

Part 6: Pricing principles

6.1. Application of pricing principles

- (a) Aurizon Network will apply the pricing principles set out in **clauses 6.2 to 6.5** in developing Access Charges.
- (b) To the extent of any of those pricing principles conflict, Aurizon Network will apply the pricing principles in the following order of precedence (from highest to lowest):
 - (i) [clause 6.2 \(Pricing objectives\)](#);
 - (ii) **clause 6.4** (Pricing limits);
 - (iii) **clause 6.5.1** (Rail Infrastructure utilisation); and
 - (iv) **clause 6.5.2** (Revenue adequacy).
- (c) In this **Part 6**, where Access Rights have been, or are to be granted, under an End User Access Agreement, the relevant End User and all of that End User's Train Operators will be treated as a single entity so that a reference to:
 - (i) an Access Seeker is a reference to the End User and its Train Operators collectively; and
 - (ii) an Access Holder is a reference to the End User and its Train Operators collectively.

6.2. [Pricing objectives](#)

[When determining Access Charges or considering whether to amend an Existing Reference Tariff to a Reference Tariff that applies in respect of an Access Seeker's Train Services \(Existing Reference Tariff\) or create a new Reference Tariff, Aurizon Network and the QCA must have regard to the following \(potentially competing\) objectives:](#)

- (a) [The objectives of the Act;](#)
- (b) [Reducing uncertainty, and encouraging investment, by ensuring that existing Access Holders and their Customers \(each of which has entered into long term commitments\) are not made worse off as a result of a subsequent Expansion. A consideration of whether a party is 'worse off' will involve consideration of factors including any increase in Access Charges and any economic benefits to existing Access Holders and Customers from the relevant Expansion;](#)
- (c) [The need for new/expanding Access Holders to pay Access Charges which reflect at least the incremental cost \(capital and operating\) of the capacity created for their use \(less the value of any economic benefits to existing Access Holders and Customers\); and](#)
- (d) [Objectives of fairness.](#)

6.3. Price differentiation

6.3.1 *Price differentiation right*

- (a) Aurizon Network may only differentiate Access Charges between Access Seekers or between Access Seekers and Access Holders in accordance with this **clause 6.3**.
- (b) Aurizon Network will not be in breach of this **clause 6.2** by reason of the fact that in the case of an End User, the Access Charges payable may be split between that End User and its Train Operator(s).

6.3.2 Price differentiation from a Reference Tariff

- (a) Where **clause 6.3.4** is relevant it will be applied to determine the relevant Reference Tariff before the application of this clause 6.3.2.
- (b) Subject to clauses **6.3.2(c)** and **(d) and clause 6.3.4**, where there is an applicable Reference Tariff, the Access Charge formulated by Aurizon Network for an Access Seeker will be consistent with that Reference Tariff unless:
 - (i) both of the following are satisfied:
 - (A) the characteristics of the relevant Train Service are different from the characteristics of the Reference Train Service as set out in **clause 1.3 of schedule F**; and
 - (B) the cost or risk to Aurizon Network of providing Access for that Train Service differs from the cost or risk to Aurizon Network if that Train Service had the same characteristics as the Reference Train Service; or
 - (ii) otherwise agreed with the QCA.
- (c) Where Aurizon Network has entered an agreement separate from the Access Agreement for Customer Specific Branch Line which provides for Aurizon Network to earn revenue that is in addition to the ongoing Access Charge (for example, an upfront contribution or Access Facilitation Charge), Aurizon Network **must** exclude the cost components separately funded through the additional revenue (for example, the value of any relevant Customer Specific Branch Line to the extent supported by the additional revenue) from the cost base (including the asset base) used to determine the ongoing Access Charge.
- (d) The rtp for a Train Service will be calculated in accordance with the following principles:
 - (i) rtp is deemed to equal one where:
 - (A) the maximum number of proposed Train Services at full utilisation exceeds the maximum number of Reference Train Services at full utilisation; and
 - (B) the scheduled section running times of the proposed Train Service are the same as the nominated section running times for the Reference Train Service;
 - (ii) rtp is deemed to equal the Capacity Multiplier for that Coal System where:
 - (A) **clause 6.3.2(d)(i)** does not apply; and
 - (B) the transit time of that Train Service will exceed the Nominated Separation Time over the Constrained Section in the relevant Coal System, as specified in **schedule F** and amended from time to time in the relevant System Operating Assumptions;
 - (iii) where neither clause **6.3.2(d)(i)** nor **(ii)** apply, the number of reference Train Paths used by the proposed Train Service will be determined as follows:
$$\text{rtp} = \max[(A/B), (B/A)]$$
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;

- (iv) 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
- (v) for the purpose of clauses **4.5(b)(v)** and **4.9.2(a)(iv)** (as applicable), Aurizon Network will advise the Access Seeker how it has determined the value of rtp, unless Aurizon Network and the QCA agree an alternative methodology, in which case rtp will be calculated in accordance with that alternative methodology.

6.3.3 Price differentiation where no Reference Tariff applies

If there is no applicable Reference Tariff (for example, because the relevant Train Service is a non-coal carrying Train Service), the Access Charge formulated by Aurizon Network for an Access Seeker may vary from the Access Charges for other Access Seekers or Access Holders in respect of other Train Services also transporting passengers or also transporting the same commodity, in either case, in the same geographical area as that Access Seeker's proposed Train Services, on a unit rate basis to reflect, over time:

- (a) changes or differences in the cost or risk relevant to Aurizon Network providing Access;
or
- ~~(b) Changes in Market Circumstances; or~~
- (b) limitations on Available Capacity in accordance with **clause 6.5.1(b)**.

6.3.4 Aggrieved Access Holder

If an Access Holder (Aggrieved Access Holder) can demonstrate to Aurizon Network's satisfaction, acting reasonably, that:

- (a) after entering into an Access Agreement with the Aggrieved Access Holder, Aurizon Network has subsequently entered into an Access Agreement with another Access Holder for a like train service (ie one that transports the same specified commodity in the same specified geographic area); and
- (b) the subsequent Access Agreement contains an Access Charge that has been developed in contravention of the limits on price differentiation set out in this clause 6.3 then, if Aurizon Network is not able to alter the Access Charge contained in the subsequent Access Agreement to ensure that it is in accordance with the limits on price differentiation set out in this clause 6.3, then Aurizon Network will alter the Access Charge for the Aggrieved Access Holder in accordance with the pricing principles set out in this Part 6.

6.3.5 Establishment of Access Charges for Related Operators

In developing Access Agreements with Related Operators, Aurizon Network will not establish Access Charges for Train Services for the purpose of preventing or hindering Access by a Third Party Access Seeker into any market in competition with the Related Operator providing those Train Services.

6.3.6 Access Charges for Train Services that require an Expansion

- (a) If:
 - ~~(i) an Access Seeker seeks Access Rights that require an Expansion;~~
 - ~~(ii) a Reference Tariff applies in respect of that Access Seeker's Train Services (Existing Reference Tariff); and~~

~~(iii) — the inclusion of the capital expenditure for that Expansion in the Regulatory Asset Base or the usage of those Access Rights would result in the Existing Reference Tariff being increased,~~

then Aurizon Network ~~may~~must, applying the pricing objectives set out in **clause 6.2**, apply to the QCA for a new Reference Tariff or an amendment to an Existing Reference Tariff.:

~~(i) — seek the acceptance of:~~

~~(A) — Customers, and Access Holders without Customers, where the Access Charges relevant to those person:~~

~~(1) — are determined by reference to the Existing Reference Tariff; and~~

~~(2) — would be affected by the proposed development of a variation to that Existing Reference Tariff,~~

~~(Affected Parties), through a vote in accordance with **clause 8.10**; or~~

~~(B) — the QCA,~~

~~of the cost allocation principles that Aurizon Network is proposing to apply to develop a variation of the Existing Reference Tariff to take account of the Access Seeker's Access Rights (including the Expansion and additional usage); or~~

~~(ii) — where that acceptance is not sought or obtained under **clause 6.2.4(a)(iv)**, submit to the QCA, under **clause 6.2.5**, a new Reference Tariff for a new Reference Train Service that will apply in relation to that Access Seeker in relation to those Access Rights.~~

~~(b) For the purpose of **clause 6.2.4(a)(iv)(A)**, if Aurizon Network seeks, but fails to obtain, acceptance from Affected Parties, then Aurizon Network may still seek acceptance from the QCA under **clause 6.2.4(a)(iv)(B)**.~~

~~(c) If Aurizon Network seeks and obtains the acceptance of Affected Parties as required by **clause 8.10** under **clause 6.2.4(a)(iv)** and submits a variation to an Existing Reference Tariff based on the accepted cost allocation principles, then the QCA must accept the cost allocation methodology for that Reference Tariff variation provided that it is consistent with the cost allocation principles accepted by the Affected Parties.~~

(b) The QCA will consider an application made under clause and applying the pricing objectives set out in **clause 6.2** determine a new Reference Tariff or an amendment to an Existing Reference Tariff.

(c) Where this **clause 6.3.4** applies in respect of an Access Seeker and the applicable Reference Tariff has not yet been determined, Aurizon Network may, but is not obliged to, enter into an Access Agreement with the Access Seeker on the basis of an indicative Access Charge subject to the Access Agreement including provisions which provide that after the applicable Reference Tariff is determined:

(i) the Access Agreement will be amended to include an Access Charge based on that Reference Tariff; and

(ii) the Access Seeker and Aurizon Network will account to each other for any under or over recovery of Access Charges during the period when the indicative Access Charge was applied.

(iii) Aurizon Network acknowledges that it will do all things reasonably required of it to expedite the determination of a Reference Tariff resulting from an Expansion.

- (d) This **clause 6.3.4** and clause **6.3.7** potentially interact with each other in relation to the setting of an Access Charge. To seek to facilitate the proper application of those clauses, where this **clause 6.3.4** and clause **6.3.7** both apply in any particular circumstances, they must be applied concurrently.

