of a Reference Tariff resubmitted by QR Network in accordance with a notice given by the QCA under Clause 2.2.10(b).

2.2.5 Where QR Network submits a variation of a Reference Tariff in accordance with Clause 2.2.1(a):

- (a) the variation must:
  - (i) nominate the Reference Tariff to be varied;
  - (ii) include details of the methodology, data and assumptions used to vary the Reference Tariff;
  - (iii) include information on the matters set out in Clause 6.2 of the Undertaking; and
  - (iv) include information on why QR Network considers that the variation of the Reference Tariff will promote efficient investment by either QR Network or another person in the coal transport supply chain;
- (b) the QCA will publish details of QR Network's proposed variation of the relevant Reference Tariff and invite and consider comments from stakeholders regarding the proposed variation; and
- (c) the QCA may approve the proposed variation of the relevant Reference Tariff if the QCA is satisfied that the variation of the relevant Reference Tariff is consistent with the Undertaking.

2.2.6 If QR Network submits a variation of a Reference Tariff in accordance with Clause 2.2.1(b)(i) where an Endorsed Variation Event has occurred:

- (a) the variation must:
  - (i) nominate the Reference Tariff to be varied;
  - (ii) include evidence that the Endorsed Variation Event has occurred; and

- (iii) include details of the methodology, data and assumptions used to vary the Reference Tariff;
- (b) if the QCA considers it appropriate, the QCA may publish details of QR Network's proposed variation of the relevant Reference Tariff and invite and consider comments from stakeholders regarding the proposed variation; and
- (c) the QCA may approve the proposed variation of the relevant Reference Tariff if the QCA is satisfied that:
  - (i) the Endorsed Variation Event has occurred; and
  - (ii) the variation of the Reference Tariff:
    - (A) is consistent with the change in the forecast cost resulting from the Endorsed Variation Event (including incremental maintenance and incremental capital costs), calculated as if all other assumptions originally used for the determination of Reference Tariffs are held constant; and
    - (B) has been calculated as if all other Reference Tariffs were also being recalculated due to the occurrence causing the Endorsed Variation Event.

2.2.7 If QR Network submits a variation of a Reference Tariff in accordance with Clause 2.2.1(b)(i) in relation to a Review Event:

- (a) the variation must:
  - (i) nominate the Reference Tariff to be varied;
  - (ii) include evidence that the Review Event has occurred or will occur; and
  - (iii) include details of the methodology, data and assumptions used to vary the Reference Tariff;
- (b) the QCA will publish details of QR Network's proposed variation of the relevant Reference Tariff and invite and consider comments from stakeholders regarding the proposed variation; and
- (c) the QCA may approve the proposed variation of the relevant Reference Tariff if the QCA is satisfied that:
  - (i) the Review Event has occurred or will occur; and
  - (ii) the variation of the relevant Reference Tariff:
    - (A) is consistent with the change in the cost resulting from or that will result from the Review Event; and
    - (B) reflects the impact of the relevant Review Event on the financial position of QR Network (including the impact of incremental maintenance and incremental capital costs); and
  - (iii) has been calculated as if all other Reference Tariffs were also being recalculated due to the occurrence causing or that will cause the Review Event.



2.2.8 Where QR Network submits a variation of a Reference Tariff in accordance with Clause 2.2.1(b)(i)(B) or Clause 2.2.1(b)(ii):

- (a) the variation must:
  - (i) nominate the Reference Tariff to be varied; and
  - (ii) include details of the methodology, data and assumptions used to vary the Reference Tariff in accordance with Clause 3 of Part B;
- (b) if the QCA considers it appropriate, the QCA may publish details of QR Network's proposed variation of the relevant Reference Tariff and invite and consider comments from stakeholders regarding the proposed variation, provided that, to the extent that stakeholders provide comments, QR Network must be given a reasonable period in which to provide a response to those comments to the QCA; and
- (c) the QCA will approve the proposed variation of the Reference Tariff if the QCA is satisfied that the variation of the Reference Tariff is in accordance with Clause 3 of Part B.

2.2.9 If the QCA approves a variation to a Reference Tariff:

- (a) the QCA will give QR Network a notice in writing stating the reasons for the QCA's decision;
- (b) the variation to the Reference Tariff will apply:
  - (i) if the variation arose as a result of an Endorsed Variation Event:
    - (A) from the first day of the month immediately following the date of the occurrence of the Endorsed Variation Event; or
    - (B) where the date of the occurrence of the Endorsed Variation Event is the first day of a month, from that date; or
  - (ii) if the variation arose as a result of an adjustment of Reference Tariffs under Clause 3.1 of Part B, from 1 July of the Year following the Year in which the variation was submitted; and
- (c) QR Network must:
  - (i) publish details of the variation to the Reference Tariff on its website; and
  - (ii) advise Access Holders and Access Seekers, in respect of the relevant Reference Train Service, of the variation to the Reference Tariff.

2.2.10 If the QCA refuses to approve a variation to a Reference Tariff, the QCA will give QR Network a notice in writing:

- (a) stating the reasons for its refusal and the way in which the QCA considers that the variation should be amended; and
- (b) if that variation was required to be submitted by QR Network in accordance with Clause 2.2.1(b), requiring QR Network to vary the Reference Tariff in the way the QCA considers it appropriate and resubmit the variation to the QCA within thirty (30) days of QR Network receiving the notice.

2.2.11 QR Network must comply with a notice given under Clause 2.2.10.

2.2.12 The QCA may approve a resubmitted variation to a Reference Tariff or a variation to a Reference Tariff developed by the QCA under Clause 2.2.4, if the QCA is satisfied that the variation of the Reference Tariff:

- (a) is consistent with the matters specified under Clause 2.2.5(c), 2.2.6(c), 2.2.7(c) or 2.2.8(c) (as applicable); and
- (b) has been amended or developed in accordance with the QCA's decision.

2.2.13 For the purposes of this Clause 2.2:

- (a) a variation of a Reference Tariff submitted by QR Network or developed by the QCA in accordance with this Clause 2.2 must include a review of System Allowable Revenue and System Forecast to the extent applicable to that variation; and
- (b) the QCA in approving a variation of a Reference Tariff must also approve the corresponding variation of the applicable System Allowable Revenue and System Forecast.

## **2.3 Adjustment Charges**

2.3.1 If:

- (a) this Undertaking specifies that a Reference Tariff is applicable or effective from a date prior to the Approval Date; or
- (b) the QCA approves a variation of a Reference Tariff in accordance with Clause 2.2 and that variation applies from or takes effect on a date prior to the date on which the QCA approves the variation,

QR Network is entitled to recover from or will reimburse to, as applicable, each relevant Access Holder the amount ("Adjustment Amount") which is the sum of:

- (c) the aggregate of the differences, for each relevant Access Holder for each calendar month (or part thereof) since the date on which the Reference Tariff or the variation of the Reference Tariff was to apply or take effect ("Effective Date") until the Approval Date or the date on which the variation of the Reference Tariff was approved by the QCA, as applicable ("Approval Date"), between:
  - (i) the Access Charges paid or payable by that Access Holder in respect of the Train Services operated by or for that Access Holder during that calendar month (or part thereof); and
  - (ii) the Access Charges that would have been paid or payable by that Access Holder in respect of those Train Services if the Access Charges were calculated in accordance with the Reference Tariffs or the variation of Reference Tariffs referred to in Clause 2.3.1(a) or (b) on and from the Effective Date; and
- (d) the aggregate of the interest calculated in accordance with Clause 2.3.2 in respect of the amount of each difference comprising the amount calculated in accordance with Clause 2.3.1(c),

by making adjustments to the Access Charges ("Adjustment Charge") payable by Access Holders so as to recover or reimburse, as applicable, the Adjustment Amount (subject to the provisions of this Undertaking).

2.3.2 The interest referred to in Clause 2.3.1(d) must be calculated:

- (a) in respect of the amount of each difference comprising the amount calculated in accordance with Clause 2.3.1(c);
- (b) on the basis that the interest:
  - (i) accrues and is charged from day to day; and
  - (ii) is capitalised at the end of each month and will thereafter itself bear interest;
- (c) at the rate equal to, for interest accruing in a month:
  - (i) the mid-point of the one month Bank Bill Swap Rate as published by the Australian Financial Markets Association (or its successor) for the Business Day immediately prior to the 21<sup>st</sup> day of the previous month; or
  - (ii) if that rate is no longer published, the rate will be an appropriate equivalent rate determined by QR Network, acting reasonably; and
- (d) for the period commencing on the date when the Access Charges paid or payable by the relevant Access Holder used to calculate the applicable difference in accordance with Clause 2.3.1(c)(i) were due and payable and ending on the date when the Adjustment Charge is to be due and payable.

2.3.3 QR Network:

- (a) may, if it submits a variation of a Reference Tariff in accordance with Clause 2.2 and that variation is proposed to apply or take effect on a date prior to the date on which the QCA will approve the variation; or
- (b) must, if:
  - (i) the QCA approves a variation of a Reference Tariff in accordance with Clause 2.2 and that variation applies or takes effect on a date prior to the date on which the QCA approves the variation (and subject to Clause 2.3.3(a)); or
  - (ii) this Undertaking specifies that a Reference Tariff is applicable or effective from a date prior to the Approval Date,

submit to the QCA proposed Adjustment Charges.

2.3.4 Where QR Network submits proposed Adjustment Charges to the QCA in accordance with Clause 2.3.3:

- (a) QR Network's submission must, without limitation:
  - (i) identify, subject to Clause 2.3.9, the Access Holders in respect of whom the proposed Adjustment Charges are to be applied;
  - (ii) set out the proposed Adjustment Charges for each Access Holder including details of how those proposed Adjustment Charges were calculated;
  - (iii) indicate the billing period(s) in respect of which the proposed Adjustment Charges are to be applied; and

- (iv) if applicable, how the proposed Adjustment Charges are to be allocated for the purposes of calculations in accordance with Clause 3.2 of Part B;
- (b) if the QCA considers it appropriate, the QCA may publish details of QR Network's submission of proposed Adjustment Charges and invite and consider comments from stakeholders regarding the proposed Adjustment Charges; and
- (c) the QCA must approve:
  - (i) the Access Holders in respect of whom the Adjustment Charges are to apply;
  - (ii) the Adjustment Charges that are to apply to each Access Holder;
  - (iii) the billing period(s) in respect of which the Adjustment Charges will be applied; and
  - (iv) if applicable, how the Adjustment charges must be allocated for the purposes of calculations in accordance with Clause 3.2 of Part B,

if the proposed Adjustment Charges submitted by QR Network (excluding any interest component) constitute no more of a recovery or no less of a reimbursement of any under or over recovery of Access Charges by QR Network that relate to each Access Holder.

- 2.3.5 QR Network must comply with an approval of the QCA given in accordance with Clauses 2.3.4(c) or 2.3.8 including in applying the Adjustment Charge approved for each Access Holder to the calculation of Access Charges payable by that Access Holder.
- 2.3.6 If the QCA refuses to approve QR Network's submission for an Adjustment Charge, the QCA must give QR Network a notice in writing:
- (a) stating the reasons for its refusal and the way in which the QCA considers the proposed Adjustment Charge should be amended so as to constitute (excluding any interest component) no more of a recovery or no less of a reimbursement of any under or over recovery of Access Charges by QR Network that relate to each Access Holder; and
  - (b) requiring QR Network to vary the proposed Adjustment Charge in the way the QCA considers it appropriate and resubmit the amended proposal to the QCA within thirty (30) days of QR Network receiving the notice.
- 2.3.7 QR Network must comply with a notice given under Clause 2.3.6.
- 2.3.8 The QCA must approve a resubmitted proposal for Adjustment Charges, if the resubmitted proposal has been amended or developed in accordance with the QCA's notice given under Clause 2.3.6 and the QCA is satisfied that the proposed Adjustment Charges resubmitted by QR Network (excluding any interest component) constitute no more of a recovery or no less of a reimbursement of any under or over recovery of Access Charges by QR Network that relate to each Access Holder.

2.3.9 For the purposes of Clause 2.3.4(a)(i):

- (a) an Adjustment Charge may only apply to an Access Holder (“New Access Holder”) that did not run the Train Services to which that Adjustment Charge relates (“Past Train Services”) if:
  - (i) the Access Holder who ran the Past Train Services no longer has (or, at the time when the Adjustment Charges are to be applied, will have ceased to have) a rail haulage agreement with the Customer for the Past Train Services in respect of Train Services with the same origin and destination as the Past Train Services;
  - (ii) the New Access Holder has a rail haulage agreement with the Customer referred to in Clause 2.3.9(a)(i) (including that Customer’s successors and assigns) in respect of Train Services with the same origin and destination as the Past Train Services or the New Access Holder was that Customer (or is that Customer’s successor or assign); and
  - (iii) the New Access Holder has been granted Access Rights with the same origin and destination as the Past Train Services in accordance with the process in Clause 7.3.7 of the Undertaking; and
- (b) no Adjustment Charge will apply to an Access Holder who ran the Past Train Services if that Access Holder has, at the time when the Adjustment Charges are to be applied, ceased to have a rail haulage agreement with the Customer for the Past Train Services (including that person’s successors and assigns) in respect of Train Services with the same origin and destination as the Past Train Services provided that with the cessation of that rail haulage agreement, the applicable Access Rights were either relinquished or expired.

2.3.10 The calculation of Access Charges under an Access Agreement must be reviewed and varied to provide for the payment of Adjustment Charges approved by the QCA in accordance with Clauses 2.3.4(c) or 2.3.8 by the relevant Access Holder including:

- (a) that the Access Charges payable by the Access Holder must include any applicable Adjustment Charge approved by the QCA from time to time in relation to or in connection with any variation of a Reference Tariff approved by the QCA to apply or take effect on a date prior to the date on which the QCA approves the variation or any Reference Tariff that the Undertaking states is applicable or effective from a date prior to the Approval Date; and
- (b) that an Adjustment Charge so determined by the QCA must be applied to the calculation of the amount of the invoice for charges payable by the Access Holder under the Access Agreement for the relevant billing period.

