

# Queensland Competition Authority

File Ref: 1229303

10 March 2017

Mr Alex Kummant  
Executive Vice President  
Aurizon Network Pty Ltd  
GPO Box 456  
Brisbane Qld 4001

Dear Mr Kummant

## **Averaging period for Aurizon Network's 2017 draft access undertaking**

I am writing to you regarding correspondence from Aurizon Network dated 13 February 2017 relating to the proposed averaging period for Aurizon Network's 2017 draft access undertaking (2017 DAU).

Aurizon Network has sought the QCA's approval for the averaging period to be the 20 business days immediately preceding the regulatory period.

We have considered your request and are favourably disposed towards the 20 business days ending 30 June 2017 to be used as the averaging period for determining the time sensitive parameters for Aurizon Network's 2017 DAU. In particular, the parameters relating to the risk-free rate and the debt risk premium.

Obviously, you will appreciate that the averaging period, and its proposed application, is one of many matters the QCA will consider when making its draft and final decisions on Aurizon Network's 2017 DAU. The QCA will also consider submissions from interested parties as part of our assessment of the 2017 DAU.

Therefore, while the QCA accepts the merits of your proposed averaging period, it is not in a position to indicate that it has reached a finalised view on this matter, as this will only occur once the QCA has made its decision in respect of Aurizon Network's 2017 DAU.

Nonetheless, we note that your proposal is consistent with established regulatory practice.

We also agree that information regarding the averaging period should remain confidential until after 30 June 2017. In the interests of transparency, we intend to publish this letter (and your letter of 13 February 2017) on the QCA's website after 30 June 2017.

Should you wish to discuss these matters, please contact Russell Silver-Thomas on 07 3222 0579.

Yours sincerely

Charles Millsteed  
Chief Executive Officer