6.3.7 Reference Tariff for new loading points and Private Infrastructure

Where new or additional coal carrying Train Services commence after the Commencing Date and those Train Services will utilise:

- (a) new or existing Private Infrastructure (with one or more loading points) connected to the Rail Infrastructure after the Commencing Date; or
- (b) Rail Infrastructure (including a Customer Specific Branch Line), for a new loading facility, established after the Commencing Date,

the Access Charge for those new or additional coal carrying Train Services will be determined based on:

- (c) where:
- (i) the Distance Discount is zero; or
- (ii) the Minimum Revenue Contribution is less than a relevant existing Reference Tariff,

the relevant highest Existing Reference Tariff (except to the extent that any higher Existing Reference Tariff reflects capital costs for sections of the Rail Infrastructure which will not be used for the additional Access Rights except where a new Reference Tariff is being proposed under clause 6.2.4(a)(v)); or

- (d) where **clause 6.3.7(c)** does not apply, a new Reference Tariff which when converted to a \$/nt basis is the higher of:
- (i) the Minimum Revenue Contribution; and
- (ii) the relevant existing Reference Tariff less the Distance Discount (with the Distance Discount first being subtracted from the AT3 input of the Reference Tariff input (but not beyond the point where AT3 equals zero) with any remainder subtracted from the AT4 input of the Reference Tariff (but not beyond the point where AT4 equals zero)), converted to a \$/nt basis assuming a System Nominal Train Payload;

- (e) where:
- (i) there is more than one Existing Reference Tariff for the relevant Train Service; or
- (ii) an Access Seeker seeks Access Rights that require an Expansion and **clause 6.3.5(d)** applies.

Aurizon Network will seek approval from the QCA for:

- (iii) determination of the relevant Existing Reference Tariff to be applied;
- (iv) the adjustment (downwards) of Existing Reference Tariff, including the allocation of benefits where there is more than one Existing Reference Tariff; and
- (v) any proposal to increase an Existing Reference Tariff to reflect benefits which existing Access Holders may derive from the Expansion.

In considering the above matters the QCA must apply the pricing objectives set out in **clause 6.2**.

- (f) The QCA may give Aurizon Network a notice requiring it to submit a proposed Reference Tariff for a new Reference Train Service if the QCA has a reasonable expectation that there is sufficient interest from Access Seekers to warrant the development of such a Reference Tariff.

6.3.8 Process for acceptance of new Reference Tariff

- (a) Where Aurizon Network is negotiating Access Charges for Access Rights and either:
- (i) a new Reference Tariff is to be applied under either **clause 6.3.4** or **6.3.7** in respect of those Access Charges, or
 - (ii) Aurizon Network determines that an Access Charge should be applied that is differentiated from the applicable Reference Tariff in accordance with **clause 6.3.2 or 6.3.3.**

Aurizon Network will submit a proposed new Reference Tariff to the QCA.

- (iii) the proposed Reference Tariff must be consistent with **clause 6.3.7**, where **clause 6.3.7** applies; and
 - (iv) the QCA will:
 - (A) ~~the QCA must~~ apply the pricing objectives set out in **clause 6.2**;
 - (B) publish the proposed Reference Tariff;
 - (C) invite persons to make submissions on the proposed Reference Tariff to the QCA within a reasonable period of time specified by the QCA; and
 - (D) consider any submission it receives within that period of time.
- (b) The QCA may approve a proposed Reference Tariff for a new Reference Train Service only if the QCA:
- (i) is satisfied that the proposed Reference Tariff is consistent with this Undertaking (including the pricing objectives set out in **clause 6.2**);
 - (ii) considers it appropriate to do so having regard to the matters listed in section 138(2) of the Act;
 - (iii) has complied with **clause 6.3.8(a)(iv)**; and
 - (iv) for a resubmitted proposed Reference Tariff, is satisfied that Aurizon Network has in all material respects addressed the matters referred to in the relevant notice by the QCA under **clause 6.3.8(f)**.
- (c) [The QCA must consider a proposed Reference Tariff given to it by Aurizon Network and either approve or refuse to approve it within 40 Business Days after the date on which Aurizon Network submitted the proposed Reference Tariff to the QCA or such further period as the QCA and Aurizon Network may agree.] [Note: The QRC notes the proposal that a timeframe be imposed on the QCA. The QRC is not supportive of such timelines being imposed, unless the QCA considers it useful] [Anglo American Note: In the event that that timeframes are imposed on the QCA, then a 'stop-the-clock' approach could be adopted, if the QCA considers this useful].
- (d) If the QCA approves the proposed Reference Tariff:
- (i) it will apply from the earlier of:
 - (A) the date of the QCA's decision; and
 - (B) if Aurizon Network and the Access Seeker have entered into an Access Agreement under **clause 6.3.6(b)**, the date of that Access Agreement,

- except where the QCA specifies a later date in its decision, in which case the proposed Reference Tariff will apply from that date;
- (ii) the QCA will give Aurizon Network a notice in writing stating the reasons for its decision at the time of publishing its decision; and
 - (iii) Aurizon Network must:
 - (A) publish a new version of **schedule F** which includes the new Reference Tariff; and
 - (B) advise Access Holders and Access Seekers, in respect of the Train Services to which the new Reference Tariff applies, that the new Reference Tariff has been approved.
- (e) If the QCA is considering refusing to approve the proposed Reference Tariff:
- (i) it must give Aurizon Network a draft of its decision (including a statement of reasons including the way it considers the Reference Tariff should be adjusted);
 - (ii) Aurizon Network may, within 20 Business Days after being given that draft decision (or such longer period as agreed by the QCA), revise the proposed Reference Tariff and/or provide additional information supporting its view that the proposed Reference Tariff should be approved; and
 - (iii) the QCA must consider that revision and/or additional information when deciding whether to approve or refuse to approve the proposed Reference Tariff.
- (f) If the QCA refuses to approve the proposed Reference Tariff, the QCA must give Aurizon Network a notice of the QCA's decision ~~including~~:
- (i) a statement of both its reasons and the way in which it considers the proposed Reference Tariff should be amended; and
 - (ii) where the proposed Reference Tariff has been submitted by Aurizon Network in response to a notice given by the QCA under Clause 6.3.7(f) , requiring Aurizon Network to amend the proposed Reference Tariff in the way the QCA considers appropriate and resubmit the amended proposed Reference Tariff to the QCA within thirty (30) days after the giving of that notice.
- (g) If the QCA refuses to approve the proposed Reference Tariff, Aurizon Network may resubmit the proposed Reference Tariff with amendments and **clauses 6.3.8(a) to (gf)** apply to that resubmitted Reference Tariff.
- (h) The QCA may develop a proposed Reference Tariff that is consistent with this Undertaking if:
- (i) Aurizon Network does not comply with a notice given by the QCA under Clause 6.3.7(f) or 6.3.7(f) or 6.3.8(f)(ii) for it to submit, or resubmit, a proposed Reference Tariff (whichever is applicable); or
 - (ii) the QCA refuses to approve a proposed Reference Tariff resubmitted by Aurizon Network in accordance with a notice given by the QCA under Clause 6.3.8(f)(ii).
- (i) For the purposes of this **clause 6.3.8**:
- (i) a proposed Reference Tariff submitted by Aurizon Network must include a new or reviewed System Allowable Revenue and System Forecast to the extent applicable to that proposed Reference Tariff; and
 - (ii) the QCA in approving a proposed Reference Tariff must also approve the new or reviewed System Allowable Revenue and System Forecast.

6.3.9 Access Charge review provisions

Without limitation to **clause 6.3.6(b)**, Aurizon Network or an Access Seeker may seek to agree review provisions in an Access Agreement that is being negotiated to enable the Access Charge to be adjusted from time to time in order for those Access Charges to be consistent with changes in:

- (a) (if a Reference Tariff applies to the Train Service) the applicable Reference Tariff (including any matters under **schedule F**); and
- (b) (if no Reference Tariff applies to the Train Service) the Access Charges agreed with other Access Seekers in respect of Train Services transporting the same commodity within the same geographical area as that Access Seeker's proposed Train Service.

A Standard Access Agreement will already contain review provisions in compliance with this **clause 6.3.9**.

6.4. Pricing limits

6.4.1 Application of pricing limits

- (a) Aurizon Network will, in setting the Access Charges for an Access Seeker's proposed Train Services, establish and observe upper and lower limits for the Access Charge(s):
 - (i) for individual Train Services; and
 - (ii) for combinations of Train Services comprised of the proposed Train Services and other Train Services to the extent that they use the same Rail Infrastructure as that which would be used by the proposed Train Services,
at levels:
 - (iii) which ensure there is no Cross Subsidy between individual Train Services or combinations of Train Services (as applicable); and
 - (iv) determined in accordance with **clause 6.4.2**.
- (b) Subject to the approval of the QCA, Aurizon Network may:
 - (i) establish a new Reference Tariff; or
 - (ii) vary an existing Reference Tariff in a way,
that is inconsistent with **clause 6.4.2(a)(ii)**, for the primary purpose of promoting efficient investment by either Aurizon Network or another person in the relevant transport supply chain.

6.4.2 Setting price limits

- (a) In setting the Access Charges for an Access Seeker's proposed Train Services, Aurizon Network will do so such that, over the Evaluation Period, the Expected Access Revenue for any one of those Train Services and any combination of Train Services comprised of the proposed Train Services and other Train Services to the extent that they use the same Rail Infrastructure as that which would be used by the proposed Train Services is:
 - (i) no less than the level that will recover the expected Incremental Cost of providing Access for that Train Service or that combination of Train Services (as applicable); and
 - (ii) no more than the level that will recover the expected Stand Alone Cost of providing Access for that Train Service or that combination of Train Services (as applicable).

