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Mr. Malcolm Roberts
Chairman
Queensland Competition Authority
GPO Box 2257
Brisbane QLD 4001

Dear Malcolm,

Electric traction pricing in Blackwater (AT5) Draft Amending Access Undertaking

Aurizon Network is pleased to submit to the Queensland Competition Authority a draft amending access undertaking (DAAU) that proposes a new mechanism for pricing electric traction services in the Blackwater system (AT5).

Aurizon Network's proposal is the culmination of over 12 months of engagement with stakeholders and QCA staff to develop a pragmatic approach to resolving the inefficient AT5 pricing mechanism.

The key features of the proposed DAAU include:

- An 8-year fixed price path that ensures Aurizon Network achieves full revenue adequacy over the UT4 and UT5 regulatory periods.
- Any AT5 revenue that is recovered in excess of that required to recoup accumulated deferred revenue will be returned to users at the end of each undertaking period.
- If required, costs in excess of expected accumulated deferred revenue will be recovered via an infrastructure under-utilisation payment charged at the end of each undertaking period (for example the last year of UT4, or UT5).

Aurizon Network would also like to propose that the pricing benefits that flow to our customers from this DAAU be considered as part of an agreed transitional tariff mechanism for the 2014 financial year.

This submission is suitable for publication on the QCA website, and I would welcome the opportunity to discuss in more detail with yourself or your team.

Yours sincerely,



Michael Carter
Chief Executive Officer
Aurizon Network Pty Ltd

24 April 2013