### **3. Variations to Reference Train Service**

3.1 A varied Access Charge shall be applicable to Train Services that vary from the Reference Train Service characteristics specified in Clause 1.3 or operate under terms and conditions with agreed variations from the requirements of Clause 1.4, but otherwise satisfy the nominated Reference Train Service description, whereby the varied Access Charge varies from the applicable

Reference Tariff due to differences in cost or risk to QR Network of providing Access for that Train Service compared to the Reference Train Service.

3.2 Where a Train Service differs from the Reference Train Service due to it not complying with Clause 1.3.1(f), then QR Network will, unless otherwise agreed with the QCA, quote an Access Charge that varies from the Reference Tariff by applying the following principles:

(a) the number of reference Train Paths used by the proposed Train Service will be determined as follows:

$$rtp = \max[(A/B), (B/A)]$$

where:

A is the maximum number of Reference Train Services at full utilisation; and

B is the maximum number of the proposed Train Services at full utilisation;

provided that if:

(i) the maximum number of proposed Train Services at full utilisation exceeds the maximum number of Reference Train Services at full utilisation; and

(ii) the scheduled section running times of the proposed Train Service are the same as the nominated section running times for the Reference Train Service,

then rtp is deemed to be one (1);

(b) the maximum number of train paths available for a Reference Train Service and for the proposed Train Service will be determined using a readily available simulation package; and

(c) in accordance with Clause 4.3(c)(v) or 4.5.2(a)(v) of the Undertaking (as applicable), QR Network will advise the Access Seeker how it has determined the value of rtp.

3.3 Nothing in this Schedule will preclude QR Network from seeking Access Conditions, pursuant to Clause 6.5.2 of the Undertaking.

## **PART B. - PROVISIONS SPECIFIC TO REFERENCE TRAIN SERVICES IN THE CENTRAL QUEENSLAND COAL REGION**

### **1. Reference Train Service Characteristics**

- 1.1 Further to Clause 1.3.1 of Part A, the Reference Train Service:
- (a) has a Dwell period for each Train Service no greater than that specified in Clauses 5 to 8 of this Part B for that Reference Train Service; and
  - (b) in respect of Train examinations, does not exceed a ratio of 1 return journey in 7.
- 1.2 Further to Clause 1.4.1 of Part A, an Access Seeker for a Reference Train Service will have its Train Service Entitlement:
- (a) based on its Trains being available for operation 24 hours per day and 360 days per year; and
  - (b) specified in terms of a Cyclic Traffic which will operate evenly throughout each yearly, monthly and weekly period, and which will comply with the applicable coal corridor scheduling procedures as set out in the Network Management Principles and the applicable System Rules.

### **2. Access Charge**

#### **2.1 Reference Tariff**

- 2.1.1 The applicable Reference Tariff for a nominated Reference Train Service shall be assessed as:

$$\left( AT_1 \times \frac{gk}{1000} \right) + (AT_2 \times rtp) + \left( AT_3 \times \frac{ntk}{1000} \right) + (AT_4 \times nt) + \left( AT_5 \times \frac{egtk}{1000} \right) + \left( EC \times \frac{egtk}{1000} \right) + (QCALevy \times nt)$$

where:

- AT<sub>1</sub> is the incremental maintenance tariff specified as AT<sub>1</sub> for the nominated Reference Train Service in Clauses 5 to 8 of this Part B;
- AT<sub>2</sub> is the incremental capacity tariff specified as AT<sub>2</sub> for the nominated Reference Train Service in Clauses 5 to 8 of this Part B;
- AT<sub>3</sub> is the allocative part of the Reference Tariff that is levied on a net tonne kilometre basis specified as AT<sub>3</sub> and adjusted by way of the addition or subtraction, where applicable, of the specified System Premium or System Discount, for the nominated Reference Train Service in Clauses 5 to 8 of this Part B;
- AT<sub>4</sub> is the allocative part of the Reference Tariff that is levied on a net tonne basis specified as AT<sub>4</sub> for the nominated Reference Train Service in Clauses 5 to 8 of this Part B; and
- AT<sub>5</sub> is the electric access tariff that is levied on an egtk basis specified as AT<sub>5</sub> for the nominated Reference Train Service in Clauses 5 to 8 of this Part B,

provided that the above calculation is subject to the addition of any applicable Adjustment Charge from time to time (including, if necessary, on a pro rata basis with other Reference Train Services that have the same origin and

destination and Access Holder and are run during same billing period, as the nominated Reference Train Service).

- 2.1.2 The amounts of AT<sub>1</sub>, AT<sub>2</sub>, AT<sub>3</sub>, AT<sub>4</sub>, AT<sub>5</sub>, EC, the QCA Levy, the System Premiums and the System Discounts specified in Clauses 5 to 8 of this Part B and any Adjustment Charge are GST exclusive. An amount for GST will be added to the total calculated Access Charge, in accordance with the provisions of the applicable Access Agreement, when an Access Holder is invoiced.
- 2.1.3 For the purposes of this Part B, a Train Service is a one way Train Service, that is, the journey from the Nominated Loading Facility to the Nominated Unloading Facility is one Train Service, and the return journey from the Nominated Unloading Facility to the Nominated Loading Facility is a second Train Service.
- 2.1.4 For the purposes of this Clause 2.1, the measures gtk, rtp, ntk, nt and egtk shall be assessed for the relevant Train Service over the Billing Period for which the Reference Tariff is being calculated.

## **2.2 Take or Pay**

- 2.2.1 QR Network will be entitled to earn Take or Pay revenue in accordance with the provisions of this Clause 2.2.
- 2.2.2 For Train Services:
- (a) for which Access Agreements are executed or renewed on or after the Approval Date (other than New Access Agreements, that are not Capacity Access Agreements, executed as part of transferring Access Rights from Access Agreements in place on the day immediately prior to the Approval Date), the Take or Pay arrangements will be as specified in Clause 2.2.3; or
  - (b) which are included in Access Agreements in place on the day immediately prior to the Approval Date (and not subsequently renewed after the Approval Date) or in respect of which New Access Agreements, that are not Capacity Access Agreements, have been executed, the Take or Pay arrangements will be those set out in, if the Access Agreement or, for a New Access Agreement (that is not a Capacity Access Agreement), the relevant Old Access Agreement were executed or renewed during the term of:
    - (i) the 2001 Undertaking, Clause 3.2, Part A, Schedule F of the 2001 Undertaking;
    - (ii) the 2005 Undertaking, Clause 2.2, Part B, Schedule F of the 2005 Undertaking; or
    - (iii) the 2008 Undertaking, Clause 2.2, Part B, Schedule F of the 2008 Undertaking.
- 2.2.3 Take or Pay revenue from a particular Reference Train Service will be determined for each Year, and invoiced following completion of that Year, as, subject to Clause 2.2.4, the amount which is one hundred percentage points (100%) of the amount calculated by multiplying:
- (a) AT<sub>2</sub>, AT<sub>3</sub> and AT<sub>4</sub> (at the rate applicable in the Year); by



- (b) the rtp, nt and ntk (as applicable) calculated by:
  - (i) the rtp, nt and ntk (as applicable) that would have been achieved for the subject Year had the full contracted entitlement been railed for the relevant Train Service; less
  - (ii) the rtp, nt and ntk (as applicable) not railed for the subject Year due to the non operation of Train Services for a QR Network Cause; less
  - (iii) the rtp, nt and ntk (as applicable) railed for the subject Year,
 provided always that the amount of Take or Pay for the Year shall not be less than zero.

2.2.4 Notwithstanding Clause 2.2.3, Take or Pay shall not be payable for a Year where the System Gtk exceeds 100% of the System Forecast identified for the nominated Reference Train Service, less the gtk not achieved due to the non operation of Train Services for a QR Network Cause.

2.2.5 Notwithstanding Clause 2.2.3:

- (a) where Train Services operated in relation to an origin to destination in respect of a person (“End User”) who is either the Customer for those Train Services or the Access Holder for those Train Services (but who has no Customer) under an individual Access Agreement exceed the Train Service Entitlement in that individual Access Agreement, the Train Services in excess of the Train Service Entitlement will be proportionally recognised as the performance of a Train Service Entitlement under any other individual Access Agreement with Train Service Entitlements for that same origin to destination and same End User to the extent that the Train Services Entitlement in the other individual Access Agreement has not been exceeded; or
- (b) where the aggregate of Train Services operated in relation to an origin to destination in respect of an End User is greater than or equal to the aggregate Train Service Entitlements for Access Agreements for that origin to destination and End User, no Take or Pay is payable under an Access Agreement in relation to Train Services not operated in accordance with the relevant Train Service Entitlement for that origin to destination in respect of that End User.

2.2.6 Notwithstanding Clause 2.2.3 and subject to Clause 2.2.5, where the Total Actual Revenue for  $AT_{2-4}$  for an Individual Coal System less the aggregate amount of Take or Pay that QR Network is entitled to earn from all Access Agreements in relation to that Individual Coal System executed or renewed on or after 30 June 2006 (other than New Access Agreements, that are not Capacity Access Agreements, entered as part of transferring Access Rights from Access Agreements in place on the day immediately prior to 30 June 2006 pursuant to Clause 7.3.7(a) of the Undertaking) (“Total Revenue”) is:

- (a) greater than or equal to the System Allowable Revenue for  $AT_{2-4}$  in relation to that Individual Coal System, Take or Pay shall not be payable for that Year under Access Agreements in relation to that Individual Coal System executed or renewed on or after 30 June 2006 (other than New Access Agreements, that are not Capacity Access Agreements, entered as part of transferring Access Rights from Access Agreements in place on the day immediately prior to 30 June

2006 pursuant to Clause 7.3.7(a) of the Undertaking) (“Full Take or Pay Agreements”);

- (b) less than the System Allowable Revenue for AT<sub>2-4</sub> in relation to that Individual Coal System:
- (i) QR Network will calculate the aggregate amount of Take or Pay that QR Network is entitled to earn from all Full Take or Pay Agreements (“Total Actual Take or Pay”); and
  - (ii) if the Total Actual Take or Pay exceeds the amount by which the System Allowable Revenue for AT<sub>2-4</sub> exceeds the Total Revenue for that Individual Coal System (“Maximum Take or Pay Amount”), then:
    - (A) QR Network will calculate for each relevant Access Holder, the proportion that the Access Holder’s Take or Pay amount bears to the Total Actual Take or Pay (“Proportion”); and
    - (B) each relevant Access Holder’s Take or Pay amount will be reduced to equal that Access Holder’s Proportion of the Maximum Take or Pay Amount.

In determining what QR Network would be entitled to earn for the purposes of this Clause 2.2.6, QR Network is deemed to have contracted on the terms of the relevant Standard Access Agreement (as defined under the Applicable Undertaking) that applied on the date of execution or renewal of an Access Agreement, except for:

- those Access Agreements which have been altered from that form in accordance with the terms of the relevant Applicable Undertaking, for which QR Network’s entitlement will be calculated in accordance with the terms of such Access Agreements; and
- a New Access Agreement, that is not a Capacity Access Agreement, to the extent entered into as part of transferring Access Rights from an Old Access Agreement executed under or prior to the 2001 Undertaking, pursuant to Clause 7.3.7(a) of the Undertaking, which has not been renewed after 30 June 2006, for which QR Network’s entitlement to Take or Pay amounts will be calculated on the basis that QR Network has contracted on the terms of:
  - (A) for an Old Access Agreement executed under the 2001 Undertaking, the relevant Standard Access Agreement (as defined under the 2001 Undertaking) that applied on the date of execution of that Old Access Agreement; or
  - (B) for an Old Access Agreement executed prior to the 2001 Undertaking, the terms of the Old Access Agreement; and
- for the avoidance of doubt, an Access Agreement executed prior to the 2001 Undertaking, for which QR Network’s entitlement will be calculated in accordance with the terms of that Access Agreement.

- 2.2.7 In order to calculate nt, ntk and gtk for the purposes of Clauses 2.2.3(b)(i) and (ii), QR Network will:
- (a) identify from the Access Agreement the number of train paths that would have been utilised had the full contracted entitlement been attained; and
  - (b) determine the number of train paths that were not utilised due to a QR Network Cause,
- and convert this to nt, ntk and gtk by using a nominal payload per loaded Train Service as reasonably determined by QR Network.
- 2.2.8 QR Network shall provide to the Access Holder information on how it has determined the amount of the Take or Pay at the same time as it is invoiced.

### **3. Annual Review of Reference Tariffs**

#### **3.1 Requirement for Annual Review of Reference Tariffs**

- 3.1.1 Prior to the beginning of each Year during the Term (except for the first Year) Reference Tariffs set out in this Part B will be adjusted to reflect:
- (a) a variation to the applicable System Allowable Revenue for the relevant Year due to an adjustment to 2<sup>nd</sup> Year System Allowable Revenue in accordance with Clause 3.4; and
  - (b) a variation to the applicable System Allowable Revenue for the relevant Year and each subsequent Year during the Term in accordance with Clause 3.1.2.
- 3.1.2 QR Network will submit to the QCA by 28 February of each Year during the Term:
- (a) a revised System Forecast for each Individual Coal System for the next Year;
  - (b) details of the methodology, data and assumptions used to estimate the revised System Forecast; and
  - (c) the proposed adjustments, for each Individual Coal System, arising from any difference between the relevant revised System Forecast and the System Forecast used for the purpose of determining the System Allowable Revenue for that Individual Coal System, to:
    - (i) the System Allowable Revenue for the Individual Coal System for each subsequent Year during the Term; and
    - (ii) the Reference Tariffs for the Individual Coal System for the next Year.

The QCA will approve the revised System Forecast, System Allowable Revenues and Reference Tariffs for each Individual Coal System if it considers that the revised System Forecast is reasonable and the consequential adjustments to System Allowable Revenues and Reference Tariffs are calculated properly. If QR Network does not submit an amendment by 28 February or, if QR Network has done so, the QCA does not approve a revised System Forecast for an Individual Coal System by the next 4 July, then no adjustments to the System Forecast, System Allowable

Revenues or Reference Tariffs for the relevant Individual Coal System(s) will be made in accordance with this Clause 3.1.2.

- 3.1.3 Upon the finalisation of the balance of the Capital Expenditure Carryover Account at the Commencing Date, the System Allowable Revenues for the Term will be adjusted by the QCA for the difference between the finalised balance of the Capital Expenditure Carryover Account at the Commencing Date and the forecast used for determining the Reference Tariffs.