- (b) ~~If Aurizon Network includes an Access Charge in an Access Agreement for an Access Seeker that does not comply with clause 6.4.2(a)(i), then Aurizon Network will be deemed not to be in breach of clause 6.4.2 provided that it complies with clause 6.2 in subsequently setting an Access Charge for another Access Seeker for a Train Service that transports the same specified commodity in the same specified geographic area.~~

6.4.3 Application of Maximum Allowable Revenue

- (a) Without limitation to **clause 6.4.2(a)**, where it is necessary to calculate the price limit referred to in **clause 6.4.2(a)(ii)** for the purposes of setting or reviewing a Reference Tariff, the Stand Alone Cost for the Evaluation Period for the Train Services to which the Reference Tariff relates will be the Maximum Allowable Revenue.
- (b) The Maximum Allowable Revenue means the aggregate of the maximum amount of Expected Access Revenue attributable to a section of Rail Infrastructure for the relevant Train Services using that section of Rail Infrastructure over the Evaluation Period.
- (c) The Maximum Allowable Revenue will be measured such that the net present value of the cashflows associated with providing Access for the relevant Train Services over the Evaluation Period is zero. This measurement can be expressed as:

$$0 = -AV + \sum_{t=1}^n \frac{(MAR_t - C_t - M_t - T_t)}{(1 + ROA)^t} + \frac{AV_n}{(1 + ROA)^n}$$

where:

AV_0 is the value of assets reasonably expected to be required for the Stand Alone provision of Access for the Train Services, assessed in accordance with **clause 6.4.3(e)**, at the commencement of the Evaluation Period;

n is the number of years in the Evaluation Period;

t is each year within the Evaluation Period from 1 to n ;

MAR_t is the Maximum Allowable Revenue for the Train Services expressed as revenue that may be earned in each year of the Evaluation Period;

C_t is the capital expenditure for assets reasonably expected to be required for the Stand Alone provision of Access for the Train Services in each year of the Evaluation Period;

M_t is the Efficient Cost, including operating and maintenance costs, business and corporate overheads and QCA Levy, reasonably expected to be incurred for the Stand Alone provision of Access for the Train Services in each year of the Evaluation Period;

ROA is the relevant rate of return commensurate with the commercial and regulatory risks involved in nominal post tax terms (with the cost of debt expressed on a before tax basis), as agreed by Aurizon Network and the QCA or, failing such agreement, as determined by the QCA;

T is the tax expense assessed through the application of the statutory tax rate for corporations to the taxable income reasonably expected to be earned through the Stand Alone provision of Access for the Train Services in each year of the Evaluation Period, where such tax expense is reduced in each year by the application of the gamma factor, reflecting the market value of dividend imputation, as agreed by Aurizon Network and the QCA or, failing such agreement, as determined by the QCA; and

AV_n is the value of assets reasonably expected to be required for the Stand Alone provision of Access for the Train Services, assessed in accordance with **clause 6.4.3(e)**, at the end of the Evaluation Period.

- (d) For the purpose of determining the variables under **clause 6.4.3(b)**, the assumed traffic task resulting from the Train Services over the Evaluation Period is the forecast, as reasonably determined by Aurizon Network, for the traffic task resulting from the Train Services over the Evaluation Period (including making allowance for any changes in traffic task that are expected to result from the commencement of projects that impact significantly on the traffic task).
- (e) The value of assets used in **clause 6.4.3(b)** will be determined using:
 - (i) if the value of assets is being calculated for the Coal Systems in aggregate, the aggregate value of the assets contained in the Regulatory Asset Base, as maintained in accordance with **schedule F**; or
 - (ii) in all other circumstances, the Depreciated Optimised Replacement Cost methodology.

6.5. Pricing objectives

6.5.1 Rail Infrastructure utilisation

- (a) Aurizon Network may establish different Access Charges for Train Services serving different markets or commodities, that contribute in excess of the Incremental Cost, to maximise the commercially viable use of Capacity while meeting, in aggregate, the Common Costs.
 - (b) Subject to **clause 6.5.1(c)**, if the Available Capacity is potentially insufficient to satisfy the requests for Access Rights of all current and likely Access Seekers, and Aurizon Network reasonably considers that expansions of the Capacity to meet the requirements of all current or likely Access Seekers is not commercially justified then:
 - (i) Aurizon Network may determine the highest Access Charge for a Train Service that it is likely to achieve from the current or likely Access Seekers based on the characteristics of the relevant Reference Train Service for the applicable Coal System (including the terms of the relevant Standard Access Agreement) **(Maximum Access Charge)**;
 - (ii) the Maximum Access Charge may be quoted to all Access Seekers in respect of the Available Capacity irrespective of:
 - (A) any Access Seeker's ability to contribute to the Common Costs; or
 - (B) the Access Charges payable in existing Access Agreements for similar Train Services; and
 - (iii) if Aurizon Network:
 - (A) has received Mutually Exclusive Access Applications;
 - (B) chooses to allocate Available Capacity to one of those Access Seekers for an Access Charge less than the Maximum Access Charge; and
 - (C) another of those Access Seekers is willing to pay an Access Charge equal to the Maximum Access Charge,
- then when determining the Maximum Allowable Revenue in accordance with **clause 6.4.3** for Train Services using that constrained section of Rail Infrastructure, the Access Charge for the Access Seeker will be assumed to be

the Maximum Access Charge. For the purpose of **clause 6.5.1(b)(iii)(B)**, Aurizon Network does not make a choice to allocate Available Capacity in a particular way where Aurizon Network's allocation is necessary for compliance with any Law (including any Passenger Priority Obligation or Preserved Train Path Obligation).

- (c) **Clause 6.5.1(b)** does not apply in respect of setting Access Charges in relation to Train Services for which a Reference Tariff applies.

6.5.2 *Revenue adequacy*

Provided Aurizon Network complies with pricing constraints described in 6.3 and 6.4, Aurizon Network is entitled to earn revenue from the provision of Access that is at least enough to:

- (a) fully recover all Efficient Costs; and
(b) provide a rate of return on the value of assets commensurate with the regulatory and commercial risks involved.

provided that where Aurizon Network earns revenue in excess of this its first objective will be to reduce the Transport Service Payments.

6.6. Reference Tariffs

6.6.1 *Application of Reference Tariffs*

- (a) A Reference Tariff is an acceptable means by which Aurizon Network provides Access Seekers with information about the matters listed in sections 101(2)(a) to (c) of the Act.
- (b) If Aurizon Network formulates an Access Charge for an Access Seeker's proposed Train Services based on a Reference Tariff, then Aurizon Network is taken to have complied with **clauses 6.3**~~6.2~~ and **6.4**.
- (c) Unless otherwise approved by the QCA, Aurizon Network must calculate the Access Charges for all coal carrying Train Services to which a Reference Tariff applies on a basis that comprises all of the following elements:
- (i) an incremental maintenance component that is levied on a gtk basis – referred to as AT1;
 - (ii) an incremental capacity component that is levied on a Train Path basis – referred to as AT2;
 - (iii) a component that is levied on a ntk basis – referred to as AT3;
 - (iv) a component that is levied on a nt basis – referred to as AT4;
 - (v) an electric access tariff that is levied on an egtk basis (if appropriate) – referred to as AT5;
 - (vi) an electric energy charge that is levied on an egtk basis (if appropriate) – referred to as EC; and
 - (vii) the QCA Levy levied on a nt basis,
- and including any other amount that may be included in an Access Charge in accordance with this Undertaking.

6.6.2 *Review of Reference Tariffs*

Schedule F will specify the period for which a Reference Tariff is effective and how the Reference Tariff may be reviewed during that period.

6.6.3 Publishing updated schedule F

Where any matters in **clauses 7 to 11 of schedule F** are amended or varied from time to time including where the QCA approves any revisions or other adjustments to System Allowable Revenues, System Forecasts or Reference Tariffs in accordance with this Undertaking, Aurizon Network must publish a new version of those **clauses 7 to 11 of schedule F** which includes that amendment, variation, revision or adjustment.

6.7. Structure of non-Reference Tariff Access Charges

Where there is no Reference Tariff applicable for a Train Service (for example, a passenger or non-coal freight Train Service), the structure of Access Charges for that Train Service will be negotiated with the relevant Access Seeker depending on their particular requirements and, without limiting Aurizon Network's and the relevant Access Seeker's discretion to agree a structure, may include any one or more of the following:

- (a) an initial upfront component as a condition to being granted Access Rights;
- (b) an ongoing periodic fixed component independent of the level of usage of the Rail Infrastructure; and
- (c) one or more ongoing variable components based on usage of the Rail Infrastructure.

6.8. QCA Levy

Access Charges for any Train Service may include a QCA Levy component to be collected for the QCA by Aurizon Network. This component of Access Charges will, where applicable, be determined from year to year based on the QCA Levy levied by the QCA to Aurizon Network and allocated amongst Train Services in a manner approved by the QCA.

6.9. Regulatory Asset Base

Aurizon Network will maintain the Regulatory Asset Base in accordance with **schedule F**.

6.10. Commercial Terms

- (a) Subject to **clause 6.10(b)**, nothing in this Undertaking prevents Aurizon Network and an Access Seeker (or group of Access Seekers) agreeing Commercial Terms in relation to Access Rights that will require an Expansion or Customer Specific Branch Line.
- (b) Aurizon Network may not request or agree Commercial Terms ~~that~~:
 - (i) [in circumstances where it is obliged to fund and Expansion;](#)
 - (ii) [that](#) restrict Access Seekers or their Customers from raising disputes with the QCA or disclosing proposed Commercial Terms or other contract terms to the QCA;
 - (iii) [that](#) require Access Seekers, Access Holders or their Customers to disclose information that is confidential to one or more of them, to any other Access Seeker, Access Holder or their respective Customers, otherwise than as permitted by this Undertaking;
 - (iv) [that](#) restrict the right of an Access Seeker or their Customer from proposing or entering into User Funding for the relevant Expansion or Customer Specific Branch Line;
 - (v) [that involve Aurizon Network to provide funding for a Pre-feasibility Study or Feasibility Study;](#)

- (vi) [that require that a Related Party receive a haulage agreement or port agreement;](#)
[or](#)
 - (vii) [that](#) contravene a provision of this Undertaking or the Act.
- (c) For the avoidance of doubt:
- (i) where an Access Seeker or Access Seekers do not wish to agree Commercial Terms proposed by Aurizon Network, the Access Seeker or Access Seekers, as applicable, may propose to enter into a User Funding Agreement for the funding of the Expansion in accordance with and subject to the provisions in **clause 8**; and
 - (ii) the terms of any agreed User Funding Agreement will not constitute a Commercial Term.

