

File Ref: 602725

23 August 2013

Mr Michael Carter
Chief Executive Officer
Aurizon Network Pty Ltd
GPO Box 456
BRISBANE QLD 4001

Dear Mr ~~Carter~~ ^{MILK}

Endorsed Variation Events: Pricing of Electricity Retailer and QCA Levy

On 24 June 2013 and 11 July 2013 respectively, Aurizon Network Pty Ltd (Aurizon Network) sought the Authority's approval to increase the:

- (a) EC tariff due to changes in the retail electricity costs paid by Aurizon Network; and
- (b) QCA Levy to address a variation in the QCA Fees;

The applications were submitted as endorsed variation events as provided for under the approved 2010 access undertaking.

With regard to the QCA levy, the Authority notes that Aurizon Network has correctly accounted for the:

- (a) amount of the regulatory fees under-recovered during 2011-2012 at the current rate; and
- (b) expected amount to be collected for 2012-13 at the proposed new rate.

The Authority also agrees that, going forward, Aurizon Network's proposed methodology for simplifying the QCA Levy recovery is a more streamlined process than the previously adopted process.

In reviewing the material presented by Aurizon Network, the Authority was satisfied that, in accordance with clause 2.2, Part A, Schedule F, of Aurizon Network's 2010 access undertaking:

- (a) the QCA Levy has been calculated correctly and Aurizon Network's submitted levy of \$0.03416 per net tonne is consistent with:
 - (i) the QCA Fees for 2013-14; and
 - (ii) the approved system forecasts for 2013-14 plus a reasonable forecast for Goonyella to Abbot Point (GAPE) traffic – which is not currently included in the approved system forecasts; and
- (b) the proposed revised EC reference tariff for 2012-13 of \$0.86/000gk – an increase from the current EC of \$0.81/000gk – has been correctly calculated. The Authority reviewed and accepted that Aurizon Network's retail electricity charges have increased due primarily to changes in environmental charges mandated by the Australian Government.

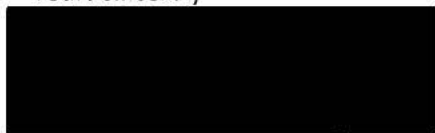
The effective dates for each variation will be from 1 June 2013 for the EC rate, and from 1 July 2013 for the QCA Levy. Any revenue variances between the assumed commencement date and actual commencement date will be addressed in the annual revenue adjustment amounts in the respective revenue caps.

This letter constitutes a written notice for the purposes of clause 2.2.9, Part A, Schedule F, of Aurizon Network's 2010 access undertaking. In accordance with that clause, the Authority requires that Aurizon Network:

- (a) publish the details of the variation to the reference tariffs on its website; and
- (b) advise access holders and access seekers, in respect of the relevant reference train services, of the variation to the EC reference tariff and the QCA Levy.

Any enquiries in relation to this matter should be directed to Leigh Spencer on 07 3222 0532.

Yours sincerely



Mark Gray
Chief Executive