### **3.2 Calculation of Revenue Adjustment Amounts**

3.2.1 After the end of each Year, QR Network will calculate:

- (a) the following Revenue Adjustment Amounts:
  - (i) an “AT<sub>2-4</sub> Revenue Adjustment Amount”, for each relevant Individual Coal System, by subtracting:
    - (A) the Adjusted System Allowable Revenue for AT<sub>2-4</sub>, determined in accordance with Clause 3.2.2; from
    - (B) the Total Actual Revenue for AT<sub>2-4</sub>, determined in accordance with Clause 3.2.3,for the relevant Individual Coal System for that Year; and
  - (ii) an “AT<sub>5</sub> Revenue Adjustment Amount”, by subtracting the Adjusted System Allowable Revenue for the AT<sub>5</sub> component of Access Charges, determined in accordance with Clause 3.2.2, for the Central Queensland Coal Region from the Total Actual Revenue for AT<sub>5</sub>, determined in accordance with Clause 3.2.5, for the Central Queensland Coal Region, for that Year; and
- (b) a performance increment. (“Increment”) for each relevant Individual Coal System as calculated in accordance with Clause 3.3.

For the avoidance of doubt, a Revenue Adjustment Amount or an Increment calculated under this Clause 3.2.1 may be a negative or a positive number.

3.2.2 The Adjusted System Allowable Revenue for AT<sub>2-4</sub> or the AT<sub>5</sub> component of Access Charges is the sum of the following components of relevant System Allowable Revenue:

- (a) the component relating to the recovery of QR Network’s maintenance costs, adjusted to reflect:
  - (i) for the maintenance costs of maintaining branchlines for new loading facilities (that became operational after the Commencing Date), \$15,000.00 per kilometre of new Track comprised in those branchlines; and
  - (ii) for maintenance costs to which Clause 3.2.2(a)(i) does not apply, the difference between:
    - (A) the actual MCI value less the approved X-Factor for the relevant Year; and
    - (B) the forecast MCI value less the approved X-Factor that was used for the purpose of determining the Reference Tariffs for the relevant Year;

- (b) the components relating to the recovery of QR Network's:
  - (i) cost of electric energy for traction; and
  - (ii) costs associated with the connection of QR Network's electrical traction system to an electricity transmission or distribution network,
 adjusted to reflect the difference between:
  - (iii) the actual costs for the relevant Year; and
  - (iv) the forecast costs used for the purpose of determining the Reference Tariffs for the relevant Year;
- (c) the component relating to the recovery of QR Network's operating costs, excluding those costs referred to in Clause 3.2.2(a), adjusted to reflect the difference between:
  - (i) the actual CPI value less the approved X-Factor for the relevant Year; and
  - (ii) the forecast CPI value less the approved X-Factor that was used for the purpose of determining the Reference Tariffs for the relevant Year; and
- (d) all components excluding those costs referred to in Clause 3.2.2(a), (b) or (c).

3.2.3 The Total Actual Revenue for  $AT_{2-4}$  is the sum of:

- (a) total revenue from  $AT_{2-4}$  for coal carrying Train Services that operated on the Individual Coal System in the Year, calculated using:
  - (i) for a Train Service that is a Reference Train Service and is not a Cross System Train Service, the  $AT_2$ ,  $AT_3$  and  $AT_4$  components of the relevant Reference Tariff; or
  - (ii) for a Train Service to which Clause 4.2 applies, that part of the  $AT_2$ ,  $AT_3$  and  $AT_4$  components of the relevant Reference Tariff relating to that Individual Coal System allocated in accordance with the method used in the calculation of the relevant System Allowable Revenue as set out in Clause 4.2(g);
  - (iii) for a Train Service that varies from the Reference Train Service due to it not complying with:
    - (A) Clause 1.3.1(f) of Part A, the  $AT_2$  component of the Access Charge (where the Access Charge varies from the Reference Tariff in accordance with Clause 3.2 of Part A) and the  $AT_3$  and  $AT_4$  components of the relevant Reference Tariff; or
    - (B) any other part of Clause 1.3 or 1.4 of Part A, other than Clause 1.3.1(f) of Part A (with which it complies), the  $AT_2$ ,  $AT_3$  and  $AT_4$  components of the relevant Reference Tariff; and
  - (iv) for a Train Service for which Clause 4.3 applies, the amount of the  $AT_2$ ,  $AT_3$  and  $AT_4$  components of the relevant Access Charge,

that QR Network has actually earned over the relevant Year (whether or not actually collected by QR Network);

- (b) subject to Clause 3.2.4, the amount of any Take or Pay amounts and Relinquishment Fees (including equivalent amounts payable under a relevant Access Agreement (“Equivalent Amounts”)) which QR Network is entitled to be paid in relation to Access Agreements for coal carrying Train Services on the Individual Coal System calculated on the basis that QR Network is deemed to have contracted on the terms of the relevant Standard Access Agreement (as defined under the Applicable Undertaking) that applied on the date of execution or renewal of an Access Agreement except for:
  - (i) subject to Clause 3.2.3(b)(ii):
    - (A) those Access Agreements which have been altered from the relevant Standard Access Agreement in accordance with the relevant Applicable Undertaking, for which QR Network’s entitlement to Take or Pay amounts, Relinquishment Fees or Equivalent Amounts will be calculated in accordance with the terms of those Access Agreements;
    - (B) a New Access Agreement, that is not a Capacity Access Agreement, to the extent entered into as part of transferring Access Rights from an Old Access Agreement executed under or prior to the 2001 Undertaking, pursuant to Clause 7.3.7(a) of the Undertaking, which has not been renewed after the Commencing Date (as defined under the 2005 Undertaking), for which QR Network’s entitlement to Take or Pay amounts, Relinquishment Fees and Equivalent Amounts will be calculated on the basis that QR Network has contracted on the terms of:
      - (1) for an Old Access Agreement executed under the 2001 Undertaking, the relevant Standard Access Agreement (as defined under the 2001 Undertaking) that applied on the date of execution of that Old Access Agreement; or
      - (2) for an Old Access Agreement executed prior to the 2001 Undertaking, the terms of that Old Access Agreement; and
    - (C) for the avoidance of doubt, an Access Agreement executed prior to the 2001 Undertaking, for which QR Network’s entitlement will be calculated in accordance with the terms of that Access Agreement; and
  - (ii) those Access Agreements executed prior to the Approval Date which have been amended to reflect the capacity resumption, relinquishment and transfer provisions under a relevant Standard Access Agreement under this Undertaking, for which QR Network’s entitlement to Relinquishment Fees will be calculated on the basis that QR Network has contracted on the terms of the relevant Standard Access Agreement under this Undertaking,

that QR Network has actually earned over the relevant Year (whether or not actually collected by QR Network); and

- (c) the System Allowable Revenue for AT<sub>2-4</sub> in relation to the applicable Individual Coal System which is attributable to assets under an agreement described by Clause 6.5.2(d)(i) of the Undertaking for the payment of a rebate less any rebate which is paid under that agreement.

3.2.4 Subject to the QCA's approval, QR Network may reduce the amount of any Relinquishment Fee (or applicable Equivalent Amount) used to calculate Total Actual Revenue for a Year if its inclusion will have a material effect on the AT<sub>2-4</sub> Revenue Adjustment Amount. If QR Network reduces the amount of any Relinquishment Fee (or applicable Equivalent Amount) in accordance with this Clause 3.2.4, then the amount of the reduction must be carried forward to a following Year, including a return on capital amount, calculated by reference to the Discount Rate over the period starting on the first day of the Year in which the Relinquishment Fee (or applicable Equivalent Amount) is received and ending on the first day of the Year in which the Relinquishment Fee (or applicable Equivalent Amount) is included in the calculation of Total Actual Revenue.

3.2.5 The Total Actual Revenue for the AT<sub>5</sub> component of Access Charges is the sum of:

- (a) total revenue from the AT<sub>5</sub> component of Access Charges arising from all Access Agreements in relation to coal carrying Train Services for the Central Queensland Coal Region that QR Network has actually earned over the relevant Year (whether or not actually collected by QR Network), calculated using:
  - (i) for a Train Service for which Clause 4.3 applies, the amount of the AT<sub>5</sub> components of the relevant Access Charges; or
  - (ii) if paragraph (i) does not apply, the AT<sub>5</sub> component of the relevant Reference Tariff; and
- (b) the System Allowable Revenue for AT<sub>5</sub> in relation to Central Queensland Coal Region which is attributable to assets under an agreement described by Clause 6.5.2(d)(i) of the Undertaking for the payment of a rebate less any rebate which is paid under that agreement.

3.2.6 QR Network will submit to the QCA by 30 September after the end of each Year of the Term details of the methodology, data and assumptions used to calculate the Revenue Adjustment Amounts and Increments for that Year in accordance with this Clause 3.2 provided that if, in that September:

- (a) the QCA approves Adjustment Charges relating to the relevant Year; or
- (b) the process for obtaining that approval is underway but has not been concluded,

then QR Network is only required to submit the relevant information within 30 days after the QCA's approval of the Adjustment Charges relating to the relevant Year.

3.2.7 The QCA may give QR Network a written notice requiring QR Network to submit the Revenue Adjustment Amounts and Increments, if QR Network fails to do so in accordance with Clause 3.2.6.

3.2.8 The QCA may grant QR Network an extension of the time for submitting, or resubmitting, the Revenue Adjustment Amounts and Increments if:

- (a) QR Network provides a written request to the QCA for an extension of time which includes the reasons why QR Network requires the extension of time; and
- (b) the extension of time is reasonable or necessary.

If the QCA grants QR Network an extension of time under this Clause 3.2.8, QR Network must submit the Revenue Adjustment Amounts and Increments within the time specified by the QCA.

3.2.9 The QCA may determine Revenue Adjustment Amounts and Increments that are consistent with the requirements specified in this Clause 3.2:

- (a) if QR Network does not comply with a written notice given by the QCA under Clause 3.2.7 or 3.2.12(b) for it to submit, or resubmit, the Revenue Adjustment Amounts and Increments; or
- (b) if the QCA refuses to approve the Revenue Adjustment Amounts and Increments resubmitted by QR Network in accordance with Clause 3.2.12(b).

3.2.10 Where QR Network submits the Revenue Adjustment Amounts and Increments in accordance with Clause 3.2.6, the QCA may, to the extent it considers it appropriate to do so:

- (a) publish details of the Revenue Adjustment Amounts and Increments; and
- (b) invite and consider comments from stakeholders regarding the Revenue Adjustment Amounts and Increments.

To the extent that stakeholders provide comments, QR Network must be given a reasonable period in which to provide a response to those comments to the QCA.

3.2.11 The QCA will approve:

- (a) the Revenue Adjustment Amounts, if the QCA is reasonably satisfied that the calculation of the Revenue Adjustment Amounts is in accordance with this Clause 3.2; and
- (b) the Increments, if the QCA is reasonably satisfied that the calculation of the Increments is in accordance with Clause 3.3.

3.2.12 If the QCA:

- (a) approves the Revenue Adjustment Amounts and Increments, the QCA will give QR Network a notice in writing stating the reasons for the QCA's decision; or
- (b) refuses to approve the Revenue Adjustment Amounts and Increments, the QCA will give QR Network a notice in writing:



- (i) stating the reasons for its refusal and the way in which the QCA considers that the Revenue Adjustment Amounts and Increments should be amended; and
- (ii) requiring QR Network to vary the Revenue Adjustment Amounts and Increments in the way the QCA considers it appropriate and resubmit the Revenue Adjustment Amounts to the QCA within thirty (30) days after QR Network receives that notice.

3.2.13 QR Network must comply with a notice given under Clause 3.2.12(b).

3.2.14 The QCA may approve resubmitted Revenue Adjustment Amounts or Revenue Adjustment Amounts developed by the QCA under Clause 3.2.9, if the QCA is satisfied that the Revenue Adjustment Amounts:

- (a) are consistent with the matters specified under Clause 3.2.11; and
- (b) have been amended or developed in accordance with the QCA's decision.

3.2.15 Notwithstanding any other provision of this Undertaking, to the extent that:

- (a) the QCA has approved Adjustment Charges for a Year;
- (b) QR Network is entitled or obliged, in accordance with this Undertaking and the QCA's approval of the Adjustment Charges, to recover or reimburse those Adjustment Charges from or to Access Holders;
- (c) QR Network is obliged under this Undertaking to calculate Revenue Adjustment Amounts in respect of that Year; and
- (d) in recovering or reimbursing the Adjustment Charges, the Adjustment Charges are included in an invoice relating to a billing period in the Year in which the relevant Revenue Adjustment Amounts are required to be calculated,

then, the Total Actual Revenue for  $AT_{2-4}$  or  $AT_5$  for each relevant Individual Coal System for that Year and the Year in which the relevant Revenue Adjustment Amounts are required to be calculated must be adjusted to take account of the Adjustment Charges (but excluding the interest component of those Adjustment Charges) in accordance with the allocation approved by the QCA under Clause 2.3.4(c)(iv) of Part A.

### **3.3 Calculation of Increment**

3.3.1 The Increment is calculated as follows for each relevant Individual Coal System:

- (a) where:
  - (i) the Total Actual Revenue for  $AT_{2-4}$  is less than or equal to the System Allowable Revenue for  $AT_{2-4}$  for the relevant Individual Coal System; and
  - (ii) the Total Actual Revenue for  $AT_{2-4}$  that QR Network actually earned for the relevant Individual Coal System is less than 96% of the Total Actual Revenue for  $AT_{2-4}$  ("Entitled TAR") that QR Network would have been entitled to earn under all of the Access Agreements in relation to the relevant Individual Coal System during the relevant Year but for QR Network's breach of any Access Agreement(s) or negligence in

the provision of Below Rail Services, in relation to that Individual Coal System,

the Increment equals the amount calculated as the Total Actual Revenue for AT<sub>2-4</sub> that QR Network actually earned for the relevant Individual Coal System less the Entitled TAR; and

(b) subject to Clause 3.3(c), where:

- (i) the Total Actual Revenue for AT<sub>2-4</sub> is greater than the System Allowable Revenue for AT<sub>2-4</sub> for the relevant Individual Coal System;
- (ii) QR Network is required by Clause 3.4.3 to submit a variation of relevant Reference Tariffs to the QCA; and
- (iii) the QCA, when considering that variation, is reasonably satisfied that the difference between the Total Actual Revenue for AT<sub>2-4</sub> and the System Allowable Revenue for AT<sub>2-4</sub> for the relevant Individual Coal System (“Difference”) has, in whole or part, arisen as a direct result of whole of coal chain activities or initiatives of QR Network (or its contractors) which have increased the efficiency of the Below Rail network,

the Increment equals that part of the Difference, as determined by the QCA taking into account the extent to which the Difference has in whole or part arisen as a direct result of the whole of coal chain activities or initiatives of QR Network (or its contractors).

