



## ASX Release

13 June 2006

### **Dalrymple Bay Coal Terminal – Access Undertaking Approved**

The Queensland Competition Authority (QCA) has advised that it has approved the Dalrymple Bay Coal Terminal (DBCT) revised access undertaking submitted by BBI (DBCT) Management Pty Ltd (BBI), a subsidiary of Babcock and Brown Infrastructure, on 4 January 2006. A copy of the approved access undertaking is available from the QCA website ([www.qca.org.au](http://www.qca.org.au)).

The QCA has stated that the reasons for its decision to approve the revised access undertaking will be published on its web site this week.

BBI's Chief Operating Officer of the DBCT business, Mr Jeff Pollock, said of the QCA's decision, "It is very pleasing to now have this resolved. This decision is another step in ensuring the expeditious expansion of DBCT to match customer demand for capacity."

Phase 1 of the DBCT expansion to a capacity of 68Mtpa is well underway and DBCT customers have signed long term (at least ten years) one hundred percent take or pay contracts covering all three phases of the proposed expansion to 85 Mtpa. These contracts will become effective on satisfactory completion of creditworthiness assessments currently being carried out by BBI and the formal approval of expansion to 85Mtpa by the QCA.

The approved access undertaking will remain in place until 31 December 2009 and sets an annual revenue requirement for BBI in each year based on a Regulated Asset Value (RAV) as at 30 June 2004 of \$850 million and a Weighted Average Cost of Capital (WACC) of 9.02% (based on the then prevailing underlying risk free rate of 5.84%). At the regulatory gearing assumption of 60% debt and 40% equity, this equates to a return on the assumed equity component of the RAV of 11.84%. A similar WACC (adjusted only for the then prevailing underlying risk free rate) will apply to expansion costs approved by the QCA on commissioning of an expansion phase.

BBI will also now look to conclude the arbitration process with DBCT's current customers pertaining to access charges applicable under existing customer agreements from 1 July 2004. That arbitration process (under which the QCA is the arbitrator) has been in abeyance since early 2004, pending completion of the access undertaking regulatory process.

Whilst the QCA's approval of the access undertaking does not directly affect the arbitration process, BBI believes that the QCA's approval will expeditiously lead to a negotiated agreement with current customers being reached, reflecting essentially the same terms as the QCA approved access undertaking.

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### **About Babcock & Brown Infrastructure**

Babcock & Brown Infrastructure (ASX: BBI) is a specialist infrastructure entity which provides investors access to a diversified portfolio of quality infrastructure assets. BBI's investment strategy focuses on acquiring, managing and operating quality infrastructure assets in Australia and internationally. BBI's portfolio is diversified across three asset classes:

#### **Energy Distribution and Transmission**

- Powerco – the second largest electricity and gas distribution business in New Zealand;
- IEG – a natural gas and LPG distribution and supply business in the United Kingdom, Channel Islands, Isle of Man and Portugal;
- Cross Sound Cable - a HVDC transmission cable which links the electricity grids of Long Island and Connecticut in the United States; and
- NorthWestern Energy Corporation – an electricity and gas transmission and distribution utility with operations in Montana, South Dakota and Nebraska (completion is subject to shareholder and regulatory approvals).

#### **Transport Infrastructure**

- Dalrymple Bay Coal Terminal - one of the worlds largest coal export facilities, located in Queensland, Australia;
- PD Ports – a major British ports operator and owner of the second largest port in the United Kingdom; and

## BABCOCK & BROWN INFRASTRUCTURE

- WestNet Rail – a 51% equity interest in a rail infrastructure business based in Western Australia.

### Power Generation

- Ecogen – a 50% equity stake in gas-fired electricity generation plants in Victoria, Australia;
- Redbank – a 50% equity stake in a coal tailings-fired electricity generation plant in New South Wales, Australia; and
- B&B Wind Partners – an 8.9% equity stake in a portfolio of 15 wind energy farms in the United States, Spain, Germany, and Australia.

BBI is managed by Babcock & Brown Infrastructure Management Pty Limited (BBIM), a subsidiary of Babcock & Brown Limited (ASX: BNB), a global investment and advisory firm with longstanding capabilities in structured finance and the creation, syndication and management of asset and cash flow-based investments, particularly infrastructure investments.

BBI is listed on the Australian Stock Exchange and has a market capitalisation of approximately A\$2.4 billion.

For further information please visit our website: **[www.bbinfrastructure.com](http://www.bbinfrastructure.com)**