5 March 2021

Mr Jeremy Threlfall
Assistant Director Rail
Economic Regulation Authority
Level 4, 469 Wellington St
Perth WA 6000

<center>~~CONFIDENTIAL~~</center>

Sent via email: jeremy.threlfall@erawa.com.au

Dear Jeremy,

Re: Regulator's approval required in certain cases section 10 of the Railways (Access) Code 2000

On 20 January 2021, Arc Infrastructure Pty Ltd (**Arc**) notified the Economic Regulation Authority (**Regulator**) that it considered that the proposal for access received from Australian Western Railroad Pty Ltd (**AWR**) on 13 January 2021 (**Proposal**) would involve the provision of access to railway infrastructure to an extent that may in effect preclude other entities from accessing that infrastructure.

On 29 January 2021 the Regulator requested written submissions in response to AWR's Proposal be submitted to the Regulator by 4.00pm on 8 March 2021.

1. Railway infrastructure

This submission is provided by Arc in response to the Regulator's January 2021 request for written submissions. This submission establishes that AWR's Proposal will require the provision of access to Arc's railway infrastructure that may in effect preclude other entities from access to that railway infrastructure. The railway infrastructure that is affected includes the following route sections (**Routes**):

Route Number	Route	Route Section
1	Avon to West Kalgoorlie	Avon Yard to West Merredin
1	Avon to West Kalgoorlie	West Merredin to Koolyanobbing East
1	Avon to West Kalgoorlie	Koolyanobbing East to Kalgoorlie
45	Midland to Kwinana	Cockburn South to Kwinana

2. Matters to be considered by the Regulator

When determining whether or not to give approval for the railway owner to enter negotiations on a proposal under section 10(1) of the Code, the Regulator, in accordance with section 10(4)(b) of the Code, must have regard to:

(i)   Any submission relevant to the decision that is made in accordance with a notice under section 10 of the Code;

(ii)   What the Regulator determines to be the public interest; and

(iii)   Any other matter that he or she considers relevant.

3. AWR Proposal Capacity Requested

The details within AWR's Proposal for the product volumes and capacity requirement across the Routes are shown in the table 'AWR Proposal' below. AWR has not at the date of this submission, provided detailed information on tonnages for each route within the Proposal.

AWR Proposal					
Task	Origin	Destination	Target tonnage per annum	Capacity required (Weekly train paths)	Train length (m)
1	West Kalgoorlie	Kwinana	220,000	7	1800
2	Kwinana	West Kalgoorlie	580,000	7	1800

The Proposal includes train paths for locations across the Routes with proposed entry times onto and exit times from these locations. The train paths that have been included in the Proposal are the train paths that Arc currently provides AWR access to, outside of the Code. The current and proposed train paths would allow Aurizon access on the Routes to transport greater tonnages across the Routes than is included in the Proposal.

4. Arc Recommended Capacity

AWR included information regarding the carrying capacity and the wagon length for various wagons within the Proposal. Arc has reviewed the following elements in the Proposal:

(i) target tonnage per annum;

(ii) the carrying capacity per wagon; and,

(iii) wagon lengths.

Arc then calculated the approximate train lengths based on the information provided by AWR. The resulting train lengths are shown in the below table "Calculated Train Lengths".

Calculated Train Lengths						
Task	Origin	Destination	Target tonnage per annum	Capacity required (Weekly train paths)	Approx. Min Train length (m)	Approx. Max Train length (m)
1	West Kalgoorlie	Kwinana	220,000	7	148	250
2	Kwinana	West Kalgoorlie	580,000	7	319	575

As seen by comparing the two tables, AWR has requested 7 train paths per week at 1800m, however Arc has calculated that the train lengths for the target tonnage per annum on 7 train paths per week, as per AWR's Proposal, results in trains that are less than 600m in length. The capacity utilised on the Routes for these shorter trains will utilise the same capacity on the Routes for trains running at the maximum allowable train length. On Route 1; the track between Avon and Kalgoorlie, the maximum allowable train length is 1800m, AWR has requested seven (7) train paths per week using the maximum length train. This is three times longer than the calculated train length required by AWR to transport the tonnages specified in AWR's Proposal.

To reduce the amount of capacity utilised on the Routes by AWR, Arc then considered the following elements from the Proposal:

(i) target tonnage per annum;
(ii) the carrying capacity per wagon; and,
(iii) wagon lengths.

Arc calculated the number of train paths required per week based on the maximum train length on the Routes. As shown in the table "Arc Recommended Capacity" Arc has calculated AWR requires three (3) return train paths per week in order to transport the tonnages specified in AWR's Proposal.

Arc Recommended Capacity						
Task	Origin	Destination	Target tonnage per annum	Target tonnage per week	Capacity required (Weekly train paths)	Train length (m)
1	West Kalgoorlie	Kwinana	220,000	4,231	1	1800
2	Kwinana	West Kalgoorlie	580,000	11,154	3	1800

5. Capacity requirements

Arc appreciates that AWR may have end customers that have requested a 7 day per week service, which necessitates 7 train paths per week between Kalgoorlie and Kwinana. However,

as set out above, the 7 day per week service requested in the AWR Proposal utilises far more capacity on the Routes than is required for AWR to transport the target tonnage per annum.

6. Current available capacity

The current available capacity of the routes considered within the Proposal can be seen on the attached train planning diagrams. The diagrams show the train paths provided to other entities that have been provided access to the Routes both inside and outside of the Code. The attached train planning diagrams do not include the 7 return train paths per week requested by AWR in the Proposal, or the 3 return train paths per week calculated by Arc as referred to above.

The train planning diagrams clearly show that there is insufficient available capacity on these routes to provide access to AWR for the requested 7 train paths per week as well as an additional 7 train paths per week to any other entity. The Kalgoorlie to Kwinana route is predominantly used by both interstate and intrastate freighters, as such it is likely that, in the future an entity may request a cyclical 7 day per week service across this route. As a result, once Arc has provided access to AWR for these Routes, an expansion of both the Route and the associated railway infrastructure is likely to be required to ensure other entities are not precluded from access to those Routes and that infrastructure.

7. Train planning diagrams

Arc is able to guide the Regulator through the train planning diagrams in person if this required by the Regulator.

Please contact the undersigned at your earliest convenience should you wish to arrange this.

8. Confidentiality

I wish to advise that Arc requires the ERA to keep the diagrams attached to the letter confidential in accordance with section 50(3) of the Code. The diagrams relate to Routes used by operators other than AWR, therefore these diagrams do not relate only to the AWR Proposal. There is no public interest served by disseminating this information into the public domain.

Should you require any additional information with regard to this matter please do not hesitate to contact me.

Kind Regards

Jodie Winnett
Head of Commercial and Regulatory

Attachment 1: Train Planning Diagrams

ROUTES

Route 1 – the track between Avon and Kalgoorlie, including the loop and the arrival road adjacent to that track at West Kalgoorlie

Route 7 – the track between Cockburn North and Robb Jetty

Route 44 – the track between Midland and Avon

Route 45 – the track between Midland and Kwinana and the western leg of the Woodbridge Triangle from Signal 94 to Woodbridge South

Route 47 – the track between Cockburn North and Cockburn South