

File Ref: 728934

22 May 2014

Mr Alex Kummant
Chief Executive Officer
Aurizon Network Pty Ltd
GPO Box 456
Brisbane QLD 4001

Dear Mr Kummant *Alex*

Approval of Aurizon Network's Capricornia system rules

On 28 April 2014, Aurizon Network resubmitted the Capricornia system rules to us for approval.

Our final decision of 27 February 2014 was not to approve your previous draft rules. Instead we required you to resubmit them in the form set out by us, or in a form which otherwise addressed the reasons for the refusal to approve.

While we note the resubmitted Capricornia system rules are not exactly in the form set out in our final decision, we are satisfied they otherwise address the reasons for the refusal to approve in a satisfactory manner.

We consider the resubmitted rules to be consistent with our final decision. Accordingly on 21 May 2014, we approved the resubmitted Capricornia system rules, in accordance with the requirements of clauses 7.1(d) and 5.2(j) of Aurizon Network's 2010 access undertaking.

That said, we note some system rules-related matters will need to be further addressed through our assessment of Aurizon Network's proposed 2013 draft access undertaking (UT4). These matters were identified in our final decision on the Capricornia system rules.

In addition to the matters discussed in our final decision, we will give consideration in the UT4 process whether changes to the undertaking and the standard agreements should be made to allow Aurizon Network's principal supply chain objective to be 'ensure delivery of access holders' contracted train services entitlement'. We firmly believe meeting contractual obligations should be Aurizon Network's primary coal supply chain objective, particularly given the revenue cap form of regulation.

Yours sincerely



Malcolm Roberts
Chairman