

DRAFT DECISION NOTICE

2022 REVIEW OF AURIZON NETWORK'S CQCN SYSTEM RULES

21 September 2022

The Queensland Competition Authority (QCA) is minded to approve Aurizon Network's proposed amendments to the Central Queensland coal network system rules in accordance with cl. 7A.7.5(b) of Aurizon Network's 2017 access undertaking (UT5).

Review of the system rules

UT5 requires that Aurizon Network review the system rules for its coal network at least once a year. Aurizon Network deferred its review of CQCN system rules in 2021, to allow for the completion of the independent expert's review of the system operating parameters. Aurizon Network was also seeking stakeholder support for the integrated rail plan (IRP).¹

As part of the consultation process under UT5,² Aurizon Network convened a system rules group forum and requested and received written feedback from affected parties. Subsequently, there was a follow-up system rules forum and additional one-on-one engagements with affected parties and the independent expert.

On 29 August 2022, Aurizon Network submitted its proposed amendments to the CQCN system rules for approval, along with:

- copies of all submissions received
- a consultation paper that outlines its proposed amendments and assessment of submissions, and its proposed response to submissions.³

QCA assessment and draft decision

The proposed amendments to the system rules relate to general amendments and amendments to reduce confusion, as well as specific amendments related to the IRP.

¹ The IRP uses planning technology to develop optimised rail plans using demand assumptions and other planning inputs provided by train operators.

² UT5, cls. 7A.7.4(c), (d).

³ UT5, cl. 7A.7.4(e).

We have considered whether these proposed amendments are consistent with UT5 and by having regard to the matters listed in s. 138(2) of the QCA Act. Our draft decision is that the proposed amendments to the system rules are appropriate to approve.

Based on the information provided, we are of the view that the general amendments and amendments to reduce confusion focus on improving the operation and flexibility of the rail system, or clarifying or removing redundant provisions. We consider that the amendments are consistent with UT5 and support the efficient operation of the CQCN network, which is in the interests of access holders/seekers and Aurizon Network and is also in the broader public interest.

It is not evident that the amendments advantage any one access holder (or group of access holders) over others. We also note that these amendments generally received broad support.

Separately, our view is that the specific amendments related to the IRP are focussed on providing additional and more timely information to support the train scheduling process. In our view, it is appropriate for participation to be mandatory to ensure complete information is provided for planning purposes, though we note that train operators are not bound to accept IRP outcomes.

We note that most stakeholder comments on the IRP generally related to its operation (rather than the concept itself) and that Aurizon Network has sought to adopt stakeholder feedback in drafting the revised amendments. We accept Aurizon Network's view that some stakeholder comments about greater transparency can be addressed through mechanisms outside of the system rules, including through additional system-level reporting.

We consider that IRP-related amendments are consistent with UT5 and should improve the operation of the network and the ability of access holders to utilise their entitlements. The amendments should also promote system throughput through better demand management. Collectively, these matters are in the interests of access holders/seekers and Aurizon Network and are also in the broader public interest. We also do not consider that the amendments advantage any one access holder (or group of access holders) over others.

Proposed amendments to the CQCN system rules

We intend to approve the proposed amendments to the CQCN system rules.

Way forward

Stakeholder submissions are now invited on Aurizon Network's proposed amendments to the system rules and with our draft decision to approve them. Stakeholders are also invited to comment on whether the system rules should commence on approval, or whether it is appropriate that they commence at a later date.

Submissions are due by 27 October 2022.

We will consider all submission before making a final decision on whether to approve the proposed amendments to the CQCN system rules or whether amendments are required pursuant to cl. 7A.7.5(d).