



Blair Athol Coal Mine
Owned by TerraCom Australia
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5th February, 2018

Queensland Competition Authority
Level 27, 145 Ann Street
Brisbane, Queensland
Australia 4000

To whom it may concern,

RE: TERRACOM SUBMISSION REGARDING AURIZON NETWORK 2017 ELECTRIC TRACTION DRAFT AMENDING ACCESS UNDERTAKING (DAAU)

BACKGROUND

During 2017, Terracom finalised the purchase of the Blair Athol mine and has since returned the operation to full production for export through DBCT. Due to the inability to access existing rail infrastructure and loading facilities, Terracom contracted Aurizon Network (AN) to reinstate the closed Queensland Railway (QR) line which passes through the Blair Athol mining leases so that train services could commence in Q1 2018. Both the QR line and the AN owned connection to the main Goonyella rail system do not have existing overhead electric traction wiring (OHTW), nor connection to the main Goonyella electric feeder system. Due to this lack of existing OHTW capability, train services have been contracted with the rail haulage provider and AN on the basis of diesel services for the expected duration of the mine life.

TERRACOM RESPONSE TO AURIZON NETWORK DAAU

Terracom wishes to make the following points for the QCA's consideration on the AN DAAU:

- It is unlikely Blair Athol mine railings to DBCT are included in UT5 forecasts and therefore the derivation of the 98% electric utilisation level for the Goonyella system. This may cause Blair Athol railings to automatically breach the 98% Goonyella utilisation threshold and for Blair Athol to be exposed to AT5 under-recovery risk/cost.
- Blair Athol does not have the 'free option' to choose between diesel and electric services as described by AN in it's DAAU paper. Electrifying the existing rail line to the Blair Athol mining lease area is not an operationally or economically feasible option due to safety, grade, train configuration, distance and ownership issues.
- Blair Athol is not currently able to gain any operational or economic advantage/outcome from the use of Goonyella electric services.



- Blair Athol is not 'displacing' existing contracted electric train sets or services in the Goonyella system by its use of diesel services.
- Terracom considers that the issue of reinvestment and under-recovery risk/cost for the existing OHTW and feeder assets is a matter for those producers that have access to existing electrical infrastructure to their train load out facilities and is not a matter or risk/cost that should be borne by producers without that access.

Terracom is seeking an outcome from the QCA that ensures the economics of it investing in the project are not negatively impacted for infrastructure that is not physically connected to and which it cannot currently have a safe operation for. Therefore, should the DAAU be introduced in some form of AT5 cross subsidisation, Terracom strongly requests that it's train services are excluded from any true up mechanism for the AT5 electric service utilisation issue.

Terracom is more than willing to meet with the QCA and to provide additional information as required to assist the QCA's determination.

Yours Faithfully,

Mick Avery
Executive Director