

File Ref: 662933

5 November 2013

Mr Alex Kummant  
Chief Executive Officer  
Aurizon Network Pty Ltd  
GPO Box 456  
BRISBANE QLD 4001

Dear Mr ~~Kummant~~ Alex

**Aurizon Network's 2013 Draft Access Undertaking - Timetable for Assessment**

As you are aware, the QCA is continuing to assess Aurizon Network's 2013 draft access undertaking (UT4), in accordance with the relevant criteria contained in the *Queensland Competition Act 1997* (the QCA Act).

As part of this process, the QCA's Consultation Paper, released in August 2013, provided an initial proposed timetable for UT4, which outlined various steps to enable a new undertaking to be approved and in place by 1 July 2014. Achievement of this timetable was dependent on the scope and complexity of issues raised by stakeholders, as part of the consultation and submission phases, being minimised through the direct engagement of stakeholders with each other.

In this regard, at the request of a number of stakeholders, the QCA in May 2013 agreed to extend the due date for submissions on UT4 to 10 October. This was with the intention of providing time for stakeholders, including Aurizon Network, to engage directly with each other to identify common ground before submissions were provided to the QCA.

In accordance with this timetable, the QCA has now received 11 submissions from stakeholders on UT4. These have been provided to Aurizon Network and have also been published via the QCA's website.

The QCA has commenced its assessment of the issues raised in the submissions. From a preliminary consideration of the submissions, stakeholders have identified a significant number of issues where there are substantive differences from the position of Aurizon Network as outlined in its UT4 proposal.

Given these differences, and the limited common ground that has been identified as part of the direct engagement process, the QCA considers it is no longer possible for the timetable included in the Consultation Paper to be met.

As a consequence, we have developed a revised timetable for the assessment process for UT4, which is included as an Attachment to this letter. This revised timetable provides for:

- release of a position paper on the pricing elements of UT4 in the first quarter of 2014
- a draft decision on all elements in the second quarter 2014
- a final decision on all elements in November 2014.

In the circumstances, this is a realistic and achievable timetable, which would enable a new undertaking to be approved and in place by 1 January 2015.

As stakeholders have indicated a wish for Aurizon Network's 2013 standard user funding agreement draft amending access undertaking (the 2013 SUFA DAAU) to be considered in conjunction with UT4, proposed timing for assessing this proposal has also been incorporated into the timetable.

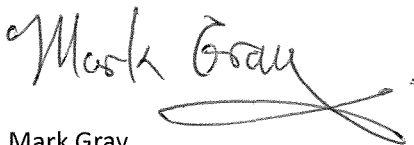
As you are aware, Aurizon Network's 2010 access undertaking (UT3) is scheduled to terminate on 30 June 2014. Given the revised timetable for completion of the UT4 assessment process, I am concerned that it would not be in the interests of stakeholders to have UT3 terminate without a replacement undertaking being approved. Thus, it would be helpful if you could confirm that, at an appropriate point in time, Aurizon Network intends to submit to the QCA a DAAU seeking to extend UT3 to a date that allows sufficient time for UT4 to be fully resolved and approved.

The QCA will continue with its assessment of the proposed UT4, with a view to ensuring that the new timetable is met. At the same time, I encourage Aurizon Network to continue direct engagement with its stakeholders, with a view to narrowing down the number of issues on which stakeholders are unable to identify common ground. While the QCA must weigh the arguments and information provided in the context of the statutory access regime in the QCA Act, it may have regard to positions that have been agreed or negotiated between stakeholders on particular matters, in order to inform its views of those matters.

As indicated in previous correspondence on the UT4 assessment process, the QCA will remain mindful of the interests of all stakeholders, whether or not party to any agreements reached on particular matters, and the importance of ensuring the assessment process is appropriately transparent.

Should you wish to discuss this matter, please contact me on 07 3222 0500.

Yours sincerely



Mark Gray  
Chief Executive Officer

cc: *Mr Michael Roche, Chief Executive, Queensland Resources Council*  
cc: *Mr David Irwin, Director Coal, Pacific National*

**ATTACHMENT: PROPOSED TIMETABLE (UT4 and 2013 SUFA DAAU ASSESSMENT)**

<i>Task</i>	<i>Indicative Dates</i>
QCA's Consultants' Cost Reports released	November / December 2013
WACC Workshop	13 December 2013
Reply Submissions on 2013 SUFA DAAU due	13 December 2013
Submissions on QCA's Consultants' Cost Reports due	6 January 2014
UT4 Pricing Position Paper	February / March 2014
2013 SUFA DAAU Draft Decision	March 2014
Submissions on UT4 Pricing Position Paper due	April 2014
Submissions on 2013 SUFA DAAU Draft Decision due	May 2014
UT4 Draft Decision (including pricing and non-pricing elements)	May / June 2014
UT3 Extension DAAU Final Decision	by June 2014
Submissions on UT4 Draft Decision due	July 2014
2013 SUFA DAAU Final Decision	September 2014
UT4 Final Decision	November 2014
UT4 Final Approval	December 2014
UT4 Commences	1 January 2015