

Queensland Competition Authority

Consultation Paper

Aurizon Network's 2013 Draft Access Undertaking

August 2013

The Authority wishes to acknowledge the contribution of its rail team to this report.

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SUBMISSIONS

Public involvement is an important element of the decision-making processes of the Queensland Competition Authority (the Authority). The Authority is releasing this Consultation Paper as a first step in its assessment of Aurizon Network's 2013 Draft Access Undertaking (the 2013 DAU). It is intended to assist interested parties in making submissions, with a focus on those matters where Aurizon Network has proposed new approaches or where it appears to have sought to substantially alter existing rights, obligations and responsibilities. The Authority invites interested parties to lodge submissions concerning the 2013 DAU.

Written submissions should be sent to the address below. While the Authority does not necessarily require submissions in any particular format, it would be appreciated if two printed copies are provided together with an electronic version on disk (Microsoft Word format) or by e-mail. Submissions, comments or inquiries regarding this paper should be directed to:

Queensland Competition Authority
GPO Box 2257
Brisbane QLD 4001
Telephone: (07) 3222 0555
Fax: (07) 3222 0599
Email: rail@qca.org.au

The closing date for submissions is 10 October 2013.

Confidentiality

In the interests of transparency and to promote informed discussion, the Authority would prefer submissions to be made publicly available wherever this is reasonable. However, if a person making a submission does not want that submission to be public, that person should claim confidentiality in respect of the document (or any part of the document). Claims for confidentiality should be clearly noted on the front page of the submission and the relevant sections of the submission should be marked as confidential, so that the remainder of the document can be made publicly available. It would also be appreciated if two copies of each version of these submissions (i.e. the complete version and another excising confidential information) could be provided. Again, it would be appreciated if each version could be provided on disk. Where it is unclear why a submission has been marked "confidential", the status of the submission will be discussed with the person making the submission.

While the Authority will endeavour to identify and protect material claimed as confidential as well as exempt information and information disclosure of which would be contrary to the public interest (within the meaning of the *Right to Information Act 2009* (RTI)), it cannot guarantee that submissions will not be made publicly available.

Public access to submissions

Subject to any confidentiality constraints, submissions will be available for public inspection at the Brisbane office of the Authority, or on its website at www.qca.org.au. If you experience any difficulty gaining access to documents please contact the office (07) 3222 0555.

Information about the role and current activities of the Authority, including copies of reports, papers and submissions can also be found on the Authority's website.

GLOSSARY OF ACRONYMS, TERMS AND CONDITIONS

2010 access undertaking	Aurizon Network's current Access Undertaking, approved by the Authority on 1 October 2010, together with any subsequent changes approved by the Authority
2013 DAU	Aurizon Network's 2013 Draft Access Undertaking
Alternative Form of Agreement	Alternative Form of Agreement, which collectively includes the two stapled agreements – the EUAA and the TOA
Aurizon Group	The Group of Companies held by Aurizon Holdings Limited, which includes Aurizon Network Pty Ltd
Aurizon Holdings	Aurizon Holdings Limited
Aurizon Network	The below-rail infrastructure business (formerly known as QR Network Pty Ltd) that will provide access services to the declared service
Authority	Queensland Competition Authority

B

C

CQCN	Central Queensland Coal Network
CQCR	Central Queensland Coal Region
CRIMP	Coal Rail Infrastructure Master Plan

D

DAAU	Draft Amending Access Undertaking
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E

egtk	Electric gross tonne kilometres
EUAA	End User Access Agreement

F

G

GAPE	Goonyella to Abbot Point Expansion project
gtk	Gross tonne kilometres

H

I

IAP	Indicative Access Proposal
-----	----------------------------

J

K**L****M**

MAR	Maximum Allowable Revenue
mt	Million tonnes
MTP	Master Train Plan
mtpa	Million tonnes per annum

N

nt	Net tonnes
ntk	Net tonne kilometres

O**P****Q**

QCA Act	<i>Queensland Competition Authority Act 1997</i>
QR	Queensland Rail Limited
QR Network	the subsidiary of QR which was established in 2008 to own and manage the Queensland rail network, now Aurizon Network
QRC	Queensland Resources Council

R

RAB	Regulated Asset Base
RFP	Request For Proposals
rtp	Reference train path

S

SAA	Standard Access Agreement, which collectively encompasses the three different forms of standard access agreements – the access holder access agreement , operator access agreement and alternative form of agreement
SRCA	Standard Rail Connection Agreement
SUFA	Standard User Funding Agreement

T

TAR	Total Access Revenue
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TSE Train Service Entitlement

U

UT1 the period from 2001 to 2006, being the term of QR’s first access undertaking

UT2 the period from 2006 to 2010, being the term of QR’s second access undertaking covering the CQCR

UT3 the period from 2010 to 2014, being the term of the 2010 Access Undertaking, being the third access undertaking covering the CQCR

UT4 the four year period commencing 1 July 2013, being the proposed term of the 2013 Access Undertaking, which will be the fourth access undertaking covering the CQCR

V

W

WACC Weighted Average Cost of Capital

X

Y

Z

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1 BACKGROUND

Aurizon Network Pty Ltd (Aurizon Network) owns and operates the below-rail network in the central Queensland coal region (CQCR) and is responsible for negotiating access with parties seeking to use this rail network.

The central Queensland coal network (CQCN) has been declared under the *Queensland Competition Authority Act 1997* (QCA Act) for third party access. As a result, Aurizon Network, access seekers and access holders gained rights and obligations for the negotiation, and implementation, of access to the network.

The QCA Act also provides for the Authority to review proposed access undertakings (and approve them if the criteria in the QCA Act are satisfied) that contain details of the terms and conditions on which Aurizon Network will provide access to the CQCN, thereby reducing uncertainty. Amongst other things, an access undertaking may facilitate negotiations between a service provider and its customers – but also provides a safety net where negotiations are not successful as it sets out details of the terms on which an owner or operator of a service undertakes to provide access to the service (see **Box 1**).

On 30 April 2013, Aurizon Network submitted a voluntary draft access undertaking (the 2013 DAU) to the Authority for its approval. In doing so, Aurizon Network stated that it has:

... sought to better promote the long-term competitiveness of the Queensland resources industry, ensure efficient and timely investment in the network, and provide a framework to work in partnership with supply chain participants ... Aurizon Network's regulatory proposal refines the existing framework to better facilitate customer responsiveness and streamline commercial negotiations for access. (Aurizon Network sub. no. 1: 4)

The 2013 DAU has been divided into three volumes – the access undertaking and schedules (Volume 1), a standard user funding agreement (Volume 2) and other standard agreements (Volume 3). Volume 1 includes Aurizon Network's proposed reference tariffs. Aurizon Network also provided a submission to support its proposal.

1.1 Matters to consider

The Authority's preliminary review of the 2013 DAU suggests that Aurizon Network sees the key elements underpinning its proposal as including:

- (a) the access undertaking meeting the dual objectives of developing regulatory frameworks and processes that facilitate the commercial negotiation of access agreements for the CQCN, and providing appropriate dispute resolution processes;
- (b) maintaining negotiating flexibility so that parties can negotiate commercial agreements which diverge from the standard agreements in the access undertaking, and which would prevail over the terms of the access undertaking;
- (c) that the available capacity of the existing CQCN is scarce and infrastructure investment will be required to increase capacity; and
- (d) the access undertaking is to regulate the processes for investigating and funding expansions required to relieve these capacity constraints.

These proposals need to be considered by the Authority, and by all stakeholders, in the context of the statutory access regime in the QCA Act and, in particular, the criteria for review of access undertakings in section 138 of the QCA Act. These criteria include promoting the economically

efficient operation of, use of and investment in regulated infrastructure, with the effect of promoting competition in other markets (e.g. the above-rail haulage market). They also encompass the legitimate business interests of Aurizon Network, as well as the interests of access seekers and, more broadly, the public interest.

Box 1: Access undertakings

Section 137 of the QCA Act sets out the matters that must be included in an access undertaking and matters that may be included in an access undertaking. Matters which must be dealt with include the expiry date and provisions for ensuring related access providers do not unfairly differentiate between users and access seekers. Matters which may be dealt with in an access undertaking are listed in section 137 (as well as section 138A). They include matters such as how charges are calculated, the determination of spare capacity, the terms relating to extensions, accounting requirements and provisions to be included in access agreements.

The procedure for preparation and review of access undertakings (and amendments thereto) is outlined in Division 7, Part 5 of the QCA Act.

Section 138 sets out the criteria against which access undertakings are to be assessed and cross-references to both sections 69E (the object of the access regime) and section 168A (the pricing principles). Section 138 is discussed further below.

The QCA Act also gives access seekers various rights and imposes upon providers of services various obligations. It is important that the access undertaking be assessed in the context of this statutory regime.

Section 99 imposes upon an access provider of a declared service the obligation to negotiate with an access seeker for making an access agreement relating to the service. Section 100 requires the parties to negotiate in good faith. Under section 101, the access provider must make all reasonable efforts to try to satisfy the reasonable requirements of the access seeker. Section 101(2) also regulates the information the access provider must provide to the access seeker, subject to any approved access undertaking or access code.

Under section 100(2), in negotiating an access agreement, the service provider must not unfairly differentiate between access seekers in a way which has a material adverse effect on the ability of one or more access seekers to compete with other access seekers. Section 104(1) prohibits an access provider or user of a declared service, or related body corporate of an access provider or user, engaging in conduct for the purpose of preventing or hindering a user's access to the declared service under an access agreement. Under section 168C(1), in providing access, an access provider must not unfairly differentiate between users in a way which has a material adverse effect on the ability of one or more users to compete with other users. However, an act done in accordance with an approved access undertaking does not contravene sections 100(2), 104(1) or 168C(1).

Section 106(1) gives a user of a declared service under an access agreement a statutory right to transfer all or part of the user's interest in the agreement. However, the right applies subject to an approved access undertaking for the declared service.

Division 5, Part 5 of the QCA Act sets out the procedures for referral of disputes as to access to a declared service to the Authority for resolution (by mediation or arbitration). However, the right of referral under the Part does not apply if the access provider and access seeker have agreed to deal with the dispute otherwise than by arbitration under the QCA Act (s.

111(2)). In making an access determination under an arbitration, the Authority must not make a determination that is inconsistent with an approved access undertaking (s. 119(1)) and must have regard to a number of listed matters (s. 120(1)).

Under section 167 of the QCA Act, a term of an access agreement is void to the extent it is inconsistent with a provision of the QCA Act or an access code. However, under section 168, a term of an access agreement is not invalid merely because it excludes, changes or restricts, or is inconsistent with, a provision of an approved access undertaking.

The key outcomes from the access undertaking will be delivered through the 'negotiate-arbitrate' model as set out in the QCA Act's access regime. How the various elements of the 2013 DAU interact will be significant in any assessment of the likely effectiveness of the negotiation-arbitration process going forward, and the confidence that all parties, including future potential investors, have in it.

The negotiation process should, from an economic perspective, reflect how the contracting parties seek to distribute the risk, gains and costs that come with allocating capacity and expanding the network. From a legal perspective, the negotiation process must operate in a way that satisfies the Authority it should be approved, having regard to the criteria in section 138 of the QCA Act.

Furthermore, the dispute resolution process underpinning the access undertaking has to be perceived as effective by all parties. Otherwise, arbitration does not offer a viable solution to an unsuccessful negotiation. The access undertaking, as approved, plays an important role in the particular 'negotiate-arbitrate' model of the QCA Act as the Authority must not make an access determination in an arbitration that is inconsistent with that approved access undertaking. Finally, for a negotiate-arbitrate approach to be effective, parties must have access to relevant, accurate and timely information.

The Authority may only approve Aurizon Network's 2013 DAU if it considers it appropriate to do so having regard to each of the criteria in the QCA Act. This includes, in assessing whether the requirements of section 138(2)(a) and section 69E are met, the extent to which the 2013 DAU provides an appropriately balanced negotiate-arbitrate dynamic.

Reference tariffs

Reference tariffs are a central aspect of the regulatory framework. They provide a base point from which access negotiations take place. Aurizon Network's 2013 DAU proposes a number of tariff increases. These are based on its proposed revenue requirement and volume forecasts.

The reference tariffs must be assessed against the criteria in section 138(2) of the QCA Act, which include the pricing principles in section 168A. Applying these principles requires, amongst other things, a determination of Aurizon Network's efficient costs, that the tariff structure is efficient, and of what return on investment is commensurate with the regulatory and commercial risks involved in service provision. An assessment is also required as to whether the proposed tariffs provide incentives for cost reductions or otherwise improve productivity.

1.2 The Authority's Approach

The Authority will consider the 2013 DAU in accordance with the requirements of the QCA Act.

On 1 May 2013, the Authority commenced an investigation into the 2013 DAU, in accordance with section 146 of the QCA Act. The investigation is conducted under Part 6 of the QCA Act.

The Authority published the 2013 DAU on its website (www.qca.org.au) and sought submissions by 10 October 2013.

At that time, the Authority also published the majority of Aurizon Network's supporting submission and associated annexes – the Authority did not publish material that Aurizon Network has claimed is confidential.

