

Chair of Independent Planning Commission
Professor Mary O'Kane
Level 3, 201 Elizabeth Street
Sydney NSW 2000

Email: ipcn@ipcn.nsw.gov.au

22 November 2018

Dear Ms O'Kane

KEPCO Bylong Australia - Bylong Coal Project

Australian Rail Track Corporation Limited (ARTC) leases certain parts of the rail network in NSW and is responsible for managing and granting access to the Hunter Valley Coal Network.

Access to the Hunter Valley Coal Network is regulated via an access undertaking with the [Australian Competition and Consumer Commission](#) known as the Hunter Valley Coal Network Access Undertaking (HVAU). The HVAU provides the framework for negotiating access and how capacity investment in the rail network will be carried out, including related consultation processes with the Hunter Valley Coal Chain Coordinator Limited (HVCCC) who provides an independent view of Coal Chain Capacity.

Each year ARTC develops a Hunter Valley Corridor Capacity Strategy (Strategy) which identifies capacity pathways to meet forecasts of contracted volume sought by existing and prospective access holders. ARTC confirms that forecast volumes for the Bylong Coal Project have featured in the annual Strategy since 2012. The Strategy can be found on ARTC's website at: <https://www.artc.com.au/projects/hv-strategy/>.

The Bylong Coal Project is located within Zone 2 (Ulan Line) of the three zone Hunter Valley Coal Network and is situated on a single line railway. In assessing the required capacity for the Ulan line, cumulative rail movements west of Muswellbrook are considered, including peaking and average paths, for the contracted and prospective volumes. Capacity expansion options to meet the volume scenarios are set out in the Strategy along with preliminary cost estimates, benefits and timing.

ARTC utilises existing mechanisms within the HVAU to identify, plan and increase network capacity as and when required to meet the ongoing contractual requirements. This process has been considered effective in reviews of the HVAU. ARTC can confirm that these mechanisms, including the associated commercial aspects, can enable sufficient capacity to be established for the Bylong Coal Project in the context of the current Ulan line capacity strategy with relevant lead times.

ARTC has been in discussions with KEPCO for over five years on its plans for the Bylong Coal Project. Through these discussions, KEPCO is aware of the current capacity limitations on the Ulan line and the potential pathways to provide additional capacity. ARTC will continue to work with KEPCO on its rail connection (including the technical specifications, construction and operational interfaces) and the capacity and access arrangements for the Hunter Valley Coal Network as the project progresses.

ARTC has previously provided an agreement in principle for the rail connection works for the Bylong Coal Project, subject to a range of conditions including:

- The Bylong Coal Project must obtain all relevant Environmental and Planning Approvals; and
- The final design will be subject to review and approval by ARTC.

If there are any other queries related to this project and the relationship with ARTC's Ulan line capacity pathway, please contact me to discuss.

Yours sincerely

A black rectangular redaction box covering the signature of Wayne Johnson.

Wayne Johnson

General Manager Customer Service and Innovation