



Ann Jones
Director of Business Performance
Queensland Competition Authority
Level 2, 145 Ann St
Brisbane, QLD 4000

Submission: Infrastructure Rebates and GAPE RCS DAAU

26 July 2024

Dear Ann,

On 14 June 2024, Aurizon Network submitted to the QCA the Infrastructure Rebates and GAPE RCS Draft Amending Access Undertaking (the DAAU).

A key component of the DAAU is to apply nominated infrastructure rebates as a discount to the relevant system Reference Tariff. The intention of this process is to remove the allowable revenue attributable to the relevant infrastructure rebate assets from the system Allowable Revenue but retain those assets in the Regulatory Asset Base until fully depreciated.

Aurizon Network has identified an unintended outcome of a recent change to the RAB Roll-forward arrangements in Schedule E, clause 1.1(f) that would prevent the depreciation of those assets as they would cease to be included within a Reference Tariff. Aurizon Network therefore proposes the following additional amendment to Clause 1.1(f) in the DAAU to avoid this outcome:

the value of any assets in the Regulatory Asset Base that are not ~~included within used in the calculation of~~ a Reference Tariff will have a depreciation value of zero and will be indexed for the Year based on the Approved WACC.

The effect of this change would mean the relevant infrastructure rebates asset in the RAB would continue to depreciate and used in the calculation of the discount, but deferred capital which is not used in the calculation of a Reference Tariff would not depreciate as intended.

Should you have any queries in relation to this submission, please contact Jon Windle at jon.windle@aurizon.com.au.

Kind regards,

A handwritten signature in blue ink that reads "Kearney".

Dan Kearney
Head of Finance and Regulation