Part 7: Available Capacity allocation and management

7.1 Application

(a) This **Part 7** addresses the allocation and management of Capacity, including in circumstances where there is insufficient Available Capacity to satisfy all of the Access Applications submitted to Aurizon Network. In particular under its provisions:

- (i) Aurizon Network may [\(acting reasonably and in good faith\)](#) refuse to grant Access Rights if the relevant Access Seeker has not demonstrated that it can fully utilise those Access Rights. **(Clause 7.2)**
- (ii) Aurizon Network will be obliged to give priority to the granting of Access Rights to a Renewing Access Seeker in respect of a Renewal in certain circumstances. **(Clause 7.3)**
- (iii) Standard Access Agreements will include provisions allowing an Access Holder to relinquish Access Rights for a Transfer. Aurizon Network has obligations in relation to the allocation of Capacity to facilitate a Transfer. **(Clause 7.4.2)**
- (iv) Aurizon Network will notify Access Seekers if their Access Applications are Mutually Exclusive Access Applications and assist them to modify their Access Applications to seek to avoid them being Mutually Exclusive Access Applications. **(Clause 7.5.1)**
- (v) Where Aurizon Network has received Mutually Exclusive Access Applications, Aurizon Network will prioritise the granting of Access Rights having regard to a series of specified criteria. **(Clause 7.5.2)**

However, these provisions for Mutually Exclusive Access Applications do not apply where the allocation occurs under **Part 8**, [providing however that in determining the priority of one Access Seeker over another it is not relevant to consider whether an Expansion will be funded by Aurizon Network or a Customer](#) **(Clause 7.5.2(a))**

- (vi) Subject to the provisions of the relevant Access Agreement, scheduling and Train Control will be performed by Aurizon Network consistently with the Network Management Principles (including the System Rules). Aurizon Network has various rights and obligations in relation to amending System Rules. **(Clause 7.6)**
- (b) To the extent that there is any inconsistency between any of:
- (i) **clause 7.2** (General requirement for allocation);

- (ii) **clause 7.3** (Renewals);
- (iii) **clause 7.4.2** (Transfers); and
- (iv) **clause 7.5** (Mutually Exclusive Access Applications),

those provisions will apply in that order of precedence (from highest to lowest) to determine which of them prevails to the extent of the inconsistency.

- (c) For the purposes of the Act, the treatment of Access Seekers differently as a result of, or in accordance with, **clause 7.3, 7.4.2 or 7.5.2** is permitted and to that extent does not offend the Act.
- (d) Nothing in **clauses 7.3, 7.4.2 or 7.5.2** obliges Aurizon Network to grant Access Rights if there is insufficient Available Capacity to provide those Access Rights.

7.2 General requirement for allocation

Despite any other provision in this Undertaking, Aurizon Network may refuse to allocate Available Capacity in respect of an Access Application if the Access Seeker has not demonstrated to Aurizon Network's satisfaction (acting reasonably and in good faith) that the Access Seeker can fully utilise the Access Rights requested, ~~including holding~~ An Access Seeker can fully utilise the Access Rights if it has:

- ~~(a) — rights to load and unload Train Services;~~
- (b) Supply Chain Rights;
- ~~(c) — a reasonable likelihood of obtaining a contract for rail haulage utilising the relevant Capacity by the time the Access Rights are to commence;~~
- ~~(d) — sufficient facilities (including Rollingstock, provisioning facilities, maintenance facilities and storage facilities) to enable the Access Seeker to utilise the relevant Capacity;~~
- (e) where the relevant Capacity will be used to transport the output of a mine, sufficient anticipated output from the mine to support full utilisation of the relevant Capacity; and
- (f) if relevant, rights from other providers of infrastructure (for example, unloading facility operators and other Railway Managers) to use infrastructure necessary for the Access Seeker's Train Services to enter and exit the Rail Infrastructure.

[Anglo American Note: As there are competitive above rail operators and the possibility of producers operating their own Rollingstock, it should not be necessary to show that the Access Seeker has haulage rights.]

It is acknowledged that at the time of allocating Available Capacity it is not necessary for paragraphs (a) and (b) to have been complied with, and that it is sufficient for the Access Seeker to have a reasonable likelihood of satisfying paragraphs (a) and (b) by the time that the Access Rights are to commence.

7.3 Renewals

- (a) This **clause 7.3** sets out provisions that apply where all or any part of an Access Holder's existing Access Rights will expire and:
- (i) that Access Holder (where the Access Holder has no Customer); or
 - (ii) the person nominated by the Access Holder's Customer in writing to Aurizon Network (and, for clarity, that Customer may nominate itself),

(**Renewing Access Seeker**) wishes to hold or to continue to hold (as applicable) equivalent Access Rights ~~(being the Access Rights held immediately before expiry)~~ for a further term commencing immediately after those existing Access Rights will expire (that is, a **Renewal**). For clarification a renewing Access Seeker may (to the extent it otherwise qualifies with clause 7.3(a)) be a party who has received Access Rights as a result of a Transfer.

- ~~(iii) equivalent Access Rights may include Access Rights for a Replacement Mine.~~

[Note: The following definition of "Replacement Mine" should be included in Part 12 - Replacement Mine means a mine:

(1) That the Customer or Access Holder which is the same as the Customer or Access Holder (as applicable) for the existing mine receiving the benefit of the relevant Access Rights;

(2) that is in the same geographic area as the existing mine referred to above such that Train Services for that mine use substantially the same Train paths as Train Services for the existing mine; and

(3) that is producing a volume of coal substantially equivalent to a reduction in existing volume from the existing mine.]

- (b) For clarity, where a Renewing Access Seeker chooses to Renew only part of their existing Access Rights, the balance of those Access Rights not Renewed will become Available Capacity on the expiry of those existing Access Rights.
- (c) Despite any provision in **Part 4**, Aurizon Network:
- (i) is not obliged to negotiate the provision of Access that will use Capacity that will become Available Capacity on the expiry of an existing Access Right; and
 - (ii) must not enter into an Access Agreement in relation to such Capacity,

with a person other than the relevant Renewing Access Seeker unless and until:

- (iii) the end user (that is, the Access Holder, where the Access Holder has no Customer, or otherwise the relevant Access

Holder's Customer) has notified Aurizon Network that the end user does not intend to seek a Renewal; or

- (iv) the Renewing Access Seeker has not (other than as a result of an act or omission or delay by Aurizon Network) executed an Access Agreement for that Capacity with Aurizon Network under this **clause 7.3** at least 12 months prior to the expiry of the Access Rights.
- (d) Aurizon Network may refuse to negotiate, or to enter into, an Access Agreement with a Renewing Access Seeker for a Renewal more than three years prior to the expiry of the Access Rights, Aurizon Network must promptly negotiate with a Renewing Access Seeker that provides a valid Renewal notice. A Renewing Access Seeker is not required to submit a new Access Application.
- (e) A Renewing Access Seeker has a priority right to renew its Access Agreement on the terms listed in clause 7.3(f). For clarification, that means that a Renewing Access Seeker who submits a valid Renewal notice on its existing Access will, Subject to Clause 4.11(c), have a right to receive that Access without resubmitting an Access Application or joining a queue.
- (f) If a Renewing Access Seeker ~~is~~ gives a Renewal notice in accordance with clause 7.3(d), seeking a Renewal at least 12 months (but no more than 36 months or such earlier date as agreed by Aurizon Network) prior to the expiry of the relevant Access Rights, then:
 - (i) the term of an Access Agreement relating to the Renewal must be:
 - (A) for coal carrying Train Services, the lesser of 10 years and the remaining life of the relevant mine (as evidenced to Aurizon Network's reasonable satisfaction by the Renewal Access Seeker); or
 - (B) for other Train Services, the lesser of 10 years and the same length of time as the term of the relevant current Access Agreement. ~~;; and and~~
 - ~~(ii) if:~~
 - ~~(A) the Renewing Access Seeker's Access Application is not seeking a Renewal for; or~~
 - ~~(B) the Renewing Access Seeker does not agree to an Access Agreement for,~~

~~a term referred in clause 7.3(f)(i), then the Renewing Access Seeker's Access Application will not be treated as an Access Application for a Renewal under this clause 7.3.~~
- ~~(g) Nothing in this clause 7.3 obliges Aurizon Network to:~~

- ~~(i) execute an Access Agreement for a Renewal; or~~
 - (ii) Nothing in this clause 7.3 obliges Aurizon Network to enter into an Access Agreement for a Renewal on the same terms as the relevant Access Holder's Access Agreement for the existing Access Rights.
- (h) For clarity, once a Renewing Access Seeker ~~must complete and submit an Access Application for Access Rights it is seeking to renew and, subject to this Part 7, has lodged a valid Renewal.~~ the negotiation for those Access Rights will be conducted in accordance with **Part 4** including the Negotiation Cessation Notice provisions under **clause 4.11** and negotiations being based on any applicable Standard Access Agreement.

7.4 Dealing with Access Rights

7.4.1 Assignments

Subject to clause 7.4.2, An an Access Holder may only assign, novate or otherwise transfer the Access Holder's interest in an Access Agreement to a third party in accordance with the terms of that Access Agreement.

7.4.2 Transfers

- (a) If an Access Holder intends to undertake a Transfer, then despite any other provision in this Undertaking:
 - (i) subject to **clause 7.4.2(a)(ii)**, Aurizon Network will negotiate exclusively and expeditiously with the Transferee in relation to the grant of the Transferred Access Rights and, if applicable, Ancillary Access Rights;
 - (ii) that exclusivity of negotiation does not apply to any other Access Rights, if any, sought by the Access Seeker (for example, Access Rights that require an Expansion or Customer Specific Branch Line).

[Drafting note: the consideration of other Access Applications has been removed to avoid confusion as TransferorsTransferees should get priority over other Access Seekers who are already negotiating with Aurizon Network to the extent of the Access Rights the subject of the Transfer.]

