

STAKEHOLDER NOTICE

3 August 2017

Aurizon Network's 2015–16 Capital Expenditure Claim

Regulatory framework

Aurizon Network's provision of below-rail services is governed by an access undertaking, approved by the QCA, that sets out the detailed terms and conditions under which Aurizon Network will provide access to the declared services. Aurizon Network was subject to the 2010 access undertaking from October 2010 to 11 October 2016. Since then, the 2016 undertaking has applied.

The QCA conducts an annual assessment of the prudence of capital expenditure to determine whether it should be included in Aurizon Network's regulatory asset base (RAB) for the Central Queensland Coal Network.

In assessing the prudence of capital expenditure, the QCA focuses on the:

- scope of works
- standard of works
- cost of works

The QCA generally assesses prudence after the capital expenditure is complete.

Aurizon Network's 2015–16 capital expenditure claim

On 31 October 2016, Aurizon Network submitted its 2015–16 capital expenditure claim of \$892.6 million (including interest during construction), covering 87 projects. The claim has been assessed under the provisions in the 2010 access undertaking (refer clauses 3.3.1–3.3.4). The major projects in the claim included:

- Dingo to Bluff duplication, costing approximately \$233.5 million (including interest during construction). The project involved the design and construction of a 17.9 km duplication on the Blackwater System's Central Line.
- North Coast Line (NCL), costing approximately \$173.8 million (including interest during construction). This project involved constructing Wiggins Island Coal Export Terminal (WICET) spur infrastructure and Aldoga and Kabra holding roads, and relocating Yarwun Ballast Siding.
- Bauhinia (Rolleston) Electrification project, costing approximately \$167.1 million (including interest during construction). The project electrified the 107-kilometre Bauhinia rail spur from Rangal South to the Rolleston mine and comprised works including civil, feeder station, power system and transmission line construction
- Wotonga Feeder Station, costing approximately \$59.4 million (including interest during construction). This involved an upgrade of the power station to improve power system reliability in the Goonyella system.
- Post-commissioning works, costing \$57.4 million, on WIRP segments commissioned in 2014–15 and approved for inclusion in the RAB.

On 5 June 2017, Aurizon Network amended its 2015–16 capital expenditure claim. Aurizon Network's letter outlining the amendments is available on the QCA website.

Stakeholder comments invited

The QCA engaged AECOM, Brimik, and RSM Australia to provide expert advice and recommendations on Aurizon Network's 2015–16 capital expenditure claim.

These reports have been published on the QCA website, and stakeholders are invited to comment on them by Monday, 4 September 2017.

Submissions

Closing date for submissions: 4 September 2017

Public involvement is an important element of the decision-making processes of the Queensland Competition Authority (QCA). Therefore submissions are invited from interested parties concerning its assessment of Aurizon Network's 2015–16 capital expenditure claim.

Submissions, comments or inquiries regarding this project should be directed to:

Queensland Competition Authority
GPO Box 2257
Brisbane Q 4001

Tel (07) 3222 0511
Fax (07) 3222 0599

www.qca.org.au/submissions

Confidentiality

In the interests of transparency and to promote informed discussion and consultation, the QCA intends to make all submissions publicly available. However, if a person making a submission believes that information in the submission is confidential, that person should claim confidentiality in respect of the document (or the relevant part of the document) at the time the submission is given to the QCA and state the basis for the confidentiality claim.

The assessment of confidentiality claims will be made by the QCA in accordance with the *Queensland Competition Authority Act 1997*, including an assessment of whether disclosure of the information would damage the person's commercial activities and considerations of the public interest.

Claims for confidentiality should be clearly noted on the front page of the submission. The relevant sections of the submission should also be marked as confidential, so that the remainder of the document can be made publicly available. It would also be appreciated if two versions of the submission (i.e. a complete version and another excising confidential information) could be provided.

A confidentiality claim template is available on request. We encourage stakeholders to use this template when making confidentiality claims. The confidentiality claim template provides guidance on the type of information that would assist our assessment of claims for confidentiality.

Public access to submissions

Subject to any confidentiality constraints, submissions will be available for public inspection at the Brisbane office, or on the website at www.qca.org.au. If you experience any difficulty gaining access to documents, please contact us on (07) 3222 0511.