



29 April 2016

Professor Roy Green
Chair
Queensland Competition Authority
PO Box 2257
Brisbane Queensland 4001

Dear Professor Green

Asciano Response to QCA Position Paper on Aurizon Network's NBB System Rules

Introduction

Asciano welcomes the opportunity to provide comment on the Queensland Competition Authority's (QCA) Position Paper relating to Aurizon Network's Northern Bowen Basin (NBB) System Rules.

Asciano understands that the QCA is unlikely to make a Final Decision on the NBB System Rules under the 2010 Access Undertaking. When the 2016 Access Undertaking commences in the near future Asciano understands that Aurizon Network will then be required to resubmit Draft NBB System Rules which meet the requirements of the new 2016 Access Undertaking.

Asciano is seeking that Aurizon Network and the QCA take this current Asciano submission into account when developing the NBB System Rules to be submitted under the 2016 Access Undertaking. (Asciano understands that Aurizon Network will not be submitting a response to the current QCA Position Paper and intends to address the Position Paper and stakeholder comments when they submit draft NBB System Rules under the 2016 Access Undertaking).

Asciano believes that the resubmitted system rules should focus on the operational aspects of planning, scheduling and control of train services on the network.

Background

Section 7.1 e) of the 2010 Access Undertaking requires Aurizon Network to submit Draft System Rules for the Goonyella System (which is within the broader NBB System). These rules were submitted to the QCA in June 2011. Asciano made a submission on these Draft System Rules raising concerns with supply chain co-ordination, transfer of train paths and various aspects of the drafting of the rules. These Draft System Rules were withdrawn by Aurizon in late 2013.

In August 2013 Aurizon Network then submitted a new set of Draft NBB System Rules. Asciano made a submission on these Draft NBB Rules seeking improved pathing flexibility, improved alignment of system rules and raising concerns with various aspects of the drafting of the rules.

Asciano is seeking that its previous submissions on the Goonyella System Rules and the NBB System rules be taken into account by Aurizon Network when developing the Draft

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NBB System Rules for submission under the 2016 Access Undertaking (to the extent that these previous comments remain relevant).

Asciano also seeks that the resubmitted system rules take into account comments from all stakeholders made through these various previous iterations of the NBB System Rules process.

Comment on the QCA Position Paper

Asciano broadly supports the key positions in the QCA Position Paper (as outlined on page vi –vii of the Position Paper). In particular Asciano supports greater flexibility in train ordering via a more flexible rolling Intermediate Train Plan (ITP) and supports the position that the Master Train Plan (MTP) be developed with the intention that this plan can demonstrate that Aurizon Network can deliver all access holders train service entitlements.

Asciano's comment on the detailed positions QCA Position Paper are outlined below

Position Paper Section 3 - Planning

Asciano supports the Position Paper's position on planning flexibility Asciano believes that this position could be further improved by incorporating the proposals outlined below:

- Section 3.3.1 of the Position Paper proposes changes to the timelines for the development of schedules. Asciano has concerns relating to these proposals including:
 - The proposal for a 72 hour scheduling process is concerning as the current scheduling process is 96 hours schedule. Implementation of a 72 hour scheduling process may make planning timeframes too challenging. Asciano believes the 96 hour scheduling process should be maintained.
 - The proposed 48 hour scheduling process requires Aurizon Network to lock down the 48 hour schedule by 1600 each day. This time frame may result in a misalignment of rostering and scheduling processes. Asciano believes that the scheduling and rostering processes should be aligned and seeks that Aurizon Network discuss this matter with train operators prior to further developing the scheduling proposal.
 - The alterations process proposes a 56 hour notice period prior to operation for alterations to avoid TSE consumption triggers. This notice time will be 0800. This timeframe does not allow sufficient time for incoming shifts to conduct handovers therefore increasing the risk of additional TSE consumption. Asciano believes that the time period should be extended.
- Preliminary position 3.10 of the Position Paper proposes that that the draft NBB System Rules be amended so that the Contested Train Path Decision Making Process (CTPDMP) is applied when the 48-hour schedule is being prepared. Asciano is concerned that this timeframe is challenging especially in relation to aligning crew rostering and rolling stock requirements (along with aligning mine activity and port activity). Asciano believes that the CTPDMP should occur in the period between the 96-hour and 48-hour schedules which will allow sufficient time to adjust and align rostering and resource requirements to reflect changes that may occur as a result of the CTPDMP being applied.
- Asciano supports the proposed rolling intermediate train plan (ITP) as outlined in

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section 3.3.3, however believes that the rolling ITP could be further improved by a 96 hour schedule, 72 hour schedule and a 48 hour lock down period.