Consultation Paper

As part of its investigation, the Authority has prepared this consultation paper to assist interested parties in making submissions.

It summarises some elements of the 2013 DAU, with a focus on where Aurizon Network has proposed new approaches or where it appears to have sought to alter existing rights, obligations and responsibilities, compared with the 2010 access undertaking. It does not seek to comprehensively address every element of the 2013 DAU, or Aurizon Network's supporting submission, and the Authority does not expect it raises all of the issues relevant to all stakeholders. While a number of *issues to be considered* have been identified, these seek to indicate matters on which stakeholders may wish to provide input and should not discourage stakeholders from commenting on other aspects of the 2013 DAU. Indeed, the Authority welcomes comments on such matters and will consider all material put before it.

The consultation paper does not represent the Authority's views, preliminary or otherwise, on Aurizon Network's 2013 DAU, or any related matter. The Authority has not formed a view on the 2013 DAU and the principles underpinning it. Rather, the commentary reflects the Authority's initial understanding of the 2013 DAU, and Aurizon Network's submissions in support, which the Authority will consider in light of submissions received and its own analysis during the course of its considerations.

The Authority's summaries, by their nature, are not a complete reproduction of the source material. Whilst every effort has been taken to ensure accuracy and to objectively represent the source material, the consultation paper is not a substitute for that material. Accordingly, stakeholders should rely on their own analysis of Aurizon Network's proposal and supporting documentation to prepare their submissions to the Authority and comment on the proposal in the context of the legislative criteria, including the relative importance to be given to each criterion.

Many of the terms used in this consultation paper (e.g. access seeker, access, reference tariffs) are defined with some precision and detail in the 2013 DAU. For the purposes of readability, this consultation paper uses non-capitalised terms as proxies for these more detailed definitions. Stakeholders should consult the specific definitions in the 2013 DAU, as the detail in those definitions may affect stakeholders' rights and obligations. For the purposes of readability, this consultation paper may, from time to time, use concepts interchangeably (such as 'user' and 'access holder').

Stakeholders should note that some of the terms defined in the 2013 DAU (such as access seeker) are defined in a different manner in the QCA Act, and that they should be aware of these differences when reading this consultation paper and when commenting on the 2013 DAU.

QCA Act's Access Regime

Part 5 of the QCA Act establishes a statutory negotiate-arbitrate access regime that has, as an objective, the efficient operation of and investment in regulated infrastructure with the effect of promoting competition in other markets. This statutory access regime:

- (a) places few limits on the identity and requirements of an access seeker, other than the access seeker and provider must negotiate in good faith (s. 100(1) of the QCA Act and the definition of 'access seeker' – a person who wants access, or increased access, to the service);
- (b) requires the access provider in a negotiation to make all reasonable efforts to try to satisfy the reasonable requirements of the access seeker (s. 101(1) of the QCA Act) and to provide certain required information (s. 101(2) of the QCA Act);
- (c) provides the access provider and the access seeker with equal, and largely unfettered, rights to lodge an access dispute with the Authority (s. 112 of the QCA Act);
- (d) provides the access provider and seeker with certain rights to withdraw a dispute notice (s. 115 of the QCA Act);
- (e) requires the Authority to initiate mediation in certain circumstances (s. 115A of the QCA Act) and to make a written access determination in an arbitration (s. 117 of the QCA Act);
- (f) provides the Authority with the discretion either to not start, or to cease, an arbitration under certain circumstances (s. 122 of the QCA Act);
- (g) prohibits an access provider from engaging in conduct that prevents or hinders an access holder's access to the declared service under an access agreement or an access determination, including if the access provider provides, or proposes to provide, access to a related body corporate on terms that are more favourable to those provided to a competitor of the access provider or a related body corporate of the access provider (ss. 104 and 125 of the QCA Act); and
- (h) prohibits an access provider unfairly differentiating between access holders in a way which has a material adverse effect on the ability of one or more access holders to compete with other access holders (s. 168C(1) of the QCA Act).

The QCA Act also provides for an access undertaking to be submitted and considered (and approved if the statutory criteria are met) by the Authority. The primary purpose of the access undertaking is to provide additional detail of the terms on which an owner or operator of a service undertakes to provide access to the service. By doing so the access undertaking will provide a guide to the negotiation of access agreements (i.e. it provides the flesh of the access regime that sits around the skeletal access regime set out in Part 5 of the QCA Act). The terms of the access undertaking also impact the manner in which that statutory access regime operates. In this respect it is of note that:

- (a) arbitration determinations by the Authority must not be inconsistent with the terms of an approved access undertaking (s. 119(1) of the QCA Act); and
- (b) any action by an access provider in accordance with an approved access undertaking is deemed not to be conduct for the purpose of preventing or hindering access (ss. 104(6), 125(6) and 168C(2) of the QCA Act).

While section 137 of the QCA Act sets out a range of matters that an access undertaking *may* include (e.g. charges for access, information provision, how spare capacity is to be worked out,

arrangements to separate the service provider's operations concerning the service from its other commercial activities), it also sets out matters that it *must* include:

- (a) an expiry date;
- (b) provisions for identifying, preventing and remedying conduct by an access provider that provides, or proposes to provide, access to itself or a related body corporate that unfairly differentiates in a material way between access seekers (in negotiations) and access holders (in providing the service);¹ and
- (c) provisions preventing an access provider that provides, or proposes to provide, access to itself or a related body corporate recovering, through the price of access, costs that are not reasonably attributable to the provision of the service.

Access Undertaking Assessment Criteria

The Authority is required to either approve, or reject, the 2013 DAU. The Authority may approve a DAU only if it considers it appropriate to do so having regard to the criteria set out in section 138 of the QCA Act. These are:

- (a) the object of Part 5 of the QCA Act, which is:
 - ... to promote the economically efficient operation of, use of and investment in, significant infrastructure by which services are provided, with the effect of promoting effective competition in upstream and downstream markets. (s. 69E)*
- (b) the legitimate business interests of the owner or operator of the service;
- (c) the public interest, including the public interest in having competition in markets (whether or not in Australia);
- (d) the interests of persons who may seek access to the service;
- (e) the effect of excluding existing assets for pricing purposes;
- (f) the pricing principles in section 168A of the QCA Act, which provide that the price of access to a declared service should:
 - (i) generate expected revenue for the service that is at least enough to meet the efficient costs of providing access to the service and include a return on investment commensurate with the regulatory and commercial risks involved;
 - (ii) allow for multi-part pricing and price discrimination where it aids efficiency;
 - (iii) not allow a related access provider to set terms and conditions that discriminate in favour of the downstream operations of the access provider (or a related body corporate), except to the extent the cost of providing access to other operators is higher; and
 - (iv) provide incentives to reduce costs or otherwise improve productivity; and
- (g) any other issues the Authority considers relevant.

Also, it would not be open for the Authority to approve an access undertaking that did not include those matters required by section 137 of the QCA Act.

¹ A material way is a way that has a material adverse effect on the ability of access seekers or users to compete with other access seekers or users

The Authority will weigh the arguments and information put forward by Aurizon Network supporting its proposal, stakeholders' comments and submissions, as well as the Authority's own analysis.

The Authority will be assisted if submissions are made in the context of the assessment criteria, including the relative importance of matters where the application of the assessment criteria leads to conflicting or inconsistent conclusions.

Stakeholders might also consider whether the 2013 DAU:

- (a) is consistent with the various rights and obligations of access providers, access seekers and access holders (known as users in the QCA Act) as set out in the QCA Act;
- (b) includes provisions that identify, prevent and remedy conduct that unfairly differentiates, in a material way, between access seekers (in negotiations) and access holders (in providing the service);
- (c) includes provisions that prevent the recovery, through the price of access, of costs not reasonably attributable to the provision of the service;
- (d) would limit the way in which the Authority may conduct an access dispute under the QCA Act; and
- (e) is intended to excuse what would otherwise be considered conduct for the purpose of preventing or hindering access under an access agreement or access determination, or to expressly require or permit differential treatment between access holders in a way that has a material adverse effect on the ability of access holders to compete with other access holders.

Way Forward

The Authority agreed to a relatively lengthy public consultation period on the 2013 DAU on the understanding that this would provide sufficient time for Aurizon Network, the Queensland Resources Council (QRC) and other stakeholders to engage with each other in an attempt to identify common ground before submissions are provided to the Authority.

In this regard, the Authority welcomes stakeholders' efforts to engage with each other to find common ground or to test whether agreement can be reached on particular matters.

However, the Authority will consider the 2013 DAU in accordance with the QCA Act. This means that, in making its decision, the Authority may have regard to the fact that stakeholders have agreed on particular matters, but such agreements will not be determinative and will be considered by the Authority in the context of the legislative criteria, as with all other matters. The Authority will remain mindful of the interest of all stakeholders, whether or not party to any agreements reached on particular matters.

Accordingly, the Authority encourages stakeholders to provide written submissions on Aurizon Network's proposal to the Authority. The Authority prefers that submissions be made public, so that interested parties have an opportunity to assess and comment on information that is relevant to the Authority's decision.

As noted earlier, the closing date for submissions is **10 October 2013**. The Authority must consider written submissions received by this date. Submissions received after 10 October 2013 may not be taken into account by the Authority if doing so is reasonable in all the circumstances.

The Authority has determined a proposed timetable for its consideration of the 2013 DAU, as outlined in Table 1 below. Meeting this timetable will be dependent on the scope and complexity of issues raised by stakeholders as part of the consultation and submission phases.

Table 1 Initial Timetable

<i>Task</i>	<i>Indicative Dates</i>
Release of Consultation Paper	August 2013
Submissions Due	10 October 2013
Consultation on Submissions	November 2013
Release of Draft Decision	December 2013
Submissions on Draft Decision Due	early February 2014
Consultation on Submissions	February/March 2014
Release of Final Decision	May 2014
2010 Access Undertaking expires	30 June 2014

2 TARIFFS, REVENUE MANAGEMENT AND PRICE SETTING

The 2013 DAU sets out Aurizon Network's proposed principles for setting prices and details reference tariffs over the regulatory period, and the revenue management arrangements.

2.1 Tariffs

Schedule F of the 2013 DAU includes reference tariffs for coal-carrying services in the CQCR for a four-year period from 2013-14 to 2016-17 (**Table 1**).

Table 1 Proposed 2013-14 Reference Tariffs

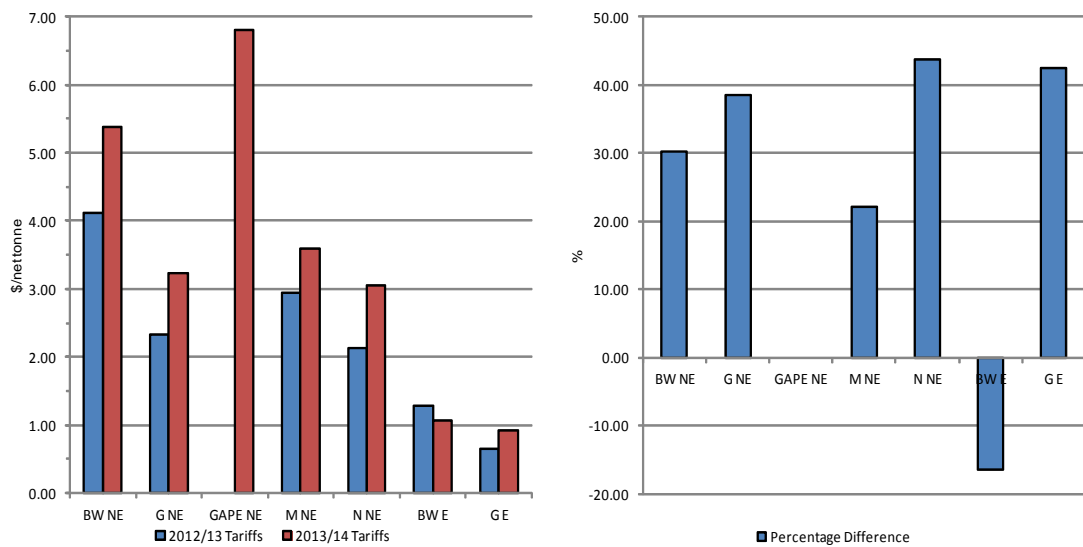
Tariff Components	<i>Blackwater</i>	<i>Goonyella</i>	<i>GAPE</i>	<i>Moura</i>	<i>Newlands</i>
AT ₁ (\$/'000 gtk)	0.94	0.65	1.46	1.75	1.82
AT ₂ (\$/train path)	5,030	2,488	6,976	612	6,976
AT ₃ (\$/'000ntk)	6.20	6.29	1.61	8.88	4.05
AT ₄ (\$/nt)	2.09	1.32	3.48	1.46	0.12
AT ₅ (\$/'000 egtk)	2.75	2.86	n.a.	n.a.	n.a.
EC	0.68	0.68	n.a.	n.a.	n.a.

Note: includes revenue cap adjustments. Base tariff source: Aurizon Network, sub. no. 3: 19. Revenue cap source: QCA website.

