

Collaborative Submission: QR's AU3 Access Undertaking

8 November 2024



1 Introduction

This submission is provided on behalf of Yancoal Australia Limited (*Yancoal*), in response to the Queensland Competition Authority's (*QCA*) request for collaborative submissions in respect of Queensland Rail's (*QR*) 2025 draft access undertaking (*DAU3*).

Yancoal is the operator of one of the two currently producing coal mines in the West Moreton system, Cameby Downs.

2 Consultation and Collaboration Since the Draft Decision

Yancoal has engaged in discussions with QR, both with New Hope (as the other producer) and individually (where there were commercial sensitivities), every 1-2 weeks across the collaboration period provided by the QCA.

Yancoal is also aware that, in parallel, Aurizon and other haulage operators were engaging in discussions with QR, and QR has recently provided Yancoal with drafting that QR is proposing as result of those discussions.

As Yancoal anticipated in its submission on the QCA's Draft Decision some progress has been made in relation to drafting issues, both in the access undertaking and the standard access agreement.

However, by contrast, Yancoal remains concerned that despite significant efforts and provision of information by both QR and Yancoal, that little progress has been made on West Moreton system reference tariffs. While consultation has resulted in all parties being better informed, particularly as to QR's proposed capital program might change at different volume forecasts, it has not bridged the gap between QR and Yancoal's views as to appropriate tariffs.

The collaborative discussions have reinforced Yancoal's view that an affordability based tariff is an absolute necessity for DAU3 to be appropriate. There continues to be a material risk that in the absence of being provided with certainty that an affordability tariff will be provided, Cameby Downs will be unable to sign a long term access agreement when its current access agreement expires part way through the AU3 term.

Accordingly, Yancoal requests that the QCA provide a further draft decision or position paper on reference tariffs indicating it considers an affordability tariff is required to be appropriate, so the parties' negotiations can quickly focus on how to assess and set the affordability level.

3 Reference Tariffs and Affordability

3.1 Nature of collaborative engagement

The focus of the coal producers engagement with QR in relation to tariff issues was:

- (a) volume forecasts;
- (b) how QR anticipated its capital program would change at different volume forecasts;
- (c) volume trigger for adjustments to tariffs if actual volumes vary materially from the adopted volume forecast;
- (d) an affordability cap on tariff levels; and
- (e) loss capitalisation.

The producers and QR have different views on the appropriate WACC and its components and consequently no material time was spent discussing that matter.

Except to the extent expressly dealt with in this submission, Yancoal continues to consider the positions set out in its initial submission in that regard remain appropriate.

Consequently, Yancoal submits the QCA should assess the substance of the situation and the practical likelihood of material Wilkie Creek volumes being railed during the AU3 term.

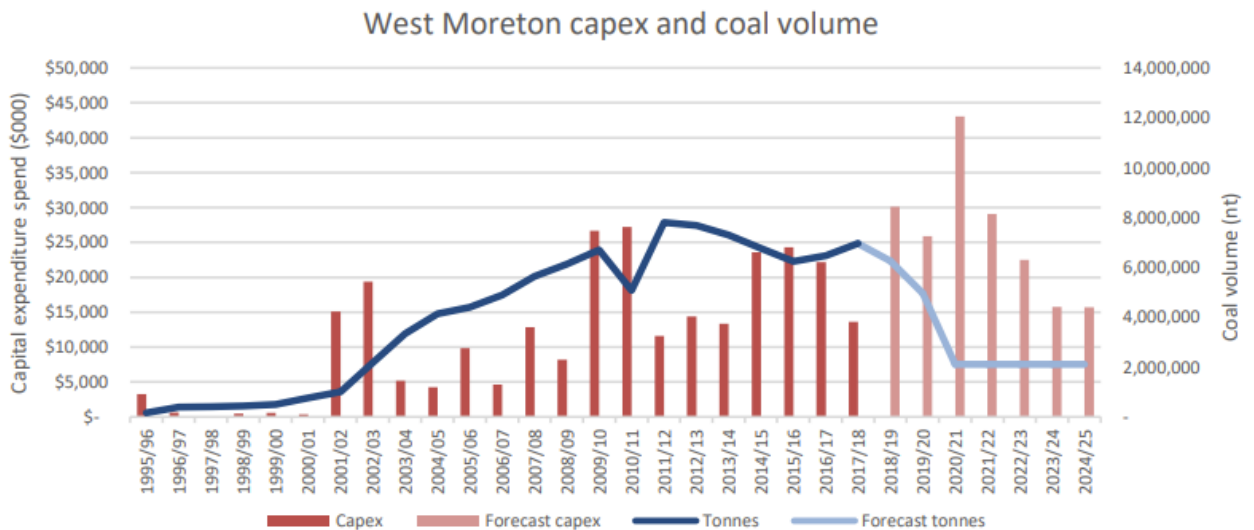
3.3 Capital program

During the collaborative discussions, QR provided potential adjustments to its capital profile. While QR should be commended on the work conducted to reconsider its capital program at different volume levels, including providing some of its documentation for particular major projects:

