2014 DAU Process

Consultation Process

In August 2014, we published Aurizon Network’s 2014 DAU and its supporting material on our website. In October 2014, we received submissions from 10 stakeholders on the 2014 DAU. The table below shows a list of submissions received on the 2014 DAU.

Table 1  Submissions and reports received on the 2014 DAU

<table>
<thead>
<tr>
<th>Organisation/individual</th>
<th>Submission number</th>
</tr>
</thead>
<tbody>
<tr>
<td>Anglo American</td>
<td>2014DAU 7–17, 19–21,</td>
</tr>
<tr>
<td>Asciano</td>
<td>2014DAU 22</td>
</tr>
<tr>
<td>Aurizon Holdings Limited</td>
<td>2014DAU 25</td>
</tr>
<tr>
<td>Aurizon Network</td>
<td>2014DAU 1–6 and 48, 49, 51</td>
</tr>
<tr>
<td>Aurizon Operations</td>
<td>2014DAU 26</td>
</tr>
<tr>
<td>BHP Billiton Mitsubishi Alliance and BHP Billiton Mitsui Coal</td>
<td>2014DAU 23</td>
</tr>
<tr>
<td>Department of State Development, Innovation and Planning</td>
<td>2014DAU 47</td>
</tr>
<tr>
<td>Glencore Xstrata</td>
<td>2014DAU 50</td>
</tr>
<tr>
<td>Queensland Resources Council</td>
<td>2014DAU 28–46</td>
</tr>
<tr>
<td>Vale</td>
<td>2014DAU 24</td>
</tr>
</tbody>
</table>

QCA Draft Decision – Maximum Allowable Revenue (MAR)

In September 2014, we published our MAR Draft Decision, and received submissions from 10 stakeholders.

Table 2  Submissions and reports received on the MAR Draft Decision

<table>
<thead>
<tr>
<th>Organisation/individual</th>
<th>Submission number</th>
</tr>
</thead>
<tbody>
<tr>
<td>Anglo American</td>
<td>2014DAU 58</td>
</tr>
<tr>
<td>Asciano</td>
<td>2014DAU 52</td>
</tr>
<tr>
<td>Aurizon Network</td>
<td>2014DAU 59</td>
</tr>
<tr>
<td>Balance Advisory</td>
<td>2014DAU 60</td>
</tr>
<tr>
<td>BHP Billiton Mitsubishi Alliance and BHP Billiton Mitsui Coal</td>
<td>2014DAU 53</td>
</tr>
<tr>
<td>Department of State Development, Infrastructure and Planning</td>
<td>2014DAU 61</td>
</tr>
<tr>
<td>Queensland Resources Council</td>
<td>2014DAU 62</td>
</tr>
<tr>
<td>Vale</td>
<td>2014DAU 54</td>
</tr>
<tr>
<td>Wesfarmers</td>
<td>2014DAU 55</td>
</tr>
<tr>
<td>Wiggins Island Coal Export Terminal</td>
<td>2014DAU 56</td>
</tr>
</tbody>
</table>
Aurizon Network’s WIRP proposal

In December 2014, Aurizon Network put forward an alternate approach to WIRP pricing via a separate process (under the 2010 undertaking). This proposed WIRP tariffs to apply for the remainder of 2014–15, but also had additional information and new modelling for an alternative approach for WIRP tariffs beyond 2014–15. We received 10 submissions from stakeholders on Aurizon Network’s proposal and, to the extent they concerned Aurizon Network’s alternative approach for tariffs beyond 2014–15, have taken these into account in making our draft decision on WIRP pricing under the 2014 DAU.

Table 3  Aurizon Network’s WIRP proposal and submissions received

<table>
<thead>
<tr>
<th>Organisation/individual</th>
<th>Submission number</th>
</tr>
</thead>
<tbody>
<tr>
<td>Wiggins Island Coal Export Terminal (Letter)</td>
<td>2014DAU 57</td>
</tr>
</tbody>
</table>

Short Term Transfer Mechanism

Aurizon Network’s Discussion Paper

In December 2014, we received and published a discussion paper from Aurizon Network on its proposed short term transfer mechanism, and received submissions from 4 stakeholders.

QCA Draft Decision

In April 2015, we published our draft decision on Aurizon Network's short term transfer mechanism, and received submissions from 6 stakeholders.