3.3.2 In no circumstance will an Increment for an Individual Coal System exceed an amount equal to two percentage points (2%) of the System Allowable Revenue for AT<sub>2-4</sub> for that Individual Coal System.

### **3.4 Revenue Adjustment**

3.4.1 Where a Revenue Adjustment Amount has been approved by the QCA in accordance with Clause 3.2:

- (a) the equivalent System Allowable Revenue to that used in the calculation of that Revenue Adjustment Amount for the relevant Individual Coal System for the Year after the Year in which that Revenue Adjustment Amount was calculated (“2<sup>nd</sup> Year System Allowable Revenue”) will be adjusted in accordance with this Clause 3.4; and
- (b) the System Allowable Revenue for all subsequent Years will also be adjusted to reflect the actual change in the MCI and CPI less the approved X-Factors as used in the calculation of the approved Revenue Adjustment Amount.

3.4.2 A 2<sup>nd</sup> Year System Allowable Revenue shall be adjusted as follows:

- (a) for an AT<sub>2-4</sub> Revenue Adjustment Amount, by subtracting from the relevant 2<sup>nd</sup> Year System Allowable Revenue:
  - (i) that AT<sub>2-4</sub> Revenue Adjustment Amount less the amount of the relevant Increment; and

- (ii) a return on capital amount, calculated by reference to the Discount Rate as applied to the AT<sub>2-4</sub> Revenue Adjustment Amount over the period starting on the first day of the Year in which the Revenue Adjustment Amount is calculated and ending on the last day of the Year following that Year;
- (b) for an AT<sub>5</sub> Revenue Adjustment Amount, by subtracting from the relevant 2<sup>nd</sup> Year System Allowable Revenue:
  - (i) that AT<sub>5</sub> Revenue Adjustment Amount; and
  - (ii) a return on capital amount, calculated by reference to the Discount Rate as applied to the AT<sub>5</sub> Revenue Adjustment Amount over the period starting on the first day of the Year in which the Revenue Adjustment Amount is calculated and ending on the last day of the Year following that Year.

3.4.3 Where a 2<sup>nd</sup> Year System Allowable Revenue is adjusted under this Clause 3.4, QR Network shall submit a variation of the relevant Reference Tariffs to the QCA as part of the adjustment of the relevant Reference Tariff in accordance with Clause 3.1.1.

#### **4. Coal Carrying Train Services for which Reference Tariffs do not apply**

##### **4.1 Reference Tariffs for New Coal Carrying Train Services**

4.1.1 Unless otherwise agreed with the QCA, where a coal carrying Train Service is operating within an existing Individual Coal System, or is utilising an existing or new branch line connecting to that Individual Coal System and is not a Cross System Train Service, it will be expected to make a minimum contribution towards QR Network's Common Costs determined as the sum of the following components of the Reference Tariff that applies to that Individual Coal System:

- (a) AT<sub>2</sub> (adjusted for any variation that will be made pursuant to Clause 3 of Part A for that Train Service); and
- (b) fifty percentage points (50%) of AT<sub>3</sub> for the distance that the Train Service will travel on the mainline of that Individual Coal System.

4.1.2 In order to reflect the requirements of Clause 4.1.1, the Reference Tariff applicable for a new coal carrying Train Service will be the higher of (on a \$/ntk basis):

- (a) the Reference Tariff for the relevant Individual Coal System; or
- (b) the sum of the new coal carrying Train Service's Private Incremental Costs (if any), the Incremental Costs of using any Rail Infrastructure specifically related to the new coal carrying Train Service and the required minimum Common Cost contribution determined in accordance with Clause 4.1.1,

provided that the Access Charge payable to QR Network for the operation of that new coal carrying Train Service is calculated as the applicable Reference Tariff less the Private Incremental Costs (if any).

- 4.1.3 Where a new coal carrying Train Service is a Cross System Train Service it will be expected to make a minimum contribution towards QR Network's Common Costs determined as the sum of the following components of the Reference Tariff:
- (a)  $AT_2$  (adjusted for any variation that will be made pursuant to Clause 3 of Part A for that Train Service) applicable to the Destination System;
  - (b)  $AT_2$  (adjusted for any variation that will be made pursuant to Clause 3 of Part A for that Train Service) applicable to the Origin System but only if the Train Service operates on capacity constrained corridors of the Origin System as identified in Clause 4.2(g); and
  - (c) fifty percentage points (50%) of  $AT_3$  applicable to the relevant Individual Coal System for the distance that the Train Service will travel on the mainline of that Individual Coal System.

- 4.1.4 In order to reflect the requirements of Clause 4.1.3, the Reference Tariff applicable for a new coal carrying Train Service will be the higher of (on a \$/ntk basis):
- (a) the Access Charge for a Cross System Train Service calculated in accordance with Clause 4.2; or
  - (b) the sum of the new coal carrying Train Service's Private Incremental Costs (if any), the Incremental Costs of using any Rail Infrastructure specifically related to the new coal carrying Train Service and the required minimum Common Cost contribution determined in accordance with Clause 4.1.3,

provided that the Access Charge payable to QR Network for the operation of that new coal carrying Train Service is calculated as the applicable Reference Tariff less the Private Incremental Costs (if any).

- 4.1.5 Where a Reference Tariff for a new coal carrying Train Service is established in accordance with Clause 6.4.2(b) of the Undertaking:
- (a) if the new coal carrying Train Service is operating within an existing Individual Coal System, utilising an existing or new branch line connecting to that Individual Coal System and is not a Cross System Train Service:
    - (i) the loading facility for that new Train Service will be added as a Nominated Loading Facility into the existing Reference Train Service applicable for that Individual Coal System, irrespective of whether that loading facility is located adjacent to Private Infrastructure or Rail Infrastructure; and
    - (ii) where the amount calculated in accordance with Clause 4.1.2(b) is higher than the amount calculated in accordance with Clause 4.1.2(a), a System Premium will be included in that Reference Tariff for Train Services utilising that Nominated Loading Facility, where the System Premium will be calculated as the difference (in \$/ntk) between the amount calculated in accordance with Clause 4.1.2(b) and the amount calculated in accordance with Clause 4.1.2(a);
  - (b) if the new coal carrying Train Service is a Cross System Train Service:
    - (i) the loading facility for that new Train Service will be added as a Nominated Loading Facility into the existing Reference Train

Service applicable to the Origin System, irrespective of whether that loading facility is located adjacent to Private Infrastructure or Rail Infrastructure;

- (ii) the capital costs of developing a rail spur which will be used (wholly or partly) for Cross System Train Services will be allocated to the Regulatory Asset Base as part of the Origin System; and
  - (iii) where the amount calculated in accordance with Clause 4.1.4(b) is higher than the amount calculated in accordance with Clause 4.1.4(a), a System Premium will be included in that Reference Tariff for Train Services utilising that Nominated Loading Facility, where the System Premium will be calculated as the difference (in \$/ntk) between the amount calculated in accordance with Clause 4.1.4(b) and the amount calculated in accordance with Clause 4.1.4(a); or
- (c) if the new coal carrying Train Service is operating otherwise than in accordance with Clause 4.1.5(a) or (b), a new Reference Tariff will be developed for a new Reference Train Service in accordance with Clause 6.4.2 of the Undertaking.

4.1.6 Where QR Network enters into an Access Agreement with an Access Seeker in relation to Train Services carrying coal from a new mine prior to the authorisation of the applicable Reference Tariff, the Access Charge for that Train Service will be reviewed following authorisation of the Reference Tariff to ensure that it is consistent with the Reference Tariff.

## 4.2 Cross System Train Services

Where a coal carrying Train Service in the Central Queensland Coal Region requires Access to more than one Individual Coal System ("Cross System Train Service"), the Access Charges for the Cross System Train Service will be calculated as though a Reference Tariff applied, where the Reference Tariff will be determined in accordance with the following methodology:

- (a)  $AT_1$  determined as the  $AT_1$  component of the Reference Tariff for:
  - (i) the Origin System, for the gtk attributable to the Origin System; and
  - (ii) the Destination System, for the gtk attributable to the Destination System; and
- (b)  $AT_2$  determined as follows:
  - (i)  $AT_2$  component of the Reference Tariff in the Origin System shall be applicable to the Train Paths used in the Origin System, but only if the Train Service operates on capacity constrained corridors of the Origin System as identified in Clause 4.2(g); and
  - (ii) the  $AT_2$  component of the Reference Tariff in the Destination System shall be applicable in accordance with Clause 2.1 of Part B; and
- (c)  $AT_3$  determined as the higher of the  $AT_3$  component of the Reference Tariff for either the Origin System or the Destination System, applied to the aggregate of ntk for the Train Service;
- (d)  $AT_4$  determined as the higher of the  $AT_4$  component of the Reference Tariff for either the Origin System or the Destination System, applied to the nt for the Train Service; and

- (e) AT<sub>5</sub> and EC determined as the AT<sub>5</sub> and EC components of the Reference Tariff for:
  - (i) the Origin System, for the egtk attributable to the Origin System; and
  - (ii) the Destination System, for the egtk attributable to the Destination System;
- (f) the QCA Levy component of the Reference Tariff in the Destination System shall be applicable in accordance with Clause 2.1 of Part B, applied to the nt for the Train Service;
- (g) unless otherwise agreed with the QCA, for the purposes of calculating System Allowable Revenue in relation to the Origin System and the Destination System for a Cross System Train Service:
  - (i) for the System Allowable Revenue for AT<sub>2-4</sub>:
    - (A) Access Charges which QR Network is entitled to earn in respect of the Cross System Train Service equal to the minimum contribution for the Destination System's common costs will be allocated to the System Allowable Revenue for the Destination System; and
    - (B) all other Access Charges attributable to AT<sub>2-4</sub> which QR Network is entitled to earn in respect of the Cross System Train Service will be allocated to the System Allowable Revenue of the Origin System; and
  - (ii) for the System Allowable Revenue for AT<sub>5</sub>:
    - (A) Access Charges attributable to AT<sub>5</sub> and egtk in the Origin System will be allocated to the System Allowable Revenue for the Origin System; and
    - (B) Access Charges attributable to AT<sub>5</sub> and egtk in the Destination System will be allocated to the System Allowable Revenue for the Destination System;
- (h) unless approved by the QCA, the following corridors shall be regarded as capacity constrained:
  - (i) the rail corridor between Coppabella and the ports at Hay Point and Dalrymple Bay;
  - (ii) the rail corridor between the junction to the German Creek mine and Coppabella; and
  - (iii) the rail corridor between Burngrove and the port of Gladstone (including domestic coal terminals in the vicinity of Gladstone).

### **4.3 Access Charges where Reference Tariffs do not apply**

Unless approved by the QCA, QR Network must calculate the Access Charges for all coal carrying Train Service in the Central Queensland Coal Region which are:

- (a) not a Reference Train Service due to non-compliance with Clause 1.2 of Part A; or
- (b) a Cross System Train Service,

by reference to:

- (c) an incremental maintenance component that is levied on a gtk basis, referred to as AT<sub>1</sub>;
- (d) an incremental capacity component that is levied on a train path basis, referred to as AT<sub>2</sub>;
- (e) a component that is levied on a ntk basis, referred to as AT<sub>3</sub>;
- (f) a component that is levied on a nt basis, referred to as AT<sub>4</sub>;
- (g) an electric access tariff that is levied on an egtk basis (if appropriate) referred to as AT<sub>5</sub>;
- (h) an electric energy charge that is levied on an egtk basis (if appropriate) referred to as EC;
- (i) the QCA Levy levied on a nt basis; and
- (j) any other amount that may be included in an Access Charge in accordance with this Undertaking.

## **5. Blackwater System**

### **5.1 Term**

The term of this Reference Tariff is from 1 July 2009 to the Terminating Date.

### **5.2 Reference Train Service Description**

5.2.1 The Reference Train Service has the following characteristics:

- (a) a maximum length (including the locomotive/s) of 1709<sup>1</sup> metres, except that Train Services operating from Minerva will have a maximum length (including the locomotive/s) of 1240 metres;
- (b) a maximum axle load of 26.5 tonne for a wheel configuration consistent with M220<sup>2</sup> loading, or otherwise generates a loading equivalent to M220, except that Train Services operating from Minerva will have a maximum axle load of 20 tonne; and
- (c) utilisation of either electric or diesel traction, except that Train Services operating from Rolleston or Minerva will only utilise diesel traction.

5.2.2 The conditions of Access for the Reference Train Service include a Below Rail Transit Time which shall be determined as the sum of the nominated section running times for the Nominated Infrastructure (as included in the relevant Information Pack) plus (+) a factor of twenty-seven percentage points (27%). If a Train Service varies from these section running times, but is otherwise subject to this Schedule, the Below Rail Transit Time will be determined as the sum of the nominated section running times for the Nominated Infrastructure (as included in the relevant Access Agreement) plus (+) a factor of twenty-seven percentage points (27%).

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<sup>1</sup> This train length comprises the following: static train length (which is the straight addition of individual rollingstock lengths) plus an allowance of 2% of this static train length for train handling accuracy and for slack movement in drawgear (includes free slack in the drag box, compression of the draftgear, clearance/free slack due to coupler wear and pin clearance at the yoke).

<sup>2</sup> As specified in the ANZRC Railway Bridge Design Manual 1974.