- (iii) if a Transfer is:
 - (A) for the correct term of the existing Access Agreement;
 - (B) submitted in the form of a Standard Access Agreement; and
 - ~~(C) the Transferee satisfies clause 4.11(c); or~~
 - ~~(D) affect Aurizon Network's negotiations with another Access Seeker where Aurizon Network and that~~

~~other Access Seeker are already in the process of negotiating an Access Agreement and that other Access Seeker has demonstrated to Aurizon Network's reasonable satisfaction that the Access Seeker can fully utilise the proposed transferred Access Rights having regard to the matters listed in **clause 4.11(c)** and in particular, that it holds Supply Chain Rights in respect of its requested Access Rights;~~

(iv) ~~nothing in this **clause 7.4.2(a)** obliges Aurizon Network to execute an Access Agreement with the Transferee~~ Aurizon Network is required to execute an Access Agreement for Available Capacity the subject of the Access Rights; and

(v) where:

(A) an Access Application by a Transferee for Transferred Access Rights and Ancillary Access Rights;

(B) ~~another Access Seeker is already in the process of negotiating an Access Agreement with Aurizon Network, and that Access Seeker has demonstrated to Aurizon Network's reasonable satisfaction that the Access Seeker can fully utilise the proposed Access Rights having regard to the matters listed in **clause 4.11(c)** referred to in **clause 7.4.2(a)(iii)(D)** exists; an Access Seeker referred to in **clause 4.11(c)** exists;~~ and

(C) the Access Applications are Mutually Exclusive Access Applications,

clause 7.5 will apply to those Access Applications and will not otherwise apply to that Transferee's Access Application in respect of any other Access Seekers.

(b) A Transferee must complete and submit an Access Application for the Transferred Access Rights and, if applicable, Ancillary Access Rights and subject to this **Part 7** (which shall prevail to the extent of any inconsistency), the negotiation for those Transferred Access Rights and, if applicable, Ancillary Access Rights will be conducted in accordance with **Part 4**.

(c) This **clause 7.4.2** ceases to apply in respect of a Transfer if the Access Holder for that Transfer fails to comply with the provisions of the Access Holder's Access Agreement relevant to that Transfer. Aurizon Network may:

(i) require provisions in an Access Agreement with a Transferee making that Access Agreement subject to; or

- (ii) delay execution of an Access Agreement with the Transferee until,

the Access Holder's full and proper compliance with the provisions of the Access Holder's Access Agreement relevant to that Transfer. For example, Aurizon Network may include provisions providing for the termination of the Transferee's Access Agreement where the Access Holder does not fully comply.

- (d) For clarity, a change in the nomination of a Train Operator by an End User does not constitute a Transfer.

- (e) It is acknowledged that in respect of Transfers:

- (i) despite the timeframes set out in **clause 4**, Aurizon Network will act as expeditiously as is possible and in any event with a view to achieving the timing of the proposed Transfer;

- (ii) Aurizon Network will complete steps provided for in **clause 4** in shorter timeframes than is provided for in **clause 4**; and

- (iii) in respect of short-term Transfers (being Transfers of less than a Month), Aurizon Network must apply an abbreviated process for **clause 4**.

- (f) Aurizon Network must maintain on the Website a register of Access Holders that have indicated to Aurizon Network that they are considering effecting a Transfer. Proposed Transfers should only be placed on this register when the Access Holder requests, otherwise Aurizon network is required to maintain confidentiality of proposed Transfers. Such register should include such level of detail as is specified by the Access Holder is to be made publicly available.

7.5 Mutually Exclusive Access Applications

7.5.1 Notification and assistance

- (a) Aurizon Network will ~~use reasonable endeavours to~~ identify Access Applications that are or have become Mutually Exclusive Access Applications and will notify an Access Seeker as soon as practical after Aurizon Network identifies that the Access Seeker's Access Application is or has become a Mutually Exclusive Access Application.
- (b) Aurizon Network will, if requested, provide reasonable assistance to an Access Seeker to identify whether its Access Application can be modified so that it is not a Mutually Exclusive Access Application.

7.5.2 Capacity allocation for Mutually Exclusive Access Applications

- (a) This **clause 7.5.2** does not apply where the allocation of Capacity to Access Seekers occurs under **Part 8** and does not affect the operation of **Part 8**.

- (b) If Aurizon Network has received Mutually Exclusive Access Applications for Available Capacity, then Aurizon Network will enter into negotiations for Access Agreements (including any agreements to allow Access Rights to be exercised or created – for example, a Connection Agreement) for the Available Capacity for those Access Applications that meet the following criteria prior to considering any of the other Access Applications:
- (i) the Access Application is for coal carrying Train Service;
 - (ii) the Access Seeker has ~~satisfied Aurizon Network (acting reasonably) that the Access Seeker will be able to use identified how it intends to utilise~~ the Access Rights ~~at the level being~~ sought giving consideration to the factors in **clause 4.11(c)**;
 - (iii) the grant of the Access Rights is not subject to any Expansion or Customer Specific Branch Line, ~~except to the extent that an Expansion is otherwise required by this Undertaking (in particular, where Aurizon Network is required to complete an Expansion under clause 8.2.1(b) or 8.2.1(c) or other works or expenditure by Aurizon Network relating to the Rail Infrastructure; [Note: The deleted words are too broad.]~~
 - (iv) the Access Rights requested could be used without adversely affecting the ability of existing Access Holders to use their Access Rights;
 - (v) the Access Agreement's proposed term is at least 10 years ~~or the remaining life of the mine~~; and
 - (vi) where the grant of Access Rights requires Existing Capacity that will become Available Capacity, Aurizon Network is satisfied (acting reasonably ~~and in good faith~~) that the Access Seeker ~~has a reasonable likelihood of being able to utilise that Existing Capacity at the time when it becomes Available Capacity, specifically by considering the same criteria as in clause 7.2. will be able to use that Existing Capacity on the date when it becomes Available Capacity.~~
- (c) Subject to ~~clauses 7.5.2(d)~~ and **(e)**:
- (i) if:
 - (A) Aurizon Network has received Mutually Exclusive Access Applications for Available Capacity; and
 - (B) after applying **clause 7.5.2(b)** there are remaining Mutually Exclusive Access Applications and remaining Available Capacity; or

- (ii) if none of the relevant Mutually Exclusive Access Applications satisfy the criteria under **clause 7.5.2(b)**,

then Aurizon Network will (acting reasonably and in good faith) enter into negotiations for Access Agreements (including any agreements to allow Access Rights to be exercised or created – for example, Rail Connection Agreement) with those Access Seekers whose **applied application** for Access Rights best meet **Aurizon Network's legitimate business interests**the criteria set out in clause 7.5.2(d).

[Anglo American Note: Anglo American believes that clause 7.5.2(d) section should be removed and replaced with the first-in-time and queuing principles with such other consequential amendments as may be required]

- ~~(d) Without limiting the matters Aurizon Network may consider under Where clause 7.5.2(c) applies:~~

- ~~(i) Aurizon Network will consider the following objectives:~~

~~(A) to ensure Aurizon Network's revenue adequacy (as described in **clause** Error! Reference source not found.);~~

~~(B) to allocate Capacity to its highest marginal value;~~

~~to an objective of promote promoting efficient investment in and use of the Rail Infrastructure having regard to:~~

~~(A) the expected duration of the facility or business whose inputs or outputs will be transported on the Rail Infrastructure (for example, the mine production life);~~

~~(B) the quality and saleability of the product proposed to be transported on the Rail Infrastructure;~~

~~(C) the capital efficiency of rail infrastructure and the density of network utilisation; and~~

~~(D) the contribution of the Access Rights sought to the long-term demand for Access.~~

~~(E) the current and future competitiveness of the relevant supply chain; and~~

- ~~(ii) unless Aurizon Network decides otherwise, Aurizon Network may must treat a proposed Access Agreement for a coal carrying Train Service as being more favourable to Aurizon Network's legitimate business interests having a higher priority than a proposed Access Agreement for a non-coal carrying Train Service, except to the extent that the allocation of Available Capacity to that coal carrying Train Service would constitute a breach by Aurizon Network of its~~

~~obligations under any Law—for example, under Aurizon Network's Preserved Train Path Obligations.~~

- (e) In making a decision under **clause 7.5.2(c)**, Aurizon Network must have no regard to whether an Access Seeker is a Related Operator.
- (f) If:
 - (i) in Aurizon Network's reasonable opinion it is not practical to determine, as between two or more Access Seekers with Mutually Exclusive Access Applications, which of those Access Seekers to enter into an Access Agreement with under **clause 7.5.2(c)**; and
 - (ii) Aurizon Network and each of those Access Seekers have negotiated the terms of an Access Agreement (including all agreements to allow Access Rights to be exercised or created – for example, ~~a User Funding Agreement or~~ Rail Connection Agreement) which the parties are willing to execute, [Note: Deletion made as User Funding is not a relevant scenario – that is, it is covered in Part 8.]

then Aurizon Network may elect to prioritise the execution of Access Agreements with those Access Seekers in date order – that date being ~~determined~~ for each Access Seeker ~~as the later of:~~

- ~~(iii) the date on which that Access Seeker was issued an Acknowledgement Notice for its Access Application, under **clause 4.4**, where the relevant Access Rights sought are to commence more than three years after the date that the Access Application was submitted to Aurizon Network, the date three years prior to the date when that Access Seeker's requested Access Rights are proposed to commence.~~
- (g) Where Aurizon Network has allocated Available Capacity under this **clause 7.5.2** and none of the remaining Access Seekers can be granted the Access Rights sought as there is insufficient Available Capacity to do so, then negotiations with those remaining Access Seekers are suspended and **clause 4.4(c)** will apply.

7.6 Network Management Principles

7.6.1 Compliance with Network Management Principles

- ~~(a) — An Access Agreement will include obligations for the Access Holder and Aurizon Network to must comply with the Network Management Principles. Any dispute between an Access Holder and Aurizon Network in relation to compliance with the Network Management Principles will be dealt with in accordance with the dispute resolution process set out in the relevant Access Agreement.~~

7.6.2 **Nature of the System Rules**

- (a) The System Rules specify in greater detail the way in which Aurizon Network will plan, schedule and control the operation of Train Services on a single or combination of Coal Systems in accordance with the Network Management Principles.
- (b) The System Rules will be published on the Website.