Table 4  Submissions received on short term trading mechanism

<table>
<thead>
<tr>
<th>Organisation</th>
<th>Submission number</th>
</tr>
</thead>
<tbody>
<tr>
<td>Discussion Paper</td>
<td></td>
</tr>
<tr>
<td>Anglo American</td>
<td>65</td>
</tr>
<tr>
<td>Asciano</td>
<td>63</td>
</tr>
<tr>
<td>QRC</td>
<td>66</td>
</tr>
<tr>
<td>Vale</td>
<td>64</td>
</tr>
<tr>
<td>Draft Decision</td>
<td></td>
</tr>
<tr>
<td>Aurizon Holdings</td>
<td>102</td>
</tr>
<tr>
<td>Organisation</td>
<td>Submission number</td>
</tr>
<tr>
<td>----------------------------------------------------------</td>
<td>-------------------</td>
</tr>
<tr>
<td>Aurizon Network</td>
<td>101</td>
</tr>
<tr>
<td>Asciano</td>
<td>99</td>
</tr>
<tr>
<td>BHP Billiton Mitsubishi Alliance and BHP Billiton Mitsui Coal</td>
<td>100</td>
</tr>
<tr>
<td>Queensland Resources Council</td>
<td>103</td>
</tr>
<tr>
<td>Wealth resources</td>
<td>98</td>
</tr>
</tbody>
</table>
Submissions—2014 DAU

Aurizon Network’s submissions

The 2014 Access Undertaking: Explanatory Material – Letter UT4 Withdrawal (sub. no. 1)


The 2014 Access Undertaking: Explanatory Material – Summary Table of Key Changes (App B) August 2014. (sub. no. 3)


The 2014 Access Undertaking: Explanatory Material – Detailed Table of Changes – Agreements (App A2) August 2014. (sub. no. 5)

The 2014 Access Undertaking Explanatory Material – Wiggins Island Rail Project Proposed Revenue and Pricing Treatment, August 2014 (sub. no. 6)

October 2014, Feedback on the consultation guideline issued by the QCA, and endorsement for a number of comments raised by stakeholders in submissions to the QCA on the 2014 DAU (sub. no. 48)


October 2014, Support of other stakeholder submissions to the QCA (sub. no. 51)

Stakeholders’ submissions

Anglo American

October 2014, Submission on the 2014 Draft Access Undertaking (sub. no. 7).

October 2014, Submission Annexure A—Part 4: Negotiation Framework (sub. no. 8).

October 2014, Submission Annexure B—Part 7: Available Capacity allocation and management (sub. no. 9).

October 2014, Submission Annexure C—Part 8: Network development and Expansions (sub. no. 10).

October 2014, Submission Annexure D—Part 9: Connecting Private Infrastructure (sub no. 11).


October 2014, Submission Annexure F—Schedule B: Access Application information requirements (sub no. 13).

October 2014, Submission Annexure G—Schedule D: Ultimate Holding Company Deed (sub no. 14).


October 2014, Submission Annexure I—Schedule I: Confidentiality Agreement (sub no. 16).

October 2014, Submission Annexure J—Standard Rail Connection Agreement (sub no. 17).

October 2014, Email regarding Anglo American 2014 Draft Access Undertaking submission with corrections (sub no. 19).

October 2014, Letter to the QCA regarding addendum (sub no. 20).

October 2014, Addendum: Submission mark-up for the QCA (sub no. 21).
Asciano Limited (Asciano)
   October 2014, Submission to the QCA in relation to the Aurizon Network 2014 Draft Access Undertaking (sub. no. 22).

Aurizon Holdings Limited (Aurizon)
   October 2014, Aurizon Holdings’ submission to the 2014DAU (sub no. 25).

Aurizon Operations
   October 2014, Submission to the 2014DAU (sub no. 26).

BHP Billiton Mitsubishi Alliance (BMA) and BHP Billiton Mitsui Coal (BMC)

Department of State Development, Innovation and Planning (DSDIP)
   October 2014, Comment on Aurizon Network’s 2014 Draft Access Undertaking (UT 4) (sub no. 47).

Glencore Xstrata (Glencore)
   October 2014, Submission on Wiggins Island Rail Project (WIRP) (sub no. 50).