Customers will experience an average step increase of 36%, on a dollar per net tonne basis, as at 1 July 2013, compared with the last year of the 2010 access undertaking (2012-13). This reflects a:

- (a) 45% increase for CQCR non-electric tariffs;
- (b) 43% increase for Goonyella electric tariffs; and
- (c) 17% decrease for Blackwater electric tariffs.

Figure 1 shows, for each system, the \$/net tonne tariffs under the 2010 access undertaking (2012-13) compared with those proposed under the 2013 DAU (2013-14). Electric and non-electric tariffs are shown separately. The graph to the right shows these changes in percentage form.

Figure 1 Reference tariffs (on a \$/net tonne basis) and their percentage difference

Note: BW NE is Blackwater non-electric, BW E is Blackwater electric, G NE is Goonyella non-electric, G E is Goonyella electric, GAPE NE is Goonyella to Abbot Point Expansion non-electric, M NE is Moura non-electric and N NE is Newlands non-electric. Values include revenue cap adjustments.

The increase in non-electric tariffs is largely driven by forecast cost increases, coupled with lower volume forecasts over the regulatory period. These factors have outweighed the proposed reduction in the weighted average cost of capital (WACC), which is the return Aurizon Network receives on its regulated asset base (RAB).

The 17% reduction in the Blackwater electric tariff is based on Aurizon Network's proposed Blackwater AT₅ eight-year price path (as contained in its 2013 Blackwater Electric Traction Pricing DAAU) which tends to reduce the tariff in earlier years.

A snapshot of the key parameters used in the 2013 DAU reference tariffs is presented below (Table 2). The 2010 parameters are provided for comparison.

Table 2: Overview and comparison of tariff cost components

Item	Comparison	Aurizon Network's rationale
Opening asset value	<ul style="list-style-type: none"> \$4.84 billion (as at 1 July 2013) vs \$3.25 billion (as at 1 July 2009). 	The increase in the RAB is a key driver of tariffs and reflects the inclusion of a number of large projects, e.g. the inclusion of the Goonyella to Abbot Point Expansion of \$1.1 billion.
Capital expenditure	<ul style="list-style-type: none"> \$1.95 billion (2013 DAU 4yr period) vs \$1.35 billion (2010 access undertaking 4yr period). 	<p>A number of growth projects underpin this increase, including the Wiggins Island Rail Project (\$910 million) and Rolleston electrification (\$200 million).</p> <p>There are also a large number of major renewal projects as a large number of assets reach the end of their physical lives (\$512 million over 4 years).</p>
WACC	<ul style="list-style-type: none"> 8.18% (2013 DAU) vs 9.96% (2010 access undertaking). 	The proposed WACC is 178 basis points lower than the WACC for the 2010 access undertaking. It is an upper bound estimate reflecting prevailing market conditions and supported by Aurizon Network's expert reports.

<i>Item</i>	<i>Comparison</i>	<i>Aurizon Network's rationale</i>
Maintenance costs	<ul style="list-style-type: none"> • \$232.7 m (2013 DAU, 2013-14 cost) vs • \$182.2m (2010 access undertaking, 2012-13 cost). A 28% step increase.	The proposed costs are to maintain network infrastructure and deliver a safe and reliable below-rail network. The increase relates solely to non-electric infrastructure, with Blackwater and the addition of GAPE accounting for most of this increase (GAPE costs are currently not included in the 2010 access undertaking).
Operating costs	<ul style="list-style-type: none"> • \$205.7 m (2013 DAU, 2013-14 cost) vs • \$142.8 m (2010 access undertaking, 2012-13 cost). A 44% step increase.	Aurizon Network says these costs reflect efficient stand-alone costs and are based on a robust estimating approach, including external benchmarking studies.
Depreciation	<ul style="list-style-type: none"> • A new approach results in around \$300,000 more in depreciation costs over each year of the 2013 DAU period. 	A change in the calculation of depreciation – all assets' depreciation will be based on straight line depreciation over a 25 year weighted average mine life. This has been applied to all assets, including those commissioned prior to the start of the 2010 access undertaking. The impact of this on reference tariffs is less than 1% of total revenue.
Volume forecasts	<ul style="list-style-type: none"> • 910.4 million tonnes (2013 DAU 4yr period) vs • 841.1 million tonnes (2010 access undertaking 4yr period, with actual tonnages being 698.1 million). 	The estimates are based on expected railings. The major driver of the current tariffs is the under-utilisation of the network compared with contracted tonnages (expected to be around -19% to -26% over each year over the term of the 2013 DAU).

Note: operating costs include system wide and regional, self insurance and electric connection costs. Numbers and explanations above taken from Aurizon Network, sub no. 3: 11-15, 20-23, 30-31, 38-39, 79, 186.

Aurizon Network said its proposed WACC has been estimated with regard to regulatory precedent, prevailing financial market conditions, finance theory and commercial practice. From this, it estimated the ranges for individual WACC parameters (**Table 3**).

Table 3: Comparison of WACC parameters

<i>Parameter</i>	<i>2013 DAU - Aurizon Network's Proposal</i>		<i>2010 Access Undertaking</i>
	Lower Bound	Upper Bound	Point estimate
Risk free rate	3.15% ²	3.15 ¹ %	5.19 ¹ %
Debt margin	2.94%	3.28%	4.63%
Debt raising costs	0.125%	0.125%	0.125%
Debt to value	55%	55%	55%
MRP	6%	7%	6%

² Averaged over 20 days.

<i>Parameter</i>	<i>2013 DAU - Aurizon Network's Proposal</i>		<i>2010 Access Undertaking</i>
Gamma	0.25	0.25	0.5
Corporate tax rate	30%	30%	30%
Debt beta	0.12	0.12	0.12
Asset beta	0.5	0.6	0.45
Equity beta	0.9	1.0	0.8
Cost of debt	6.22%	6.56%	9.94%
Cost of equity	8.55%	10.15%	9.99%
Nominal (vanilla) WACC	7.27%	8.18%	9.96%

Note: The 2013 DAU values are as at 30 November 2012. Aurizon Network, sub. no. 3: 149.

Aurizon Network said it selected point estimates from the top end of the range to determine its proposed nominal WACC of 8.18%. It also said that this accords with the uncertain environment in global financial markets (Aurizon Network, sub. no. 3: 150).

As well as seeking comments from stakeholders on the consistency of Aurizon Network's proposal with the principles in the QCA Act, the Authority has engaged consultants to provide technical advice on the operating and maintenance costs, financial advice on the WACC, and market advice on volume forecasts.

To date, the Authority's consultant (Energy Economics) has reviewed the proposed volume forecasts. This review found Aurizon Network's volume forecasts were around 10% higher than Energy Economics' forecast over the 2013 DAU regulatory period. A copy of the report and findings has now been published and is available on the Authority's website.

2.2 Revenue Management

Schedule F of the 2013 DAU sets out specific information for each of the Goonyella, Blackwater, GAPE, Moura and Newlands coal systems, including:

- (a) reference train characteristics (cl. 1.3);
- (b) reference tariffs to apply from 2013-14 to 2016-17 (cls. 7.2, 8.2, 9.2, 10.2, 11.2); and
- (c) the annual system volume forecasts (on a gtk basis) and revenue caps (cls. 7.3, 8.3, 9.3, 10.3, 11.3).

In addition, Schedule F of the 2013 DAU provides processes for Aurizon Network to vary reference tariffs over the course of the regulatory period. These processes include annual reviews of the reference tariffs to account for updated volume forecasts and calculation of the under or over recovery of revenue as part of the revenue cap mechanism.

In general, the 2013 DAU maintains the level of information previously included in the 2010 access undertaking and includes the same processes for varying existing reference tariffs throughout the regulatory period.

Notably, the 2013 DAU has included, among other things, new adjustments to:

- (a) update maintenance costs, in addition to updating volumes, as part of the annual review of reference tariffs (2013 DAU, vol. 1, Schedule F, cl. 4); and
- (b) bring revenue associated with incremental maintenance costs within the scope of the revenue cap (2013 DAU, vol. 1, Schedule F, cl. 4.3).

Together, these adjustments were made to ensure that Aurizon Network does not bear volume risk on maintenance costs that it cannot avoid in the short run (Aurizon Network, sub. no. 2: 256-257).

2.3 Rules for setting prices

Part 6 of Aurizon Network's 2013 DAU retains the broad framework of the pricing principles in the 2010 access undertaking, including limits on price differentiation, and a requirement that prices should be no higher than stand-alone costs, or lower than incremental costs.

Aurizon Network has proposed to broaden its scope for seeking 'access condition' payments from access seekers above the regulated access charge – this proposal has been renamed as 'commercial terms'. In particular, it has proposed to remove the requirement that access conditions 'mitigate [Aurizon] Network's exposure to the financial risks associated with providing Access for an Access Seeker's proposed Train Services' (see definitions of 'Access Conditions' in the 2010 access undertaking, and 'Commercial Terms' in the 2013 DAU).

The 2013 DAU does not:

- (a) require the Authority to approve access conditions (commercial terms) that Aurizon Network requests from access seekers – this applies to both mainline investments and to spurs (e.g. customer-specific branch lines); and
- (b) include the provisions from the 2010 access undertaking that provides for the Authority to develop reference tariffs where it has rejected both an initial and resubmitted tariff proposal from Aurizon Network (2010 AU, cl. 6.4.2(e)).

Aurizon Network has also proposed to change the approach to setting tariffs for services which use private infrastructure, so that it is based on the length of the branch line, rather than the private incremental costs. It said this preserved the distance taper for private branch lines, by providing users of private infrastructure with a discount to the reference tariff, while removing the requirement that owners of private spurs disclose their costs to Aurizon Network.

The discount for mines using private infrastructure is subject to a revised minimum cost contribution approach, which is based on a service paying at least the AT_2 tariff component, plus 25% of each of the AT_3 and AT_4 components. This compares with AT_2 plus 50% of AT_3 in the 2010 access undertaking.

The incremental capacity charge (AT_2) is intended to signal the investment required to add an extra train path. Aurizon Network has proposed to double the Goonyella AT_2 and increase the Blackwater AT_2 by 155% as this increase reflected current replacement costs. At the same time, Aurizon Network has proposed to reduce the AT_4 allocative tariff, which is levied on a per-tonne basis, to keep the distance taper similar to that which has applied in the past (Aurizon Network, sub. no. 2: 243-4).

The capacity multiplier is applied to the AT_2 tariff, to signal the extra capacity consumed by non-reference trains. Aurizon Network has proposed to increase the Blackwater multiplier from 1.1 times to 1.59 times, and for Goonyella from 1.52 times to 1.63 times. It said these new figures were based on the time taken for a train to traverse a section from a standing start.

Aurizon Network said the multiplier, applied to the AT₂ tariff component, reflects the expansion costs that could have been avoided if the proposed train service were a reference train. It would be applied to all trains, regardless of traction type, that had section run times longer than the reference trains (Aurizon Network, sub. no. 2: 207).

The overall effect of the increase in the AT₂ tariff and the multiplier is a 269% increase in the AT₂ charge for a non-reference train in the Blackwater system, and a 114% increase for Goonyella.

Aurizon Network has also sought to preserve the distance taper by reducing the AT₄ allocative tariff to offset the increase in the AT₂ tariff, as both do not vary with distance.

Issues to consider might include

- Are Aurizon Network's proposed reference tariffs consistent with the criteria in the QCA Act (including the section 168A pricing principles)? What are the expected impacts of the proposed reference tariffs on stakeholders' interests?
- Are the levels of maintenance and operating costs and capital expenditure proposed by Aurizon Network consistent with efficient costs? The proposed costs are based on a stand-alone network – are users being asked to pay for costs that are not reasonably attributed to the provision of the declared service?
- How does the proposed fixed eight-year price path for electric traction services (AT₅) fit with the rest of Aurizon Network's proposed tariff structure, including the changed approach to the AT₂ incremental capacity charge, and capacity multiplier?
- Is the proposed WACC consistent with the criteria in the QCA Act (including that prices for access to services should generate expected revenue that includes a return on investment commensurate with the commercial and regulatory risks involved, and the other pricing principles in section 168A)? In particular is the proposed WACC based on the risks associated with a regulated, stand-alone, coal railway network?
- Which volume forecasts do stakeholders consider are a more reliable forecast of expected railings, Aurizon Network's proposal or the lower forecasts estimated by Energy Economics?
- Is it consistent with the criteria in the QCA Act (including the section 168A pricing principles) to make adjustments to the reference tariffs for maintenance costs as part of the annual reset and revenue cap mechanisms?
- Is Aurizon Network's proposed approach to the AT₂ incremental capacity charge and AT₄ allocative tariff consistent with the criteria in the QCA Act (including the section 168A pricing principles)? Do the proposed higher charges provide a better signal of the cost of adding capacity on a system running at high levels of utilisation?
- Is Aurizon Network's proposed approach to the capacity multiplier a suitable way of charging for congestion (consistent with the criteria in the QCA Act (including the section 168A pricing principles)), caused by trains that consume disproportionate numbers of paths?
- Is it appropriate, given the criteria in the QCA Act, to remove the requirement that access conditions ('commercial terms') be related to mitigating a financial risk associated with providing access, and to remove the requirement for the Authority's approval of them?

