



Ms. Tania Homan  
Director – Office of Best Practice Regulation  
Queensland Competition Authority  
Level 27, 145 Ann Street  
BRISBANE QLD 4000

11 May 2015

Dear Tania

### **Addendum to Aurizon Network's 2015 Draft Amending Access Undertaking**

In April 2015, Aurizon Network submitted a Draft Amending Access Undertaking (April DAAU) to extend the term of its 2010 Access Undertaking (2010AU) from 30 June 2015 to 30 November 2015. This extension was submitted on the basis of the QCA's timeline, published on 16 December 2014, which indicated a Final Decision by 31 July 2015. In its response to the QCA's Pricing and Policy Draft Decision, Aurizon Network outlined how to achieve a compliant Undertaking in line with this timeline.

#### Time Extension

On 4 May 2015, the QCA published a revised timeline for its Final Decision on Aurizon Network's 2014 Draft Access Undertaking (2014DAU) with a Final Decision now due by 30 October 2015.

In light of the QCA's revised timeline, the Terminating Date proposed in the April DAAU (i.e. 30 November 2015), would be insufficient to enable the QCA's Final Decision on the 2014DAU to be implemented prior to the expiry of the 2010AU. Therefore, this DAAU (May DAAU) proposes a revised Terminating Date of 29 February 2016. This new termination date, is based upon the following assumptions:

- QCA Final Decision on 2014DAU: 30 October 2015.
  - QCA refuses to approve the 2014DAU.
  - All Stakeholders are satisfied that the Final Decision is legally sound.
- Aurizon Network prepares a 2015DAU: 1 November 2015 – 15 December 2015.
  - This includes Aurizon Network completing consultation with stakeholders.
- QCA formally consults and considers the 2015DAU: 15 December 2015 – Mid January 2016.
- QCA considers the 2015DAU and stakeholder comments and completes QCA Governance January – February 2016.
- QCA Issues Final Approval for 2015DAU no later than 29 February 2016.
- 2015AU effective 1 March 2016.

Stakeholder Comments on the April DAAU

Aurizon Network would like to thank stakeholders for their submissions on the April DAAU. Aurizon Network has taken these into consideration and seeks to address/clarify some of the questions raised.

- The Queensland Resources Council (QRC) suggested “...that it is appropriate to exclude NAPE revenues and volumes from the Newlands system transitional allowable revenues for FY2016.” Aurizon Network appreciates the QRC’s feedback and has made the necessary amendments to the May DAAU to reflect this.
- Asciano sought additional clarity around the proposal to exclude electric Access Charges from Rolleston Electric Train Services from the definition of Total Actual Revenue (TAR) for FY2015. Aurizon Network confirms that the Access Charges to be excluded from TAR are limited to those recoverable from the electric component of the Access Charge.

Stakeholders also expressed concerns about the application of Aurizon Network’s volume forecasts, rather than those proposed by the QCA in its Draft Decision on Maximum Allowable Revenue. As noted by the QRC, the application of the QCA’s Draft Decision forecasts for FY2015 at this stage would “...involve significant complexity, including the need to update FY2015 tariffs”. This would create further uncertainty for all parties.

Aurizon Network reiterates that the QCA will confirm ‘final’ volume forecasts as part of its Final Decision on the 2014DAU. Aurizon Network is fully supportive of the fact that in doing so, the QCA will complete an independent assessment of volumes, which will consider the views of all stakeholders.

In summary, this May DAAU incorporates the following amendments.

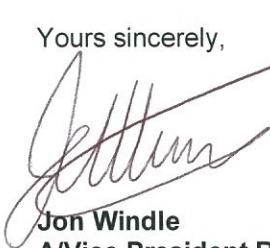
- All references to the ‘Terminating Date’ changed to 29 February 2016.
- Schedule F, Part B, Clause 8: Newlands system AT<sub>3</sub> and AT<sub>4</sub> Reference Tariffs, SAR and GTK forecasts for FY2016 have been updated to remove costs and volumes associated with NAPE Train Services.

Aurizon Network has attached revised clean and mark-up versions of the DAAU, which incorporate the amendments listed above. Aurizon Network asks that the QCA consider these updated documents when assessing the proposed extension to the 2010AU.

Aurizon Network will continue to work with all stakeholders to progress the 2014DAU to a final decision in line with the QCA’s timelines.

Should you have any queries in relation to this draft amending access undertaking, please do not hesitate to contact Michael Bray on (07) 3019 1077 or [michael.bray@aurizon.com.au](mailto:michael.bray@aurizon.com.au).

Yours sincerely,



**Jon Windle**  
A/Vice President Regulation