### 5.2.3 Loading Facilities

Nominated Loading Facilities	Loading Time (hours) per return trip
Boonal	4.6
Boorgoon	3.8
Curragh	3.3
Ensham	3.2
German Creek	3
Gregory	2.8
Kestrel (Gordonstone)	3.3
Kinrola	3.15
Koorilgah	5
Minerva	2.3
Oaky Creek	2.6
Rolleston	2.2
Yongala	4.2

### 5.2.4 Unloading Facilities

Nominated Unloading Facilities	Unloading Time (hours) per return trip
Barney Point	5
Cement Australia	6
Comalco Refinery	4
Gladstone Power Station	3.3
Golding/RG Tanna Terminal	2.6
Queensland Alumina Ltd (QAL) <sup>4</sup>	8.9
Stanwell Power Station	2.3

### 5.2.5 Dwell Period

	Dwell period (hours)per return trip
Inclusive of Train examination	9.2
Excluding Train examination	3.2

## 5.3 System Forecast and System Allowable Revenues inclusive of the Revenue Cap Adjustments for 2007/08 and 2008/09

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<sup>4</sup> The average Unloading Time for the QAL refinery represents the average time the Train Service is off the Rail Infrastructure on the relevant Private Infrastructure.



Year	System GtK (,000 gtk)	System Allowable Revenue – AT <sub>2-4</sub> (\$)	System Allowable Revenue – AT <sub>5</sub> (\$)
2009/10	32,838,311	221,579,595	64,624,673 <sup>a</sup>
2010/11	35,421,425	232,846,186	86,074,096 <sup>b</sup>
2011/12	36,250,922	251,436,405	66,681,134
2012/13	36,197,257	257,622,628	85,003,562

a The 2009/10 SAR is inclusive of the 2007/08 Revenue Cap Adjustment

b The 2010/11 SAR is inclusive of the 2008/09 Revenue Cap Adjustment

#### 5.4 Reference Tariff

(a) The Reference Tariff components (as at July 2009) inclusive of Revenue Cap adjustments for 2007/08 and 2008/09 are:

Reference Tariff Input	2009/10 (\$)	2010/11 (\$)	2011/12 (\$)	2012/13 (\$)
AT <sub>1</sub>	0.78	0.80	0.82	0.84
AT <sub>2</sub>	1,829.45	1,875.18	1,922.06	1,970.11
AT <sub>3</sub>	4.68	4.41	4.69	4.81
AT <sub>4</sub>	1.58	1.49	1.58	1.62
AT <sub>5</sub>	4.78	5.62	4.53	4.64
EC	0.62	0.69	0.70	0.79
QCA Levy	0.007	0.007	0.007	0.007

(b) The System Premium or System Discount for Train Services to or from Nominated Loading Facilities or Nominated Unloading Facilities are:

Nominated Loading Facilities	System Premium / (System Discount) (\$/ntk)			
	2009/10	2010/11	2011/12	2012/13
Rolleston	3.06	3.14	3.22	3.30
Minerva	1.45	1.48	1.52	1.56

Nominated Unloading Facilities	System Premium / (System Discount) (\$/ntk)			
	2009/10	2010/11	2011/12	2012/13
Stanwell Power Station	(1.56)	(1.60)	(1.64)	(1.68)

## 6. Goonyella System

### 6.1 Term

The term of this Reference Tariff is from 1 July 2009 to the Terminating Date.

### 6.2 Reference Train Service Description

6.2.1 The Reference Train Service has the following characteristics:

- (a) a maximum length (including the locomotive/s) of 2082<sup>3</sup> metres;
- (b) a maximum axle load of 26.5 tonne for a wheel configuration consistent with M220<sup>4</sup> loading, or otherwise generates a loading equivalent to M220; and
- (c) utilisation of either electric or diesel traction.

6.2.2 The conditions of Access for the Reference Train Service include a Below Rail Transit Time which shall be determined as the sum of the nominated section running times for the Nominated Infrastructure (as included in the relevant Information Pack) plus (+) a factor of twenty-three percentage points (23%). If a Train Service varies from these section running times, but is otherwise subject to this Schedule, the Below Rail Transit Time will be determined as the sum of the nominated section running times for the Nominated Infrastructure (as included in the relevant Access Agreement) plus (+) a factor of twenty-three percentage points (23%).

#### 6.2.3 Loading Facilities

Nominated Loading Facilities	Loading Time (hours) per return trip
Blair Athol	3.1
Burton	3.8
Carborough Downs	3.5
German Creek	2.9
Goonyella	3.9
Hail Creek	4.1
Isaac Plains	3.9
Lake Vermont	3
Macarthur (Coppabella)	3.9
Millennium	3
Moorvale	3.9
Moranbah North	3.6

<sup>3</sup> This train length comprises the following: static train length (which is the straight addition of individual rollingstock lengths) plus an allowance of 2% of this static train length for train handling accuracy and for slack movement in draftgear (includes free slack in the drag box, compression of the draftgear, clearance/free slack due to coupler wear and pin clearance at the yoke).

<sup>4</sup> As specified in the ANZRC Railway Bridge Design Manual 1974.

North Goonyella	4.3
Norwich Park	3.9
Oaky Creek	3.8
Peak Downs	4.2
Riverside	3
Saraji	4.4
South Walker Creek	3.8

#### 6.2.4 Unloading Facilities

Nominated Unloading Facilities	Unloading Time (hours) per return trip
Dalrymple Bay	Pit 1 – 2.68 Pit 2.68 – 2.5 Pit 3 – 2.13
Hay Point	2.8

#### 6.2.5 Dwell Period

	Dwell period (hours) per return trip
Inclusive of Train examination	8.8
Excluding Train examination	1.8

### 6.3 System Forecast and System Allowable Revenues inclusive of the Revenue Cap Adjustments for 2007/08 and 2008/09

Year	System Gtk (,000 gtk)	System Allowable Revenue – AT <sub>2-4</sub>	System Allowable Revenue – AT <sub>5</sub>
2009/10	33,926,216	237,172,570 <sup>a</sup>	74,032,952
2010/11	37,415,050	260,655,640 <sup>b</sup>	83,325,452 <sup>b</sup>
2011/12	41,355,768	288,330,299	82,447,423
2012/13	41,355,887	295,537,807	84,597,062

a The 2009/10 SAR is inclusive of the 2007/08 Revenue Cap Adjustment

b The 2010/11 SAR is inclusive of the 2008/09 Revenue Cap Adjustment

#### 6.4 Reference Tariff

(a) The Reference Tariff components (as at July 2009) inclusive of Revenue Cap adjustments for 2007/08 and 2008/09 are:

Reference Tariff Input	2009/10 (\$)	2010/11 (\$)	2011/12 (\$)	2012/13 (\$)
AT <sub>1</sub>	0.54	0.55	0.57	0.58
AT <sub>2</sub>	1,159.06	1,188.03	1,217.73	1,248.18

AT <sub>3</sub>	4.86	4.81	4.78	4.90
AT <sub>4</sub>	1.04	1.03	1.03	1.05
AT <sub>5</sub>	2.20	2.24	2.00	2.05
EC	0.62	0.69	0.70	0.79
QCA Levy	0.007	0.007	0.007	0.007

- (b) The System Premium for Train Services to or from Nominated Loading Facilities or Nominated Unloading Facilities are:

Nominated Loading Facilities	System Premium / (System Discount) (\$/ntk)			
	2009/10	2010/11	2011/12	2012/13
Lake Vermont	1.40	1.43	1.47	1.51

## 7. Moura System

### 7.1 Term

The term of this Reference Tariff is from 1 July 2009 to the Terminating Date.

### 7.2 Reference Train Service Description

7.2.1 The Reference Train Service has the following characteristics:

- (a) a maximum length (including the locomotive/s) of 1000<sup>5</sup> metres;
- (b) a maximum axle load of 26.5 tonne for a wheel configuration consistent with M220<sup>6</sup> loading, or otherwise generates a loading equivalent to M220; and
- (c) utilisation of diesel traction.

7.2.2 The conditions of Access for the Reference Train Service include a Below Rail Transit Time which shall be determined as the sum of the nominated section running times for the Nominated Infrastructure (as included in the relevant Information Pack) plus (+) a factor of thirty percentage points (30%). If a Train Service varies from these section running times, but is otherwise subject to this Schedule, the Below Rail Transit Time will be determined as the sum of the nominated section running times for the Nominated Infrastructure (as included in the relevant Access Agreement) plus (+) a factor of thirty percentage points (30%).

### 7.2.3 Loading Facilities

<sup>5</sup> This train length comprises the following: static train length (which is the straight addition of individual rollingstock lengths) plus an allowance of 2% of this static train length for train handling accuracy and for slack movement in drawgear (includes free slack in the drag box, compression of the draftgear, clearance/free slack due to coupler wear and pin clearance at the yoke).

<sup>6</sup> As specified in the ANZRC Railway Bridge Design Manual 1974.

Nominated Loading Facilities	Loading Time (hours) per return trip
Baralaba	4.9
Boundary Hill	3.4
Dunn Creek (Callide)	4.2
Moura	3.6

#### 7.2.4 Unloading Facilities

Nominated Unloading Facilities	Unloading Time (hours) per return trip
Barney Point	3.1
Cement Australia	4.3
Comalco Refinery	4
Gladstone Power Station	3.3
Golding/RG Tanna Terminal	1.5
Queensland Alumina Ltd (QAL) <sup>16</sup>	8.9

#### 7.2.5 Dwell Period

	Dwell period (hours) per return trip
Inclusive of Train examination	6.2
Excluding Train examination	3.2

### 7.3 System Forecast and System Allowable Revenues inclusive of the Revenue Cap Adjustments for 2007/08 and 2008/09

Year	System GtK (,000 gtk)	System Allowable Revenue – AT <sub>2-4</sub>
2009/10	2,397,221	32,560,981 <sup>a</sup>
2010/11	3,217,568	47,338,120 <sup>b</sup>
2011/12	3,217,568	46,491,517
2012/13	3,425,545	47,875,691

a The 2009/10 SAR is inclusive of the 2007/08 Revenue Cap Adjustment

b The 2010/11 SAR is inclusive of the 2008/09 Revenue Cap Adjustment

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16 The average Unloading Time for the QAL refinery represents the average time the Train Service is off the Rail Infrastructure on the relevant Private Infrastructure.

## 7.4 Reference Tariff

The Reference Tariff components (as at July 2009) inclusive of Revenue Cap adjustments for 2007/08 and 2008/09 are:

Reference Tariff Input	2009/10 (\$)	2010/11 (\$)	2011/12 (\$)	2012/13 (\$)
AT <sub>1</sub>	1.45	1.49	1.52	1.56
AT <sub>2</sub>	547.99	561.69	575.73	590.12
AT <sub>3</sub>	9.97	10.72	10.48	10.74
AT <sub>4</sub>	1.24	1.34	1.31	1.34
QCA Levy	0.007	0.007	0.007	0.007

## 8. Newlands System

### 8.1 Term

The term of this Reference Tariff is from 1 July 2009 to the Terminating Date.

### 8.2 Reference Train Service Description

8.2.1 The Reference Train Service has the following characteristics:

- (a) a maximum length (including the locomotive/s) of 1380<sup>7</sup> metres;
- (b) a maximum axle load of 20 tonne for a wheel configuration consistent with M160<sup>8</sup> loading, or otherwise generates a loading equivalent to M160; and
- (c) utilisation of diesel traction.

8.2.2 The conditions of Access for the Reference Train Service include a Below Rail Transit Time which shall be determined as the sum of the nominated section running times for the Nominated Infrastructure (as included in the relevant Information Pack) plus (+) a factor of twenty-four percentage points (24%). If a Train Service varies from these section running times, but is otherwise subject to this Schedule, the Below Rail Transit Time will be determined as the sum of the nominated section running times for the Nominated Infrastructure (as included in the relevant Access Agreement) plus (+) a factor of twenty-four percentage points (24%).

### 8.2.3 Loading Facilities

Nominated Loading Facilities	Loading Time (hours) per return trip
McNaughton	2.5

<sup>7</sup> This train length comprises the following: static train length (which is the straight addition of individual rollingstock lengths) plus an allowance of 2% of this static train length for train handling accuracy and for slack movement in drawgear (includes free slack in the drag box, compression of the draftgear, clearance/free slack due to coupler wear and pin clearance at the yoke).

<sup>8</sup> As specified in the ANZRC Railway Bridge Design Manual 1974.

Newlands	1.8
Sonoma	1.5

#### 8.2.4 Unloading Facilities

Nominated Unloading Facilities	Unloading Time (hours) per return trip
Abbot Point	1.6

#### 8.2.5 Dwell Period

	Dwell period (hours) per return trip
Inclusive of Train examination	6.4
Excluding Train examination	2.4

### 8.3 System Forecast and System Allowable Revenues inclusive of the Revenue Cap Adjustments for 2007/08 and 2008/09

Year	System GtK (,000 gtk)	System Allowable Revenue – AT <sub>2-4</sub>
2009/10	3,502,871	35,651,700 <sup>a</sup>
2010/11	3,798,544	35,547,597 <sup>b</sup>
2011/12	3,798,544	33,642,283
2012/13	3,798,544	34,483,340

- a The 2009/10 SAR is inclusive of the 2007/08 Revenue Cap Adjustment  
b The 2010/11 SAR is inclusive of the 2008/09 Revenue Cap Adjustment

#### 8.4 Reference Tariff

The Reference Tariff components (as at July 2009) inclusive of Revenue Cap adjustments for 2007/08 and 2008/09 are:

Reference Tariff Input	2009/10 (\$)	2010/11 (\$)	2011/12 (\$)	2012/13 (\$)
AT <sub>1</sub>	1.51	1.55	1.59	1.63
AT <sub>2</sub>	245.01	251.14	257.42	263.85
AT <sub>3</sub>	7.74	6.96	6.56	6.72
AT <sub>4</sub>	1.10	0.99	0.93	0.95
QCA Levy	0.007	0.007	0.007	0.007

## **PART C. – PROVISIONS SPECIFIC TO INDIVIDUAL REFERENCE TRAIN SERVICES IN THE WESTERN SYSTEM**

### **1. Term**

The term of this Reference Tariff is from 1 July 2009 to the Terminating Date.

### **2. Reference Train Service Characteristics**

2.1 Further to Clause 1.3.1 of Part A, the Reference Train Service has the following characteristics:

- (a) a train length (including the locomotive/s) of 675 metres<sup>9</sup>;
- (b) a maximum axle load of 15.75 tonne; and
- (c) utilisation of diesel traction.