Asciano generally supports the QCA's preliminary positions in section 3 of the Position Paper. In particular Asciano supports:

- Preliminary position 3.2 which replaces “indicative weekly TSEs” and “MTP Allocation of the Weekly Period” with monthly TSEs. This approach aligns with the contractual entitlements contained in the access agreements.
- Preliminary position 3.24 which requires, amongst other items, that the MTP details the assumptions and data used to calculate the allowance for planned possessions.
- Preliminary position 3.36 which requires that the MTP cover branch lines in the NBB.
- Preliminary position 3.16 which requires that TSE consumption only occurs when the 48 hour schedule is locked down.

Position Paper Section 4 - TSE Consumption Rules and Commercial Implications

Asciano supports the Position Paper's position on TSE consumption especially in relation to:

- Preliminary position 4.2 which incorporates a 'true up' mechanism to add or deduct TSEs.
- Preliminary positions 4.5 and 4.8 which propose improved approaches to managing unused mainline paths including the notification and allocation of newly available mainline paths.
- Preliminary position 4.11 which requires Aurizon Network use best endeavours to provide additional paths to access holders in subsequent months where it has failed to meet its monthly contractual obligations due to Aurizon Network cause event, consistent with the CTPDMP. This will help ensure that TSEs included in access agreements can be flexibly utilised by access holders.

Position Paper Section 5 - Scheduling and Control

Asciano supports the Position Paper's position on scheduling and control with the exception of section 5.3 which addresses issues relating to the transfer of paths. (Asciano's position on the transfer of path has been outlined in various recent submissions to the QCA in relation to the UT4 access undertaking process¹). However Asciano broadly supports further improvements that facilitate more flexible use of access rights.

In particular, Asciano strongly believes that access holders and / or end users should be able to have control over how paths are utilised within their portfolio of access rights. Further to this position Asciano believes that the NBB System Rules should support the ability of access holders to over and under order train services as per the process outlined in Schedule G of the 2010 Access Undertaking so long as they are within contractual entitlements. Asciano recognises that changes to in the 2016 Access Undertaking may

¹ Recent Asciano submissions to the QCA which address issues related to the transfer of paths include:

- Asciano Submission to the Queensland Competition Authority in Relation to an Aurizon Network Discussion Paper on a Potential Short Term Transfer Mechanism January 2015
- Asciano Submission to the Queensland Competition Authority in Relation to the QCA's Draft decision on the Aurizon Network Proposal for a Potential Short Term Capacity Transfer Mechanism May 2015

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require this Asciano position to be revised, but Asciano continue to support a process similar to that outlined in Schedule G of the 2010 Access Undertaking.

Asciano supports the Position Paper's position on scheduling and control especially in relation to

- Preliminary position 5.9 which requires that the notifications of the CTPDMP be made simultaneously to all access holders and end users.
- Preliminary position 5.16 which requires the inclusion of various arrival times, departure times, dwell times and SRTs in the 48 hour schedule. Asciano believes this could be further improved by including a measure against the BRTT KPI in the 48 hour schedule.
- Preliminary position 5.19 allows changes to be made to the 48 hour schedule from 1600 to midnight without penalty as long as it does not impact on other access holder contracted train paths.
- Preliminary position 5.25 which allows end users to prioritise trains into load outs.

General Amendments and Administration (Position Paper Section 6)

Asciano supports the Position Paper's inclusion of a dispute resolution step in relation to disputing allocated delays and cancellations. However Asciano has concerns with the Position Paper's position (page 91) that when the dispute is resolved by expert determination then this determination is final and binding and that there be no further process once a decision is made. Asciano believes that there should be an ability to appeal an expert determination.

Conclusion

Overall Asciano broadly supports the key positions in the QCA Position Paper but has some concerns with some of the details contained within the paper, particularly in relation to the timelines to develop schedules and the transfer of paths.

Asciano is seeking that these concerns be taken into account by Aurizon Network in the development of a new set of Draft NBB System Rules, noting that the issue of path transfers is also being addressed in the 2016 Access Undertaking.

If you wish to discuss this submission further please contact me on 02 8484 8056 or Ying Yeung on 07 3002 3726.

Yours faithfully,

Stuart Ronan
Manager Access and Regulation