- (a) there remains insufficient granularity for Yancoal to feel that it is in a position to really determine whether the revised capital program is prudent.

Ultimately, Yancoal is concerned that the capital expenditure program is so high that despite volumes significantly increasing, the tariff is rising not falling (contrary to expectations when loss capitalisation was approved as part of AU2), in circumstances where none of the capital expenditure appears to be expansionary or creating additional capacity.

In particular, as the below graph from the QCA's decision on the 2020 draft access undertaking shows, the West Moreton System has already done more than 7.5 mtpa before, without requiring anything like the level of capital expenditure now envisaged.



The prudence of capital is not something easily assessed in collaborative discussions, where it is challenging for a user to be able to ascertain the precise extent of capital required for safety and other necessary investment. Accordingly, Yancoal requests that the QCA and its consultant Arcadis scrutinise the proposed capital program at the 7.5 mtpa forecast, and in particular whether there is further capital expenditure that can be removed, deferred or delayed from the program so as to achieve a reasonable level of track health prudent for likely volumes even if that involves maintaining to a lesser operating condition than some other rail networks.

3.4 Volume Trigger

As discussed in its submission on the QCA's Draft Decision, in principle, Yancoal considers there is merit, in a time of some residual uncertainty regarding the likely volume forecasts, in having volume thresholds which if triggered require a reassessment of the tariff.

However, to be appropriate such volume triggers should:

- (a) be balanced, and therefore bi-directional (i.e. a trigger for both significant increases and significant decreases in volume);

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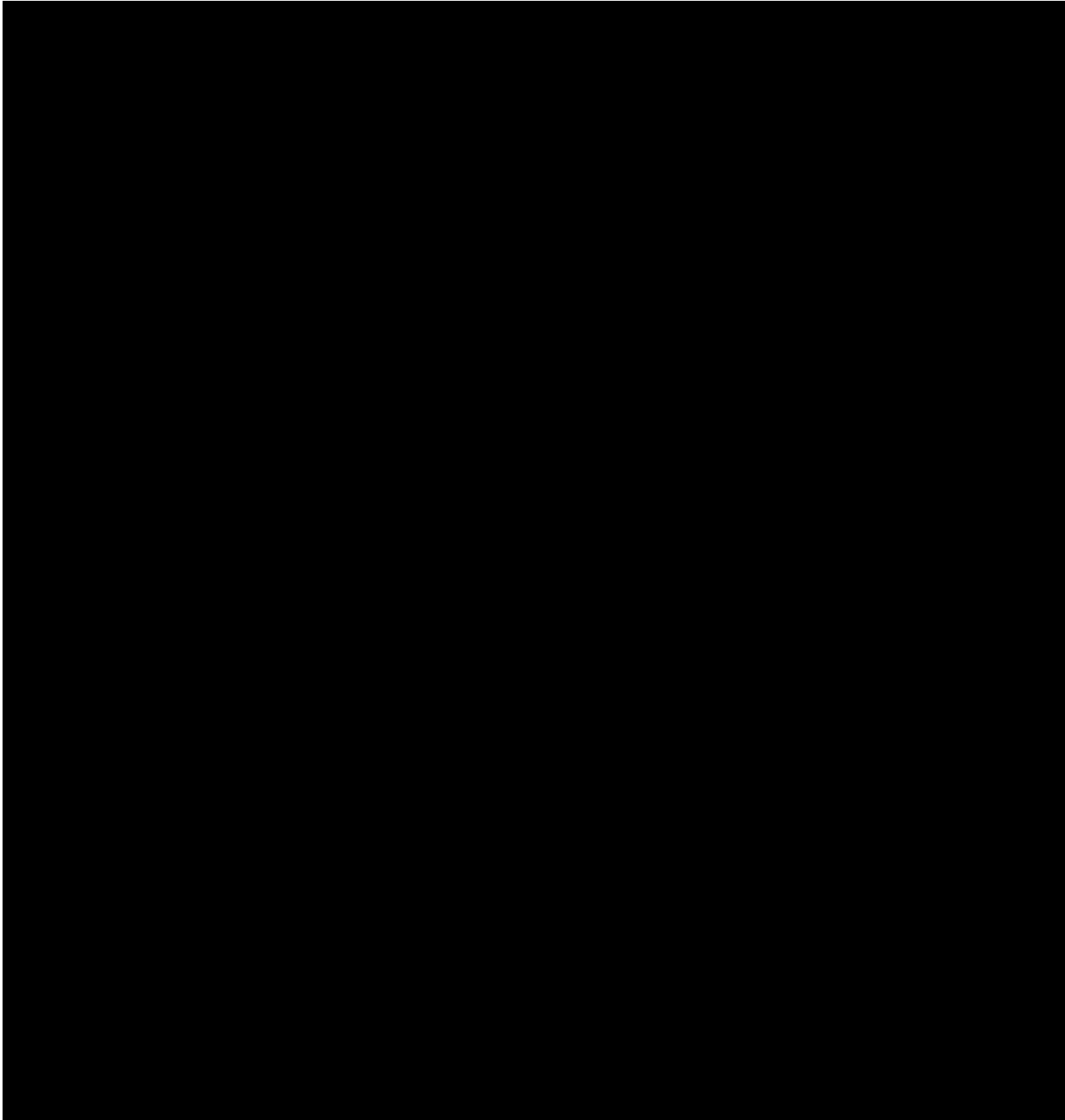
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3.7 Loss capitalisation