3 NEGOTIATING ACCESS

Negotiation plays a central role for parties wishing to secure access rights. The 2013 DAU seeks to establish the process the Aurizon Network will follow in negotiating access and developing access agreements, as well as the access seeker's responsibilities during this process.

Aurizon Network said that increased flexibility to agree to access rights through commercial negotiations will generate the best opportunity for maximising efficiency (Aurizon Network, sub. no. 2: 84). Accordingly, Aurizon Network has sought to recalibrate existing arrangements to ensure balanced, but robust, commercial negotiations (Aurizon Network, sub. no. 2: 86). Aurizon Network also emphasised its intention to simplify the access undertaking, including the arrangements that relate to negotiations for access (see for example Aurizon Network, sub. 2: 87, 204).

The 2013 DAU provides a framework to negotiate access and develop access agreements by:

- (a) establishing the intent and scope of the access undertaking (2013 DAU, Part 2);
- (b) setting out a framework to negotiate for capacity that is either available, or is committed to become available, including the process and conduct of negotiations, information requirements and timeframes for action (2013 DAU, Part 4);
- (c) requiring that an access agreement underpin the granting of access to the network — with the terms agreed between Aurizon Network and an access seeker (2013 DAU, Part 5); and
- (d) including a suite of standard agreements as a safe harbour if parties cannot otherwise reach agreement (2013 DAU, Vol. 3).

3.1 Intent and scope of the access undertaking

Part 2 of the 2013 DAU establishes the intent and scope of the access undertaking. This provides the central principles that the rest of the 2013 DAU is intended to have regard to and be constructed around.

Aurizon Network states it has sought to develop an access undertaking that is more workable, flexible and responsive to customer needs (Aurizon Network, sub. no. 1: 9) — and that in doing so it has sought to ensure that the degree of regulation of negotiation in the 2013 DAU goes no further than facilitating balanced commercial negotiations to resolve access issues.

Accordingly, the intent of the 2013 DAU is expressed to:

- (a) facilitate the commercial negotiation of access between Aurizon Network and access seekers (2013 DAU, cl. 2.2(a));
- (b) apply the provisions of the QCA Act by establishing processes and principles: for access negotiation and capacity utilisation that are efficient, commercial and non-discriminatory; which provide guidance in relation to pricing and the terms and conditions of access; and for the planning and development of expansions and the framework for the negotiation of terms for the funding of pre-feasibility studies, feasibility studies and expansions (2013 DAU, cl. 2.2(b));
- (c) appropriately balance Aurizon Network's legitimate business interests, access seekers' interests, the public interest, coal supply chain co-operation, and, to the extent applicable, the pricing principles set out in section 168A of the QCA Act (2013 DAU, 2.2(e));

- (d) provide that actions are to be consistent with the objectives for rail under section 2(2)(d) of the *Transport Infrastructure Act 1994* and with the objectives and provisions of the QCA Act (2013 DAU, 2.2(d)); and
- (e) provide an efficient and binding dispute resolution process (2013 DAU, cl. 2.2(c)).

The 2013 DAU provides for negotiating and providing access, which fundamentally involves access to specified sections of rail infrastructure in order to operate train services. The scope of the 2013 DAU does not extend to negotiating or providing other services (2013 DAU, cl. 2.3(a)).

The 2013 DAU no longer requires the development, or inclusion, of an incentive mechanism to encourage Aurizon Network to operate, and invest in, the rail infrastructure efficiently and in a way that promotes efficiency of a coal chain. The incentive mechanism that has been submitted to the Authority for its approval under the 2010 access undertaking is still under review.

Electricity supply

The 2013 DAU provides that Aurizon Network will supply electricity to access holders (and train operators) where it is legally able to do so, provided the terms and conditions of supply are acceptable to Aurizon Network, and are reasonable having regard to the terms on which alternative suppliers could provide electricity (2013 DAU, cl. 2.4(a)). Access holders (and train operators) can obtain electricity from a third party, provided they have Aurizon Network's written consent (not to be unreasonably withheld). They must also comply with Aurizon Network's safety and technical requirements for connection (2013 DAU, cl. 2.4(b)(ii)).

Clause 2.4(b)(i) provides that the supply of electricity is not a supply of access rights or otherwise governed by the access undertaking, except to the extent that any reference tariff includes EC (the electric energy charge).

3.2 Managing Negotiations

End users and train operators must negotiate with Aurizon Network for access to the network. As part of these negotiations, an access agreement is developed and finalised. The access agreement seeks to provide clarity and certainty about the obligations of Aurizon Network and the access holder. It sets out the price and non-price terms on which Aurizon Network will provide access to an individual access holder for a particular service.

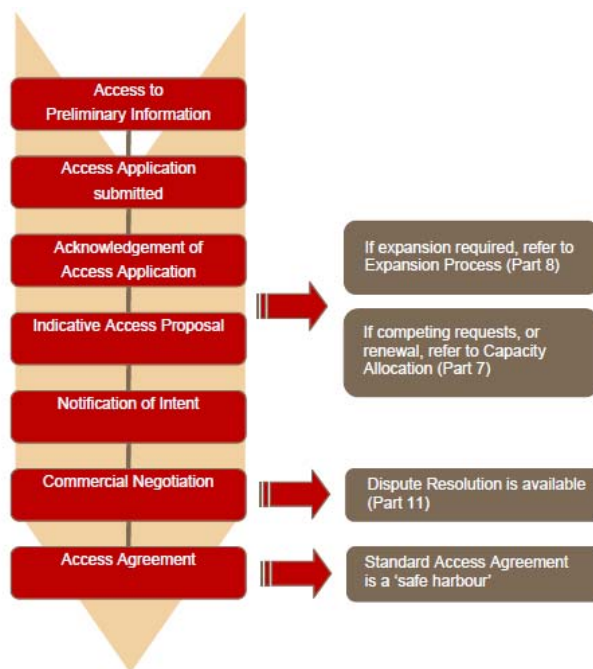
An effective process for managing negotiations will simplify and hasten the negotiation process by providing some focus to the negotiations and clarifying the points of issue to reach agreement on.

Negotiation Framework

The negotiation framework defines both the boundaries on, and the conditions of, negotiation. An effective framework can promote successful negotiations, so parties negotiate for access in good faith, including concluding such negotiations in a timely manner and on reasonable terms. It also protects Aurizon Network from engaging in protracted negotiations with non-genuine access seekers.

Part 4 of the 2013 DAU sets out the framework for negotiating capacity that is available, or is committed to become available, including the process and conduct of negotiations, information requirements and timeframes for action. Schedules A and B of the 2013 DAU outline the information requirements.

The proposed framework (**Figure 2**) draws from existing arrangements, but also includes a number of significant changes relating to how and when these arrangements apply.

Figure 1 Stylised overview of the negotiation process

Aurizon Network, sub. no. 2: 90

Notably, the 2013 DAU no longer provides for both the end user and train operator to be an access seeker. In particular, a train operator wishing to enter a Train Operations Agreement (TOA) under the recently introduced alternative form of access agreement is not considered to be an access seeker for the purpose of the access undertaking.³

In addition, the 2013 DAU provides that a party wishing to enter an access agreement is not a defined access seeker until it has provided Aurizon Network with a properly completed access application. In this way, Aurizon Network can have preliminary commercial discussions with producers and operators (2013 DAU, vol. 1, cl. 4.2) without triggering the formal negotiation process. Once a prospective access seeker has lodged an access application (or a prospective train operator has requested to enter a TOA), it is bound by the provisions of the access undertaking (2013 DAU, vol. 1, cls. 4.3, 4.8, 4.11).

Part 4 of the 2013 DAU also introduces new arrangements that:

- (a) deal with how end users and train operators wishing to enter the alternative form of access agreement will participate in the negotiation process – with the end user treated as the access seeker for the purpose of negotiations and the nominated train operator executing a TOA as a pro-forma agreement (2013 DAU, vol. 1, cls. 4.7, 4.8, 4.9, 4.10, 4.11);
- (b) sets out how Aurizon Network will act if it receives multiple applications for the same access rights – in particular, by providing primacy to end users (or the train operator nominated by the end user) (2013 DAU, vol. 1, cl. 4.7);
- (c) manage applications for access where capacity is not available – in particular where Aurizon Network can suspend negotiations for access where capacity is not available

³ The 2013 DAU includes specific provisions to identify how a prospective train operator will participate in the access negotiation process including in negotiating TOAs (2013 DAU, vol. 1, cls. 4.8, 4.9.1(a)(ii), (b), (e), 4.9.2, 4.10, 4.11).

(2013 DAU, vol. 1, cl. 4.4) pending agreement on scope and terms upon which the capacity will be created (see Chapter 4); and

- (d) entitles Aurizon Network to reject access applications made for access rights which do not commence until more than three years after the access application is deemed received (2013 DAU, vol. 1, cl. 4.4(e)).

Part 4 of the 2013 DAU also includes additional obligations on Aurizon Network and access seekers in the negotiation process, including by requiring:

- (a) Aurizon Network to provide most preliminary information on its website (e.g. rollingstock interface standards) (2013 DAU, vol. 1, Schedule A), but not the Master Train Plan (which will be provided on request) and the working plan sections and diagrams (which will no longer be provided) (Aurizon Network, sub. no. 2: 94);
- (b) prospective access seekers to:
 - (i) provide more detailed information, than required by the 2010 access undertaking, on planned operations as part of their application (including information on its ability to use the requested capacity sought) (2013 DAU, vol. 1, Schedule B and cl. 4.3(c));
 - (ii) lodge a properly completed application by providing that Aurizon Network:
 - (1) does not need to acknowledge an application, or to confirm that it will prepare an Indicative Access Proposal (IAP), until the application has been properly completed;
 - (2) can request more information reasonably required about the requested access and cease negotiations if the information is not provided (2013 DAU, vol. 1, cl. 4.3);
 - (iii) lodge a properly completed application by requiring a prospective access seeker to lodge a new application if it wants to revise its access application before the negotiation period starts;
 - (iv) be bound by those provisions of the access undertaking once it has lodged its access application (or a prospective train operator has requested to enter a TOA) and for an access seeker to be liable for Aurizon Network's reasonable negotiation costs where Aurizon Network ceases negotiations because it believes (reasonably) the access seeker has no genuine intentions of obtaining or using access in the way envisaged by the IAP (2013 DAU, vol. 1, cl. 4.11(e));
- (c) an access seeker to notify Aurizon Network that it intends to progress its application before the IAP's expiry date (2013 DAU, vol. 1, cl. 4.6) or resubmit the application if it subsequently wishes to proceed; and
- (d) Aurizon Network and an access seeker to agree on how access will be provided if Aurizon Network is no longer able to offer access under the terms of the IAP or, if agreement is not reached, cease negotiations (2013 DAU, vol. 1, cl. 4.9.1).

Part 4 of the DAU no longer includes the 2010 access undertaking's queuing framework, where access was provided on a first come first served basis for access seekers, as a queue is no longer being used to manage the allocation of available capacity (see Chapter 4).

Disputes on negotiating or granting access (or negotiating a TOA) are now dealt with under the general dispute provisions (2013 DAU, vol. 1, cl. 11.1) (see Chapter 5). These dispute provisions

exclude parties in preliminary discussions (prospective access seekers and prospective train operators) who are not access seekers or train operators for the purpose of the 2013 DAU.

Where a dispute arises around the Part 4 of the negotiation framework, any negotiation period will generally continue until the dispute is resolved (2013 DAU, vol. 1, cls. 4.9.1, 4.11). Disputes arising under an access agreement (or TOA) will be addressed in accordance with the terms of that agreement (see below).

Access Agreements

Part 5 of the 2013 DAU introduces a new approach to developing access agreements that:

- (a) preserves the requirement that access to the network is underpinned by an access agreement, with terms agreed between Aurizon Network and the access seeker (2013 DAU, vol. 1, cl. 5.1), but now provides that:
 - (i) where an access seeker is seeking access rights that are additional to, or a variation on, an existing access agreement there is no obligation imposed upon Aurizon Network by the access undertaking to agree terms in respect of those additional or varied rights which are consistent with the existing access agreement (2013 DAU, vol. 1, cl. 5.1);
 - (ii) charges may be based on the train service type as described in the access agreement (2013 DAU, vol. 1, cl. 5.2);
- (b) strengthens the role of the standard access agreements (SAAs) as a safe harbour if parties cannot otherwise reach agreement – to the extent that an access seeker may require, and Aurizon Network must offer to provide, access on the terms contained in the relevant SAA (modified, where required, for non coal-carrying services) (2013 DAU, cl. 5.1) (see below);
- (c) no longer includes:
 - (i) general principles to be included in SAAs – on the basis that it is more informative to use the comprehensive standard arrangements as a baseline for non-coal services (Aurizon Network, sub. no. 2: 99);
 - (ii) a requirement to develop new coal-related SAAs as the reasonably anticipated preferences of users have already been dealt with (e.g. through the alternative form of access agreement) (Aurizon Network, sub. no. 2: 101); and
 - (iii) a requirement for Aurizon Network to publish access agreements – rather, this information would be provided to the Authority as part of the reporting requirements (see Chapter 4).