Queensland Resources Council (QRC)
   October 2014, Letter to the QCA re final submission on 2014 DAU (sub. no. 28).
   October 2014, Part 10: QRC Mark-up (sub. no. 29).
   October 2014, Part 11: QRC Mark-up (sub. no. 30).
   October 2014, Part 2: QRC Mark-up (sub. no. 31).
   October 2014, Part 3.1: QRC Redrafted Part 3 (sub. no. 32).
   October 2014, Part 3.2: (Schedule D) QRC Mark-up (sub. no. 33).
   October 2014, Part 3.3: (Schedule I) QRC Mark-up (sub. no. 34).
   October 2014, Part 5.1: QRC Mark-up (sub. no. 35).
   October 2014, Part 9: QRC Mark-up (sub. no. 36).
   October 2014, REVISED—Part 4: Mark-up (sub. no. 37).
   October 2014, REVISED—Part 7: QRC Mark-up (sub. no. 39).
   October 2014, REVISED—Part 8.1: Mark-up (sub. no. 40).
   October 2014, REVISED—Part 8.2: QRC Mark-up (sub. no. 41).
   October 2014, REVISED—QRC Submission (consolidated document) (sub. no. 42).
   October 2014, REVISED—Schedule A: QRC Mark-up (sub. no. 43).
   October 2014, REVISED—Schedule B: QRC Mark-up (sub. no. 44).
   October 2014, Schedule C: QRC Mark-up (sub. no. 45).
   October 2014, Schedule G: QRC mark-up (sub. no. 46).

Vale
   October 2014, Submission on the Aurizon Network 2014 DAU (sub no. 24).
Submissions—MAR Draft Decision

Anglo American
December 2014, Response to the QCA Draft Decision on Aurizon Network’s Maximum Allowable Revenue (sub. no. 58)

Asciano
December 2014, Submission to the QCA on the Maximum Allowable Revenue Component of the Aurizon Network Draft Access Undertaking (sub. no. 52)

Aurizon Network
December 2014, Response to the QCA’s Draft Decision on Aurizon Network’s 2014 Draft Access Undertaking – Maximum Allowable Revenue (sub. no. 59)

Balance Advisory
December 2014, Aurizon Network 2014 Draft Access Undertaking – Maximum Allowable Revenue (sub. no. 60)

BHP Billiton Mitsubishi Alliance (BMA) and BHP Billiton Mitsui Coal (BMC)
December 2014, Aurizon Network’s 2014 DAU – Queensland Competition Authority’s Draft Decision on Aurizon Network’s Maximum Allowable Revenue (sub. no. 53)

Department of State Development, Infrastructure and Planning (DSDIP)
December 2014, QCA’s Draft Decision on the MAR Component of Aurizon Network’s 2014 Draft Access Undertaking (sub no. 61)

Queensland Resources Council (QRC)
December 2014, QRC Submission to the QCA: Aurizon Network 2014 Draft Access Undertaking – Maximum Allowable Revenue (sub. no. 62)

Vale
December 2014, Aurizon Network’s 2014 Draft Access Undertaking – Maximum Allowable Revenue Draft Decision (sub. no. 54)

Wesfarmers
December 2014, Wiggins Island Rail Project Proposed Revenue and Pricing Treatment (sub. no. 55)

Wiggins Island Coal Export Terminal
December 2014, MAR Covering Letter (sub. no. 56)
December 2014, John T Boyd Company, WICET STAGE 1 Mine Production Summary for QCA – prepared for Wiggins Island Coal Export Terminal (sub. no. 57)

Submissions on WIRP

Anglo American
February 2015, Aurizon Network's proposed treatment of the Wiggins Island Rail Project (WIRP) (sub. no. 72)

Asciano
February 2015, Proposed tariff for train services to Wiggins Island Coal Export Terminal (sub. no. 69)

BHP Billiton Mitsubishi Alliance and BHP Billiton Mitsui Coal
February 2015, Proposed new reference tariff for train services to Wiggins Island Coal Export Terminal (sub. no. 67)

Cockatoo Coal
February 2015, Aurizon Network proposed new reference tariff – train services to Wiggins Island Coal Export Terminal Submission (sub. no. 70)

Idemitsu
February 2015, QCA Submission – Proposed new reference tariff for train services to Wiggins Island Coal Export Terminal (sub. no. 71)

New Hope

Rio Tinto Coal Australia
March 2015, Submission to the QCA – Proposed new reference tariff for train services to Wiggins Island Coal Export Terminal (sub. no. 73)

Wesfarmers
April 2015, WIRP Proposed Pricing Treatment – clarification of regulatory framework and proposed commercial outcomes (sub. no. 75)

WIRP users
February 2015, WIRP Proposed Pricing Treatment (sub. no. 68)

**Submissions – Aurizon Network's short term transfers discussion paper**

Anglo American
February 2015, Submission on Aurizon Network's proposed short term transfer mechanism (sub. no. 65)

Asciano
February 2015, Submission on Aurizon Network's proposed short term transfer mechanism (sub. no. 63)