2.2 Further to Clause 1.4.1 of Part A, an Access Seeker for a Reference Train Service will have its Train Service Entitlement:

- (a) based on its Trains being available for operation 24 hours per day and 360 days per year; and
- (b) specified in terms of Timetabled Traffic and will comply with the applicable corridor scheduling procedures.

2.3 Loading Facilities

Nominated Loading Facilities	Loading Time (hours) per return trip
Ebenezer	2
Jondaryan (New Acland)	2
Macalister (Wilkie Creek)	2.5

2.4 Unloading Facilities

Nominated Unloading Facilities	Unloading Time (hours) per return trip
Fisherman Islands coal loader	1.9
Swanbank	1

### **3. Reference Tariff**

3.1 The applicable Reference Tariff for the nominated Reference Train Service shall be assessed as:

- (a) for a Reference Train Service that uses the Nominated Loading Facility at Ebenezer:

<sup>9</sup> This train length comprises the following: static train length (which is the straight addition of individual rollingstock lengths) plus an allowance of 2% of this static train length for train handling accuracy and for slack movement in drawgear (includes free slack in the drag box, compression of the draftgear, clearance/free slack due to coupler wear and pin clearance at the yoke).



$$\left( AT_1 \times \frac{gtk}{1000} \right) + (QCALevy \times nt)$$

- (b) for a Reference Train Service that uses a Nominated Loading Facility at Jondaryan (New Acland) or Macalister (Wilkie Creek):

$$\left( AT_1 \times \frac{gtk}{1000} \right) + (AT_2 \times rtp) + (QCALevy \times nt)$$

where:

- $AT_1$  is the variable part of the Reference Tariff that is levied on a gross tonne kilometre basis specified as  $AT_1$  for the nominated Reference Train Service in this Part C;
- $AT_2$  is the fixed part of the Reference Tariff that is levied on a reference Train Path basis specified as  $AT_2$  for the nominated Reference Train Service in this Part C;
- $gtk$  is the gross tonne kilometres attributed to the relevant Train Service, being the total gross weight (in tonnes) of the Rollingstock utilised in the relevant Train Service (including all goods, product, persons or matter carried) multiplied by the distance (in kilometres) travelled by the Train Service; and
- $nt$  is the net tonnes attributed to the relevant Train Service, being the total gross weight (in tonnes) of the Rollingstock when loaded utilised in the relevant Train Service (including all goods, product, persons or matter carried) less the weight of such Rollingstock (in tonnes) when empty,

provided that the above calculation is subject to the addition of any applicable Adjustment Charge from time to time (including, if necessary, on a pro rata basis with other Reference Train Services that have the same origin and destination and Access Holder and are run during same billing period, as the nominated Reference Train Service).

- 3.2 The amounts of  $AT_1$ ,  $AT_2$  and the QCA Levy specified in this Part C and any Adjustment Charge are GST exclusive. An amount for GST will be added to the total calculated Access Charge, in accordance with the provisions of the applicable Access Agreement, when an Access Holder is invoiced.
- 3.3 For the purposes of this Part C, a Train Service is a one way Train Service, that is, the journey from the Nominated Loading Facility to the Nominated Unloading Facility is one Train Service, and the return journey from the Nominated Unloading Facility to the Nominated Loading Facility is a second Train Service.
- 3.4 For the purposes of this Clause 3, the  $gtk$  measure shall be assessed for the relevant Train Service over the Billing Period for which the Reference Tariff is being calculated.
- 3.5 The amount of the Reference Tariff is:  
Ebenezer:

Reference Tariff Input	\$
AT <sub>1</sub>	16.81
QCA Levy	0.007

Surat Basin mines and Columboola:

Reference Tariff Input	\$
AT <sub>1</sub>	8.41
AT <sub>2</sub>	3,962
QCA Levy	0.007

(b) The First Escalation Date is 1 July 2010.

#### 4. Escalation of Reference Tariff

- 4.1 Each input of the Reference Tariff, except the QCA Levy, will automatically escalate annually on each Escalation Date in accordance with the following formula:

$$AT_n = AT_{n-1} \times \left( \frac{CPI_n}{CPI_{n-1}} \right)$$

where:

AT<sub>n</sub> means the value of the relevant Reference Tariff input to apply after escalation;

AT<sub>n-1</sub> means the escalated value of the relevant Reference Tariff input immediately prior to the relevant Escalation Date, or in the case of the First Escalation Date means the relevant Reference Tariff input;

CPI<sub>n</sub> means the CPI for the Quarter which commenced 6 months prior to the Escalation Date for which the variable AT<sub>n</sub> is being determined; and

CPI<sub>n-1</sub> means the CPI for the Quarter which commenced 18 months prior to the Escalation Date for which the variable AT<sub>n</sub> is being determined.

- 4.2 Within seven (7) days of each Escalation Date following the Approval Date, QR Network will publish the escalated inputs of the Reference Tariff on its website.
- 4.3 Where an error has been made in the calculation of the escalated inputs of a Reference Tariff, QR Network must correct the error so that the relevant inputs of the Reference Tariff are escalated in accordance with Clause 4.1.

#### 5. Take or Pay

- 5.1 QR Network will be entitled to earn Take or Pay revenue in accordance with the provisions of this Clause 5.
- 5.2 Take or Pay revenue from a particular Reference Train Service will be determined for each Year, and invoiced following completion of that Year, as the amount which is eighty percentage points (80%) of the amount calculated by multiplying:
- (a)  $AT_1$  (at the rate applicable in the final Quarter of the Year); by
  - (b) the gtk calculated by:
    - (i) the gtk that would have been achieved for the subject Year had the full contracted entitlement been railed for the relevant Train Service; less
    - (ii) the gtk not railed for the subject Year due to the non operation of Train Services for a QR Network Cause; less
    - (iii) the gtk railed for the subject Year;
- provided always that the amount of Take or Pay for the Year shall not be less than zero.
- 5.3 In order to calculate gtk for the purposes of Clauses 5.2(b)(i) and (ii), QR Network will:
- (a) identify from the Access Agreement the number of train paths that would have been utilised had the full contracted entitlement been attained; and
  - (b) determine the number of train paths that were not utilised due to a QR Network Cause,
- and convert this to gtk by using a nominal payload per loaded Train Service as reasonably determined by QR Network.
- 5.4 QR Network shall provide to the Access Holder information on how it has determined the amount of the Take or Pay at the same time as it is invoiced.

## **SCHEDULE G**

### ***Network Management Principles***

#### **Part A. Scheduling Principles**

##### **1. Train Service Entitlements**

- (a) Access Holders operating the same types of traffics will have their Train Service Entitlements defined using consistent terminology.<sup>1</sup>
- (b) Train Service Entitlements will be expressed in terms that can be interpreted for the development of a Master Train Plan (MTP), an Intermediate Train Plan (ITP), where necessary, and a Daily Train Plan (DTP).

##### **2. Master Train Plan Principles**

- (a) The MTP will detail the Existing Capacity required for the provision of Train Service Entitlements and periods of time allocated for the purposes of providing Planned Possessions, in a form that indicates the time/distance (location) relationship of the Train Services and other activities on the Rail Infrastructure in question. The MTP will separately identify where applicable:
  - (i) for Timetabled Traffics, the particular Train Paths allocated in accordance with the Train Service Entitlements;
  - (ii) for Cyclic Traffics:
    - (A) in an Individual Coal System, the System Paths that are available for scheduling Cyclic Traffics from a specified location within that Individual Coal System to the Nominated Unloading Facilities, where those System Paths have been declared in the relevant System Rules; and
    - (B) the Train Paths (including System Paths) allocated to Cyclic Traffics, where such Train Paths reflect the Existing Capacity required for the maximum level of operation for such Train Service Entitlements, but may not necessarily reflect the particular Train Paths that those Train Services will operate on; and
  - (iii) time allocated for Planned Possessions.
- (b) Unless otherwise expressly provided in an Access Holder's Access Agreement, the MTP may be modified, as specified in Clauses 2(c), (d), (e) and (f) of these MTP Principles, where:
  - (i) an Access Holder notifies QR Network that it wishes to make a long-term change to the **times** at which its Train Service/s, as scheduled in the

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<sup>1</sup> For example, Timetabled Traffics may be defined in terms of a path between certain locations, on particular days, and at particular times. Cyclic Traffics may be defined in terms of a number of train paths per specified period of time.

MTP, operate, provided that change is within the scope of its Train Service Entitlement, and does not result in any other Access Holder's scheduled Train Service/s not being met, or a Planned Possession not being met;

- (ii) QR Network receives a request from a party to run an Ad Hoc Train Service, provided that the Ad Hoc Train Service would not result in any existing Access Holder's scheduled Train Service/s not being met, or a Planned Possession not being met;
- (iii) a Planned Possession is cancelled;
- (iv) QR Network notifies all affected parties that a new or additional Train Service Entitlement has been created, through the signing of an Access Agreement, or the negotiation of a variation to an Access Holder's Train Service Entitlement, provided that the new or additional Train Service Entitlement does not result in any other Access Holder's scheduled Train Service/s not being met, or a Planned Possession not being met;
- (v) QR Network notifies all affected parties that it wishes to make a long-term change to the **times**<sup>2</sup> at which one or more scheduled Train Service/s operate, provided that change is within the scope of the relevant Access Holders' Train Service Entitlement/s and is intended to accommodate:
  - the creation of a new or additional Train Service Entitlement, through the signing of an Access Agreement, or the negotiation of a variation to an Access Holder's Train Service Entitlement, where that new or additional Train Service Entitlement cannot otherwise be reasonably accommodated on the MTP;
  - the creation of new Planned Possessions or the modification of existing Planned Possessions; or
  - any other Operational Constraint affecting the MTP;
- (vi) QR Network notifies all affected parties that it wishes to make a long-term change to the **times**<sup>3</sup> at which one or more scheduled Train Service/s operate, whether or not within the scope of the affected Access Holders' Train Service Entitlement/s, provided that change is intended to accommodate:
  - the creation of new Planned Possessions or the modification of existing Planned Possessions;
  - the creation of an additional Train Service Entitlement, through either the signing of an Access Agreement or the variation of an existing Access Agreement; or
  - any other Operational Constraint affecting the MTP,provided that where the change to the **times** at which scheduled Train Service/s operate results in any existing Access Holder's Train Service Entitlement not being met, such change is only made with the agreement of such Access Holder/s, such agreement not to be unreasonably withheld;

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<sup>2</sup> Importantly, this provision only covers a change to the **TIME or TIMES** at which Train Service/s run, and not the other conditions under which a party has an entitlement to run Train Service/s, for instance, the Rollingstock or Rollingstock Configuration that the party may run under their Access Agreement, and the Nominated Network on which it may operate.

<sup>3</sup> See footnote 2 above.

- (vii) QR Network notifies all affected parties, within the time period specified in the affected parties' Train Service Entitlements, of a long-term change to the times<sup>4</sup> at which one or more scheduled Train Service/s operate, whether or not within the scope of the affected Access Holders' Train Service Entitlements, for the purpose of carrying out Major Periodic Maintenance provided that, where such change is not within the scope of the affected Access Holders' Train Service Entitlements, QR Network has made reasonable efforts to mitigate the impact on that Access Holder. Any limitations upon QR Network's ability to exercise this right will be specified in individual Access Agreements;
  - (viii) an Access Holder's Access Agreement allows QR Network to alter the Access Holder's Train Service Entitlement, for instance by resuming Access Rights through the capacity resumption process outlined in Part 7 of this Undertaking; and
  - (ix) QR Network, Infrastructure Service Providers, and all affected Access Holders, otherwise agree.
- (c) QR Network may make modifications to the MTP, within the scope of any of Clauses 2(b)(i) to (iv) of these MTP Principles, on a case-by-case basis without the need for consultation.
- (d) QR Network may make modifications to the MTP, within the scope of any of Clauses 2(b)(v) to (vii) of these MTP Principles, on a case-by-case basis after consulting with any Access Holders whose Train Service/s or Train Service Entitlements are affected by the proposed modification to the MTP, and/or with Infrastructure Service Providers if the proposed modification affects a Planned Possession.
- (e) Where a change is being sought to the MTP that falls within the scope of Clause 2(b)(ix) of these MTP Principles, QR Network will invite Infrastructure Service Providers and all Access Holders whose Train Service Entitlements are affected by the proposed modification to the MTP to consider the modification in an appropriate forum.<sup>5</sup> Each party will be provided with a copy of the proposed changes seven (7) days prior to the scheduled consideration of the modification.
- (f) QR Network must notify any modifications to the MTP to all parties whose activities are affected by the modification at least thirty (30) days prior to the commencement of the modification.
- (g) As a result of QR Network's obligations in accordance with Clause 2(f), where reference is made in Clause 2(b) of these MTP Principles to an Access Holder notifying QR Network that it wishes to vary its Train Service Entitlement or Train Service/s, a reasonable notice period should be provided having regard to the necessary process and factors to be considered.
- (h) The cancellation of a Train Service or Train Services in accordance with the above MTP Principles, does not necessarily excuse either QR Network or an Access Holder from other Access Agreement obligations relating to the conduct in question.

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<sup>4</sup> See footnote 2 above.

<sup>5</sup> This could include a face-to-face meeting, a telephone conference or any other forum that provides the affected parties with the best opportunity to participate.

- (i) The MTP will be in a form that is readily convertible to a DTP, which is the principal reference document for Train Controllers in carrying out their duties.