Private infrastructure

Third parties are increasingly being asked, and are wanting the option, to develop and own private infrastructure to be connected to Aurizon Network's existing rail track. Guidelines on the process for connecting private infrastructure have been included in the 2010 access undertaking to facilitate the timely and efficient connection of this private infrastructure and the development and operation of the rail system more generally.

Part 9 of the 2013 DAU deals with the connection of private infrastructure to the rail network, and identifies:

- (a) the circumstances where Aurizon Network will consent to a connection – which reflect many of the arrangements in the 2010 access undertaking, but now appear to be limited to circumstances where an access seeker (as that term is defined in the 2013 DAU) wishes to connect to the network (which seems to exclude the possibility that an access holder may want this option); and
- (b) the nature of the allowed charges and payments – and no longer requires Aurizon Network to include operating and maintenance costs in the costs build up for reference tariffs (and not through separate agreements).

Aside from consenting to a connection in certain circumstances, Aurizon Network's obligations for connection (e.g. to ensure that the connecting infrastructure built by third parties is physically connected to the network, and facilitate the movement of trains) are not covered by Part 9 of the 2013 DAU but are now intended to be included in the Standard Rail Connection Agreement (SRCA) (see below).

Disputes in relation to negotiating or granting access (including entering a SRCA) are now dealt with under the general dispute provisions (2013 DAU, vol. 1, cl. 11.1) (see Chapter 3).

3.3 Standard Agreements

The suite of standard agreements available to customers under the 2013 DAU is:

- (a) for access rights and operations on the network, the:
 - (i) standard operator access agreement – where operators contract directly with Aurizon Network;
 - (ii) access holder access agreement – where end users contract directly with Aurizon Network to acquire access rights (and then subcontract with train operators under haulage agreements);
 - (iii) alternative form of SAAs – where end users are the primary holders of access rights (through end user access agreements) and train operators effect those access rights (via TOAs); and
- (b) for connecting private infrastructure to the network, the SRCA – that sets out standard terms and conditions for connecting private rail infrastructure to the network.

Standard Access Agreements

The proposed standard access agreements reflect existing arrangements, but also include a number of changes relating to parties' rights and obligations.

The standard operator access agreement is anchored on the concept of train service type - which is different to the 2010 arrangements that focussed on train service entitlements (TSEs). While the definition of TSEs is retained in the body of the 2013 DAU (not in the standard operator access agreement), it is not entirely clear if (and how) this change will affect the way in which Aurizon Network will provide or price access to its infrastructure.

In addition, the proposed standard operator access agreement:

- (a) increases the level of security required by train operators, and permits Aurizon Network to vary the amount of security required over the term of the agreement (2013 DAU, vol. 3, SOAA, Schedule 1; cl. 6.4);

- (b) requires operators to demonstrate supply chain rights prior to commencing train services, which may require disclosing Queensland Rail access agreements to Aurizon Network (2013 DAU, vol. 3, SOAA, cl. 7.5);
- (c) allows Aurizon Network to reduce the number of monthly train services for a train service type if:
 - (i) the operator's tonnage profile over the year exceeds its contracted amount; or
 - (ii) the operator is directed by Aurizon Network to carry more coal in each journey (2013 DAU, vol. 3, SOAA, cls. 10.1, 11.1); and
- (d) provides that Aurizon Network will not be in breach of an access agreement if it takes an action to preserve its accreditation status (2013 DAU, vol. 3, SOAA, cl. 18.6).

Under the alternative form of SAAs, the end user is given primacy and is treated as the access seeker for the purpose of settling the alternative form of SAAs. This differs to the current arrangements under which both the end user and the train operator are considered access seekers.

In addition, the proposed alternative form of SAAs:

- (a) requires end users to give seven days' notice when seeking to reallocate access rights between nominated train operators (previously two business days) (2013 DAU, vol. 3, EUAA, cl. 3.3);
- (b) requires end users (where paying all of the access charges) to be responsible for paying their operator's costs of non-compliance with performance levels under a TOA (2013 DAU, vol. 3, EUAA, cl. 4.7);
- (c) provides for Aurizon Network to be liable only to the train operator where it wrongfully inspected or audited the train operator's train service (previously Aurizon Network was also liable to the end user under clause 9.5(d) of the end user access agreement) (2013 DAU, vol. 3, TOA, cl. 26.9); and
- (d) allows Aurizon Network to suspend the end user's access rights or train operator's operating rights if they fail to comply with any obligation of the end user access agreements or TOA respectively (2013 DAU, vol. 3, EUAA, cls. 25.1, 27.1; TOA, cls. 34.1, 35.1).

Standard Rail Connection Agreement

Volume 3 of the 2013 DAU includes a SRCA that sets out standard terms and conditions for connecting private rail infrastructure to the network. Aurizon Network said that the proposed SRCA covers the connection of private rail infrastructure to the network for the 'purpose of entering loaded coal trains into the relevant individual coal system' (Aurizon Network, sub. no. 2: 330) – although this limitation to only applying to coal infrastructure is not evident from the drafting of the 2013 DAU, including the proposed SRCA.

The SRCA included in the 2013 DAU draws largely from the recently approved SRCA arrangements (see Aurizon Network, April 2013(a)). The key difference is that the proposed SRCA now includes Coal Loss Mitigation Provisions (CLMPs) as a schedule to the SRCA – not by reference to provisions to be specified in the access undertaking.

Under these arrangements, the private infrastructure owner has primary responsibility for ensuring wagons are loaded, profiled and veneered in a manner that 'prevents coal loss' (i.e. by

taking measures to satisfy relevant standards, targets and levels when handling and loading coal) (2013 DAU, vol. 3, SRCA, Schedule 7, cls. 1.1c, 1.3). This includes:

- (a) a general requirement for the private infrastructure owner to comply with applicable laws, instructions, guidelines and standards (now or in the future) (2013 DAU, vol. 3, SRCA, Schedule 7, cl. 1.4);
- (b) detailed requirements relating to the private infrastructure owner's operations and practices (2013 DAU, vol. 3, SRCA, Schedule 7, cls. 1.5, 2.3, 2.4, 2.5); and
- (c) reporting requirements relating to material non-compliance with the CLMPs (2013 DAU, vol. 3, SRCA, Schedule 7, cl. 1.8).

Aurizon Network can also monitor the private infrastructure owner's compliance with the CLMPs, require remedy for a default (if possible) or otherwise take reasonable steps to prevent the event from reoccurring or, ultimately, suspend services if the owner does not comply (2013 DAU, vol. 3, SRCA, Schedule 7, cl. 1.7).

Issues to consider might include

Intent and scope of the access undertaking

- **Is the emphasis on facilitating commercial negotiation for the provision of access consistent with the statutory scheme set out in the QCA Act and does it provide an appropriate balance between the interests of access seekers and the legitimate business interests of Aurizon Network? If not, how should it be amended to provide better balance? Are Aurizon Network's proposed negotiation arrangements consistent with standard commercial practices? If not, why not?**
- **Does Aurizon Network's proposed approach to electricity supply promote effective competition in the supply of electricity to operators of coal trains in central Queensland? Is it appropriate for the dispute resolution process to apply to the supply of electricity?**
- **Is the continued development of an incentive mechanism beneficial? If so, what should such a mechanism focus on, how would this generate value across the industry and should the design of any incentive mechanism be undertaken collaboratively across the industry?**

Managing Negotiations

- **Does the proposed negotiation framework support effective negotiations and timely resolution of issues? Do the proposed provisions simplify and clarify the process? Do the proposed provisions provide adequate certainty? Are they balanced?**
- **Are the information requirements imposed on access seekers always relevant for gaining access to the network? Do stakeholders think that the proposed information requirements on access seekers will clarify and streamline the negotiation process?**
- **In what circumstances is it reasonable for Aurizon Network to reject an access application?**
- **Should only the end user be considered an access holder under the alternative form of SAAs structure? Does the access undertaking provide sufficient protection for operators?**
- **Should non coal agreements be based on SAAs (modified as required)? Should Aurizon Network develop an SAA for non-coal services?**

Private infrastructure

- **Is the proposed framework for connecting private infrastructure effective and does it adequately recognise the interests of access seekers?**

Standard agreements

- **How does the introduction of the concept of 'train service type' in the SAAs affect operators and the access charges they pay?**
- **Do the proposed SAAs provide reasonable terms and conditions (bearing in mind the statutory criteria in section 138(2) of the QCA Act of, amongst other matters, the interests of access seekers and the legitimate business interests of Aurizon Network)?**
- **Should the standard operator access agreement allow Aurizon Network to take (or not take) any action to preserve its accreditation status without breaching the agreement?**
- **Is it reasonable under the alternative form of SAAs that Aurizon Network can suspend/terminate the agreements if end users or train operators fail to comply with any obligation of those agreements?**
- **Should the SRCA apply to all connections? Does the proposed SRCA provide sufficient scope to cover the different requirements of different connections? If the SRCA did not apply to all connections, should the access undertaking include principles for the development of other (non-coal) connections?**
- **Are the proposed CLMPs reasonable? Do the CLMPS appropriately balance Aurizon Network's and users' interests and responsibilities? Do the proposed CLMPs reflect good practice? How will the proposed CLMPs affect operations?**
- **Do the proposed CLMPs provide adequate scope for parties to flexibly deal with changes in environmental legislation and/or changes in technology over the life of the agreement?**

4 MANAGING CAPACITY

Part 7 of Aurizon Network's 2013 DAU addresses how available capacity will be managed and allocated.

Part 8 addresses how new capacity will be funded, planned and constructed – it also addresses the assessment of system capacity, supply chain coordination and capacity shortfalls.

4.1 Existing capacity

Part 7 of the 2013 DAU describes how an access seeker (holder) can obtain available capacity and what the access seeker (holder) must do to retain its capacity once allocated by Aurizon Network.

How to obtain capacity

Under the 2010 access undertaking, the negotiation and allocation of access rights is subject to a queuing mechanism where rights are allocated on a first come, first served basis – based on the date of the application, and not the date on which negotiations are concluded and an agreement is executed. Where there was insufficient capacity to handle all applications, Aurizon Network could re-order the queue but based on defined criteria (2010 AU, cl. 7.3). These measures were included in the access undertaking to provide access seekers with some surety over the access rights under negotiation – and so ensure that Aurizon Network did not unfairly discriminate between access seekers by concluding access negotiations more quickly with one access seeker over another.

In its 2013 DAU, Aurizon Network proposes to use a different allocation method, reflecting the fact that all existing capacity is committed other than at the margins (Aurizon Network, sub. no. 2: 14). Aurizon Network proposes to allocate capacity to higher value uses, based on:

- (a) likelihood of use – i.e. the ability of the access seeker to use the capacity; and
- (b) value of use – i.e. the access seeker's use of capacity should reflect the full cost of providing the capacity (Aurizon Network, sub. no. 2: 108).

Aurizon Network will evaluate access applicants against a set of capacity allocation criteria, such as, whether the access seeker:

- (a) will be able to use the access rights sought;
- (b) can use the capacity sought without adversely affecting existing access holders;
- (c) is seeking a proposed term that is greater than ten years; and
- (d) will be able to use the access rights sought on the date they become available (Aurizon Network, sub. no. 2: 108) .

Aurizon Network considers its proposed allocation criteria not only reflect the overall objective of the access framework – including promoting efficient use of and investment in rail infrastructure – but also targets the allocation of capacity to its highest valued use by prioritising allocation of capacity to users who value it most (Aurizon Network, sub. no. 2: 109).

In addition, Aurizon Network is of the view that there is an asset stranding risk (common to both it and the industry) if the rail network is expanded and capacity is allocated in such a way that it forgoes improvement in network density and in capital efficiency of the existing investment, or alternatively, if a marginal project displaces a more efficient project.

Aurizon Network may refuse to allocate available capacity in respect of an access application if the access seeker does not demonstrate to Aurizon Network's reasonable satisfaction that the access seeker can fully utilise the access rights sought (2013 DAU, vol. 1, cl. 4.11(c) and cl. 7.2).

How to retain capacity

Part 7 of the 2010 access undertaking includes arrangements dealing with capacity resumption, capacity relinquishment, capacity transfer and customer initiated capacity transfers. In the 2013 DAU, these provisions are now in the standard access agreements. That said the 2013 DAU still regulates transfers, being the relinquishment by an access holder of all or part of its access rights under an access agreement to create available capacity to grant new access rights for that access holder or an access seeker they nominate (2013 DAU, vol. 1, cl. 7.4.2).

Aurizon Network said that it is important to ensure that capacity entitlements are aligned across all elements of the supply chain (Aurizon Network, sub. no. 2: 112). It argued that the 2010 access undertaking does not include an ongoing requirement for access holders to continue to demonstrate their ability to utilise their access rights (i.e. that they have complementary supply chain capacity). Thus, the 2013 standard access agreements contain new provisions requiring customers to demonstrate they have offloading rights – reflecting an ability to fully utilise contracted capacity rights. Failure to do so can trigger a capacity resumption review (Aurizon Network, sub. no. 2: 112).