7.6.3 **Making the initial System Rules for a Coal System**

- (a) Where System Rules do not already exist for a Coal System ~~and~~ Aurizon Network ~~wishes to~~ must promptly develop the initial System Rules for that Coal System. In doing so, it will consult with Access Holders, Railway Operators and Access Seekers whose Train Services will be affected by the System Rules, and any affected Infrastructure Service Providers, in relation to the introduction of the System Rules.
- (b) After consulting under **clause 7.6.3(a)**, ~~if~~ Aurizon Network ~~decides to make initial System Rules for that Coal System, then it~~ will:
 - (i) prepare the proposed System Rules (**Draft System Rules**) having 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;
 - (ii) in preparing the Draft System Rules, ~~seek to~~ ensure that they do not conflict with the Network Management Principles or any provision of this Undertaking; and
 - (iii) submit the Draft System Rules to the QCA for approval.
- (c) Where Aurizon Network has submitted Draft System Rules to the QCA, the QCA must consider the Draft System Rules and notify Aurizon Network that it either approves or refuses to approve the Draft System Rules. The QCA may decide, at its own discretion, to request and consider public submissions on Aurizon Network's Draft System Rules.
- (d) If the QCA refuses to approve the Draft System Rules, then:
 - (i) the QCA will set out its reasons for doing so in any notice to Aurizon Network of that decision; and
 - (ii) Aurizon Network ~~may choose to~~ must resubmit the Draft System Rules ~~either amended, or with additional information,~~ to address the matters in QCA's reasons without having to further consult under **clause 7.6.3(a)**.

7.6.4 **Amending the System Rules**

- (a) In amending the System Rules, Aurizon Network must:
 - (i) notify:

- (A) Access Holders and Access Seekers whose Train Services will be affected by the amendments and their Customers (but only to the extent that the Access Holder or Access Seeker has given Aurizon Network those Customer contact details) (**Affected Persons**);
- (B) affected infrastructure providers for infrastructure forming part of the relevant supply chain (including, for example, the unloading facility operator that is the destination of Train Services operating in the relevant Coal System);
- (C) affected Infrastructure Service Providers; and
- (D) affected Railway Operators; ~~and~~

~~(E) — the QCA;~~

of Aurizon Network's intention to amend the System Rules and provide a copy of the proposed amendments (**Proposed Amendments**) to those persons;

- (ii) consult with the persons notified under **clause 7.6.4(a)(i)(A)** to **(D)**;
- (iii) have regard to the equitable operation of the System Rules across Access Holders and Access Seekers (should they become Access Holders) and the Customers of the Access Holders and Access Seekers (should they become Access Holders) and the terms of Access Agreements; and
- (iv) seek to ensure that the amendments do not conflict with the Network Management Principles or any provision of this Undertaking.

~~(b) — 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 the Customers of the Access Holders and Access Seekers (should they become Access Holders); or~~
- ~~(ii) — are materially inconsistent with the terms of an Access Agreement;~~

~~then the Affected Person may provide a written submission to Aurizon Network, within 20 Business Days after being given a notice under **clause 7.6.4(a)(i)**, identifying why the Proposed Amendments would have any of the effects referred to in **paragraphs (i) or (ii)** and Aurizon Network will consider each submission provided to it under this **clause 7.6.4(b)**.~~

- ~~(c) After considering each submission under **clause 7.6.4(b)**, Aurizon Network will notify the submitters whether it intends to vary the Proposed Amendments. If Aurizon Network varies the Proposed Amendments, then Aurizon Network will notify the persons referred to in **clause 7.6.4(a)** of the variation and the reasons for the variation.~~
- ~~(d) If, within 15 Business Days after Aurizon Network has given the notices required under **clause 7.6.4(c)**, an Affected Person considers that the Proposed Amendments (including any variations) would have any of the effects referred to in **clause 7.6.4(b)(i)** or **(ii)**, then that Affected Person may refer the matter to dispute resolution under **clause** Error! Reference source not found.~~
- (e) After consulting under clause 7.6.4(a) Aurizon Network will submit its Proposed Amendments to the QCA for approval.
- (f) Where Aurizon Network has submitted Proposed Amendments the QCA must consider the Proposed Amendments and notify Aurizon Network that it either approves or refuses to approve the Proposed Amendments. The QCA may decide, at its own discretion, to request and consider public submissions on Aurizon Network's Proposed Amendments.
- (g) Any relevant party (including stakeholders, Access Holders, End Users or possible future Access Seekers) may object to any Proposed Amendment submitted by Aurizon Network. An objection may be made in writing to the QCA.
- (h) If the QCA receives a written objection to a Proposed Amendment it must request and consider public submissions.
- (i) If the QCA refuses to approve the Proposed Amendments, then:
- (i) the QCA will set out its reasons for doing so in any notice to Aurizon Network of that decision; and
 - (ii) Aurizon Network must resubmit the Proposed Amendments amended to address the matters in QCA's reasons without having to further consult under **clause 7.6.4**.
- (j) For the purposes of this **clause 7.6**:
- (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.

7.6.5 Compulsory review of the System Rules

- (a) In instances where:
- (i) system capacity increases by greater than 30% of the existing capacity;

(ii) an expansion is required to increase system capacity by greater than 30% of the existing capacity; or

(iii) 60% of the Access Holders in a Coal System formally request a review by written notice to Aurizon Network.

Aurizon Network is required to commence a review of the relevant System Rules for the affected system.

(b) Aurizon Network is required to submit a reviewed copy of the System Rules to the QCA for approval in accordance with this **clause 7.6.**

(c) Aurizon Network is required to notify Access Holders, End Users and Train Operators who will be affected by the increased capacity.

(d) In making its decision to approve or reject the reviewed System Rules, the QCA is required to request and consider any submissions received from a person notified under **clause 7.6.5(c).**

Schedule H

Network Management Principles

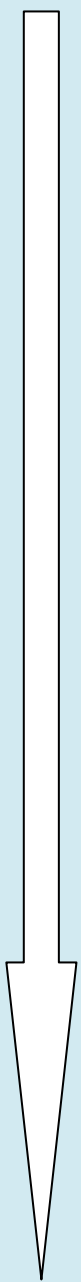
1 Interpretation

In this **schedule H**, a reference to an Access Holder means:

- (a) in respect of **clause 8.3** the Access Holder or a Train Operator where the Access Holder has no Customer; and
- (b) in respect of all other clauses, the Access Holder.

2 Objective and Context of the Network Management Principles

The objective of the Network Management Principles (**NMP**) is to maximise the contractual entitlements (contracted Train Service Entitlement and Ad Hoc Train Service Entitlement) of End Users of the system in an equitable and transparent manner with regard to train scheduling and day of operations management. The NMP should be considered in context with other documents and processes as follows:

Network Development Plan	<ul style="list-style-type: none"> Existing and potential Capacity Expansions for each Coal System of: <ul style="list-style-type: none"> Theoretical paths Usable paths Contractible TSE paths 	
System Operating Assumptions	<ul style="list-style-type: none"> Assumptions reducing theoretical paths down to usable paths and contractible TSE paths, including definitions or assumptions underpinning: <ul style="list-style-type: none"> Port operating mode path requirements Network availability Planned and unplanned loss TSE 	
Network Management Principles	<ul style="list-style-type: none"> High level principles used to develop and inform the System Rules for each Coal System Where System Rules are not in place, the Network Management Principles are used to inform the planning, scheduling and management of trains 	
System Rules	<ul style="list-style-type: none"> Allows the practical drawdown of usable and contracted paths for the Day of Operation for a Coal System Documents the detailed processes agreed for each Coal System to plan, schedule and manage the operation of trains, in order to realise contracted TSE, based upon the capacity available as detailed in the NDP and the assumptions detailed in the System Operating Assumptions Specific processes detailed are: <ul style="list-style-type: none"> MTP ITP DTP Contested path decisions Train control decisions Traffic management decisions 	
Access Holder Agreement	<ul style="list-style-type: none"> Contracted TSE paths, based upon the capacity assumptions as per the System Operating Assumptions and drawdown conditions as per the System Rules 	
Operational outcome	<ul style="list-style-type: none"> <i>Actual TSE and Ad hoc paths used</i> <i>Tonnes hauled</i> 	

3 Purpose

The purpose of the NMP is to provide high level, guiding principles for:

- development of System Rules for each Coal System;
- TSE interpretation; and
- Operational processes - Master Train Plan (MTP), an Intermediate Train Plan (ITP), where necessary, and a Daily Train Plan (DTP), Train Control Decisions, Contested Path Decisions and Traffic Management Decisions.

4 Development of System Rules

- (a) System Rules must be developed and in use for each Coal System, prior to the date of commencement of this Undertaking.
- (b) System Rules are to be updated, at least annually and upon changes to Coal System traffic as follows:
 - (i) Where an increase of more than 30 percent of Coal System GTK is to occur;
 - (ii) Where a rail spur or Expansion from a new coal basin is to connect to the existing Coal System;
 - (iii) Where a new Unloading Terminal is to be commissioned; and
 - (iv) Where a change to the System Operating Assumptions occurs.
- (c) The System Rules are to provide detailed and agreed processes for the planning, scheduling and control of the operation of Train Services;
- (d) The System Rules are to be agreed with all stakeholders (i.e. Access Holders, End Users and managers of Unloading Facilities and adjoining rail infrastructure); and
- (e) Each set of System Rules is to incorporate processes detailing the MTP, ITP, DTP, Train Control, Contested Path and Traffic Management Decisions specific to that particular Coal System, as agreed with the relevant stakeholders and as approved by the QCA.

