

File Ref: 756630

23 July 2014

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

Dear Mr Kummant

Endorsed variation events: pricing of electricity retailer and QCA levy; and transfer fee dispute

On 16 June 2014 and 8 July 2014 respectively, Aurizon Network sought approval for endorsed variation events providing for changes in the:

- electricity charge (EC) tariff due to changes in the retail electricity costs paid by Aurizon Network
- QCA levy to address a variation in the QCA fees.

We have reviewed the applications, and supporting material provided by Aurizon Network. We are satisfied that, in accordance with clause 2.2., Part A, Schedule F of Aurizon Network's 2010 access undertaking (UT3), the:

- proposed revised EC reference tariff for 2014-15 of \$0.63/'000gtk - a decrease from the current EC reference tariff of \$0.86/'000gtk - has been correctly calculated. We have reviewed and accepted that Aurizon Network's retail electricity charges have decreased due primarily to changes in environmental charges
- QCA levy has been calculated correctly and Aurizon Network's submitted levy of \$0.0268 per net tonne is consistent with the QCA fees for 2014-15 and the approved system forecasts used to determine transitional reference tariffs for 2014-15.

Given this, we have decided to approve both endorsed variation event applications. This letter constitutes a written notice for the purposes of clause 2.2.9, Part A, Schedule F of UT3. In accordance with that clause, we require that Aurizon Network:

- publish the details of the variations to reference tariffs on its website
- advise access holders and access seekers, in respect of the relevant reference train services, of the variation to the EC reference tariff and the QCA levy.

With regard to another tariff-related matter, our February 2014 decision on Aurizon Network's 2012-13 revenue cap adjustment application noted a \$1.6 million transfer fee, which was subject to dispute, was not included in Aurizon Network's proposed total actual revenues for 2012-13. We said that, if the dispute was concluded after approval of transitional reference tariffs for 2014-15, depending on the outcome of the dispute, we would require Aurizon Network to submit a proposed variation to tariffs.

Aurizon Network has now advised that the transfer fee dispute has been settled by the parties, in accordance with the dispute provisions contained in the applicable Standard Access Agreement. The settlement has resulted in agreement that an amount of \$1.525 million be refunded to the access holder. As the dispute has been settled in accordance with the provisions in the Standard Access Agreement, and an amount not materially different from the amount excluded from the 2012-13 revenue cap adjustment application has been refunded, we are of the view that no further consideration of this matter is necessary.

Any enquiries in relation to these matters should be directed to Leigh Spencer on 07 3222 0532.

Yours sincerely



Malcolm Roberts
Chairman