QRC
February 2015, Submission on short term transfers (sub. no. 66)

Vale
February 2015, Submission on short term transfer paper (sub. no. 64)

**Submissions – Short Term Trading Mechanism Draft Decision**

Asciano
Submission on the QCA's draft decision on short term transfers (sub. no. 99)

Aurizon Holdings
June 2015, Aurizon Operations response to QCA's draft decision on short term transfer mechanism (sub. no. 102)

Aurizon Network
June 2015, Aurizon Network's response to QCA's draft decision on capacity transfer mechanism (sub. no. 101)
BMA

June 2015, Submission on draft decision on short term transfer mechanism (sub. no. 100)

QRC

June 2015 Submission on short term transfer mechanism (sub. no. 103)

Wealth Resources

June 2015, QCA capacity transfer mechanism draft decision (sub. no. 98)

2013 DAU Process

In April 2013, we published Aurizon Network’s 2013 DAU and the majority of its supporting submission and associated documents on our website. We did not publish material Aurizon Network claimed is confidential.

QCA Consultation Paper

In August 2013, we released a consultation paper to assist interested parties in making submissions on the 2013 DAU.

The consultation paper summarised some elements of the 2013 DAU, and sought to focus stakeholders’ attention on some of the likely key areas of concern. In addition, we engaged Energy Economics to provide an independent assessment of the CQCN railings forecasts for the proposed 2013 DAU regulatory period. The findings were also included in the consultation paper.

Submissions on the 2013 DAU (incorporating comments made in our consultation paper) were initially due by 9 July 2013, but we agreed to extend the due date to 10 October 2013, at the request of a number of stakeholders. We agreed to a relatively lengthy public consultation period on the 2013 DAU on the understanding this would provide sufficient time for Aurizon Network, the QRC and other stakeholders to engage with each other in an attempt to identify common ground.

In October 2013 we received submissions from 11 interested parties in response to the 2013 DAU. These are on our website. In these, stakeholders identified a significant number of issues where there are substantive differences from the position of Aurizon Network as outlined in the 2013 DAU.

Submissions in response to Aurizon Network’s revised submission

In November 2013, Aurizon Network provided its response to stakeholders’ submissions on its 2013 DAU (updated proposal). The updated proposal sought to address a number of concerns and issues raised in the stakeholder submissions. It also provided an indication of where Aurizon Network was willing to move from its original 2013 DAU proposal in response to its ongoing consultations with stakeholders.

In January 2014, we received submissions from eight interested parties in response to Aurizon Network’s updated proposal. These are published on our website. In these, stakeholders still considered there are substantive differences from the position of Aurizon Network outlined in the 2013 DAU.

WACC Forum

In December 2013, we hosted a WACC Forum in our office that focused on two issues, namely:

- aspects of our methodological review of our approach to setting the WACC for regulatory decisions

---

1002 The consultation paper focused on where Aurizon Network had proposed new approaches or where it appeared to have sought to alter existing rights, obligations and responsibilities, compared with the 2010 access undertaking.
- our assessment of Aurizon Network’s 2013 DAU.

We engaged consultants, Dr Martin Lally (Victoria University of Wellington) and Dr Michael Lawriwsky (Incenta Economic Consulting) to assist in both matters. At the forum, Dr Lally and Dr Lawriwsky presented technical papers, which can be found on our website.

We received submissions from five interested parties in response to the forum and the associated papers.

**Consultants' reports**

As part of our assessment of the 2013 DAU, we engaged consultants Sinclair Knight Merz (now Jacobs) and RSM Bird Cameron to review Aurizon Network’s operating and maintenance cost claims for the proposed 2013 DAU regulatory period.

On 29 January 2014, we published the two consultants' reports relating to these cost elements of the UT4 proposal on our website.

Submissions on the consultants' reports were initially due by 17 February 2014, but we agreed to extend the due date to 7 March 2014, after receiving a request from the QRC to extend the deadline.

In April 2014, we received submissions from five interested parties in response to the consultants' reports.

**Submissions and reports received**

The table below shows a list of submissions and reports received on the 2013 DAU, that has been referred to in our position paper.

