

# Frequently Asked Questions (FAQs)

## NSW Coal Market Price Emergency Directions

### Version 3 – January 2024

These FAQs provide guidance about common questions that have been asked about reporting by coal suppliers and power stations under the NSW Coal Market Price Emergency Directions. They refer to tabs in the monthly reporting template and should be read alongside it. FAQs are not a substitute for the Directions or independent legal advice.

### Directions for Power Stations

#### How should ‘no response’ entries be reported?

Power stations should **either** check the box to indicate they are not providing any response to the information fields in a particular tab, **or** respond to all information fields.

#### What unit value should be reported for coal volumes?

Coal volumes should be reported in tonnes.

#### What unit value should be reported for ‘specific energy’ values under tab 11(1)(c)(f)?

‘Specific energy’ must be reported in kcal/kg. If the relevant native data is not in kcal/kg, power stations can use their internal methodology to convert to this reporting basis.

#### Can coal be delivered in an earlier quarter?

In some circumstances, early delivery of coal may be permissible under the Directions. Reporting should make sure that it clearly identifies which quarter the delivered amount should be counted against. Coal suppliers must continue to meet their obligations under the Directions for all quarters, including prioritising delivery of coal to power stations which have less than a 30 day stockpile.

#### How should coal purchased for one quarter but delivered in another be reported?

Coal suppliers and power stations must report coal deliveries in the month they occur. Early deliveries of coal should be reported separately to any other deliveries for that month, and be clearly marked as coal that was purchased for the next quarter, but delivered early by agreement.

#### What should be reported under tabs 11(1)(a) or 11(1)(b)?

An offer for the purchase of coal should:

- clearly identify the legal entity that is making the offer (for example, by using official letterhead);
- indicate the specific coal supplier and mine (as laid out in Schedule 1 of the Directions for Coal Mines) to which the offer is being made;
- set out:

- price and relevant specific energy;
- quantity;
- duration;
- minimum values for the composition of coal that the power station would accept; and
- date of offer and acceptance;
- include a reference number (where one exists).

If the terms of the offer are based on, or are substantially the same as, those used in a previous agreement, this should be clearly stated along with a reference number for the previous agreement.

Offers from the relevant reporting period should be reported under each tab as follows:

- tab 11(1)(a) – new offers accepted or pending (excludes ones that were refused); and
- tab 11(1)(b) – new offers that were refused.

Requests from power stations to coal suppliers for information about coal availability for supply that do not constitute an offer can be voluntarily reported within the comments box.

### **What should be reported under tab 11(1)(d)?**

Stockpile planning information should be reported in the reporting template under s11(1)(d) for each calendar month until 1 July 2024.

Any additional information and commentary relating to stockpile planning can be provided in the reporting template itself, or in a separate document uploaded to Ourshare with clause number 11(1)(d) included in the title of the document. Where possible, please also submit existing company documentation (for example, papers presented to your Board or internal committees documenting the stockpile plan and associated considerations including risks).

### **What should be reported under tab 11(1)(e)(g)?**

The expected demand for coal from the stockpile in the next 30 days and 60 days that the power station can reasonably expect to use, as at the end of the last day of the month, should be reported under tab 11(1)(e)(g).

### **Should reported prices include delivery?**

Yes.

### **How should a price under \$125 per tonne be reported?**

"< \$125", or with the exact price arrangements.

## **Directions for Coal Mines**

### **How should 'no response' entries be reported?**

Coal suppliers should **either** check the box to indicate they are not providing any response to the information fields in a particular tab, **or** respond to all information fields.

### **What is 'produced and sent' coal, as requested under tab 15(1)(b)?**

The volume of coal that has been sent out for delivery. It excludes coal that has been produced but not yet dispatched from the mine. This should be a single value.

### **What unit value should be reported for coal volumes?**

Coal volumes should be reported in tonnes.

### **How should the ‘contracted quantity’ be reported if no volume is specified to be delivered in a given month?**

Report a volume that would reasonably be expected to be delivered in that month, and provide any commentary in the comments box. For example, if a specific volume is contracted for the quarter, pro rata that volume to provide an indicative quantity for the month.