### **3. Intermediate Train Plan Principles**

- (a) In parts of QR Network's network where Cyclic Traffics operate (for instance the Central Queensland Coal Region) there will be a sequence of intermediate scheduling steps involved in progressing from the MTP to the DTP. An ITP will be scheduled utilising Planned Possessions, the Train Paths detailed in the MTP for Timetabled Traffics, and for Cyclic Traffics, the System Paths (if applicable) detailed in the MTP, each Access Holder's Train Service Entitlement and Train Orders for the particular period in question.
- (b) In the Central Queensland Coal Region, Train Orders for the intermediate planning horizon must, unless otherwise advised by QR Network, be submitted to QR Network:
  - (i) in the manner and timeframe specified within the relevant System Rules; or
  - (ii) if there are no relevant System Rules, before 1200 hours on Wednesday.
- (c) Where System Rules have been developed in accordance with Appendix 1, QR Network will schedule Cyclic Traffics in the ITP in accordance with the processes identified in the relevant System Rules. The process of scheduling Cyclic Traffics in the ITP may involve the allocation of a Contested Train Path, and as a result, may require a meeting of all affected Access Holders and Infrastructure Service Providers, and the use of a decision-making process to finalise the ITP. This decision-making process applies only for the allocation of a Contested Train Path between Access Holders for Cyclic Traffics, and cannot be used to alter the scheduling of a Timetabled Traffic. This decision making process is detailed in Appendix 2.
- (d) QR Network will advise Access Holders of the ITP once it is developed in accordance with the above steps.

### **4. Daily Train Plan Principles**

- (a) The DTP will indicate all scheduled Train Services and Planned Possessions, for the particular day in question, in a form that indicates the time/distance (location) relationship of all activities on the Rail Infrastructure.
- (b) In scheduling Cyclic Traffics on the DTP, QR Network may first schedule an ITP as discussed in the ITP Principles and then schedule the DTP from the ITP.
- (c) QR Network will schedule the DTP at least one (1) Business Day prior to the actual day of running, and provide all relevant Access Holders and Infrastructure Service Providers with a copy of the DTP within the same timeframe.
- (d) The DTP may be scheduled in variation to the MTP, or ITP, whichever is applicable in accordance with the processes specified in the System Rules, if

applicable, or otherwise, as specified in Clauses 4(e), (f) and (g) of these DTP Principles, where at least two (2) Business Days prior to the actual day of running:

- (i) an Access Holder notifies QR Network that it wishes to make a short-term change to the **times**<sup>6</sup> at which its Train Service/s, as scheduled in the MTP, operate, whether or not within the scope of its Train Service Entitlement, provided that change does not result in any other Access Holder's scheduled Train Service/s not being met or a Planned Possession not being met;
  - (ii) QR Network receives a request from a party to run an Ad Hoc Train Service, provided that the Ad Hoc Train Service would not result in any existing Access Holder's scheduled Train Service/s not being met, or a Planned Possession not being met;
  - (iii) a Planned Possession is cancelled;
  - (iv) QR Network notifies all affected parties that it wishes to make a short-term change to the **times**<sup>7</sup> at which one or more scheduled Train Service/s operate, whether or not within the scope of the applicable Access Holders' Train Service Entitlement, provided the change is intended to accommodate:
    - the modification of an existing Planned Possession;
    - the creation of an Urgent Possession; or
    - any other Operational Constraint affecting the DTP,provided that where the change to scheduled Train Service/s results in any existing Access Holder's Train Service Entitlement not being met, such change is only made with the agreement of such Access Holder/s, such agreement not to be unreasonably withheld;
  - (v) QR Network requests a short-term change to the times at which one or more scheduled Train Service/s operate, whether or not within the scope of the applicable Access Holders' Train Service Entitlement, for the purpose of accommodating an Emergency Possession; or
  - (vi) QR Network, Infrastructure Service Providers, and all affected Access Holders otherwise agree.
- (e) QR Network may make modifications from the MTP or ITP (where applicable), within the scope of any of Clauses 4(d)(i) to (iii) of these DTP Principles, on a case-by-case basis without the need for consultation.
- (f) QR Network may make modifications from the MTP or ITP (where applicable), within the scope of Clauses 4(d)(iv) or (v) of these DTP Principles, on a case-by-case basis after consulting with any Access Holders whose Train Service/s are affected by the proposed modification, and/or with Infrastructure Service Providers if the proposed modification affects a Planned Possession.
- (g) Where a change is being sought from the MTP or ITP that falls within the scope of Clause 4(d)(vi) of these DTP Principles, QR Network will invite

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<sup>6</sup> See footnote 2 above.

<sup>7</sup> See footnote 2 above.



Infrastructure Service Providers and all Access Holders whose scheduled Train Service/s are affected by the change to consider the modification in an appropriate forum<sup>8</sup>, at least 36 hours prior to the actual day of operation. Each affected party will be provided with a copy of the proposed changes from the existing MTP or ITP 12 hours prior to the scheduled consideration.

- (h) Other than as detailed in Clause 4(i) of these DTP Principles, once the DTP is scheduled, any changes to the plan will be reflected as deviations from the DTP, not variations to the scheduled DTP.
- (i) Once the DTP is scheduled, variations to the DTP may only be made where:
  - (i) before the day of operation, QR Network receives a request from a party to run an Ad Hoc Train Service, provided that the Ad Hoc Train Service would not result in any existing Access Holder's scheduled Train Service/s not being met, or a Possession (whether Planned, Emergency or Urgent) not being met;
  - (ii) before the commencement of the relevant Train Service/s, an Access Holder notifies QR Network that it wishes to make a change to the **times**<sup>9</sup> at which its Train Service/s operate, provided that change is within the scope of the Access Holder's Train Service Entitlement, and does not result in any other Access Holder's scheduled Train Service/s not being met or a Possession (whether Planned, Emergency or Urgent) not being met; and/or
  - (iii) before the commencement of the relevant Train Service/s, QR Network notifies an Access Holder that an Emergency Possession is required.
- (j) QR Network may make modifications to the DTP within the scope of any of Clauses 4(i)(i) to (iii) of these DTP principles on a case by case basis without the need for consultation.
- (k) The cancellation of a Train Service or Train Services in accordance with the above DTP Principles, does not necessarily excuse either QR Network or an Access Holder from other Access Agreement obligations relating to the conduct in question.
- (l) The DTP will represent the expected train operation performance target over its period.
- (m) Deviations to the DTP may occur on the day of operation in the event of Out-Of-Course Running. Those deviations will occur according to the Train Control principles.

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<sup>8</sup> This could include a face-to-face meeting, a telephone conference or any other forum that provides the affected parties with the best opportunity to participate.

<sup>9</sup> See Footnote 2 above.

## Part B. Train Control Principles

- (a) The fundamental objective of Train Control will be to facilitate the safe running of Train Services, and the commencement and completion of Planned, Emergency and Urgent Possessions, as scheduled in the DTP.
- (b) The ability of QR Network and/or an Access Holder to deviate from the DTP on the actual day of running, as specified below, does not necessarily excuse either party from any other contractual obligations relating to the conduct in question.
- (c) The following general principles apply to Access Holders and Train Controllers:
  - (i) all parties will ensure that operational safety is maintained through compliance with the Safeworking Procedures, the Safety Standards, Rollingstock Interface Standards, applicable IRMPs and EIRMRs;
  - (ii) Access Holders will ensure that Above Rail issues, including Train crewing, locomotive and wagon availability and loading and unloading requirements, are appropriately managed to ensure that such issues do not prevent the DTP from being met; and
  - (iii) QR Network will manage the Rail Infrastructure based on agreed entry/exit times as specified in the DTP with the objectives of managing Trains according to their schedule for on time exit, not contributing to late running and, if a Train is running late, making up time and holding the gain where reasonably possible.
- (d) The handling of Out-Of-Course Running is dependent on the particular circumstances of a rail corridor, including the traffic type using the corridor. The management of Out-Of-Course Running will be conducted so as not to unfairly disadvantage one Access Holder over another, and as a result, the identity of an Access Holder will not of itself be a legitimate reason for Train Controllers to alter a scheduled Train Service.
- (e) The traffic management decision making matrix, at Appendix 3, will be provided to assist Train Controllers in the resolution of disputes in accordance with the above principles.
- (f) QR Network will provide Access Holders with:
  - (i) real time Train Control information that indicates actual running of that Access Holder's Train Services against the relevant DTP;
  - (ii) subject to reasonable terms and conditions, access to Train Control diagrams that indicates actual running of that Access Holder's Train Services against the relevant DTP; and
  - (iii) information about the type of Train Services<sup>10</sup> operated by other Access Holders' on the same network to assist Access Holders to determine whether the Train Controller is applying the principles in this Schedule G in a consistent manner between Access Holders.

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<sup>10</sup> For instance, freight Train Services, passenger Train Services or coal Train Services.

## **Appendix 1 System Rules**

- (a) QR Network may make rules (i.e. System Rules) for the purpose of specifying in greater detail the way in which it will plan, schedule and control the operation of Train Services on a single or combination of Individual Coal Systems. The System Rules may include:
  - (i) the declaration of System Paths for an Individual Coal System;
  - (ii) the procedures for Access Holders to submit Train Orders and for QR Network to schedule Train Services in the ITP;
  - (iii) the procedures for QR Network to schedule the DTP from the ITP, provided that these procedures must be consistent with the matters referred to in Clauses 4(d)(i) to (vi) of Part A;
  - (iv) the relevant critical objectives for Train Services operating in an Individual Coal System or a combination of Individual Coal Systems to assist decision-making for Train Control in accordance with Part B;
  - (v) methodology for defining path availability/use for the purpose of calculating take-or-pay charges; and
  - (vi) the identification of any circumstances where a full Initial Capacity Assessment or Capacity Analysis are not required for the purposes Clauses 4.3(c)(iii) and 4.5.2(a)(vi) of the Undertaking.
- (b) The initial System Rules for each Individual Coal System are to be prepared and approved in accordance with Clauses 7.1(b) to (f) of this Undertaking.
- (c) QR Network and Access Holders must comply with the System Rules in force from time to time.
- (d) In making amendments to the System Rules, QR Network must:
  - (i) notify:
    - (1) Access Holders and Access Seekers whose Train Services will be affected by the amendments and their Customers (together “Affected Persons”);
    - (2) affected infrastructure providers for infrastructure forming part of the relevant supply chain (including, for example, the operator of a port that is the destination of Train Services operating in the relevant Individual Coal System);
    - (3) affected Infrastructure Services Providers; and
    - (4) the QCA,of QR Network’s intention to amend the System Rules and provide a copy of the amendments proposed to be made by QR Network (“Proposed Amendments”) to those persons;
  - (ii) consult with the persons notified in accordance with paragraph (d)(i)(1) to (3) of this Appendix 1; and
  - (iii) have regard to the equitable operation of the System Rules across Access Holders and Access Seekers (should they become Access Holders) and their Customers and the terms of Access Agreements.

- (e) If an Affected Person considers that the Proposed Amendments:
- (i) would not, as a whole, operate equitably amongst Access Holders and Access Seekers (should they become Access Holders) and their Customers; or
  - (ii) where the Affected Person is an Access Holder:
    - would materially impact on the operation of Train Services by or for the Affected Person to such an extent as to fundamentally frustrate the operation of those Train Services in accordance with the Affected Person's Access Agreement over a sustained period of time; or
    - would cause the Affected Person to suffer a net material adverse financial impact (that is, a net cost) equivalent to 1% or greater of the annual Access Charges payable by the Affected Person under its Access Agreement directly as a result of the making of the Proposed Amendments,

then the Affected Person should provide a written submission to QR Network, within thirty (30) days after being given a notice in accordance with paragraph (d) of this Appendix 1, identifying why the Affected Person considers the making of the Proposed Amendments would have any of the effects referred to in subparagraphs (e)(i) or (ii) of this Appendix 1.

- (f) After considering each submission provided to QR Network in accordance with paragraph (e) of this Appendix 1, QR Network will notify each person making a submission in accordance with paragraph (e) of this Appendix 1 whether it intends to vary the Proposed Amendments. If QR Network varies the Proposed Amendments from those provided to persons in accordance with paragraph (d) of this Appendix 1, then QR Network will notify the persons referred to in paragraph (d) of this Appendix 1 of the variation and the reasons for the variation.
- (g) If, within fifteen (15) Business Days after QR Network has given the notices required under paragraph (f) of this Appendix 1, an Affected Person considers that the Proposed Amendments (including any variations) would have any of the effects referred to in paragraphs (e)(i) or (ii) of this Appendix 1, then that person may refer the matter to the QCA for determination as a Dispute in accordance with Clause 10.1.4 of the Undertaking.
- (h) Notwithstanding any other provision in this Appendix 1, if QR Network is not reasonably satisfied that the amount of any compensation (if any) that might be payable by QR Network to an Access Holder, in accordance with that Access Holder's Access Agreement, in respect of the making of any System Rules will be included in the calculation of Reference Tariffs and recoverable by QR Network through variations to Reference Tariffs and Access Charges, then QR Network may (in its absolute discretion and without any obligation to consider the interests of any person other than QR Network and notwithstanding the resolution of any Dispute referred to in paragraph (g) of this Appendix 1):
- (i) vary or refuse to proceed with the making of Proposed Amendments; or
  - (ii) if the relevant System Rules have already been made, vary, amend, replace or remove those System Rules.

- (i) For the purposes of this Appendix 1:
  - (i) the amending of System Rules includes replacing or removing System Rules; and
  - (ii) Proposed Amendments includes a proposed replacement of System Rules or a proposal to remove System Rules.

## **Appendix 2**

### **Contested Train Path Decision-making Process**

QR Network will determine who is allocated a Contested Train Path, by:

- (a) firstly, eliminating from consideration any Access Holder whose request for the Contested Train Path is outside the scope of its Train Service Entitlement. Where this step eliminates all of the parties seeking the Contested Train Path, but QR Network still has spare Existing Capacity available, QR Network may determine which of the parties seeking the Contested Train Path is allocated that path by considering the following three (3) matters. In addition, where this step does not eliminate all of the parties seeking the Contested Train Path, but there is still more than one party seeking the Contested Train Path, QR Network may determine which of the parties is allocated the path by considering the following three (3) matters;
- (b) next, considering whether the parties contesting the Contested Train Path agree amongst themselves who should be allocated the relevant path. Where this is the case, the Contested Train Path will be allocated as agreed by the parties, and QR Network will document the parties' agreement and keep a record of such;
- (c) then, considering the number of Train Services per week that each Access Holder has a contractual entitlement to in accordance with their Train Service Entitlement ("Nominated Weekly Entitlement"), subject to Existing Capacity availability, QR Network will prioritise allocation based on:
  - (i) any requirement for giving priority to certain Train Services or certain Unloading Facilities identified within the System Rules;
  - (ii) if:
    - an Access Holder submits Train Orders for less than its Nominated Weekly Entitlement for one Train Service Entitlement ("First Entitlement") and the path is not allocated in accordance with paragraph (i); and
    - that Access Holder also submits Train Orders for a different Train Service Entitlement in excess of its Nominated Weekly Entitlement,then the path will be allocated to those other Train Orders in the manner requested by the Access Holder and that allocation will be documented and is deemed to be performance of the First Entitlement by QR Network for the purposes of scheduling the Access Holder's future Train Orders;
  - (iii) priority will then be given to allocating the path to an Access Holder for whom QR Network is most behind (in the contract year to date) in providing its contracted Train Services due to a QR Network Cause (when assessed in terms of Train Services not provided due to a QR Network Cause as a percentage of contracted Train Services); and
  - (iv) priority will then be given to allocating the path to the Access Holder for whom QR Network is most behind (in the contract year to date) in providing with its contracted Train Services (when assessed in terms of the percentage of aggregated Train Services as a percentage of aggregated contracted Train Services); and
- (d) finally, where the above considerations do not assist QR Network in making a decision regarding which requested Train Service is scheduled, QR Network

will unilaterally determine which Train Service/s is scheduled, and will keep a record of that decision and the reasoning behind that decision.