To allow Aurizon Network to ensure that:

- (a) users are accountable for their capacity rights and not hoarding capacity; and
- (b) there is alignment in capacity entitlements across the supply chain;

it has included a general provision in the 2013 DAU requiring an access seeker to demonstrate the ability to utilise the requested access rights on a sustainable basis (2013 DAU, cl. 7.2).

4.2 New capacity and capacity management

Aurizon Network said that the framework for developing and investing in future expansions is one of the most significant issues in the 2013 DAU for all stakeholders and for the Queensland economy. Aurizon Network said that, with the aim of promoting a sustainable investment environment, it has comprehensively reviewed its processes for:

- (a) planning and developing capacity expansions; and
- (b) negotiating the terms upon which expansions will be funded (Aurizon Network, sub. no. 2: 116).

Aurizon Network said it has reviewed, and subsequently changed, its network expansions framework because the CQCN is capacity constrained and nearly all new requests for capacity will require network expansions. In addition, it noted that these expansions will be complex, multi-faceted projects including multiple producers, operators, ports, funders and user-funders. Given this, Aurizon Network said that a fundamentally new approach to the negotiation of expansions is required (Aurizon Network, sub. no. 2: 116).

4.2.1 Underlying principles

Aurizon Network said it has 're-emphasised' its commitment to the following principles (that it notes were originally identified at the time it submitted its 2010 access undertaking):

- (a) the access undertaking should:

- (i) provide an overarching framework for the commercial negotiation of expansions;
 - (ii) reflect agreed principles;
 - (iii) not be overly prescriptive;
- (b) Aurizon Network's legitimate business interests must be protected;
 - (c) the expansion framework should be aligned with the objective of Part 5 of the QCA Act (which is to promote the economically efficient operation of, use of and investment in, significant infrastructure by which services are provided, with the effect of promoting effective competition in upstream and downstream markets);
 - (d) an appropriate balance of interests between the service provider and access seekers should be sought – specifically in regard to the prudence and timing of infrastructure enhancements and the acceptable conduct of Aurizon Network in negotiations;
 - (e) a credible alternative to the acceptance of Aurizon Network's proposed commercial terms (the standard user funding agreement or SUFA) should be maintained; and
 - (f) the decision-making process should be clear, predictable and subject to dispute resolution (Aurizon Network, sub. no. 2: 118).

The 2013 DAU includes a definition of Aurizon Network's legitimate business interests (in the context of expansions), the SUFA suite of agreements and the detailed expansion process.

4.2.2 Baseline capacity, expansions and capacity shortfall

The 2013 DAU's approach to measuring existing capacity, as well as its interaction with capacity shortfalls and expansions, is considered in this section.

Supply chain coordination

Aurizon Network said it will use reasonable endeavours to participate in a supply chain group and in discussions with other service providers/participants, with a view to improving the coordination and effective performance of a coal supply chain (e.g. including coordinating maintenance activities that impact on effective capacity).

The primary difference from the 2010 access undertaking is that Aurizon Network is not obliged to make any binding commitment or take any action as a result of its participation in supply chain activities (2013 DAU, cl. 8.8.1). Aurizon Network considers that it is consistent with its legitimate business interests, as the owner and manager of the network, for the access undertaking to reflect an approach of facilitating and supporting supply chain efficiency initiatives on a 'best endeavours' voluntary basis, as there is an absence of a symmetrical obligation on any other supply chain participant (Aurizon Network, sub. no. 2: 174).

System operating assumptions

Aurizon Network said it will use reasonable endeavours to review the system operating assumptions as soon as is practical after it becomes aware that a permanent change has or will occur to the coal system that materially adversely affects the system operating assumptions, but is not obliged to vary a coal system's system operating assumptions (2013 DAU, cl. 8.8.2).

The primary difference here is that the 2010 access undertaking provides for system operating assumptions to be reviewed at least once a year, or more frequently following a change to a coal system that would materially change the assumptions. Aurizon Network considers that, as it is the network manager, it is responsible for making decisions regarding system operating assumptions for its network. While it will commit to taking stakeholder views into account in its

review processes, Aurizon Network will not be under an obligation to vary the assumptions based on submissions received. Aurizon Network states that for this reason it has removed the ability to refer any disputes in relation to its own system operating assumptions for dispute resolution by the Authority. (Aurizon Network, sub. no. 2: 183).

Capacity review

Aurizon Network may undertake a capacity review for a coal system alongside developing or reviewing the network development plan. If Aurizon Network undertakes a capacity review, it will have regard for any capacity deficit that would increase in size prior to executing an access agreement and prior to constructing an expansion within that coal system. Aurizon Network is only required to undertake a capacity review for a coal system if the system operating assumptions are varied as a result of a review undertaken by Aurizon Network under clause 8.8.2 or if the system operating assumptions for that coal system are varied in a manner that will materially decrease existing capacity within the coal system (2013 DAU, cl. 8.8.3(b)). Clause 8.8.3(a) provides Aurizon Network may undertake a review of capacity for a coal system in conjunction with the development or review of the network development plan.

Aurizon Network proposes to undertake a review of capacity only where the review becomes necessary, rather than at defined intervals as set out in the 2010 access undertaking.

Aurizon Network considers this to be a more pragmatic approach, ensuring a review occurs when it's genuinely necessary (Aurizon Network, sub. no. 2: 184).

Capacity shortfall process

If actual incremental capacity created by an expansion is less than the anticipated increase, the capacity shortfall process in the 2013 DAU is triggered. The conditional access rights of each conditional access holder are reduced in accordance with their access agreement. If a conditional access holder notifies Aurizon Network within 20 business days that they wish to seek access rights to offset the reduction, Aurizon Network will consider this an access application that will be on the same terms as the previous access application for conditional access rights (2013 DAU, cl. 8.7.2).

While Aurizon Network notes that, as a part of the feasibility study, users will be involved in the assessment of the preferred option for the creation of capacity, Aurizon states it is necessary to recognise that there will remain uncertainty about the actual capacity that will be delivered by an expansion – up until the time of commissioning (Aurizon Network, sub. no. 2: 159).

Under the 2010 access undertaking, Aurizon Network is to notify each conditional access holder of any reduction in conditional access rights and the queuing process that will be adopted with regard to the deficit in access rights. Aurizon Network is also required, as soon as practicable, to commence the planning process to develop the required infrastructure to offset the deficit in access rights. If a sufficient number of conditional access holders remain interested in seeking the additional access rights provided by the infrastructure, Aurizon Network is required to start construction as soon as practicable (2010 AU, cl. 11.3)

Aurizon Network disagrees that it should be required to immediately commence planning the enhancements required to address a capacity shortfall (arising as a result of shortfall in incremental capacity arising from an expansion) because it may not be practical or economic to create an expansion that only addresses the capacity shortfall (as the available supply chain expansions may only be economic for a much larger scale expansion) (Aurizon Network, sub. no. 2: 160).

Rather, Aurizon Network proposes that the access seeker will be considered to have made an access application for the amount of the shortfall (capacity shortfall access application) and Aurizon Network will commence an expansion process where there is sufficient demand for an expansion (including the demand of the capacity shortfall access applications). Priority will be given to capacity shortfall access applications in the allocation of capacity from an expansion (Aurizon Network, sub. no. 2: 160-1).

4.2.3 Expansion process, funding options and commercial terms

The Expansion (formerly extension) process

Aurizon Network considers that future expansions of the network, given the exhaustion of most low-capital intensity options, are likely to be large, multi-user and coordinated with port expansions. Given this, it argues that the optimum regulatory framework for the promotion of such investment is not driven by prescription, but by the commercial preferences of affected parties, and underwritten by genuine commercial negotiation between infrastructure providers and the Queensland coal industry. Given this, Aurizon Network has proposed a new expansion process that it considers is a flexible, responsive framework for negotiating expansions. It notes that it is actively engaging with coal producers and expects that its expansion process proposal will require ongoing refinement and development to reflect that engagement (sub. no. 2, pg. 15).

At a high-level, Aurizon Network's proposed expansion process includes:

- (a) Aurizon Network determining where there is sufficient demand (rather than a pre-defined trigger) for an expansion, and then undertaking a pre-feasibility study;
- (b) a feasibility study being progressed when Aurizon Network determines demand is sufficient and users are prepared to fund the study. Standard study funding agreements have been drafted for both pre-feasibility studies and feasibility studies;
- (c) a provisional capacity entitlement being granted to users who fund a feasibility study;
- (d) the access undertaking supporting negotiation as the primary means for agreement of the terms and conditions of an expansion, including:
 - (i) SUFA becoming a 'safe harbour' arrangement for funding expansions where users are not prepared to accept the commercial terms on which Aurizon Network will fund an expansion;
 - (ii) standard outcomes of negotiations are removed, as is ex-post Authority verification of outcomes;
 - (iii) removal of Aurizon Network's voluntary commitment to fund expansions up to \$300 million; and
- (e) a user voting process for including assets into the RAB where Aurizon Network has chosen to fund an expansion through the regulatory framework, which process Aurizon Network considers provides enhancements to the quality and specificity of the information provided to voting users (sub. no. 2, pgs. 15-16).

Aspects of Aurizon Network's proposed expansion process are discussed in further detail below.

Identification of requirement

The 2013 DAU requires that Aurizon Network will, from time to time, determine whether there is, or is likely to be, sufficient demand for an expansion. In undertaking this assessment, Aurizon Network may use whatever means and information it considers appropriate in the

circumstances (2013 DAU, cl. 8.2.3). In contrast, the 2010 access undertaking contains specific triggers for an expansion process (i.e. the Request for Proposals, or RFP, process), including that it has:

- (a) been requested to do so by the owner or operator of an expanding or new unloading facility; or
- (b) it has received access applications which would utilise in excess of 70% of the planned capacity to be created by an expansion (2010 AU, cl. 7.5.2(a)).

Aurizon Network has removed the RFP process as it considers:

- (a) a RFP is a highly ineffective way to gauge interest in expansion capacity;
- (b) an automatic triggering of a RFP through a pre-determined benchmark is commercially unsound; and
- (c) by following a mandatory RFP process, it is prevented from dealing directly with known interested users (Aurizon Network, sub. no. 2: 127).

Aurizon Network does not consider that any level of regulatory prescription is required as to how prospective demand for an expansion is discovered and the expansion process commenced. Aurizon Network is of the view that it has no incentive to fail to commence an expansion process, where there is demand. Thus, Aurizon Network has proposed that it will, from time to time, simply determine whether there is sufficient demand for an expansion and proceed accordingly (Aurizon Network, sub. no. 2: 128).

Planning

The network development plan identifies the possible options that Aurizon Network considers are available for increasing a coal system's capacity. It may also include options for improving a coal system's performance (2013 DAU, cl. 8.9(b)). Aurizon Network considers that the 2013 DAU replaces the previous Coal Rail Infrastructure Master Plan (CRIMP) process with a more targeted approach to capacity planning centred on developing a medium to long-term network development plan (Aurizon Network, sub. no. 2: 165).

Aurizon Network is of the view that its proposed approach to capacity planning and project development means that the robustness of the planning and project information is progressively developed, as confidence in a required expansion increases (Aurizon Network, sub. no. 2: 164).

As part of the 2013 DAU, Aurizon Network has developed standard study funding agreements for both pre-feasibility and feasibility studies. As with other standard agreements, these are benchmark agreements that provide a basis for negotiations between Aurizon Network and potential study funders (Aurizon Network, sub. no. 2: 329). In order to ensure demand for the capacity is sufficiently firm, Aurizon Network requires the users to fund most feasibility studies. In recognition of the funding users' significant financial commitment, Aurizon Network notes that it is necessary to provide confidence around the expected allocation of capacity - as such, Aurizon Network will create and allocate provisional capacity allocations to users who are funding feasibility studies (Aurizon Network, sub. no. 2: 136).

Funding options

The 2013 DAU provides that users of the CQCR network have an option of funding an expansion in the event that:

- (a) Aurizon Network is not willing to fund it; or

- (b) Aurizon Network is only willing to fund it on commercial terms unacceptable to the users.

Aurizon Network considers this framework:

*... prevents Aurizon Network from exerting monopoly power from its position as the only party who can expand the network, in order to demand unduly favourable terms for an expansion.
(Aurizon Network, sub. no. 2: 139)*

Aurizon Network considers that the 2013 DAU should not provide for user-funding as a first option for users where Aurizon Network is willing to fund at the regulated return. Further, the provision in the 2010 access undertaking enabling users to elect to fund, even when Aurizon Network is willing to do so, suggests that the first option in relation to funding rests with users, rather than the party who is responsible for the asset – Aurizon Network.

By contrast, the 2010 access undertaking considers user-funding to be a direct substitute to other forms of Aurizon Network controlled funding. Under the 2010 access undertaking, access seekers or their customers can choose to user-fund an expansion, even if Aurizon Network is willing to fund it (2010 AU, cl. 7.5.5(a)). This provides access seekers with an alternative option to the negotiation of access conditions (which are equivalent to commercial terms).

