

23 December 2022

Mr George Passmore
Queensland Competition Authority
145 Ann Street
Brisbane QLD 4000
(Submitted via QCA Online Submission Form)

RE: QCA Draft Decision on Aurizon Network Reset Schedule F Preliminary Values

The Queensland Resources Council (**QRC**), on behalf of the QRC's Rail Working Group, welcomes the opportunity to comment on the QCA's Draft Decision on Aurizon Network's Reset Schedule F Preliminary Values.

The QRC's submission of 4th October 2022 noted that a lack of access to Aurizon Network's models and confidential information limits the QRC's ability to comment on the Reset Schedule F Preliminary Values. QRC continues to rely upon the QCA to confirm that the preliminary and, later, final reset values are appropriate.

In our previous submission, we noted that we were unable to determine whether the methodology applied by Aurizon Network to the development of the Risk-Free Rate and Debt Risk Premium are consistent with the methodologies employed by the QCA in the development of the initial Schedule F values. We also highlighted information which indicated that the methodology applied for the Debt Risk Premium may be inappropriate. The Draft Decision confirms that the methodology used for the Risk-Free Rate is appropriate, but that the calculation of the Debt Risk Premium is not. We support the Draft Decision, which requires the use of a methodology which is consistent with the original UT5 decision.

As noted in our original submission, we support updating the Reset Schedule F Preliminary Values early in 2023 to reflect recent regulatory decisions and updated forecasts (including for maintenance, renewals and volumes). This will also provide an opportunity for Aurizon Network to revise the Debt Risk Premium to reflect the Draft Decision.

We look forward to reviewing the revised Reset Schedule F Preliminary Values early in 2023.

Thank you for the opportunity to provide this submission.

Yours sincerely



Andrew Berger

Queensland Resources Council