



Catherine Barker
Director Business Performance
Queensland Competition Authority
Level 27, 145 Ann Street
Brisbane QLD 4001

Review Event – 2017 Tropical Cyclone Debbie

22 September 2017

Dear Catherine

This letter **encloses** Aurizon Network's submission on the Review Event associated with Tropical Cyclone Debbie and its impact on the Central Queensland Coal Network (**CQCN**).

The purpose of this submission is to propose a Reference Tariff variation consistent with the change in the cost to Aurizon Network as a result of the damage caused by Tropical Cyclone Debbie to the CQCN in accordance with clause 5 of Schedule F of the 2016 Access Undertaking (**UT4**).

Tropical Cyclone Debbie caused widespread damage to Aurizon Network's infrastructure across each of the Newlands, Goonyella, Blackwater and Moura Systems, which impaired Aurizon Network's ability to provide rail access to train services across the entire CQCN for varying periods.

Significant repairs were performed across all four (4) systems of the CQCN. The cost of these repairs to the damaged infrastructure, which are attributable to operating expenditure only, are \$16,930,953 (pre-escalation).

Given the scale of this weather event, the timing for completion of rectification works, and the subsequent consolidation of cost data critical to this submission, Aurizon Network sought, and had approved by the QCA, an extension of time under clause 5.6 of Schedule F of UT4. The attached report now made within the approved extended time frame, sets out the requirements of the submission, in compliance with clause 5.4 of Schedule F of UT4, namely it details:

- the tariff inputs to be varied for each of the Blackwater System, the Goonyella System, Moura System, Newlands System, and Goonyella to Abbot Point System;
- the methodology, data and assumption used to vary the Reference Tariff; and
- the Review Event which has occurred.

This Review Event submission proposes a variation to the Reference Tariffs for H2 FY2018, being the six (6) month period between 1 January 2018 and 30 June 2018.

As foreshadowed, these tariff adjustments will be incorporated into a draft amending access undertaking (**September 2017 DAAU**) which Aurizon Network plans to lodge shortly to extend the term of UT4 and establish transitional tariffs for H2 FY2018, pending finalisation of the QCA's review of its next undertaking, UT5.

In the event there is any difference between the transitional tariffs approved by the QCA following its review of the September 2017 DAAU and the final tariffs the QCA approves following its detailed consideration of this Review Event, Aurizon Network proposes that any difference will be dealt with via the UT5 final reconciliation and true up.

We have consulted with industry in relation to this approach and have received broad support.

Should you have any enquiries, please contact Kathryn Hogan on 07 3019 2513 or via email Kathryn.Hogan@aurizon.com.au.

Kind regards,



David Collins
Head of Finance and Regulation
Aurizon Network

Enc. Report: Review Event – 2017 Tropical Cyclone Debbie