



5 December 2013

Mr Paul Bilyk  
Director, Rail and Ports  
Queensland Competition Authority  
GPO Box 2257  
BRISBANE QLD 4000

Dear Paul

**Aurizon Network Pty Ltd – 2012/13 Revenue Adjustment Amounts: Response to Stakeholder Submissions**

Aurizon Network welcomes the opportunity to respond to the submissions in regards to the 2012/13 Revenue Adjustment Amounts Submission. Responses were received from the following stakeholders:

- Anglo American Metallurgical Coal Pty Ltd (Anglo)
- Asciano Ltd (Asciano)

This response is in accordance with Clause 3.2.10, Part B, Schedule F of Aurizon Network's 2010 Access Undertaking (2010AU).

**Transfer Fee**

Anglo's submission concerns Aurizon Network's collection of a Transfer Fee of \$1.6 million from an Access Holder in the Goonyella system yet had not reflected that fee in that system's AT<sub>2-4</sub> Total Actual Revenue (TAR) for the 2012/13 year. Anglo has argued that the Transfer Fee should be included in TAR notwithstanding that the amount is under dispute.

Aurizon Network confirms that the matter remains in dispute, and that accordingly maintains that the Transfer Fee be excluded from the TAR until the matter is resolved. Aurizon Network expects that the matter will be resolved before March 2014. Accordingly, Aurizon Network will reflect any settlement of the dispute (to the extent involves payment of part or all of the Transfer Fee) in the proposed UT3 Revenue & Pricing Draft Amending Access Undertaking (DAAU) for the 2014/15 year.

If settlement of the dispute does not occur then Aurizon Network will include the Transfer Fee, inclusive of cost of capital adjustment, in the annual Reference Tariff variation following the settlement.

**GAPE Revenue Adjustment Amount for 2011/12**

Asciano's submission enquired as to whether the \$0.7 million Revenue Adjustment Amount for the GAPE system for the 2011/12 year will be recovered via 2014/15 Reference Tariffs.

Aurizon Network's intention at the time of the submission was that the amount, inclusive of cost of capital adjustment, would be included in the 2014/15 Reference Tariffs for GAPE. However, as the, yet to be submitted, UT3 Revenue & Pricing DAAU proposes to



confirm final Reference Tariffs for the 2013/14 year, there is an opportunity to incorporate the 2011/12 Revenue Adjustment Amount within the 2013/14 Reference Tariff consistent with the revenue cap arrangements for the other systems. The cost of capital adjustment for the amount would be reduced accordingly.

Aurizon Network will discuss this treatment with the QCA.

#### **Ancillary services**

Asciano's submission included a query as to how Aurizon Network accounted for ancillary services and how they were treated in regards to the revenue cap process.

In the 2010AU, maintenance and operating costs associated with ancillary services were not incorporated in Reference Tariffs as the services were outside the declared service. Accordingly, revenues associated with these services are excluded from TAR.

Aurizon Network confirms that to the extent that these maintenance and operating costs are incorporated in Reference Tariffs for the period of Aurizon Network's 2013 Access Undertaking (2013AU), any revenues associated with the services will be included in TAR.

#### **Issues dealt with under other regulatory processes**

Aurizon Network notes a number of stakeholder comments on issues which are not directly relevant to the September 2013 submission and accordingly are not addressed in this response. These issues are listed below:

- Reliability of forecasting (Asciano) – relevant to the 2013AU;
- Pricing impact with respect to the AT<sub>5</sub> Revenue Adjustment Amount for Blackwater (Asciano) – relevant to the proposed DAAU on Blackwater Electric Traction Pricing; and
- Recovery of revenue from contract breaches and negligence on behalf of Aurizon Network (Asciano) – relevant to the 2013AU.

Aurizon Network recommends that the QCA consider these issues as part of those processes.

Should you have any questions in relation to the attached materials, please contact Thomas Smeulders on 07 3019 9916 or via email at [thomas.smeulders@aurizon.com.au](mailto:thomas.smeulders@aurizon.com.au).

Yours sincerely



**Lana Stockman**  
**Vice President Network Regulation**  
**Aurizon Network Pty Ltd**

CC: Pag Arao-Arao