

ADDENDUM TO QCA'S CONSULTATION PAPER ON AURIZON NETWORK'S 2013 DRAFT ACCESS UNDERTAKING

The QCA has been asked how it calculated its tariff increase estimate contained in pages 9 and 10 of its consultation paper of 23 August 2013 on Aurizon Network's 2013 Draft Access Undertaking (DAU).

For the purposes of clarification, the following explanation is provided.

The QCA's comparison seeks to reflect the differences in underlying average costs of UT3 and UT4 shown in **Table 1**, column 4. The QCA's calculations were derived as follows:

- (a) The 2012-13 forecasts are based on forecast revenues and volumes in the UT3 approved by the QCA (**Table 1**, column 1).
- (b) The 2013-14 forecasts are based on the forecast revenues and volumes in Aurizon Network's submission accompanying its 2013 DAU (**Table 1**, column 3).

However, this comparison does not take into account the increases in tariffs over the life of UT3 arising as a result of indexation, revised lower volume forecasts and revenue cap under-recoveries (**Table 1**, column 2). Column 5, **Table 1** presents a comparison of tariffs after adjusting for these factors.

Table 1 Comparison of 2012/13 and 2013/14 tariffs on a dollar per net tonne basis

	2012-13 tariffs based on finalised UT3 forecast volumes (\$/nt) (1)	2012-13 tariffs with 2011-12 revised forecast volumes and 2010-11 revenue cap adjustments (\$/nt) (2)	2013-14 tariffs based on draft UT4 forecast volumes with 2011-12 revenue cap adjustments (\$/nt) (3)	Percentage difference between (1) and (3)	Percentage difference between (2) and (3)
CQCR non-electric tariffs	2.88	3.54	4.18	45%	18%
Goonyella electric tariffs	0.65	0.96	0.92	43%	-4%
Blackwater electric tariffs	1.28	1.84	1.07	-17%	-42%
Total	3.61	4.62	4.92	36%	7%

Note: Calculation differences due to rounding