### **Can coal be delivered in an earlier quarter?**

In some circumstances, early delivery of coal may be permissible under the Directions. Reporting should make sure that it clearly identifies which quarter the delivered amount should be counted against. Coal suppliers must continue to meet their obligations under the Directions for all quarters, including prioritising delivery of coal to power stations which have less than a 30 day stockpile.

### **How should coal purchased for one quarter but delivered in another be reported?**

In some circumstances an agreement may be entered into for purchasing coal for one quarter but delivery may occur before the start of that quarter (for example, for testing purposes or for maintaining the power station’s stockpile at the start of that quarter). Coal suppliers and power stations must report coal deliveries for the month in which they occur. Early deliveries of coal should be reported separately to any other deliveries for that month, and be clearly marked as coal that was purchased for another quarter, but delivered outside of that quarter by agreement.

### **Can coal suppliers sell more than the reservation amount?**

Yes. The reservation amount is a minimum volume of coal that must be made available for agreements or potential agreements each quarter. The Directions do not prohibit making more than this volume available to power stations, however any amount offered above the reservation amount must still be offered at or below the coal price cap for the supplier. The only circumstances where the price cap does not apply are:

- a) if the sale or offer to sell is to another coal supplier; or
- b) to the extent the sale or offer to sell is under an existing agreement with an operator of a coal fired power station; or
- c) to the extent the offer or purchase is for thermal coal that will be delivered to a coal fired power station on or after 1 July 2024.

### **What unit value should be reported for ‘specific energy’ values under tab 15(1)(a)(d)(h)?**

‘Specific energy’ must be reported in kcal/kg net of water vapour as received by the power station. If the relevant native data is not in kcal/kg, coal suppliers can use their internal methodology to convert to this reporting basis.

## **What reasons should be provided for differences between contracted and actual deliveries under tab 15(1)(d)(h)?**

Reasons should be a detailed explanation of the circumstances that have given rise to the difference and should be specific and verifiable. Examples include:

- production ceased for two weeks due to long wall shift taking longer than expected;
- production ceased due to rail load point equipment failure limiting train loading capacity for three weeks; and
- a conveyor outage limited deliveries for a month.

## **What third party coal should be reported under tab 15(1)(a)(d)(h)?**

Third party coal is considered any coal delivered to a power station which was not produced at a mine operated by the coal supplier. Third party coal that is supplied to a power station to meet a coal supplier's obligations under the Directions must be reported in this tab.

## **What should be reported under tabs 15(1)(c) and 15(1)(f)?**

Offers from the relevant reporting period should be reported under each tab as follows:

- tab 15(1)(c) – offers made by coal suppliers to power stations, and offers made by power stations to coal suppliers that were accepted by the coal supplier; and
- tab 15(1)(f) – offers made by power stations to coal suppliers that were refused by the coal supplier.

Requests from power stations to coal suppliers for information about coal availability for supply that do not constitute an offer can be voluntarily reported within the comments box.

## **What should be reported under tab 15(1)(g) if more than the minimum required quantity of coal is planned to be made available to power stations?**

Under section 15(1)(g), coal suppliers must report the required reserve amount of coal for the quarter in accordance with section 12(1).

To assist the AER's understanding of forecast deliveries for each quarter, under tab 15(1)(g), coal suppliers should report the actual volume of coal that they expect to make available for the quarter if this is greater than the minimum required amount. This information should be reported by selecting 'actual expected reservation' from the drop-down menu in the 'Method of calculation' column under tab 15(1)(g) in the template.

## **Should reported prices include delivery?**

Yes.

## **How should a price under \$125 per tonne be reported?**

"< \$125", or with the exact price arrangements.

## **Any other questions?**

Please contact the AER at [marketintervention@aer.gov.au](mailto:marketintervention@aer.gov.au) if you have any questions or would like to seek specific guidance.

We encourage you to reach out to us at any time if there are any issues you would like to discuss.