

20 May 2013

Queensland Competition Authority
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BRISBANE QLD 4001

Email: rail@qca.org.au

Aurizon Network's May 2013 extension DAAU

The Queensland Resources Council (QRC) appreciates the opportunity to provide feedback on Aurizon Network's May 2013 extension DAAU.

The QRC supports the DAAU. We welcome the efforts of Aurizon to respond to the concerns of coal producers regarding the original extension DAAU, and the Authority's role in resolving this matter including the facilitation of the workshop in April.

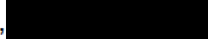
In supporting the DAAU, we note that the use of certain methodologies and assumptions in the development of interim tariffs in no way suggests that those assumptions or methodologies are supported (by QRC, coal producers, or Aurizon) for the purposes of UT4. While the reduction in the interim Blackwater AT5 is welcomed, this should not be taken to indicate anything in regard to the views which producers may have on the 2013 Blackwater Electric Traction Pricing DAAU. Producers are currently considering this DAAU and will provide views by 10th June.

The exception to the above is the volume forecasts for 2013/14, which are being added to Schedule F of the undertaking under the current process. QRC considers that it is appropriate that these forecasts be retained, for the purposes of Schedule F, in the final version of UT4, rather than being updated to reflect the additional information which will be available prior to the final approval of UT4 (which is likely to include many months of actual data). The volume forecasts have implications for take or pay and affect risk allocations between various parties, and it is not appropriate that these be updated using actual data which would not have been available had UT4 been resolved by 30 June 2013.

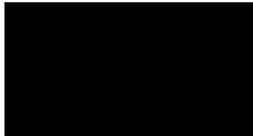
We consider that the proposed volume forecasts for 2013/14 are reasonable. Strong railings have been recorded in all systems following recovery from the flood impacts of early 2013, and we expect this to continue. We have not provided supporting data in this submission as much of this data is confidential, and may not be required in the event that the Authority's own analysis indicates that the forecasts are reasonable. In the event that the Authority has any concerns with the forecasts, we would welcome the opportunity to provide supporting information on a confidential basis.

In regard to maintenance and operating costs, we note that one consequence of UT4 being finalised later than 30 June 2013 is that Aurizon will be incurring maintenance and operating costs in 2013/14 prior to the scope and efficient cost of these items being determined through the UT4 process. QRC will be seeking consultation on these items early in the UT4 process in order to ensure that any opportunities to improve in these areas are not compromised by the extension of UT3.

The QRC is happy for this letter to be made public.

Please do not hesitate to contact me to discuss this submission further (davidr@qrc.org.au), 

Yours sincerely



David Rynne
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Queensland Resources Council