

19 November 2012

Mr Brian Parmenter
Chairperson
Queensland Competition Authority
GPO Box 2257
BRISBANE QLD 4001

Dear Mr Parmenter

Re: Additional Responses to the Draft Decision – QR Network Electric Traction Services Draft Amending Access Undertaking

Stanwell Corporation Limited (Stanwell) welcomes the opportunity to provide further comment on the Queensland Competition Authority (the Authority) Draft Decision. As stated in our previous response, Stanwell has no objection to the Draft Decision not to approve QR Network's electric traction services Draft Amending Access Undertaking (DAAU).

Stanwell is supportive of the Authority adopting a robust and comprehensive consultation process for this particular issue, and for matters pertaining to the 2010 Draft Access Undertaking (DAU) more broadly. We acknowledge the benefits that additional consultation with industry provides in resolving the complex matters relating to the treatment of electric traction services. The Authority, however, should progress the process as quickly as possible to provide certainty for market participants.

Consistent with our previous response on this matter, Stanwell considers there to be merit in QR Network undertaking a structural review of the design of tariff AT₅ to ensure the tariff is both equitable and economically efficient. It is considered timely that this review be undertaken in context of the upcoming 2013 DAU. Stanwell also urges that comprehensive consultation be undertaken as part of such a review. In the interim, Stanwell strongly encourages QR Network to investigate options to improve the utilisation of the electrified system and allocation of network resource costs or at least some form of cap on electric charges until a structural review is undertaken.

Stanwell continues to oppose the proposal put forward by QR Network to adopt a total cost of ownership analysis. Consistent with other stakeholders, Stanwell considers such an approach is heavily reliant on assumptions relating to cost and performance that are unlikely to be agreed between the parties. Further, the methodology is not convincing in establishing that electric traction is more efficient than diesel traction.

If you wish to discuss any of these issues further please do not hesitate to contact Ms Erin Bledsoe, Manager Regulatory Strategy, on (07) 3228 4529.

Yours sincerely,



Tanya Mills
General Manager Portfolio Trading