



Ensham Resources Pty Ltd
ABN 23 011 048 678
Level 1, AM60
60 Albert Street
Brisbane, QLD 4000 Australia
(PO Box 15136, City East, Brisbane, QLD 4002)
TEL +61-7-3222-5600 FAX +61-7-3222 5665

16 June 2016

Queensland Competition Authority
GPO Box 2257
Brisbane QLD 4001

By: online submission

Dear Sir/Madam

**Draft Amending Access Undertaking
Aurizon Network 2010 Access Undertaking:
Extension DAAU**

Ensham Resources (Ensham) welcomes the opportunity to provide this submission on Aurizon Network's (Aurizon's) May 2016 Extension DAAU.

Ensham supports the DAAU, in particular:

- The proposal to defer adjustments relating to FY14 and FY15 for recovery in FY17.

This proposal reduces the amount of Adjustment Charge which Ensham will be required to pay for FY16. Over recent years, Ensham has experienced extreme difficulty in budgeting for the cost of below rail services, due to the delays in finalising UT4, the significant variations between Aurizon's initial claims, the QCA's draft decisions, and the use of interim tariffs which have often not been based on an estimate of final tariffs. At this late stage, with FY16 nearing completion, we strongly prefer to finalise FY16 based on tariffs which are as close as possible to the interim tariffs in order to reduce the size of Adjustment Charges. Aurizon's proposal meets this requirement. We understand that this will result in tariffs in FY17 in the Blackwater system being significantly higher than FY16 and previous years. While this is regrettable, the deferral of certain adjustments to FY17 at least provides an opportunity for us to plan and budget for the impacts.

- The proposal to finalise FY16 tariffs now, rather than under UT4.

With Aurizon yet to submit the latest version of UT4, and final approval likely to occur some months into the new financial year, we strongly support the proposal to finalise FY16 tariffs ahead of finalising UT4.

We note the Aurizon proposes to reflect an over-recovery of EC by reducing the transitional AT5 charge. While we are not concerned with this approach for the purpose of transitional tariffs (which we understand will be trued up on the approval of UT4), we consider that any adjustments relating to EC must ultimately be trued up through the EC component, not through the AT5 component. Our understanding is that the version of UT4 included in the QCA's April 2016 Final Decision requires EC

under/over-recoveries to be adjusted through future EC tariffs. This is appropriate as any other approach risks unintended consequences.

Thank-you for your consideration of our submission.

Yours faithfully



Craig Forster
Senior Manager Infrastructure
Ensham Resources Pty Ltd