

STAKEHOLDER NOTICE 2

DATE: 26/08/2014

SUBJECT: Aurizon Network's 2014DAU submission guidelines

On 11 August 2014, Aurizon Network submitted a draft access undertaking (the 2014 DAU) for our approval. The submission of the 2014 DAU follows extensive consultation between Aurizon Network and stakeholders on the, now withdrawn, 2013 Draft Access Undertaking (the 2013 DAU).

We will consider the 2014 DAU in accordance with the requirements of the QCA Act. On 11 August 2014, we issued Aurizon Network with a notice of investigation under section 146 of the QCA Act and commenced an investigation in relation to 2014 DAU. Stakeholders have also been invited to comment on the 2014 DAU, with submissions due on **3 October 2014**.

In considering the 2014 DAU, we will have regard to the context of the QCA Act including the criteria for assessment of undertakings in section 138(2). These criteria include, without limitation, promoting the economically efficient operation of, use of and investment in regulated infrastructure with the effect of promoting effective competition in downstream markets (e.g. the above-rail haulage market). They also encompass the legitimate business interests of Aurizon Network, as well as the interests of access seekers and, more broadly, the public interest.

We will consider the arguments and information put forward by Aurizon Network supporting its proposal, stakeholders' comments and submissions, as well as our own analysis.

We recognise stakeholders have already provided extensive and detailed comments on the 2013 DAU, including on:

- Aurizon Network's original proposal and supporting documentation;
- Aurizon Network's response to stakeholders' comments (November 2013);
- the December 2013 forum on the cost of capital; and
- consultants' reports on maintenance and operating costs and volume forecasts.

As Aurizon Network has said its Supporting Volumes 1 to 4 remain unchanged, we will consider previous stakeholder submissions to the extent they remain relevant.

In the interests of streamlining this process, stakeholders need not repeat information or arguments provided in response to the 2013 DAU. Rather, stakeholders wishing to rely on information contained in their earlier submissions should indicate where this is the case. In this way, stakeholders can use this consultation process to provide focussed and detailed responses to matters where Aurizon Network has proposed a new or different approach.

That said, we do not intend to limit the topics that stakeholders may comment on – we welcome comments on any aspect of the 2014 DAU.

To assist stakeholders, we have attached a suggested template for submissions which stakeholders may wish to use.

Particular topics for stakeholder comment

We invite stakeholders to provide comment on any aspect of the 2014 DAU. However, we wish to draw stakeholders' attention to the following topics in particular, given the submission of new explanatory material by

Aurizon Network in relation to pricing matters and to highlight a new approach we are considering in respect of the standard access agreements.

(1) Pricing principles

Aurizon Network has submitted [additional explanatory material in respect of the Wiggins Island Rail Project \(WIRP\)](#) which we have published on our website and we invite stakeholders to make any comments in relation to this material.

To help us develop our thinking, we are interested in stakeholders' views on the revised end-to-end expansion tariff process included in the 2014 DAU. Against this background we are also interested in stakeholder views on the expansion tariff process within the context of Aurizon Network's proposed approach to WIRP. We would also welcome stakeholder comments on the process for developing reference tariffs for new loading points and private infrastructure and the role that the definition of Minimum Revenue Contribution (MRC) plays within this.

Furthermore, we are interested in stakeholders' views on Aurizon Network's asset valuation proposal which has been maintained in clause 6.3.3(e) of the 2014 DAU. This relates to how and when the regulatory asset base and depreciated optimised replacement cost approaches can be used within the regulatory framework. In particular we are interested in stakeholder's views regarding the practical implications that Aurizon Network's proposals may have for the assessment of maximum allowable revenue by system and the implications it has for the role of pricing limits. We are also interested in stakeholder comments on what, if any, impact Aurizon Network's proposals will have on the interaction of the reference tariff concept and the differential charging of non-reference train services based on differences in cost and risk relative to the reference train service.

(2) Simplification of standard access agreements

Aurizon Network has submitted four standard access agreements (SAAs) as part of the 2014 DAU. This suite of SAAs reflects the development of separate SAAs to accommodate particular access contracting scenarios that have evolved over time.

We are interested in stakeholders' views on the benefits from adopting a simpler approach to the SAAs and the option of consolidating the SAAs into two agreements which separately deal with: (a) holding access rights; and (b) train operations matters.

The existing End User Access Agreement (EUAA) and Train Operations Agreement (TOA) that we approved on 1 August 2013 as part of Aurizon Network's 2010 access undertaking (UT3) may provide a useful precedent for simplification given they are based on separating access rights from train operations and have the benefit of being recently developed, following extensive stakeholder consultation. However, there might be different, or other, opportunities for simplification.

We are particularly interested in stakeholders' views on whether there is merit in a simplified approach to the SAAs — and if the EUAA and TOA from UT3 are a useful precedent for simplification. Stakeholders may also wish to comment on substantive differences between clauses and provisions of the existing EUAA and TOA and the proposed SAAs.

SUBMISSIONS

Closing date for submissions: 3 October 2014

Public involvement is an important element of our decision-making process. Therefore submissions are invited from interested parties concerning our assessment of Aurizon Network's 2014 DAU. We will take account of all submissions received.

Written submissions should be sent to the address below. While we do not necessarily require submissions in any particular format, it would be appreciated if two printed copies are provided together with an electronic version on disk (Microsoft Word format or Microsoft Excel if more applicable) or by e-mail. Submissions, comments or inquiries should be directed to:

Queensland Competition Authority
GPO Box 2257
Brisbane Q 4001
Tel (07) 3222 0542
Fax (07) 3222 0599
rail@qca.org.au
www.qca.org.au

Confidentiality

In the interests of transparency and to promote informed discussion, we would prefer submissions to be made publicly available wherever this is reasonable. However, if a person making a submission does not want that submission to be public, that person should claim confidentiality in respect of the document (or any part of the document). Claims for confidentiality should be clearly noted on the front page of the submission and the relevant sections of the submission should be marked as confidential, so that the remainder of the document can be made publicly available. It would also be appreciated if two copies of each version of these submissions (i.e. the complete version and another excising confidential information) could be provided. Again, it would be appreciated if each version could be provided on disk. Where it is unclear why a submission has been marked "confidential", the status of the submission will be discussed with the person making the submission.

While we will endeavour to identify and protect material claimed as confidential as well as exempt information and information disclosure of which would be contrary to the public interest (within the meaning of the *Right to Information Act 2009* (RTI)), we cannot guarantee that submissions will not be made publicly available. As stated in section 187 of the *Queensland Competition Authority Act 1997* (the QCA Act), we must take all reasonable steps to ensure the information is not disclosed (other than to those persons listed in section 187) without the person's consent, provided we are satisfied that the person's belief is justified and that the disclosure of the information would not be in the public interest. Notwithstanding this, there is a possibility we may be required to reveal confidential information as a result of a RTI request.

Public access to submissions

Subject to any confidentiality constraints, submissions will be available for public inspection at our Brisbane office or on our website at www.qca.org.au.

ATTACHMENT: SUGGESTED TEMPLATE FOR STAKEHOLDER SUBMISSIONS

<i>Issue</i>	<i>Relevant clause</i>	<i>Stakeholder comments</i>
[Heading for relevant part of undertaking e.g. Part 2: Intent and Scope]		