



Mr George Passmore
Queensland Competition Authority
Level 27, 145 Ann Street
Brisbane QLD 4001

Electric Traction Draft Amending Access Undertaking

10 June 2019

Dear George,

I refer to Aurizon Network's Electric Traction Draft Amending Access Undertaking (**Electric Traction DAAU**) submission, submitted to the Queensland Competition Authority (**QCA**) on 17 May 2019.

In the supporting submission to the Electric Traction DAAU, Aurizon Network proposed provisions to reallocate variable connection charges from the AT5 tariff, to the EC tariff. This was on the basis that should the Electric Traction DAAU be approved, any future socialisation of electric traction costs should have regard to the fixed costs of sustaining the electric infrastructure, and not the variable, or usage costs.

Aurizon Network notes that this concept has been generally agreed in previous draft amending access undertakings seeking reform to electric traction pricing. The Electric Traction DAAU proposes the process by which this reallocation would be approved by the QCA. The submitted Electric Traction DAAU did not provide an indication in terms of the changes to the Reference Tariffs in schedule F. This reflected a desire to simplify the assessment of the Electric Traction DAAU given the QCA has already reviewed the reallocation process and would also be considering a number of other draft amending access undertakings simultaneously. Should another DAAU be approved prior to the Electric Traction DAAU, the tariffs will change.

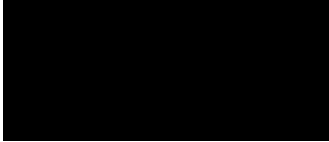
In order to provide the QCA and Stakeholders with clarity of these potential changes, Aurizon Network has attached the proposed amendments to Schedule F to reflect the reallocation of variable connection charges on the basis of the current 2017 Access Undertaking.

Aurizon Network recognises the timing of both its May 2019 UT5 DAAU and this Reference Tariff Variation DAAU may directly impact upon each other. Subject to the QCA's approval of one, or both of the DAAUs, it is expected that those outcomes will be reflected in the ultimate approval of each Amending Access Undertaking and transposed into the operational UT5 Access Undertaking.

We trust this provides clarity as to the proposed treatment of the reallocation of variable connection charges should the Electric Traction DAAU be approved.

Should you have any queries in relation to this submission, please do not hesitate to contact Tiffany Bruce on tiffany.bruce@aurizon.com.au

Yours sincerely,



Jon Windle
Manger Regulation
Aurizon Network

Attachment: Proposed Reallocation of Variable Connection Charges from AT5 to EC.

1. Reference Tariff Updates to the 2017 Access Undertaking

Considering Aurizon Network's currently approved 2017 Access Undertaking, should the Electric Traction DAAU be approved, the Reference Tariffs will be updated to reflect the reallocation of Variable Connection Charges in the following manner:

- The table in cl. 7.2 of Schedule F will be updated as follows:

Reference Tariff input	2017/18^ (\$)	2018/19^ (\$)	2019/20 (\$)	2020/21 (\$)
AT ₁	0.92	0.93	0.95	0.97
AT ₂	2,212.44	2,264.88	2,318.56	2,373.51
AT ₃	6.81*	6.78*	6.56*	6.33*
AT ₄	2.34	2.18	2.25	2.02
AT ₅	3.12	3.27	2.94	3.00
EC	1.12	0.98	0.99	1.01
QCA Levy	0.02906	0.02814	0.02844	0.02898

- The table in cl.7,3 of Schedule F will be updated as follows:

Year	Gtk Forecast (,000 gtk)	Allowable Revenue - AT 2-4 (\$'000)	Allowable Revenue - AT5 (\$'000)
2017/18 ¹	36,235,418	339,256	84,161
2018/19 ¹	37,579,215	348,638	89,415
2019/20	38,315,720	347,900	81,737
2020/21	39,029,861	335,648	83,495

- table in cl. 8.2(a) of Schedule F will be updated as follows:

Reference Tariff input	2017/18^ (\$)	2018/19^ (\$)	2019/20 (\$)	2020/21 (\$)
AT ₁	0.63	0.65	0.66	0.67
AT ₂	1,401.71	1,434.93	1,468.94	1,503.76
AT ₃	3.93*	4.62	4.64	4.17
AT ₄	0.83*	0.98	0.98	0.88
AT ₅	1.5	1.63	1.55	1.59
EC	1.12	0.98	0.99	1.01
QCA Levy	0.02906	0.02814	0.02844	0.02898

- table in cl. 8.2(b) of Schedule F will be updated as follows:

Nominated Loading Facility	Reference Tariff input	2017/18^ (\$)	2018/19^ (\$)	2019/20 (\$)	2020/21 (\$)
Middlemount	AT ₃	2.36	3.16	3.00	2.91
	AT ₄	0.66	0.83	0.80	0.78
	AT ₅	0.73	0.86	0.76	0.79
Caval Ridge	AT ₃	2.9	3.07	3.08	2.62
	AT ₄	0.62	0.66	0.66	0.56
	AT ₅	1.26	1.27	1.19	1.23

- The table in cl.8.3 of Schedule F will be updated as follows:

Year	Gtk Forecast (,000 gtk)	Allowable Revenue - AT 2-4 (\$'000)	Allowable Revenue - AT5 (\$'000)
2017/18 ¹	41,620,058	241,936	60,969
2018/19 ¹	42,770,883	287,722	68,321
2019/20	42,823,869	290,146	65,178
2020/21	42,790,436	265,535	66,782