Consultation suggests that QR and the West Moreton Producers have very different views on how to deal with loss capitalisation.

QR appears to consider that it should be a foregone conclusion that capitalised losses which were not able to be recovered during the term of AU2 should be recovered as part of AU3.

Yancoal is strongly opposed to that position on the basis that:

- (a) the principle supporting loss capitalisation was that capitalised losses would be recovered if, and when volumes returned; and
- (b) this will add another increase to an already unaffordable tariff.

There was a clear expectation that if volumes did not return the capitalised losses would not be recovered. In particular, Yancoal notes the QCA's previous reasoning in its decision on the 2020 access undertaking that:¹

Our view, subject to further consultation and consideration when the matter comes up, is that the capitalised losses should have a limited life, to prevent the accumulated amount in the under-recovery account from ballooning to a level at which there is no reasonable prospect of recovery. This is to address our concern—shared by Queensland Rail and its stakeholders—about the effect on future demand of a large overhang of capitalised losses.

Under such an approach, each year's under- or over-recovery would remain at full value in the under-recovery account for five years, after which it would be fully depreciated over the next five years. This 10-year life—five years of accumulation, then five years of 'depreciation'—would help mitigate the accumulation of losses while giving Queensland Rail a reasonable amount of time to find new customers to recover its forgone revenue. The 10-year life would reduce any distortionary inter-temporal effects where past costs are borne by future users, by placing a natural limit on the amount that can be rolled forward to future periods. Should volumes rise to a level where it became feasible for Queensland Rail to start recouping the capitalised losses, the oldest losses would be recovered first, to minimise the amount of depreciation of unrecovered amounts that took place after volumes rose.

In other words, the expectations of stakeholders (and the basis on which Queensland Rail made investments during the AU2 period and Yancoal ultimately supported the QCA's proposal on loss capitalisation) was that there would be a period in which it could be recouped where the affordability tariff was above a building blocks based tariff.

Yancoal strongly considers this position should be maintained, and remains of the view that large overhangs of capitalised losses will be a material disincentive to the new contracting of volumes needed to support any future recovery of such losses.

However, as discussed with QR, Yancoal is conscious that the capital program being proposed is so high that despite the significant increase in volume, it is likely the building blocks price may still be above the affordability level.

Yancoal sought to discuss with QR an alternative regime under which loss capitalisation was instead recouped where coal prices increased to points materially above the affordability level (so as to provide the potential for recoupment without the same extent of volume risk). Where QR asserts that the tariff produced on a building blocks basis is affordable they have not engaged further with this proposal.

4 Overview of Collaboration on Drafting Issues

As discussed above in section 3 of this submission, the principal focus of engagement with QR during the collaboration period was in relation to reference tariffs and the underlying 'building blocks' used to derive them, including volume forecasts and assumed capital projects.