**Table 4**  Submissions and reports received on the 2013 DAU

<table>
<thead>
<tr>
<th>Organisation/individual</th>
<th>Submission number</th>
</tr>
</thead>
<tbody>
<tr>
<td>Anglo American</td>
<td>2013DAU 39, 78–81, 93</td>
</tr>
<tr>
<td>Asciano Limited (Asciano)</td>
<td>2013DAU 43–45, 82, 112</td>
</tr>
<tr>
<td>BHP Billiton Mitsubishi Alliance (BMA) and BHP Billiton Mitsui Coal (BMC)</td>
<td>2013DAU 40–41, 108, 114</td>
</tr>
<tr>
<td>Freightliner Australia Pty Ltd (Freightliner)</td>
<td>2013DAU 75</td>
</tr>
<tr>
<td>Glencore Xstrata (Glencore)</td>
<td>2013DAU 74, 83</td>
</tr>
<tr>
<td>Peabody Energy Incorporated (Peabody)</td>
<td>2013DAU 37</td>
</tr>
<tr>
<td>Queensland Resources Council (QRC)</td>
<td>2013DAU 46–71, 84–89, 106–107, 110–111, 117</td>
</tr>
<tr>
<td>Queensland Treasury Corporation (QTC)</td>
<td>2013DAU 96, 97</td>
</tr>
<tr>
<td>Rio Tinto Coal Australia (Rio Tinto) (RTCA)</td>
<td>2013DAU 72–73, 90</td>
</tr>
<tr>
<td>Stanwell Corporation Limited (Stanwell)</td>
<td>2013DAU 38</td>
</tr>
<tr>
<td>Vale</td>
<td>2013DAU 42, 91, 113</td>
</tr>
<tr>
<td>Wesfarmers Curragh Pty Ltd (Wesfarmers)</td>
<td>2013DAU 76, 92</td>
</tr>
<tr>
<td>Unitywater</td>
<td>2013DAU 98</td>
</tr>
<tr>
<td>DBCT Management (DBCTM)</td>
<td>2013DAU 95</td>
</tr>
<tr>
<td>Asia Pacific Strategy</td>
<td>2013DAU 94</td>
</tr>
</tbody>
</table>
Claims of confidentiality have been made for part or all of these submissions. Response to stakeholders' submissions.

Aurizon Network's submissions

Aurizon Network

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


The 2013 Access Undertaking: Response to Stakeholders’ Submissions, November 2013 (sub. no. 77).

Supplementary Report to the QCA—Maintenance Cost Index, March 2014 (sub. no. 116).

Stakeholders’ submissions

Anglo American

Asciano Limited (Asciano)
Submission to the Queensland Competition Authority in Relation to the 2013 Aurizon Network Draft Access Undertaking, October 2013 (sub. no. 43).
Attachment 2: Major Changes in Wording or Concept Between the 2010 AU and the 2013 DAU Including Asciano Comment on These Changes, October 2013 (sub. no. 44).
Attachment 3: Major Changes in Wording or Concept Between the 2013 QCA Approved TOA and the TOA Attached to the 2013 DAU Including Asciano Comment on These Changes, October 2013 (sub. no. 45).

BHP Billiton Mitsubishi Alliance (BMA) and BHP Billiton Mitsui Coal (BMC)
Letter to the QCA, October 2013 (sub. no. 40).
Issues and Concerns with Aurizon Network’s (AN’s) 2013 Draft Amending Undertaking (DAU), October 2013 (sub. no. 41).

Freightliner Australia Pty Ltd (Freightliner)
Aurizon Network 2013 DAU, October 2013 (sub. no. 75).

Glencore Xstrata (Glencore)

Peabody Energy Incorporated (Peabody)
Submission to the QCA—Aurizon Network 2013 Draft Access Undertaking, October 2013 (sub. no. 37).

Queensland Resources Council (QRC)
Main Submission, October 2013 (sub. no. 46).
Intent and Scope, Industry Mark-up, October 2013 (sub. no. 47).
Ringfencing, Industry Mark-up, October 2013 (sub. no. 48).
Ultimate Holding Company Deed, Industry Mark-up, October 2013 (sub. no. 49).
Confidentiality Deed, Template, October 2013 (sub. no. 50).
Negotiation Framework, Industry Mark-up, October 2013 (sub. no. 51).
Access Agreement: Coal, Industry Mark-up, October 2013 (sub. no. 52).
Pricing Principles, Industry Mark-up, October 2013 (sub. no. 53).
Available Capacity Allocation and Management, Industry Mark-up, October 2013 (sub. no. 54).
Network Development and Expansions, Industry Mark-up, October 2013 (sub. no. 55).
Study Funding Agreement, August 2013 (sub. no. 56).
Tax Ruling, October 2013 (sub. no. 57).
Network Development and Expansions, Comparison to Submission Version, October 2013 (sub. no. 58).