5 Train Service Entitlement Principles

Train Service Entitlements:

- (a) for the same types of traffics, will be defined using consistent terminology;¹
- (b) will be expressed in terms that can be interpreted for the development of a MTP, ITP, DTP;
- (c) Train Service Entitlements are to be calculated, allocated and managed to ensure that the contracted monthly Train Service Entitlement of all users are achievable in practice;
- (d) Train Service Entitlement must take into account the expected availability and capability of the network for planned and unplanned maintenance, outages, variability and network conditions (e.g. speed restrictions and transit time allowances); and
- (e) Train Service Entitlement allocation and consumption, including non-performance, is to be reported transparently to Train Operators and End Users.

6 Master Train Plan principles

6.1 Purpose and form of the MTP

- (a) The purpose of the MTP is to demonstrate how Aurizon Network plans to deliver Train Service Entitlements in each Coal System, having regard to Planned Possessions, Existing Capacity, the System Operating Assumptions and other relevant characteristics of each Coal System.

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

- (b) The MTP will be in a form that is readily convertible to a DTP and indicates the capability of Aurizon Network to deliver Train Service Entitlements in each Coal System given other activities on the relevant Rail Infrastructure, including planned Rail Infrastructure unavailability and expected loss of the Coal System.
- (c) The MTP will separately identify where applicable:
 - (i) for Cyclic Traffics, the practically usable round trip System Paths allocated to Cyclic Traffics, where such Train Paths reflect the:
 - (A) Train Service Entitlements, but may not necessarily reflect the particular Train Paths that those Train Services will operate on; and
 - (B) System Paths greater than Train Service Entitlements available for Train Service Entitlement scheduling flexibility, countering Coal System expected loss or for the operation of Ad Hoc Train Services.
 - (ii) for Timetabled Traffics, the particular Train Paths allocated in accordance with the Train Service Entitlements; and
 - (iii) time allocated for Planned Possessions.
- (a) each of the Train Paths shown in the MTP must be practically achievable on an origin-destination and round trip basis, taking into consideration required headways between successive trains arriving at unloading or loading facilities; and
- (b) the maximum number of usable round trip paths is not to exceed the practical utilisation ceiling of any track sections forming part of the origin-destination.

6.2 Updating the MTP

- (a) Aurizon Network will update the MTP when Aurizon Network considers it necessary to do so in accordance with **clause 6.3** and, in any event, no less than once each Year.
- (b) Aurizon Network will notify relevant Access Holders and Infrastructure Service Providers of any modifications to the MTP at least 30 days prior to the commencement of the modification and make available to the relevant Access Holders and Infrastructure Service Providers an updated MTP once it has been finalised.

6.3 Modifying the MTP

- (a) The MTP may be modified by Aurizon Network in accordance with any of **clauses 6.3(b), (c) and (d)**. For clarity, so long as a modification can be made in accordance with one of **clauses 6.3(b), (c) or (d)**, it is not necessary for each of those clauses to be complied with in respect of that modification.
- (b) Aurizon Network may make modifications to the MTP on a case-by-case basis without the need for consultation where:
 - (i) an Access Holder notifies Aurizon Network that it wishes to make a long-term Train Service Time Change, provided:
 - (A) that change:
 - (1) is within the scope of its Train Service Entitlement; and
 - (2) does not result in any other Access Holder's scheduled Train Service/s not being met, or a Planned Possession not being met; and
 - (B) the Access Holder has given Aurizon Network reasonable prior notice of that change having regard to the necessary process to be complied with,

and factors to be considered, by Aurizon Network including Aurizon Network's obligations under **clause 6.2(b)**;

- (ii) a Planned Possession is cancelled;
 - (iii) 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 Agreement, provided that the new or varied 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; or
 - (iv) an Access Holder's Access Agreement allows Aurizon Network to alter the Access Holder's Train Service Entitlement – for example, by resuming Access Rights through a capacity resumption process.
- (c) Aurizon Network may make modifications to the MTP, 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, where:
- (i) Aurizon Network notifies all affected Access Holders that it wishes to make a long-term Train Service Time Change, provided that change:
 - (A) is within the scope of the relevant Access Holders' Train Service Entitlement/s; and
 - (B) is intended to accommodate:
 - (1) the creation of a new or varied Train Service Entitlement, through the signing of an Access Agreement, or the negotiation of a variation to an Access Agreement, where that new or varied Train Service Entitlement cannot otherwise be reasonably accommodated on the MTP;
 - (2) the creation of new Planned Possessions or the modification of existing Planned Possessions; or
 - (3) any other Operational Constraint affecting the MTP; and
 - (C) where it results in any existing Access Holder's Train Service Entitlement not being met, is only made with the agreement of that existing Access Holder (such agreement not to be unreasonably withheld); or
 - (ii) Aurizon Network notifies all affected Access Holders, within the time period specified in each affected Access Holder's Access Agreement, of a long-term Train Service Time Change for the purpose of carrying out Major Periodic Maintenance provided that, where that change is not within the scope of an Access Holder's Train Service Entitlement, Aurizon Network has used reasonable endeavours to mitigate the impact on that Access Holder. Any limitations (if any) on Aurizon Network's ability to exercise this right will be specified in individual Access Agreements.
- (d) Aurizon Network may make modifications to the MTP where Aurizon Network and all affected Access Holders, agree. Aurizon Network will invite all Access Holders whose Train Service Entitlements are affected by the proposed modification to the MTP to consider the modification in an appropriate forum (which may include a face to face meeting, a telephone conference or any other forum that provides the affected Access

Holders with a reasonable opportunity to participate). Each affected Access Holder will be provided with a copy of the proposed changes seven days prior to the scheduled consideration of the modification in the forum.

- (e) Aurizon Network will consult with any Infrastructure Service Providers who Aurizon Network considers may be affected by any modification to the MTP that is proposed to be agreed under **clause 6.3(d)** or **6.3(d)**.
- (f) Notwithstanding any other provisions of this Schedule, the Undertaking or an Access Agreement, any affected Access Holder may refer a change or amendment to the MTP under the **Part 11** dispute resolution provisions to the QCA for a determination.
- (g) Notwithstanding any aspect of this Clause 6.3, Aurizon Network cannot make unilateral amendments to the MTP where there is any possibility that those amendments will materially disadvantage another Access Holder.

7 Intermediate Train Plan principles

- (a) An ITP is an intermediate scheduling step in progressing from the MTP to the DTP. The ITP represents either a firm or indicative train schedule for a period (dependent upon the applicable Coal System and System Rules), based upon Planned Possessions, the Train Paths and the System Paths detailed in the MTP, Train Service Entitlements and firm or indicative Train Orders.
- (b) The ITP is to be aligned to the Coal System it is developed for, and is to be based upon the planning process and System Rules for each Coal System.
- (c) Aurizon Network will plan Cyclic Traffics in the ITP in accordance with the relevant System Rules. If the process of planning Cyclic Traffics in the ITP involves the allocation of a Contested Train Path between Access Holders for Cyclic Traffic, Aurizon Network:
 - (i) may require a meeting of all affected Access Holders; and
 - (ii) will use the decision making process in **clause 11** to allocate the Contested Train Path.
- (d) Aurizon Network will notify relevant Access Holders and Infrastructure Service Providers of the ITP once it is finalised:
 - (i) in the manner and timeframe specified within the relevant System Rules; or
 - (ii) if there are no relevant System Rules, before 1600 hours on the day immediately prior to the period for which an ITP is to be prepared (fixed ITP period).

8 Daily Train Plan principles

8.1 Purpose and form of a DTP

A DTP details all agreed Train Orders as scheduled Train Services and Planned Possessions which are considered as final, for a particular day, in a form that displays the planned time/distance (location) relationship of all activities on that part of the Rail Infrastructure to which the DTP relates. The DTP is a final train plan for a scheduling period of 48 hours and represents the final ITP for that period.

8.2 Scheduling and notification of a DTP

- (a) Aurizon Network will schedule a DTP at least one Business Day prior to the day to which the DTP relates (**Day of Operation**), and provide all relevant Access Holders and Infrastructure Service Providers with a copy of the DTP within the same timeframe.
- (b) Where System Rules apply, a DTP will be scheduled in accordance with the timeframes as specified in the System Rules.
- (c) A DTP will vary from an ITP in accordance with the relevant System Rules.
- (d) Variations to the DTP, either prior to or during the Day of Operation, can occur in accordance with the relevant System Rules, or alternately, as agreed between the parties.

8.3 Application of a DTP to performance targets

The DTP will represent the expected train operation performance target over its period and will be used as base information for performance monitoring, including for the purposes of the annual operational data report under **clause [x]** of this Undertaking (for example, in applying the Allotted Time Threshold).

9 Effect of cancellations on other Access Agreement obligations

The cancellation of a Train Service or Train Services in accordance with the Network Management Principles does not necessarily excuse either Aurizon Network or an Access Holder from other Access Agreement obligations relating to the conduct in question.

10 Train Control Decision Principles

10.1 Objective of Train Control

A fundamental objective of Train Control is to facilitate the safe running of Train Services, and the commencement and completion of Planned Possessions, Emergency Possessions and Urgent Possessions, as scheduled in the DTP.

10.2 Effect of deviations from DTP on Day of Operation

The ability of Aurizon Network or an Access Holder to deviate from the DTP on the Day of Operation, as specified below, does not necessarily excuse either Aurizon Network or the Access Holder from any other Access Agreement obligations relating that deviation.

10.3 General principles

- (a) The following general principles apply to Access Holders, Train Controllers and Aurizon Network (as applicable):
 - (i) the Access Holders and Train Controllers will ensure that operational safety is maintained through compliance with the Safeworking Procedures, the Safety Standards, Rollingstock Interface Standards (subject to any Approved Derogation) and applicable IRMPs and, where applicable, 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;
 - (iii) Aurizon Network will manage the Rail Infrastructure based on agreed entry/exit times as specified in the DTP with the objective 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;

- (iv) train control and traffic management processes must consider the System Rules and Train Service Entitlements of Access Holders, with the objective of an equitable outcome maximising the network ability to meet contractual entitlements;
 - (v) decisions involving reordering the sequence of a train's arrival at an unloader must be referred to the unloading terminal for determination of priority; and
 - (vi) at all times, the exercise of Train Controller discretion must be transparent and equitable.
- (b) 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 basis for Train Controllers to alter a scheduled Train Service.