However, there was engagement through the collaboration period provide by the QCA between:

- (a) the West Moreton coal producers (Yancoal and New Hope) and QR ; and
- (b) the haulage operators and QR,

on a number of drafting issues in the standard access agreement and access undertaking as outlined below.

¹ QCA, *Decision: Queensland Rail 2020 drafting access undertaking*, February 2020, at 20-21

5 Standard Access Agreement

Arising out of the collaborative discussions, QR has provided Yancoal with proposed drafting addressing the following issues in the Standard Access Agreement (SAA) raised in submissions from coal producers and/or haulage operators:

Issue	Clause	
Operator insurance	16	The changes appear to reduce the burden / level of prescription regarding the insurance coverage, and terms of insurance policy, required to be held by the operator (and confine notification of claims on insurance to where relevant to QR). Assuming these amendments are supported by the operators, Yancoal is supportive of those amendments
Dispute Timetables	19.2	As suggested in the Draft Decision, QR has sought to align the timing of disputes under the SAA with the timing provided under the Access Undertaking provisions. Yancoal is supportive of that proposal.
Rescheduling of Timetabled Paths	21.2	<p>While Yancoal can see the rationale for this in other timetabled systems (where there are likely to be more attractive paths at particular times on the North Coast Line given its intermodal traffic nature) Yancoal does not consider that provision workable or beneficial in relation to the West Moreton system where:</p> <ul style="list-style-type: none"> (a) difficulties running to timetable are highly likely to be attributable to interactions with the Metropolitan system (noting the impacts of passenger priority, black out periods for non-passenger services and Cross River Rail or other major rail network related interruptions); (b) changes to the timetabling of West Moreton coal services are likely to be challenging given the complex timetabling of passenger services in the Metropolitan systems; and (c) there should be no real difference in value of two coal West Moreton / Metropolitan train paths (assuming both are at time that allow the train service to continue into the Metropolitan system without stopping). <p>However, Yancoal has no objection to the clause applying to access agreements on other parts of the QR network to the extent that is supported by QR and haulage operators.</p> <p>This could be resolved by the proposed clause 21.2(a) being amended as follows:</p> <p>(a) <i>This clause 21.2 applies to Timetable Train Services <u>(other than services with an origin in the West Moreton System)</u>.</i></p> <p>If this is to apply to West Moreton System traffics then Yancoal considers that QR needs significantly greater obligation in terms of recording and notifying access holders and operators of the reasons for services that are late / ahead / not running.</p>

Resumption of Access Rights	21.3	<p>Yancoal's concern is that in a single coal haulage operator like the West Moreton system, that an access holder should not have paths resumed because of issues arising from the haulage operator.</p> <p>Yancoal therefore opposes changing the references to 'a sustained requirement for the Access Rights' to 'a sustained requirement for and ability to utilise the Access Rights' (as proposed by QR) which would seem to capture an inability to utilise due to operator performance issues.</p>
Assignment by QR	22.1	<p>In its initial DAU3 submission, QR sought to amend the SAA provision to give QR broad rights to assign the agreement without consent where it no longer has or expected to no longer have a right to operator all or any part of the network.</p> <p>Arising from discussions between QR and the West Moreton coal producers (following submissions from both West Moreton coal producers on this issue), has proposed amendments to the clause in respect of assignment by QR.</p> <p>The revised paragraph (a) resolves the concerns Yancoal had with QR's original proposal, subject to the minor proposed amendments to paragraph (c) shown below. Yancoal also considers the references to the QCA Act and the undertaking should be reinstated – as the declared service is the use of the relevant network, such that the Assignee would still be providing the declared service.</p> <p>(a) <i>If Queensland Rail will no longer have a right to operate the Network or any part of the Network relevant to providing the Access Rights under this Agreement it will Assign all or part of its rights or obligations under this agreement corresponding to the parts of the Access Rights which Queensland Rail can no longer provide to an Assignee who:</i></p> <p style="margin-left: 40px;">(i) <i>will have the right to operate the relevant parts of the Network; and</i></p> <p style="margin-left: 40px;">(ii) <i>has the expertise, the financial resources and other relevant resources to enable it to provide the relevant Access Rights,</i></p> <p style="margin-left: 40px;"><i>without the prior consent of the other Parties, provided that Queensland Rail procures the Assignee to covenant by deed with the other Parties to provide the Access Rights to the extent of the rights and obligations Assigned to the Assignee.</i></p> <p>(b) <i>Queensland Rail may Assign all or part of its rights or obligations under this agreement to an Assignee who has the expertise, the financial resources and other relevant resources to enable it to discharge the obligations of Queensland Rail under <u>the QCA Act, the Access Undertaking and this agreement</u> without the prior consent</i></p>