Connecting Private Infrastructure, Industry Mark-up, October 2013 (sub. no. 59).

Reporting, Industry Mark-up, October 2013 (sub. no. 60).

Dispute Resolution and Decision Making, Industry Mark-up, October 2013 (sub. no. 61).

Schedule E: Regulatory Asset Base, Industry Mark-up, October 2013 (sub. no. 62).

Schedule F: Reference Tariff, Industry Mark-up, October 2013 (sub. no. 63).

WACC Submission, October 2013 (sub. no. 64).


Operating Expenditure, October 2013 (sub. no. 67).

Maintenance, October 2013 (sub. no. 68).

Capital Indicator, October 2013 (sub. no. 69).

Ballast Fouling, October 2013 (sub. no. 70).

Depreciation Methodology, October 2013 (sub. no. 71).

Rio Tinto Coal Australia (Rio Tinto) (RTCA)

Letter to the QCA, October 2013 (sub. no. 72).

Submission to the Queensland Competition Authority in Response to Aurizon Network Proposed 2013 Draft Access Undertaking (UT4), October 2013 (sub. no. 73).

Stanwell Corporation Limited (Stanwell)


Vale


Wesfarmers Curragh Pty Ltd (Wesfarmers)

Submission in Response to UT4, October 2013 (sub. no. 76).

Response to Aurizon Network’s response to stakeholders’ submissions

Anglo American


Schedule 1: Proposed drafting of Part 6, Part 7 and Schedule H, January 2014 (sub. no. 79).

Schedule 2: Proposed drafting of Part 8, January 2014 (sub. no. 80).


Asciano Limited (Asciano)

Submission to the QCA Regarding the Aurizon Network November 2013 Response to Stakeholder Submissions to the QCA in Relation to the Aurizon Network 2013 Draft Access Undertaking, January 2014 (sub. no. 82).

Glencore Xstrata (Glencore)
Submission on Aurizon Network’s Response to Stakeholders’ Submissions, January 2014 (sub. no. 83).

Queensland Resources Council (QRC)
Submission on Aurizon Network’s Response to Industry, January 2014 (sub. no. 84).
Annexure A – Detailed Response to Undertaking and Schedules (volume 1), January 2014 (sub. no. 85).
Annexure B – Detailed Response on Standard Agreements, January 2014 (sub. no. 86).
Annexure C – QRC’s Response to Aurizon Network’s Partial Update of Part 8, January 2014 (sub. no. 87).
Annexure D – QRC Mark-Up of Aurizon Network’s Revised Part 8 Drafting, January 2014 (sub. no. 88).
Annexure E – QRC’s Table of Omissions, January 2014 (sub. no. 89).
Revised Response Part 11 – January 2014

Rio Tinto Coal Australia (Rio Tinto) (RTCA)
Supplementary Submission to UT4, January 2014 (sub. no. 90).

Vale

Wesfarmers Curragh Pty Ltd (Wesfarmers)
Submission in Response to Aurizon Network’s Response to Industry (UT4), January 2014 (sub. no. 92).

BHP Billiton Mitsubishi Alliance (BMA) and BHP Billiton Mitsui Coal (BMC)

WACC submissions

Anglo American
Submission in Relation to the WACC Consultation Papers and WACC Forum, January 2014 (sub. no. 93).

Asia Pacific Strategy
Royalty, Powerpoint Presentation, January 2014 (sub. no. 94).

DBCT Management (DBCTM)
Aurizon Network: Regulatory Capital Structure, January 2014 (sub. no. 95).

Queensland Treasury Corporation (QTC)
Risk Free Rate and MRP Submission, with Letter, January 2014 (sub. no. 96).
Cost of Debt Submission, with Letter, January 2014 (sub. no. 97).

Unitywater
Response to QCA’s WACC Report, January 2014 (sub. no. 98).

Vale
QCA Cost of Capital Discussion Papers, January 2014 (sub. no. 99).

Aurizon Network

Cover Letter, January 2014 (sub. no. 100).


Return on Capital Response – Summary Paper, January 2014 (sub. no. 102).


Systematic Risk of Aurizon Network: Response to Reports and Submissions to the Queensland Competition Authority, January 2014 (sub. no. 105).


SFG Consulting Report – Justification for cost of equity parameters, June 2014 (sub. no. 118).

Queensland Resources Council (QRC)

Further WACC Submission, January 2014 (sub. no. 106).

QCA Cost of Capital Consultation, Equity Beta Issues: Further Supplementary Report to the Queensland Resources Council, January 2014 (sub. no. 107).