10.4 Application of traffic management decision making matrix

- (a) The traffic management decision making matrix in **clause 12** will be provided to assist Train Controllers in the resolution of disputes in accordance with the general Train Control Principles under **clause 10.3**.
- (b) Subject to **clause 10.4(c)**, where the operation of a Train Service differs from the DTP, Train Controllers will apply the traffic management decision making matrix in **clause 12** for the purposes of Train Control.
- (c) Aurizon Network may depart from the traffic management decision making matrix in **clause 12** in the period following a Network Incident, or a Force Majeure Event which materially affects Aurizon Network's ability to achieve the DTP, for the purpose of:
 - (i) maximising the throughput of Trains in line with Access Agreement entitlements on the Rail Infrastructure; and
 - (ii) restoring normal operations on the Rail Infrastructure,provided that Aurizon Network complies with this **clause 10** and uses reasonable endeavours to return to normal Train Control procedures for resolving conflicts that arise from Out-Of-Course Running as soon as reasonably practical after the occurrence of the Network Incident or Force Majeure Event (as applicable).

10.5 Provision of information to Access Holders

Aurizon Network will provide Access Holders with:

- (a) real time Train Control information that indicates actual running of that Access Holder's Train Services against the relevant DTP;
- (b) subject to reasonable terms and conditions, access to Train Control diagrams that indicate actual running of that Access Holder's Train Services against the relevant DTP; and
- (c) information about the type of Train Services (for example, non-coal freight, passenger or coal Train Services) 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 H** in a consistent manner between Access Holders.

11 Contested Train Path Decision Principles

11.1 Purpose

The purpose of this **clause 11** is to outline the principles that Aurizon Network will have regard to when allocating a Contested Train Path to an Access Holder for the purpose of developing the ITP (under **clause 7**) with the objective of ensuring:

- (a) Aurizon Network meets its contractual obligations with Access Holders; and
- (b) Access Holders are not unfairly differentiated between in respect of the use of their Train Service Entitlement.

11.2 TSE Reconciliation Report

- (a) For the purpose of the planning and scheduling of Train Orders , after the end of each Relevant Period, Aurizon Network will provide a report (**TSE Reconciliation Report**) to each Access Holder which identifies as at the end of that Relevant Period, in respect of that Access Holder's Train Service Entitlement under which Train Services were entitled to operate during that Relevant Period:

- (i) the extent to which the Train Service Entitlement:
 - (A) was used in the Relevant Period;
 - (B) has been used in the relevant Access Provision Period to date; and
 - (C) has been used in the relevant Year to date,for each origin to destination pair of the Train Service Entitlement; and
- (ii) the remaining balance of the Train Service Entitlement for:
 - (A) the relevant Access Provision Period; and
 - (B) the relevant Year,for each origin to destination pair of the Train Service Entitlement.

- (b) For the purpose of **clause 11.2(a)(i)**, the extent to which a Train Service Entitlement was or has been used in respect of a particular origin to destination pair will be calculated as the greater of:
 - (i) the number of the Train Services operated in accordance with the Train Service Entitlement for that origin to destination pair for the relevant period; and
 - (ii) the number of Train Paths scheduled for Train Services in accordance with Train Service Entitlement for that origin to destination pair for the relevant period.
- (c) The principles used to determine the number of Train Paths scheduled or operated for the purpose of clause 11.2(b) include the following:
 - (i) The point at which a schedule for Train Services is considered final will be:
 - (A) as specified in the System Rules; or
 - (B) if the System Rules do not specify that point or there are no applicable System Rules, Train Paths are taken to be scheduled when the DTP is finalised.
 - (ii) The number of Train Paths scheduled will be reduced by the number of scheduled Train Paths not provided due to Aurizon Network Cause in the period to which the schedule applies as per **clause 11.2(c)(i)**.

- (iii) If:
 - (A) an Access Holder submits Train Orders for less than its Train Service Entitlement for a particular origin to destination pair as set out in the MTP for a Relevant Period ("First Entitlement"); and
 - (B) that Access Holder also submits Train Orders for a different Train Service Entitlement for a particular origin to destination pair for a Relevant Period in excess of its Train Service Entitlement for that origin destination pair as set out in the MTP ("Additional Path based on Pooled Entitlement"),

and the path is allocated to the Additional Path based on Pooled Entitlement, that path will be deemed to be scheduled and operated against the First Entitlement.

- (iv) Where the scheduled time of the Train Path is varied in accordance with **clause 8**, that variation is not taken to involve the scheduling of more than one Train Path unless, for clarity, that variation is a cancellation of the Train Path in which case (subject to **clause 11.2(c)(ii)**) the Train Service Entitlement is taken to be operated in respect of that cancelled Train Path.
 - (v) To the extent an Access Agreement requires Aurizon Network to provide to an Access Holder a reasonable alternative Train Path or to determine whether infrastructure has not been made available due to Aurizon Network Cause, a Train Path will be deemed to be a reasonable alternative Train Path where it is within the same period to which the schedule applies and it is practical for the Access Holder to use it.
- (d) The remaining balance of a Train Service Entitlement, as amended from time to time, for a particular origin to destination pair for an Access Provision Period under clause 11.2(a)(ii)(A) is calculated as:
- (i) the number of Train Paths for that origin to destination pair for that Access Provision Period that Aurizon Network is obliged to make available during that Access Provision Period in accordance with the Train Service Entitlement (including as amended from time to time) as set out in the MTP; less
 - (ii) the Train Service Entitlement for a particular origin to destination pair used in the Access Provision Period to date (determined in accordance with **clause 11.2(a)(i)(B)**).
- (e) The remaining balance of a Train Service Entitlement, as amended from time to time, for a particular origin to destination pair for the relevant Year under **clause 11.2(a)(ii)(B)** is calculated as:
- (i) the number of Train Paths for that origin to destination pair for that Year that Aurizon Network is obliged to make available during that Year in accordance with the Train Service Entitlement (including as amended from time to time) as set out in the MTP; less
 - (ii) the Train Service Entitlement for a particular origin to destination pair used in the Year to date (determined in accordance with **clause 11.2(a)(i)(C)**).

11.3 Contested Train Path principles

- (a) Aurizon Network will determine which Access Holder is allocated a Train Path that is a Contested Train Path, using the following principles in order of precedence:

- (i) The Access Holder whose request for the Contested Train Path is within the scope of its individual Train Service Entitlement for an origin to destination pair as set out in the MTP.
- (ii) Where the relevant Access Holders agree amongst themselves who should be allocated the Contested Train Path, the Contested Train Path will be allocated as agreed by the Access Holders.
- (iii) The Access Holder whose request for the Contested Train Path is within the scope of its relevant Train Service Entitlement adjusted for Aurizon Network Cause as follows:
 - (A) the Train Paths finally scheduled, in accordance with **clause 11.2(c)(i)**, for which Train Services did not operate due to Aurizon Network Cause Year to date; less
 - (B) the greater of:
 - (1) zero; and
 - (2) the relevant Train Service Entitlement used for Year to date less Train Service Entitlement set out in the MTP Year to date.
- (iv) The Access Holder whose request for the Contested Train Path is within the scope of its Train Service Entitlements for the relevant Coal System as set out in the MTP, for that Access Holder's pool of mainline paths, subject to the availability of Existing Capacity where the mainline paths are those Train Paths which include Rail Infrastructure:
 - (A) between Coppabella and Jilalan;
 - (B) between Burngrove and Parana;
 - (C) between Collinsville and Pring; or
 - (D) between Byelle junction and Boundary Hill junction.
- (v) The Access Holder whose request for the Contested Train Path will have the least capacity impact on the relevant Coal System. For example, for competing requests in excess of the MTP allocation for the Train Service Entitlement due to a change of origin. The request where the new origin is on the same branch line, would take precedent over the request where the new origin is on a different branch line.
- (vi) Aurizon Network may allocate the Train Path to an Access Holder where, based on the MTP, Aurizon Network will not meet the Train Service Entitlement for that Access Holder in a future Access Provision Period due to a Planned Possession.
- (vii) The Access Holder who is most behind for the relevant Access Provision Period, by calculating as a percentage the Train Service Entitlement for the relevant origin to destination pair used in the Access Provision Period to date as per **clause 11.2(a)(i)(B)** plus the remaining balance of the Train Service Entitlement for that origin to destination pair for the Access Provision Period as set out in the MTP compared against the Train Service Entitlement for that origin to destination pair for that Access Provision Period as set out in the MTP at the commencement of the Access Provision Period or as amended from time to time.

- (viii) The Access Holder who is most behind for the relevant Year, by calculating as a percentage the Train Service Entitlement for the relevant origin to destination pair used in the Year to date as per **clause 11.2(a)(i)(C)** plus the remaining balance of the Train Service Entitlement for that origin to destination pair for the Year as set out in the MTP compared against the Train Service Entitlement for that origin to destination pair for that Year as set out in the MTP at the commencement of the Year or as amended from time to time.
 - (ix) Where the application of above principles does not result in a determination by Aurizon Network as to which requested Train Service is to be scheduled, Aurizon Network will unilaterally determine which Train Service is scheduled, and will keep a record of that decision and the reasoning behind that decision. Aurizon Network will seek to ensure that, over time, no Access Holder is favoured over another and, where possible, if one Access Holder is favoured this time, taking into account the Train Service Entitlement held by an Access Holder, next time they are not favoured. In other words, if one Access Holder has an entitlement to 10 Train Services per week, and another Access Holder has an entitlement to 20 Train Services per week, then it could not be said that favouritism was shown to the second Access Holder if they received priority over the first Access Holder on two out of three consecutive occasions.
- (b) Aurizon Network will advise each party of the Contested Train Path decision and the principle that determined the result.

12 Traffic Management Decision Principles

For the purposes of the traffic management decision making matrix below the meaning of **On Time**, **Ahead** and **Late** are determined by the scheduling of Train 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	On Time Exit	<ol style="list-style-type: none"> 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”	<ol style="list-style-type: none"> 1. Lose no more time 2. Make up time 3. Hold the gain 	A Rule 1	A Rule 1	A or B Rule 4

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:** 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.