		<p>of the other Parties provided that Queensland Rail procures the Assignee to covenant by deed with the other Parties to be bound by and to perform the obligations of Queensland Rail under <u>the QCA Act, the Access Undertaking and this agreement to the extent of the rights and obligations Assigned to the Assignee.</u></p> <p>(c) Before exercising its right under clause 22.1(a) or 22.1(b), Queensland Rail will:</p> <p>(i) give the Access Holder and the Operator no less than 21 Business Days notice; and</p> <p>(ii) use its best endeavours to secure the cooperation of the Assignee to:</p> <p>(A) provide information requested by the Access Holder or the Operator to confirm that it has expertise, financial resources and other relevant resources to enable it to provide the relevant Access Rights; and</p> <p>(B) negotiate and enter into an interface agreement (as defined in the RSNL) with the Operator.; <u>and</u></p> <p><u>(C) in the case of a partial assignment under clause 22.1(a), provide aligned scheduling for through-running services which operate across the QR and the Assignee's networks.</u></p>
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6 Access Undertaking

6.1 QR Proposed Changes

Arising out of the collaborative discussions, QR has provided Yancoal with proposed drafting addressing the following issues in the access undertaking raised in submissions from coal producers and/or haulage operators:

Issue	Clause	
Disputes in relation to Possessions	Sch 2, 2.4	<p>QR continues to seek deletion of the provision that provides for changes to the Master Train Plan or scheduling of Ad Hoc Planned Possessions to not take effect until any bona fide dispute has been resolved.</p> <p>Consistent with its previous submissions, Yancoal remains concerned that without this safeguard there is a real risk of adverse impacts from MTP changes and possessions in circumstances not permitted by the network management principles in Schedule F.</p> <p>Cameby Downs has real experience with raising a dispute with the benefit of this section actually resulting in QR modifying its proposed changes to the MTP such that it can deliver contracted pathing to Cameby Downs over a year that it would not have had QR simply proceeded as initially proposed.</p>

		Yancoal continues to believe that this protection should definitely not be deleted, and any amendment should be more by way of: <ul style="list-style-type: none"> (a) the time frame for raising a dispute being reduced from the 30 days currently provided; and (b) a specific compressed time frame / expedited process being provided for resolution of this type of dispute.
Inclusion of Nominated Operators	Sch F	Arising from discussions between QR and haulage operators, QR has provided proposed amendments to Schedule F so that notices currently given by or to Access Holders are given to, and can be given by the Access Holder's Nominated Rolling Stock Operator. Given the operational nature of these matters, Yancoal is supportive of this change.
Removal of Ad Hoc Planned Possessions	Sch F	QR has provided proposed drafting that deletes the concept of Ad Hoc Planned Possessions. It appears that the concept of an Ad Hoc Planned Possession (as currently defined) is only redundant if there is in fact no possessions (other than Urgent Possessions or Emergency Possessions) that are not entered into the Master Train Plan. If that is the position, then the Network Management Principles should specifically prohibit possessions (other than Urgent Possessions or Emergency Possessions) unless the process in the undertaking has been followed for changes to the MTP to include such possessions. If that position is adopted, Yancoal's concerns regarding this deletion would be resolved.

To Yancoal's knowledge, QR is not proposing drafting to resolve other issues of concern raise in Yancoal's February 2024 submission.

Yancoal continues to consider the other positions set out in its February 2024 submission regarding drafting issues in the Access Undertaking remain appropriate.

In particular, Yancoal continues to:

- (c) seek customer involvement in capex planning and approval (which we understand QR is potentially open to where it remains possible for QR to seek QCA assessment of prudence for projects not supported by coal users and could be addressed at logical points of QR's internal approvals framework);
- (d) seek a capital expenditure reconciliation;
- (e) oppose being charged for private infrastructure and thereby cross-subsidising other users;
- (f) oppose QR's deletion of reporting requirements from the Quarterly report;
- (g) oppose QR's proposed reference tariffs and related references to WACC and Ceiling Revenue Limits (as discussed in the tariff submissions above); and
- (h) oppose the deletion of the loss capitalisation regime (as discussed in the tariff submissions above).

Please refer to Yancoal's previous submissions on those topics for further detail, proposed drafting and support submissions in respect of those positions.

6.2 Independent Capacity Assessment (Proposed Part 4A)

In its initial submission in respect of QR's DAU3 submission, Yancoal sought the inclusion of an independent capacity assessment regime for the West Moreton System.