Consultants’ reports regarding operating and maintenance costs

RSM Bird Cameron (RSMBC)


RSM Bird Cameron’s (RSMBC) Addenda to the Report


Sinclair Knight Merz (SKM)


Engineering Technical Assessment of Maintenance, Operating and Capital Expenditure Forecast: Addenda 1, February 2014 (b).


Review of Aurizon Network’s proposed Maintenance Cost Index for the UT4 period, September 2014 (f).

Jacobs SKM (formerly Sinclair Knight Merz) Response to Stakeholder Comments

Engineering Technical Assessment of Maintenance, Operating and Capital Expenditure Forecast: Response to Stakeholder Comments, April 2014 (d).

Ballast Cleaning and Re Railing, May 2014 (e).
Consultants’ reports

Energy Economics Pty Ltd (Energy Economics)
- Central Queensland Coal Railing Forecast – Abridged Version, July 2013
- Coal Railings Forecast for Central Queensland, April 2014.

Incenta Economic Consulting
- Review of Regulatory Capital Structure and Asset/Equity Beta for Aurizon Network – Response to stakeholder comments, April 2014

Submissions on consultant reports regarding operating and maintenance costs

Asciano Limited (Asciano)
- Submission on QCA Cost Consultants’ Reports Regarding the Aurizon Network 2013 Draft Access Undertaking, March 2014 (sub. no. 112).

Aurizon Network

BHP Billiton Mitsubishi Alliance (BMA) and BHP Billiton Mitsui Coal (BMC)

Queensland Resources Council (QRC)
- RSM Bird Cameron Review of UT4 Operating Expenditure, March 2014 (sub. no. 110).
- UT4 Submission on Maintenance, March 2014 (sub. no. 111).
- UT4 Update—Discussion of Consultants’ Reports on Aurizon UT4 Costs, April 2014 (sub. no. 117).

Vale
## Glossary

**2010 AU**  
Aurizon Network’s current Access Undertaking, approved by the QCA on 1 October 2010, together with any subsequent changes approved by the QCA.

**2013 DAU**  

**2013 SUFA DAU**  

**2014 DAU**  
Aurizon Network’s 2014 Draft Access Undertaking, submitted on 11 August 2014 and replacing the 2013 DAU.

### A

- **AA**: Access Agreement
- **ABS**: Australian Bureau of Statistics
- **AER**: Australian Energy Regulator
- **AFD**: Access Facilitation Deed
- **AHAA**: Access Holder Access Agreement
- **Alternative Form of Agreement**: Alternative Form of Standard Access Agreement, which collectively includes the two stapled agreements – the EUAA and the TOA
- **AMP**: Asset Management Plan
- **APCT**: Abbot Point Coal Terminal
- **ARTC**: Australian Rail Track Corporation
- **ATO**: Australian Taxation Office
- **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) which owns and operates the below rail network in the CQCR and is responsible for negotiating access with parties seeking to use its rail network
- **AWOTE**: Average Weekly Ordinary Time Earnings