If Aurizon Network chooses to fund based on commercial terms and these cannot be agreed, then the user-funding approach can be adopted. Aurizon Network and the proposed funding users are obliged to negotiate the terms of a user-funding agreement in good faith. Unless otherwise agreed between the parties, any agreement will take the form of the standard user funding agreement (SUFA). Failure to agree the content of schedules to the standard user funding agreement may be referred to dispute resolution under the access undertaking (2013 DAU, cl. 8.6.2 and cl. 8.6.3). The detail of Aurizon Network's SUFA proposals is being considered under a separate process – further information can be obtained on the Authority's website.

Commercial terms

As noted earlier in chapter 2, the 2013 DAU proposal explicitly allows for commercial terms as an aspect of the access undertaking. It also outlines the constraints associated with any commercial terms (2013 DAU, cl. 6.9). The definition of commercial terms in the 2013 DAU is broadly the same as that for access conditions in the 2010 access undertaking (but, as noted in Chapter 2, excludes the statement that the access conditions are to mitigate Aurizon Network's exposure to the financial risks associated with providing access for an access seeker's proposed train services). The 2010 access undertaking, however, prohibits Aurizon Network from imposing access conditions that:

- (a) are inconsistent with the QCA Act; (2010 AU, definition of access conditions);
- (b) restrict access seekers or their customers from raising disputes with the Authority or disclosing proposed access conditions or other contract terms to the Authority;
- (c) require disclosure of confidential information in circumstances other than those permitted by the access undertaking; and
- (d) results in Aurizon Network earning an access charge based on a varied WACC or otherwise earning above the return provided by reference tariffs based on the approved WACC, other than as approved by the Authority. (2010 AU, cl. 6.5.5).

The 2013 DAU formulation is slightly different – (b) and (c) above are reflected in the 2013 DAU. (a) is replaced by a reference to a requirement commercial terms must not contravene a provision of the access undertaking or the QCA Act. (d) is not reflected. The 2013 DAU contains an additional restriction not referred to in the 2010 access undertaking, being that a commercial term must not restrict the rights to enter into user-funding.

Aurizon Network considers that the current access conditions framework is incompatible with its statutory rights. Aurizon Network is of the view that the framework fundamentally alters the dynamics of commercial negotiation by prescribing what terms and conditions can (and cannot) be negotiated. Aurizon Network states this is inconsistent with the access undertaking and the 'negotiate-arbitrate' model. Moreover, Aurizon Network is of the view that the QCA Act itself supports the primacy of a 'negotiate-arbitrate' model allowing access seekers and access providers the freedom to agree commercial terms as long as the terms do not offend the provisions of the Act (Aurizon Network, sub. no. 2: 147-8).

4.2.4 Project acceptance

The 2013 DAU voting process varies significantly from that in the 2010 access undertaking. The 2013 DAU applies (subject to Aurizon Network electing to put matters to a vote) the voting process to scope, standard and reference tariff variations for all projects involving capital expenditure, which is much broader than the 2010 access undertaking. Aurizon Network says it is important, amongst other things, that:

- (a) users who will be legitimately impacted by a project have the opportunity to participate in a vote (including non-expanding users who may be underwriting the cost of an expansion through an increase to their reference tariffs); and
- (b) outcomes cannot be influenced by participants who will not be impacted by the projects, recognising that the producers in the CQCR are operating in a highly competitive market (Aurizon Network, sub. no. 2: 153).

If a vote is passed, that aspect of the project approved by the vote does not require the Authority's approval to be eligible for inclusion in the RAB.

Aurizon Network has made a number of technical refinements to the voting process. From its perspective, the most important is the provision of more targeted working papers to participants, setting out the information necessary for them to make an informed vote on a project (Aurizon Network, sub. no. 2: 155). This is identified as a primary opportunity for Aurizon Network to streamline the voting process by decoupling the user vote from capacity planning. Thus, capacity planning information will be separated from specific project information provided for the direct purpose of securing user endorsement of a project (Aurizon Network, sub. no. 2: 157).

While Aurizon Network accepts the voting process needs to be independently reviewed and confirmed, it considers the time required for this process can be significantly reduced by providing for an independent audit of the voting process, rather than the existing Authority review. Thus, Aurizon Network has proposed an independent audit process whereby an auditor can be appointed prior to the vote commencing, and elements of the voting process can be audited throughout. Aurizon Network notes that this will allow the audit to be completed within weeks of the close of the voting period, not months (Aurizon Network, sub. no. 2: 158).

Issues to consider might include

Existing capacity

- Is Aurizon Network's proposed capacity allocation framework consistent with the object of Part 5 of the QCA Act and the remaining criteria in section 138(2) of the QCA Act?
- Is the proposed framework consistent with section 100(2) of the QCA Act, which relates to unfair discrimination between access seekers?
- What are the advantages and/or disadvantages for access seekers and holders of Aurizon Network's proposed capacity allocation framework? How does this compare to the current framework?
- Are there advantages and/or disadvantages to moving capacity treatment provisions from the access undertaking into the standard access agreements?
- Aurizon Network has proposed to manage access holder's utilisation of access rights by requesting evidence the access seeker, or its operator, has sufficient supply chain rights. What is the practicality of such a request? Is this a reasonable request to make? Will the implementation of this promote alignment across the supply chain?

New capacity and capacity management

- Do stakeholders share Aurizon Network's view that the underlying principles for expansions, outlined in section 4.2.1, are appropriate? Does Aurizon Network's proposal meet the proposed principles? Where stakeholders do not agree with Aurizon Network's proposed principles, what should the principles be? Are the proposed principles consistent with the criteria in section 138(2) of the QCA Act?
- Do stakeholders consider the level of discretion Aurizon Network wishes to have with respect to identifying expansions (and the justification provided) an appropriate balance between the legitimate business interests of Aurizon Network and access seekers and otherwise consistent with the criteria in section 138(2) of the QCA Act? If not, what alternative arrangements would you propose?
- Aurizon Network proposes a new process for undertaking and funding pre-feasibility and feasibility studies, as well as for the allocation and removal of conditional capacity allocations - do stakeholders consider these proposals (and the justification provided) an appropriate balance between the legitimate business interests of Aurizon Network and access seekers and otherwise consistent with the criteria in section 138(2) of the QCA Act? If not, what alternative arrangements would you propose and why?
- Do stakeholders consider Aurizon Network's proposals for user-funding are an appropriate balance between the legitimate business interests of Aurizon Network and access seekers and otherwise consistent with the criteria in section 138(2) of the QCA Act?
- Do stakeholders consider the amended voting provisions allow for a considered evaluation and pre-approval (or rejection) of a capital expenditure project?
- Is Aurizon Network's approach, and its justification thereof, to supply chain coordination and supply chain master planning consistent with the criteria in section 138(2) of the QCA Act? What, if any, alternative approaches are available?
- Will Aurizon Network's proposed approach to assessing (spare) capacity be reliable and robust? Is Aurizon Network's approach, and its justification thereof, to system operating assumption and capacity reviews consistent with the criteria in section 138(2) of the QCA Act? What, if any, alternative approaches are available?

5 INFORMATION REQUIREMENTS AND MANAGEMENT

5.1 Ringfencing

In principle, where a vertically integrated business (such as Aurizon Holdings) operates in a competitive market, and has a related party that operates in an upstream or downstream regulated market (like Aurizon Network), then that business should be subject to ringfencing rules. These ringfencing rules should apply to the regulated (network) business where there is a risk that competition in a related market might be impeded by the relationship between the related party entities.

Aurizon Network says that its ringfencing arrangements in the 2013 DAU seek to address the risks to competition arising from its parent company's vertical integration, while preserving the efficiency gains that flow from vertical integration. It also states that the arrangements reflect the increasing shift in focus of access negotiations towards coal producers rather than operators.

Part 3 of the 2013 DAU sets out the ringfencing arrangements, and outlines: the purpose of ringfencing (Section A); Aurizon Network's functional responsibility (Section B); the structure for management of Aurizon Network (Section C); handling of information (Section D); and an additional section covering complaints handling, together with a new waiver clause (Section E).

Information handling

The term 'confidential information' has been relabelled 'protected information' and the concept refined. The concept of protected information forms the basis for managing information flows in and out of Aurizon Network.

Protected information includes all communications, documents and information disclosed to, or obtained by, Aurizon Network from third party access seekers (or their customer), third party access holders (or their customer) or a third party train operator. The 2013 DAU details control frameworks to stop disclosure of protected information to the Aurizon Group's marketing division (2013 DAU, cl. 3.15), which undertakes, among other things, marketing of train services in competition with other above-rail train service providers. Clause 3.15 provides that nothing in the access undertaking operates to permit a disclosure of protected information to the marketing division without the written consent of the relevant third party access seeker or access holder.

Clause 3.17 sets out the procedures for the authorisation of the disclosure of protected information. The disclosure must be authorised by Aurizon Network's Executive Officer or Compliance Officer and may be made to persons, functional service areas or external advisers. Disclosure is only permitted where each of the criteria in clause 3.17 are met (including that the recipient has a legitimate business purpose for requiring access to the defined category of protected information and access is limited such that the disclosure is only to the extent necessary for that purpose).

However, clause 3.16 identifies a number of exceptions where disclosure of protected information is permitted without the clause 3.17 procedures needing to be followed.

Aurizon Network said the underlying approach in the 2013 DAU is for information disclosures to occur on a 'need to know' basis – where disclosure is only allowed in the circumstances where the recipient must have access to the information for a legitimate business purpose (Aurizon Network, sub. no. 2: 72).

Non-discriminatory treatment

Aurizon Network argued the non-discriminatory provisions were more appropriately contained in Part 3, which seeks to address the risks to competition arising out of vertical integration. It said the non-discrimination obligation in Part 2 of the 2010 access undertaking resulted in 'duplication and lack of clarity' (Aurizon Network, sub. no. 2: 63).

Aurizon Network has combined the non-discriminatory provisions located in Part 2 (Intent and Scope) and Part 3 (Ringfencing) in the 2010 access undertaking, and placed them in Part 3 in the 2013 DAU. In doing so, Aurizon Network has removed the provision which requires it to 'not unfairly differentiate between access holders in providing access'.

Management of Aurizon Network

The Preamble to Part 3 notes that Aurizon Network is required, under the *Transport Infrastructure Act 1994*, to maintain an independent board of directors to supervise arm's length dealings of access between Aurizon Network and any related operators. At the same time, the Preamble acknowledges that, as a subsidiary of Aurizon Holdings, Aurizon Network's financial performance, capital expenditure program and business plans are subject to oversight by the board and senior management of Aurizon Holdings (2013 DAU, cl. 3.1).

Complaints handling

The 2013 DAU provides for a single complaints handling framework for concerns raised about ringfencing issues under Part 3. Access holders and access seekers may notify Aurizon Network of a complaint regarding breaches of its obligations under Part 3.

Aurizon Network said the Authority will maintain visibility of any complaints, as Aurizon Network is obliged to notify the Authority as soon as practicable of any complaints received and outcomes of investigations (Aurizon Network, sub. no. 2: 80-81; 2013 DAU, cl 3.2.2(d) and (d)).

Waiver

Clause 3.23 of the 2013 DAU provides that Aurizon Network may apply in writing to the Authority for a waiver of some or all of its obligations under Part 3 on either a temporary or permanent basis.

Matters no longer in Part 3

The 2013 DAU has transferred (and modified) requirements to audit Aurizon Network's compliance with its ringfencing obligations, and accounting separation provisions, from Part 3 (ringfencing) to Part 10 (reporting).

5.2 Reporting

Regulatory reporting assists the transparency and accountability of Aurizon Network's below-rail operations and therefore the integrity of the access regime. Part 10 of the 2013 DAU sets out Aurizon Network's proposed public and regulatory reporting and assurance requirements.

Content and timing of reports

Many of the reporting requirements remain unchanged in the 2013 DAU. For instance, Aurizon Network will continue to provide public annual reports on its financial statements, compliance with the access undertaking, maintenance costs, raiing information (operational data) and regulatory asset base roll-forward (2013 DAU, cl. 10.1). It will also provide more detailed

reports to the Authority on railing information, maintenance costs, capital expenditure and breaches of the access undertaking.

Notably, Aurizon Network's 2013 DAU:

- (a) does not propose that it publish quarterly reports on railing information and performance indicators, rather it will release an annual report on these matters and will do so once it has released its annual financial results to the ASX (2013 DAU, cl. 10.1.5); and
- (b) does not propose to provide responsibility statements with information submitted to the Authority on operational data.

Aurizon Network proposed that maintenance costs will be separately reported for each coal system except that the Goonyella to Abbot Point (GAPE) system will not be reported on an independent basis separately from the other coal systems, and the Goonyella Newlands Connection will be treated as though it was part of the Newlands System (2013 DAU, cl. 10.1.3(c)).

