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

Dear Dr Roberts

Aurizon Network March 2015 Extension Draft Amending Access Undertaking (DAAU)

QCoal Pty Ltd (QCoal) welcomes the opportunity to comment on Aurizon Network's (Aurizon) March 2015 Extension DAAU.

QCoal is a coal company in Queensland that has both producing coal mines and coal mine projects in the Northern Bowen Basin which utilise or intend to utilise the Newlands rail system. In this submission QCoal specifically addresses the proposed FY16 transitional tariff for Newlands in the Extension DAAU.

The DAAU indicates that the transitional Newlands FY16 Reference tariff (excluding revenue cap) will increase in the order of 41% compared with the Final FY15 tariff. In its DAAU Aurizon acknowledges this material change in the Newlands tariff and states that this partly arises as a result of the inclusion of allowable revenues from NAPE train services, which have yet to commence raiing. Other factors contributing to this significant increase are not detailed however another factor that may contribute is Aurizon's traffic forecast. In its DAAU Aurizon has used its own system traffic forecast which, for the Newlands system, is lower than that of the QCA's draft decision.

Given the significant uncertainty as to the final UT4 pricing of NAPE and Newlands systems and the magnitude of the increase in the tariff QCoal suggests that, at this stage, the NAPE allowable revenue and volumes are excluded from the transitional FY2016 Newlands tariffs, as Aurizon in its DAAU has indicated it would consider.

QCoal considers there is considerable risk in setting a FY2016 reference tariff that is significantly different from that of FY15 in an environment where the pricing regime is uncertain. Once pricing of the Newlands and NAPE train services is finalised as part of the Undertaking process, any variation between actual and approved revenue collected by Aurizon over the UT4 term will be accounted for under the processes specified in the Undertaking.

Thank you for your consideration of our submission.

Yours sincerely



Deborah Silver
Manager Infrastructure