It acknowledged that since that submission, the QCA has engaged Arcadis to undertake a capacity assessment – although the results of that, and the extent of transparency it may provide, are not yet known.

In recognition of feedback QR provided during the collaboration process, Yancoal and New Hope have revised their proposed drafting inclusions in relation to this issue (where their initial submissions had envisaged largely copying Part 7A of the Aurizon Network UT5 access undertaking).

The revised drafting proposal is included as Schedule 1 of this submission. As the QCA will see, it is significant shorter and simpler than the Part 7A mechanism, with key differences including:

- (a) the assessment is limited to capacity to provide West Moreton coal services;
- (b) it envisages a single assessment and further assessments can only be requested if there are material changes in capacity (and creates the potential for QR and access holders to agree an assessment is not needed); and
- (c) it is purely a transparency measure in that there is no consequences for capacity QR can contract or requirements for QR to invest capital.

While what is proposed may not have the 'teeth' or consequences of Part 7A in UT5, Yancoal considers that a transparency measure of this type is an important step to facilitate QR and other West Moreton supply chain participants having more informed discussions about the network, how it operates and future capital investment, and hopefully finding more common ground on those issues.

We submit that, in this narrower form, the anticipated benefits and reduced costs relevant to the previous proposal, justify its inclusion.

6.3 Master Train Plan

Yancoal is increasingly concerned that the Master Train Plan (which is used to demonstrate Access Holder's annual pathing entitlement) does not reflect the full extent of constraints being faced by users of the West Moreton system.

In particular, the MTP should be required to reflect:

- (a) speed restrictions required for current state of asset (where applied on a sustained basis rather than temporarily);
- (b) pathing remaining available due to major capex works (for QR and other infrastructure rail groups, particular given Cross River Rail impacts that have been occurring); and
- (c) Interface impact with the Brisbane Metropolitan network around passenger timetables, such that it provides a clear picture of whether that capacity contracted by an Access Holder can be achieved.

7 Conclusion

For the reasons set out in previous submissions, Yancoal submits that the QCA should refuse to approve the DAU3 in its currently proposed form, principally on the basis of the inappropriately high West Moreton network reference tariff sought.

Yancoal acknowledges the positives of the collaborative process having resolved or brought the stakeholders closer to resolution in respect of a number of drafting issues in the undertaking and access agreement.

However, in respect of the West Moreton tariff, the parties appear to be significantly apart.

Yancoal considers it is clear that the future of the West Moreton system depends on a more affordability based approach to pricing being implemented for AU3. Many of the factors in section 138 QCA Act including the object of Part 5 (efficient operation of, use of and investment in infrastructure with the effect of promoting competition), the legitimate interests of the owner and access seekers, and the public interest weigh in favour of that outcome given the need to preserve volumes to ensure the future of the line.

If the QCA wishes for there to be an agreed resolution in that regard, it is critical that it now provides guidance to stakeholders as its initial view on the appropriate approach to tariffs in the absence of agreement.

Accordingly, Yancoal requests that the QCA proceed as soon as practicable to either:

- (a) provide a clear indicative decision on its views on the appropriateness of at least the principle of an affordability based tariff, such that negotiations can start from that position and focus on resolving how the affordability point will be assessed and/or set prior to Cameby Downs; and
- (b) guidance on how it would envisage affordability being assessed if the parties' are unable to reach agreement.

As always, please do not hesitate to contact Mike Dodd of Yancoal Australia Limited on [REDACTED] if you have any queries in relation to this submission.

Schedule 1 - Capacity Assessment Drafting

Part 4A: Capacity Assessment for West Moreton System

4A.1 Intent

The purpose of this Part 4A is to provide for the independent and realistic assessment of the West Moreton System Coal Capacity.