## **Appendix 3**

### **Traffic Management Decision Making Matrix**

#### **Notes for the application of the Traffic Management Decision Making Matrix**

As a generic principle for the performance of Train Control, QR Network recognises (as noted in paragraph a) of Part B of these Network Management Principles) that the objective will be to run to the scheduled DTP. However, it is worth noting that this simple objective assumes that all traffic types have the principal objective of 'on time running', and accordingly, running to the DTP will always result in the most efficient use of the Rail Infrastructure and provide those parties using the Rail Infrastructure with the best possible rail service. For Cyclic Traffics this may not be a correct assumption. In the Central Queensland Coal Region, for example, coal Train Services focus primarily on achieving a specified transit time over and above running to a scheduled DTP. For this reason, QR Network considers it necessary to permit Train Controllers sufficient discretion to take into account the varying objectives (as specified in the relevant Train Service Entitlements) of different traffic types, in assessing priority both between Trains of different traffic types and Trains of the same traffic type. Rules 5 to 8 have been included for this purpose.

- Rule 5 recognises the general rule that passenger and livestock Trains may be given priority over other Trains due to the nature of their contents and/or a Passenger Priority Obligation.
- Rule 6 recognises a broader rule concerning a Train Controller's ability to manage an entire system for the most efficient outcome, taking into account the objectives of Train Services, as expressed in their Train Service Entitlements.
- Rule 7 recognises that an Access Holder may need to prioritise its own Trains in the event of delay to efficiently manage above rail resources or to minimise variations to planned DTPs relating to connecting services.
- Rule 8 has been included for application in the Central Queensland Coal Region to allow Train Controllers to resolve conflicts that may arise in maximising coal supply chain throughput subject to meeting predefined and agreed objectives.

In the context of the Traffic Management Decision Making Matrix the meaning of "On Time", "Ahead" and "Late" are determined by the scheduling of paths in the DTP. For example, if a Train is travelling in accordance with the DTP path allocated to it, it is running "On Time".



		Train A – Current Status			
		Train A	Train Running “On Time”	Train Running “Ahead”	Train Running “Late”
Train B		Objective	On Time Exit	On Time Exit	1. Lose no more time 2. Make up time 3. Hold the gain
Train B – Current Status	Train Running “On Time”	On Time Exit	Scheduled Cross	A or B Rule 2	B Rule 3
	Train Running “Ahead”	On Time Exit	A or B Rule 2	A or B Rule 2	B Rule 3
	Train Running “Late”	1. Lose no more time 2. Make up time 3. Hold the gain	A Rule 1	A Rule 1	A or B Rule 4

### Rules for the application of the Traffic Management Decision Making Matrix

- Rule 1. Train B may be given priority on condition Train A will still meet its “On Time” objective, or as permitted by rules 5, 6, 7 and 8.
- Rule 2. Both Trains must meet their “On Time” objective.
- Rule 3. Train A may be given priority on condition Train B will still meet its “On Time” objective, or as permitted by rules 5, 6, 7 and 8.
- Rule 4. Priority may be given to the Train where performance indicates it will lose least or no more time and even make up time and hold the gain, or as permitted by rules 5, 6, 7 and 8.
- Rule 5. Passenger and livestock Trains may be given priority over other Trains if the Train Controller reasonably believes that this is consistent with the objectives of the Trains in question, as specified in the Train Service Entitlement/s for those Trains and/or the requirements of a Passenger Priority Obligation.
- Rule 6. Where a Train is running “Late” due to a Below Rail Delay, it may be given preference over other Trains if the Train Controller reasonably believes that this is consistent with the critical objectives of the Trains in question, and that it will result in less aggregated consequential delays to other Trains than otherwise would be the case.
- Rule 7. Where a Train Controller has to decide which of two Trains to give priority to, and both of those Trains are operated by the same Access Holder, the Train Controller may ask the Access Holder how it would prefer the Trains to be directed and, provided that taking the Access Holder’s preferred course of action does not adversely affect the Train Services of any other Access Holder, the Train Controller will follow the Access Holder’s request.
- Rule 8. For Trains operating in the Central Queensland Coal Region, where a Train Controller has to decide which of two Trains to give priority to, and those Trains are operated by different Access Holders, one may be given preference over the other if the Train Controller reasonably believes that this is consistent with meeting the coal supply objective(s) detailed in the System Rules.

# **SCHEDULE H**

## ***Issues for EIRMR***

This list is to be taken as the minimum environmental issues to be addressed in the EIRMR, and the EIRMR should not be restricted only to the issues included in this list.

### **1. Water Quality Management**

The Access Seeker must consider the impact of its proposed operations on storm water systems and natural waterways. In doing so, all relevant water quality standards and regulations must be met.

In the EIRMR the Access Seeker must nominate all sensitive surrounding environments including important wetlands, rivers, creeks, lakes and dams within close proximity of their proposed operations (and stating whether they are fresh or salt water).

The Access Seeker should consider reviewing existing water quality monitoring information that may be available at loading/unloading locations and along the intended route of operation. For example, the Qld Department of Environment and Resource Management (DERM) provide a water streamflow/quality monitoring and information dissemination service on its website:

[http://www.derm.qld.gov.au/water/monitoring/current\\_data/index.php](http://www.derm.qld.gov.au/water/monitoring/current_data/index.php).

In conjunction with the Australian and New Zealand Environment and Conservation Council (ANZECC) Guidelines for Fresh and Marine Water Quality (2000) and the Queensland Water Quality Guidelines (2009), such water quality monitoring information may be useful to define acceptable standards for water quality at locations in the EIRMR.

### **2. Air Pollution Management**

The Access Seeker must consider the impact of its proposed operations on air quality. In doing so, all relevant air quality standards and regulations (including all coal train operator's obligations outlined in QR Network's Coal Dust Management Plan) must be met.

The Access Seeker must undertake an assessment of the likelihood for dust and/or exhaust emissions to cause nuisance at the nearest sensitive receptors. Sensitive receptors are:

- (a) any form of dwelling/home;
- (b) a library, childcare centre, kindergarten, school, college, university or educational institution; and
- (c) a hospital, surgery or other medical institution.

Information about the type and chemical composition of product may also be useful in determining its potential to generate dust.

If requested, QR Network will indicate whether there have been any complaints about dust and/or exhaust emissions in the area of the proposed operation.

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### **3. Contaminated Land Management**

The Access Seeker must consider the impact of its proposed operations (including emergencies) on land contamination. In doing so, all practicable control measures to prevent the contamination of land must be undertaken.

Contamination levels refer to those investigation threshold levels detailed in the guidelines for the Assessment of Contaminated Land (Chem. Unit 1991) or by other standards considered acceptable by the relevant Authorities.

### **4. Nature Conservation**

The Access Seeker must consider the impact of its proposed operations on the flora and fauna.

The Access Seeker must review existing DERM regional ecosystem information relevant to the route of operation and identify any locations within 100 metres of the rail corridor that are listed as rare or vulnerable or endangered regional ecosystems.

Information on all regional ecosystems mapping is available at:

[http://www.derm.qld.gov.au/wildlife-ecosystems/biodiversity/regional\\_ecosystems/index.php](http://www.derm.qld.gov.au/wildlife-ecosystems/biodiversity/regional_ecosystems/index.php)

The EIRMR must include an assessment of the risk associated with wildfires being caused by exhaust/sparks from the Access Seeker's Rollingstock.

Likewise, the Access Seeker must identify the current presence of endangered, rare, vulnerable or threatened within 100 metres of the proposed operational route. Primarily, this should be via searching the DERM's online native wildlife database ([http://www.derm.qld.gov.au/wildlife-ecosystems/wildlife/wildlife\\_online/index.html](http://www.derm.qld.gov.au/wildlife-ecosystems/wildlife/wildlife_online/index.html)). If such native wildlife sightings are present in this search, the Access Seeker shall outline the reporting protocols in the event of Trains hitting and injuring such native fauna species.

### **5. Management of Hazardous Substances and Dangerous Goods**

The Access Seeker must consider the environmental impacts associated with the management of hazardous substances and dangerous goods by the Access Seeker. In particular, the Access Seeker must ensure that QR Network's requirements for the management of hazardous substances and dangerous goods are complied with.

### **6. Waste Management**

The Access Seeker must consider the impact of any waste produced by its proposed operations. In doing so, any collection, removal, transport and disposal of any waste generated during operations must comply with all relevant government and local authority requirements.

In the EIRMR, the Access Seeker must also clearly indicate what arrangements they have in place or proposed to have in place by when for emergency situations. Alternatively, the Access Seeker may choose to agree to utilise QR Network's resources to manage the environmental recovery during emergencies. If this is the case, the EIRMR must clearly document this acceptance.

## **7. Environmental Noise Management**

The Access Seeker must determine the likely noise impacts attributable to the Access Seeker's proposed operations. In that regard, the Access Seeker must ascertain whether existing noise levels in connection with the relevant Rail Infrastructure exceed the Planning Levels for Railways referred to in the QR Code of Practice: Railway Noise Management ("Noise Planning Levels") and/or whether the Noise Planning Levels are likely to be exceeded because of the Access Seeker's proposed operations.

The Access Seeker should note that where existing noise levels in connection with the Rail Infrastructure exceed the Noise Planning Levels and/or where noise from the Access Seeker's and/or its Railway Operator's activities are likely to result in an exceedence of the Noise Planning Levels, this may constitute an area of unacceptable risk to QR Network.

If requested, QR Network will indicate whether it is aware of any complaints about noise emissions in the area of the proposed operation.

## **8. Environmental Monitoring**

The Access Seeker must consider the likelihood of the proposed operations causing Environmental Harm (including nuisance). Baseline monitoring should be considered where relevant to establish benchmarks and to allow for comparison between pre-access conditions and those during and post access. Where QR Network has baseline information available it may be provided to the Access Seeker and, if no further baseline monitoring is undertaken, the QR Network data shall then be deemed to be an accurate description of the baseline data. Where no baseline monitoring is available, it shall be taken that the Rail Infrastructure currently meets all environmental standards for the purposes of determining cause in any future environmental matters.

## **9. Education, Awareness and Training**

The Access Seeker must consider the impact of the level of employee training with particular emphasis on the implementation of the EIRMR (including any applicable EMS).

With respect to environmental issues the Access Seeker's and/or its Rail Operator's emergency response plan must:

- (a) include specific action plans for minimising environmental damage as a result of incidents in connection with the Rail Infrastructure;
- (b) require immediate and appropriate action to minimise any impact;
- (c) require relevant authorities and QR Network to be informed immediately of any incident in connection with the Rail Infrastructure;
- (d) detail the method for the clean up of any contamination resulting from the incident in connection with the Rail Infrastructure; and
- (e) require the recording of all environmental incidents in connection with the Rail Infrastructure (and all measures taken to manage the incidents) on a central register.

## **10. Complaint Handling**

The Access Seeker must consider how it will handle complaints that it receives concerning the impact of its proposed operation upon any of the environmental issues listed above (or otherwise identified in the EIRMR). In its EIRMR, the Access Seeker must clearly distinguish between the types of activities that cause noise, dust, etc that it is accountable for as opposed to those that QR Network is accountable for.

# **SCHEDULE I**

## ***Operating Plan***

### **1. Area of Operation**

- Origin
- Destination
- Cycle description (including nominated stops enroute)
- Entry and exit points onto Rail Infrastructure
- Details regarding repositioning of Rollingstock (prior to, during and after operation of the service)

### **2. Business Plan**

- Tonnage profile (five year forecast)
- Passenger loading and unloading profile
- Anticipated project service life
- Seasonality of haulage/variability of services (peaks and troughs)

### **3. Operation**

- Type of service (passenger, freight)
- Commodity
- Rollingstock and Rollingstock Configuration details (number of wagons/locomotives/carriages/self-propelled units)
- Special operating parameters (eg. key arrival and departure windows)
- Dangerous goods details
- Overload management system
- Timing of scheduled servicing/provisioning activities

### **4. Service Levels**

- Train service levels, nominated weekly, monthly and annually
- Maximum number of one way Train Services per year – contracted Train Paths
- Dwell times at loading facility (minimum and maximum)
- Dwell times at unloading facility (minimum and maximum)
- Dwell times enroute and operational requirements
- Rollingstock operational speed
- Indicative timetable requirements (sectional run times)
- Any connecting services
- Any critical timings at specified locations
- Authority from Private Infrastructure manager to enter/exit a facility (loading/unloading/en route)

### **5. Train Service Planning**

- Train Service planning/requesting preference
- Train Service cancelling preference

### **6. Train Information**

- Type
- Class and number of locomotives per Train
- Maximum and average gross tonnage of loaded Train (including locomotives)
- Tare of empty Train
- Method of operation (push/pull)

- Traction type
- Safety systems
- Communication system
- Train length

#### **7. Crewing Plan**

- Train Service crew requirements
- Location of crew depots
- Crew change points
- Dwell times at change points (minimum and maximum)

#### **8. Recovery Methods**

- Recovery of marked off Rollingstock at loading/unloading locations/enroute
- Recovery of derailments
- Recovery of failed locomotives