



Ms Catherine Barker
Director – Business Performance
Queensland Competition Authority
Level 27, 145 Ann Street
BRISBANE QLD 4000

30 August 2016

Dear Catherine,

Draft Amending Access Undertaking to extend the term of the 2010 Access Undertaking

On 24 June 2016, the QCA approved an extension of the 2010 Access Undertaking (**2010AU**) until the earlier of 30 September 2016 or the date a QCA-approved replacement undertaking takes effect (**May 2016 Extension DAAU**).

At the time of the May 2016 Extension DAAU, it was anticipated that a QCA-approved replacement undertaking would be in place by 30 September 2016. However, on 19 August 2016, the QCA published a stakeholder notice indicating that following receipt of stakeholder submissions on Aurizon Network's Amended 2014 Draft Access Undertaking submitted to the QCA for approval on 7 July 2016 (**the 2014 ADAU**), it will issue a draft decision, and allow a period for stakeholder consultation prior to a final decision. The practical effect is that it is now unlikely that a QCA-approved replacement will be in effect by 30 September 2016.

Aurizon Network is therefore writing to seek the QCA's approval, in accordance with section 142 of the QCA Act, for a further extension of the 2010AU until the earlier of 30 November 2016 or the date upon which a QCA-approved replacement undertaking becomes effective (**August 2016 Extension DAAU**).

Aurizon Network is still committed to achieving approval of the 2014 ADAU as soon as possible, however recognises there is a considerable timing risk, given the timeframes required for:

1. the QCA to prepare and publish a draft decision on the 2014 ADAU;
2. the facilitation of a reasonable period for stakeholder submissions on that draft decision;
3. the QCA to consider submissions on the draft decision and prepare a final decision;
4. stakeholder responses to that final decision; and
5. Aurizon Network's preparation of a conforming undertaking to respond to the QCA's final decision, if required.

The August 2016 Extension DAAU does not involve any changes to the tariffs approved by the QCA in the May 2016 Extension DAAU. Consistent with the approach Aurizon Network outlined

in respect of the May 2016 Extension DAAU, any difference between transitional tariffs and tariffs finally approved by the QCA for FY17 in 2014 ADAU will be dealt with via an Adjustment Charge, subject to QCA approval.

We have included a minor amendment to clauses 3.2.3 and 3.2.5 of Part B of Schedule F to correct an error in the May 2016 Extension DAAU. The May 2016 Extension DAAU excluded from Total Allowable Revenue (**TAR**) revenues related to:

- (a) the AT₂₋₄ component of Access Charges and the amount of any Take or Pay amounts and Relinquishment Fees for train services terminating at the destination of WICET; and
- (b) the AT₅ component of Access Charges for train services which originate at Rolleston or which terminate at WICET,

This exclusion should have related to FY15 TAR calculations only, because the System Allowable Revenue (**SAR**) for FY16, approved by the QCA in the May 2016 Extension DAAU, included revenues for these component of Access Charges for the relevant train services. If not corrected, this would result in an inadvertent over-recovery of revenue by Aurizon Network as part of the FY18 revenue cap adjustment.

The detailed August 2016 Extension DAAU is enclosed. Changes from the May 2016 Extension DAAU are shown in mark up.

Should you have any queries in relation to this August 2016 Extension DAAU, please do not hesitate to contact me at networkregulation@aurizon.com.au.

Yours sincerely,

Donna Bowman
Regulation Manager (Access Undertaking)