4A.2 West Moreton System Coal Capacity

West Moreton System Coal Capacity means the capacity of the West Moreton System expressed as the maximum number of Train Paths (calculated on a Monthly and annual basis) for coal services that can be utilised in the West Moreton System, taking into account the operation of the West Moreton System, having regard to:

- (a) the way in which the West Moreton System operates in practice;
- (b) reasonable requirements in respect of planned maintenance and a reasonable estimate of unplanned maintenance, repair, renewal and Expansion activities on the Rail Infrastructure;
- (c) reasonably foreseeable delays or failures of Rollingstock occurring in the relevant supply chain, both planned delays and failures and a reasonable estimate of unplanned delays and failures;
- (d) reasonably foreseeable delays associated with any restrictions (including speed restrictions, dwell times within Train Services and between Train Services and other operating restrictions) affecting the Rail Infrastructure;
- (e) the context in which the Rail Infrastructure interfaces with other facilities forming part of, or affecting, the relevant supply chain (including loading facilities, load out facilities and coal export terminal facilities);
- (f) the need for Queensland Rail to comply with its obligations to provide access to non-coal traffic under Access Agreements, Passenger Priority Obligation or Preserved Train Path Obligations;
- (g) the supply chain operating mode (including at the loading facilities, load out facilities and coal export terminal facilities);
- (h) interfaces between West Moreton System and the Metropolitan System and scheduling of through running services across both systems; and
- (i) the terms of Access Agreements (including the number of Train Service Entitlements for each origin and destination combination) relating to Train Services operating in the West Moreton System.

4A.3 Engagement of Capacity Modeller

- (a) Queensland Rail and West Moreton System Access Holders will (except to the extent unanimously agreed by those entities) use their best endeavours to jointly appoint a Capacity Modeller for conducting capacity assessments in accordance with this Part 4A (including developing and amending system operating parameters):
 - (i) following the Approval Date; and
 - (ii) if at any other time during the Term, no Capacity Modeller is appointed other than due to the unanimous agreement of Queensland Rail and the West Moreton System Access Holders.
- (b) The Capacity Modeller's appointment under this clause 4A.3 expires at the completion of the Term or in such different timing or circumstances as specified in the contract of appointment.

- (d) If Queensland Rail and the West Moreton System Access Holders cannot unanimously agree on:
 - (i) the appointment of the Capacity Modeller within 30 days after the Approval Date; or
 - (ii) a new Capacity Modeller under clause 4A.3(a)(ii) within 30 days of the cessation of the previous appointment,

the appointment of the Capacity Modeller under this Part 4A must be referred for resolution as a Dispute under clause 4.1 of this Undertaking.

- (e) On the resolution of the dispute under clause 4A.3(d) Queensland Rail and the West Moreton System Access Holders will use their best endeavours to jointly appoint a Capacity Modeller to fulfil the obligations as set out in this Undertaking and on the terms provided for in this Part 4A.

4A.4.1 Capacity Assessment

- (a) As soon as reasonably practicable and by no later than ten (10) Business Days after its appointment, the Capacity Modeller must commence its initial assessment of the West Moreton System Coal Capacity as at the Approval Date in accordance with the procedure outlined in this clause 4A.4 (**Initial Capacity Assessment**).
- (b) As part of the Initial Capacity Assessment, the Capacity Modeller must develop the system operating parameters for the West Moreton System having regard to the way in which the West Moreton System operates in practice. The Capacity Modeller must seek to ensure that the system operating parameters:
 - (i) include a consideration of the factors set out in the definition of West Moreton System Coal Capacity as such factors apply as at the date the system operating parameters are developed; and
 - (ii) would not place Queensland Rail in breach of its obligations under this Undertaking or any Access Agreement (assuming that any Access Agreement could be amended to reflect the system operating parameters),

having regard to (among other things) the information received from Queensland Rail, Access Holders, Access Seekers and Train Operators.

- (c) The Capacity Modeller must seek to consult with, and seek submissions from, Queensland Rail, Access Holders, Access Seekers, Train Operators and all supply chain participants for the West Moreton System on:
 - (i) subject to any confidentiality restrictions, information that relates to the operation of coal Train Services in the West Moreton System and the actual performance of the West Moreton System for the purpose of the Initial Capacity Assessment (including the development of the model required to undertake the West Moreton Coal System Coal Capacity analysis); and
 - (ii) the proposed system operating parameters,

and the Capacity Modeller will seek to obtain such information from supply chain participants by the date the earlier of the date that is 2 months after the appointment of the Capacity Modeller or the Approval Date.

- (d) Queensland Rail must promptly do everything reasonably requested by the Capacity Modeller to assist the Capacity Modeller in carrying out an Initial Capacity Assessment under this **clause 4A.4.1**, including providing or making available to the Capacity Modeller, as soon as reasonably practicable, all information and materials in its possession or control relevant to those matters listed in the definition of West Moreton System Coal Capacity and otherwise requested by the Capacity Modeller by the earlier of the date that is 2 months after the appointment of the Capacity Modeller or the Approval Date.