Also, the 2013 DAU provides for the annual regulatory asset base roll-forward to be reported separately for each coal system (2013 DAU, cl. 10.1.6). The 2013 DAU no longer requires the separate reporting of asset values and roll-forward information for sections of rail infrastructure that has its own reference tariff - i.e. Gindie-Minerva and Rolleston spur lines.

Audit process

The 2013 DAU provides for Aurizon Network to annually appoint an auditor to conduct audits required in accordance with the access undertaking and that the auditor not be an employee of Aurizon Network or another Aurizon Party (2013 DAU, cl. 10.8). Notably, the 2013 DAU does not provide for Authority approval of the auditor (2013 DAU, cl.10.8).

5.3 Disputes

The QCA Act sets out a negotiate-arbitrate model of regulation for third party access which encourages negotiated outcomes, and in the event of a dispute, provides the fallback of mediation or arbitration by the Authority (Division 5 of Part 5 of the QCA Act).

Part 11 of the 2013 DAU sets out the dispute resolution process, which is similar to the 2010 access undertaking in terms of the overall structure, but includes a number of changes relating to the scope of disputes covered, the parties involved in a dispute, the process itself and the timelines for resolving disputes.

Scope of dispute resolution

The 2013 DAU no longer provides that the dispute resolution process will apply to any dispute or question in relation to the access undertaking's operation (as the 2010 access undertaking did). Instead, the proposed dispute resolution process applies to disputes between Aurizon Network and access seekers (for negotiating or granting access), train operators (for negotiating a train operations agreement), or other matters which are expressly required by the access undertaking to be resolved in accordance with the process in Part 11 (2013 DAU, vol. 1, cl. 11.1).

Dispute resolution process and timelines

The 2013 DAU establishes a four-tier approach to resolving disputes that are not required by the access undertaking to be referred directly to an expert. Initially, disputes are to be referred to the chief executives of the respective parties or their nominees. Failing resolution of the

dispute by the chief executives (or nominees), the 2013 DAU provides either party ten business days to refer a dispute to mediation, which can take up to four months before the next tier is triggered. If no party refers the dispute to mediation, or mediation fails, the dispute may be referred to an expert if all parties agree (or will be referred to an expert if the access undertaking provides that the relevant type of dispute is to be referred to expert determination). Failing such agreement, either party may refer the dispute to the Authority for arbitration (2013 DAU, vol. 1, cl. 11.1).

Clause 11.1.3(a) of the 2013 DAU provides that the referral of a dispute to mediation in accordance with the 2013 DAU will qualify as an attempt to have the dispute mediated for the purposes of the QCA Act (2013 DAU, vol. 1, cl. 11.1). In doing so, the 2013 DAU excludes reference to the provisions of the QCA Act allowing Aurizon Network, an access seeker or the Authority to seek to resolve a dispute by mediation by the Authority (see s. 113(2)(c) and s. 115A of the QCA Act).

The 2013 DAU sets out procedures for dispute determination by an expert or the Authority (2013 DAU, vol. 1, cl. 11.1.6), which are not currently provided for in the 2010 access undertaking. These include requiring the expert or the Authority to publish a draft determination, provide parties the opportunity to make written submissions on the draft, and have regard to those submissions before making a final determination.

The 2013 DAU provides that, for non-financial disputes, the expert will be appointed by the chief executive of the Institute of Arbitrators and Mediators (2013 DAU, vol. 1, cl.11.1), rather than by the President of Engineers Australia - Queensland Division.

Issues to consider might include

Ringfencing

- Are there terms in the 2013 DAU (including standard agreements) that would reduce the effectiveness of the protection provided by the statutory prohibitions on Aurizon Network engaging in conduct for the purpose of preventing or hindering access?
- Do the proposed non-discrimination provisions under Part 3 provide an appropriate balance between the legitimate business interests of Aurizon Network and access seekers and are they consistent with the QCA Act? Does the 2013 DAU contain sufficient provisions (as assessed against the requirements of the QCA Act) to identify, prevent and remedy unfair differentiation between access seekers and users?
- Do the proposed provisions simplify and clarify the ringfencing process? Do the proposed provisions provide adequate certainty? Do they provide an appropriate balance between the legitimate business interests of Aurizon Network and access seekers and are they consistent with the QCA Act? Are there more effective alternatives available?
- Do stakeholders have a view on the use of 'protected information' as against 'confidential information'? Do the proposed measures regulating protected information provide adequate confidence to stakeholders regarding handling of information by Aurizon Network? Do they provide an appropriate balance between the legitimate business interests of Aurizon Network and access seekers and are they consistent with the QCA Act?
- Do the proposed decision-making processes ensure arm's length dealing between Aurizon Network and its related operator and protect the interests of third party operators?

Reporting

- Are the proposed reporting arrangements appropriate (in the sense of providing an appropriate balance between the legitimate business interests of Aurizon Network and access seekers and otherwise being consistent with the QCA Act)? In particular, do stakeholders consider an annual operational data report adequate (in place of the quarterly report) and that GAPE does not need to be separately reported?
- Do the proposed changes to the quality assurance processes and auditing requirements provide an appropriate balance between the legitimate business interests of Aurizon Network and access seekers and are they consistent with the QCA Act?

Disputes

- Is the proposed dispute resolution mechanism comprehensive in scope? Does it provide an effective dispute resolution mechanism, including fair and timely resolution of disputes which provides an appropriate balance between the legitimate business interests of Aurizon Network and access seekers and is it otherwise consistent with the QCA Act? Will the addition of the mediation option ensure efficient resolution of disputes?
- Are there terms in the 2013 DAU (including standard agreements) that would limit the Authority from making determinations on matters in a manner consistent with the objectives of the access regime set out in the QCA Act and in a manner consistent with the intent of the various provisions in Part 5 of the QCA Act regulating the conduct of access providers?

APPENDIX A: LIST OF SUBMISSIONS

Organisation/individual	Submission number
Aurizon Network*	1-37*

**Claims of confidentiality have been made for part or all of these submissions*

Submission Listing

Aurizon Network

The 2013 Access Undertaking Explanatory Material: Volume 1 - Overview and Summary. April 2013. (sub. no. 1).

The 2013 Access Undertaking Explanatory Material: Volume 2 - The 2013 Access Undertaking Proposal. April 2013. (sub. no. 2).

The 2013 Access Undertaking Explanatory Material: Volume 3 - MAR and Reference Tariffs. April 2013. (sub. no. 3).

The 2013 Access Undertaking Explanatory Material: Volume 4 - Maintenance. April 2013. (sub. no. 4).

The 2013 Access Undertaking Explanatory Material: Volume 4 Maintenance. April 2013. [CONFIDENTIAL] (sub. no. 37).

The 2013 Access Undertaking Explanatory Material: Annex A SFG Consulting – Testing the reasonableness of the regulatory allowance for the return on equity, 11 March 2013 (sub. no. 5).

The 2013 Access Undertaking Explanatory Material: Annex B SFG Consulting – Systemic risk of QR Network, 31 August 2012 (sub. no. 6).

The 2013 Access Undertaking Explanatory Material: Annex C SFG Consulting – Term to maturity of the risk free rate estimate in the regulated return, 29 August 2012 (sub. no. 7).

The 2013 Access Undertaking Explanatory Material: Annex D SFG Consulting – Estimating Gamma, 25 January 2012 (sub. no. 8).

The 2013 Access Undertaking Explanatory Material: Annex E Value Adviser Associates – Review of Debt Risk Premium and Market Risk Premium, February 2013 (sub. no. 9).

The 2013 Access Undertaking Explanatory Material: Annex F Synergies – Aurizon Network's Commercial and Regulatory Risks, April 2013 (sub. no. 10).

The 2013 Access Undertaking Explanatory Material: Annex G Ernst & Young – Benchmarking Corporate Overhead Costs for QR Network Pty Ltd, July 2012 (sub. no. 11).

The 2013 Access Undertaking Explanatory Material: Annex H [CONFIDENTIAL] Finity – Review of Self Insurance Risk Premium – Access Undertaking UT4, March 2013 (sub. no. 12).

The 2013 Access Undertaking Explanatory Material: Annex I Willis – Expert Opinion on the cost of insurance premiums for purposes of the Aurizon Network Access Undertaking 2013 (sub. no. 13).

The 2013 Access Undertaking Explanatory Material: Annex J Deloitte – Aurizon Network: Proposed Standard User Funding Agreement Risk Assessment, April 2013 (sub. no. 14).

The 2013 Access Undertaking Explanatory Material: Annex K Evans & Peck – Aurizon Network's Ballast Contamination Scoping Study, March 2013 (sub. no. 15).

The 2013 Access Undertaking Explanatory Material: Annex L Sapere Research Group – Review of Cost allocation methodology and treatment of Mine Specific Infrastructure, 11 January 2013 (sub. no. 16).

The 2013 Access Undertaking Explanatory Material: Annex M Sapere – Economic analysis of revised Aurizon DAAU for electric infrastructure (sub. no. 17).

The 2013 Access Undertaking Explanatory Material: Annex N [CONFIDENTIAL] Evans and Peck - Operating and Maintenance Costs: Investigation and Benchmarking – Final Report, October 2012 (sub. no. 18).

The 2013 Access Undertaking Explanatory Material: Annex O [CONFIDENTIAL] QR National Central Queensland Coal Network: Tonnage Profile, 4 March 2013 (sub. no. 19).

The 2013 Access Undertaking Explanatory Material: Annex P [CONFIDENTIAL] Worley Parsons and Transportation Technology Centre - UT3 Parallel Comparison Exercise – Consultant’s Report, 18 August 2008 (sub. no. 20).

The 2013 Access Undertaking Explanatory Material: Annex Q [CONFIDENTIAL] Worley Parsons - Life Asset Register Benchmark, 18 August 2008 (sub. no. 21).

The 2013 Access Undertaking Explanatory Material: Annex R [CONFIDENTIAL] Worley Parsons - Marginal Costs Variabilities - Contemporary and accepted theorems, 18 August 2008 (sub. no. 22).

The 2013 Access Undertaking Explanatory Material: Annex S [CONFIDENTIAL] Worley Parsons - Queensland Railways Maintenance Variability: Coal Network Cost Variability with Traffic Density, 18 August 2008 (sub. no. 23).

The 2013 Access Undertaking Explanatory Material: Annex T [CONFIDENTIAL] Worley Parsons - Optimising Locations of Maintenance Depots: for the Queensland Rail Network, 18 August 2008 (sub. no. 24).

The 2013 Access Undertaking Explanatory Material: Annex U [CONFIDENTIAL] Worley Parsons - Comments on Service Level Specifications for Rail Infrastructure Maintenance: Central Queensland Coal Region, 18 August 2008 (sub. no. 25).

The 2013 Access Undertaking Explanatory Material: Annex V [CONFIDENTIAL] Worley Parsons - Benchmark Heavy Haul Lines: International and National Comparison, 18 August 2008 (sub. no. 26).

The 2013 Access Undertaking Explanatory Material: Annex W [CONFIDENTIAL] Worley Parsons - Northern Queensland Coal Network Systems: Site Visit Record: May 2008, 18 August 2008 (sub. no. 27).

The 2013 Access Undertaking Explanatory Material: Annex X [CONFIDENTIAL] QR National - Key Personnel, 4 March 2013 (sub. no. 28).

The 2013 Access Undertaking Explanatory Material: Annex Y QR National - Central Queensland Coal Network and System Maps, 9 October 2012 (sub. no. 29).

The 2013 Access Undertaking Explanatory Material: Annex Z QR National - Legislation affecting QR Network, 4 March 2013 (sub. no. 30).

The 2013 Access Undertaking Explanatory Material: Annex AA QR National Network Services - Safety Alert Examples, various 2012 (sub. no. 31).

The 2013 Access Undertaking Explanatory Material: Annex AB] Aurizon - Critical Asset Calendar, February 2013 (sub. no. 32).

The 2013 Access Undertaking Explanatory Material: Annex AC [CONFIDENTIAL] QR National - Ballast Fouling, 4 March 2013 (sub. no. 33).

The 2013 Access Undertaking Explanatory Material: Annex AD QR National Networks – UT4 Maintenance – 2012 Assessment Survey to Ports and Mines – Results, 12 June 2012 (sub. no. 34).

The 2013 Access Undertaking Explanatory Material: Annex AE [CONFIDENTIAL] Deloitte Access Economics – Estimate of QR Network Maintenance Services Overheads, 1 November 2012 (sub. no. 35).

The 2013 Access Undertaking Explanatory Material: Annex AF [CONFIDENTIAL] BIS Shrapnel - Maintenance Cost Escalation Forecasts to 2017- Draft Report, September 2012 (sub. no. 36).

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December 2012. Final Decision: Aurizon Network's Standard Rail Connection Agreement.

April 2013. Final Decision: Aurizon Network Alternative Standard Access Agreements.

Aurizon Network.

October 2010. Aurizon Network's Access Undertaking (2010) (as last amended May 2013).

April 2013 (a). Aurizon Network's Standard Rail Connection Agreement (as approved April 2013).

April 2013 (b). Submission in support of the Draft Amending Access Undertaking for electric traction pricing in Blackwater (AT5).

May 2013. 2010 Extension Draft Amending Access Undertaking.