- (e) The Initial Capacity Assessment must:
- (i) include a West Moreton System Coal Capacity analysis based on a model developed by the Capacity Modeller (to be owned by the Capacity Modeller) that reflects how the West Moreton System operates in practice to determine the West Moreton System Coal Capacity. Subject to any confidentiality and intellectual property restrictions, the Capacity Modeller must provide a copy of the model developed by the Capacity Modeller to Queensland Rail and the QCA in a non-hard coded form for use by Queensland Rail and the QCA for internal purposes only;
 - (ii) set out the system operating parameters for the West Moreton System as determined by the Capacity Modeller in accordance with **clause 4A.4.1(b)**;
 - (iii) include consideration of:
 - (A) outcomes of any consultation by the Capacity Modeller with Queensland Rail, Access Holders, Access Seekers and Train Operators, and any other supply chain participants for the West Moreton System in relation to that assessment; and
 - (B) any information received from Queensland Rail under **clause 4A.4.1(d)**;
 - (iv) include a report that sets out:
 - (A) the Capacity Modeller's assumptions affecting West Moreton System Coal Capacity and relied upon for the Initial Capacity Assessment which:
 - (1) must address each of the assumptions contained in the definition of West Moreton System Coal Capacity and the system operating parameters, and be used to develop the model required to undertake the West Moreton System Coal Capacity analysis; and
 - (2) may include such other assumptions as are reasonably considered relevant by the Capacity Modeller to its assessment of West Moreton System Coal Capacity (including any assumptions regarding Rollingstock, section run times and loading and unloading times);
 - (B) any constraints the Capacity Modeller has identified which have reduced or are likely to reduce the West Moreton System Coal Capacity, including:
 - (1) any constraints identified within the supply chains operating within that West Moreton System and Metropolitan System (including in respect of loading facilities, load out facilities and coal export terminal facilities); and
 - (2) any constraints identified within the whole of the Rail Infrastructure; and
 - (C) if the Capacity Modeller identifies in the Initial Capacity Assessment that there is an existing capacity deficit relative to capacity contracted under Access Agreements for coal services, specify the location in the West Moreton System or Metropolitan System where the existing capacity deficit has arisen (and the quantum of any such deficit); and
 - (v) if the Capacity Modeller identifies a specific cause or causes of any such existing capacity deficit:
 - (A) specify the Access Holders affected by the existing capacity deficit; and
 - (B) include in reasonable detail, solutions which could effectively and efficiently address the existing capacity deficit.
- (f) As soon as reasonably practicable, the Capacity Modeller must make:

- (i) the outcomes of the Initial Capacity Assessment, including its assumptions affecting West Moreton System Coal Capacity and relied upon for the Initial Capacity Assessment (**Initial Capacity Assessment Report**); and
 - (ii) the system operating parameters,
available to Queensland Rail, and the QCA on an unredacted basis and to Access Holders , Access Seekers and Train Operators in respect of the West Moreton System on a redacted basis (to protect the confidentiality of commercially sensitive information of Access Holders or Train Operators, as applicable).
- (g) Subject to clause 4A.4.1(i), Queensland Rail and the QCA must promptly publish on its website (as applicable):
- (i) the Initial Capacity Assessment Report in a redacted form that does not disclose information that is confidential to an Access Holders, Access Seekers or Train Operator and unable to be disclosed; and
 - (ii) the System Operating Parameters for coal services on the West Moreton System.

4A.4.3 Outcomes of Capacity Assessments

- (a) If, after the Initial Capacity Assessment Report is published by the QCA on its website as contemplated by **clause 4A.4.1(g)**, Queensland Rail or all West Moreton System Access Holders (acting unanimously) reasonably consider that the capacity of the West Moreton System available to coal services has materially changed since the Initial Capacity Assessment Report, such that an updated assessment will facilitate more efficient and prudent investment, pricing and contract outcomes in respect of the West Moreton System, they can give notice to the Capacity Modeller requiring that the West Moreton System Coal Capacity assessment is updated by the Capacity Modeller for any changed circumstances, with this **clause 4A** applying to such update with references to the Approval Date being deemed to be references to the date such an update is referred to the Capacity Modeller
- (b) Queensland Rail and an Access Seeker (and Train Operator as applicable) may, acting reasonably and in good faith, negotiate Access Agreements for non-coal carrying Train Services that do not reflect the system operating parameters, and for the purposes of engaging in such negotiations Queensland Rail will not be bound by the system operating parameters which are developed by the Capacity Modeller as part of a Capacity Assessment referred to in **clause 4A.4.3(d)**.