### B

- **BMA**: BHP Billiton Mitsubishi Alliance
- **BRTT**: Below rail transit times

### C

- **CAAC**: Critical Asset Alignment Calendar
- **CACS**: Critical Asset Constraint Summary
- **CAPEX**: Capital Expenditure
- **CAPM**: Capital Asset Pricing Model
- **CCA**: *Competition and Consumer Act 2010* (Cwlth)
- **CCC**: Contribution to common costs
- **CDMP**: Coal Dust Management Plan
<table>
<thead>
<tr>
<th>Acronym</th>
<th>Description</th>
</tr>
</thead>
<tbody>
<tr>
<td>CLMPs</td>
<td>Coal Loss Mitigation Provisions</td>
</tr>
<tr>
<td>CPI</td>
<td>Consumer Price Index</td>
</tr>
<tr>
<td>CQCN</td>
<td>Central Queensland Coal Network</td>
</tr>
<tr>
<td>CQCR</td>
<td>Central Queensland Coal Region</td>
</tr>
<tr>
<td>COQSCM</td>
<td>Central Queensland System Capacity Model</td>
</tr>
<tr>
<td>CRIMP</td>
<td>Coal Rail Infrastructure Master Plan</td>
</tr>
<tr>
<td>DAAU</td>
<td>Draft Amending Access Undertaking</td>
</tr>
<tr>
<td>DBCC</td>
<td>Dalrymple Bay Coal Chain</td>
</tr>
<tr>
<td>DBCT</td>
<td>Dalrymple Bay Coal Terminal</td>
</tr>
<tr>
<td>DCCCC</td>
<td>Dalrymple Bay Coal Chain Coordinator</td>
</tr>
<tr>
<td>DORC</td>
<td>Depreciated Optimised Replacement Cost</td>
</tr>
<tr>
<td>DSDIP</td>
<td>(former) Department of State Development, Infrastructure and Planning (Queensland)—now Department of State Development</td>
</tr>
<tr>
<td>DTP</td>
<td>Daily Train Plan</td>
</tr>
<tr>
<td>EC</td>
<td>Electric Energy Charge</td>
</tr>
<tr>
<td>egtk</td>
<td>electric gross tonne kilometre</td>
</tr>
<tr>
<td>ERA</td>
<td>Economic Regulation Authority of Western Australia</td>
</tr>
<tr>
<td>ESC</td>
<td>Essential Services Commission of Victoria</td>
</tr>
<tr>
<td>EUAA</td>
<td>End User Access Agreement</td>
</tr>
<tr>
<td>FTE</td>
<td>full-time equivalent</td>
</tr>
<tr>
<td>GAP</td>
<td>Goonyella to Abbot Point</td>
</tr>
<tr>
<td>GAPE</td>
<td>Goonyella to Abbot Point Expansion</td>
</tr>
<tr>
<td>GPC</td>
<td>Gladstone Ports Corporation</td>
</tr>
<tr>
<td>GRV</td>
<td>Gross Replacement Value</td>
</tr>
<tr>
<td>gtk</td>
<td>gross tonne kilometre</td>
</tr>
<tr>
<td>HPSCT</td>
<td>Hay Point Services Coal Terminal</td>
</tr>
<tr>
<td>HVCCC</td>
<td>Hunter Valley Coal Chain Coordinator</td>
</tr>
<tr>
<td>HVCN</td>
<td>Hunter Valley Coal Network</td>
</tr>
<tr>
<td>IAP</td>
<td>Indicative Access Proposal</td>
</tr>
<tr>
<td>IDC</td>
<td>Interest During Construction</td>
</tr>
<tr>
<td>IPART</td>
<td>Independent Pricing and Regulatory Tribunal</td>
</tr>
<tr>
<td>IRMP</td>
<td>Interface Risk Management Plan</td>
</tr>
<tr>
<td>ITP</td>
<td>Intermediate Train Plan</td>
</tr>
<tr>
<td>J</td>
<td>K</td>
</tr>
<tr>
<td>-----------</td>
<td>-----------</td>
</tr>
<tr>
<td>MAR</td>
<td>MCI</td>
</tr>
<tr>
<td>Maximum Allowable Revenue</td>
<td>Maintenance Cost Index</td>
</tr>
<tr>
<td>N</td>
<td>NAMS</td>
</tr>
<tr>
<td>Network Asset Management System</td>
<td>Newlands to Abbot Point</td>
</tr>
<tr>
<td>O</td>
<td>OLS</td>
</tr>
<tr>
<td>Ordinary Least Squares</td>
<td>Overall Track Condition Index</td>
</tr>
<tr>
<td>P</td>
<td>PCA</td>
</tr>
<tr>
<td>Provisional Capacity Allocation</td>
<td>Private Infrastructure Owner</td>
</tr>
<tr>
<td>Q</td>
<td>QCA</td>
</tr>
<tr>
<td>Queensland Competition Authority</td>
<td>Queensland Competition Authority Act 1997</td>
</tr>
</tbody>
</table>

19
| **QR** | Queensland Rail Limited |
| **QR Network** | the subsidiary of QR which was established in 2008 to own and manage the CQCN, now Aurizon Network |
| **QRC** | Queensland Resources Council |

**R**

| **RAB** | Regulatory Asset Base |
| **RCG** | Rail Capacity Group |
| **RFP** | Request For Proposals |
| **RSMBC** | RSM Bird Cameron |
| **RTCA** | Rio Tinto Coal Australia |
| **RTI** | *Right to Information Act 2009 (Qld)* |
| **Rtp** | Reference train path |

**S**

| **SAA** | the Standard Access Agreements set out in Volume 3 of the 2014 DAU |
| **SAR** | System Allowable Revenue |
| **SFA** | Study Funding Agreement |
| **SKM** | Jacobs SKM |
| **SOAA** | Standard Operator Access Agreement |
| **SOP** | System Operating Parameters |
| **SRCA** | Standard Rail Connection Agreement |
| **STP** | Strategic Train Plan |
| **SUFA** | Standard User Funding Agreement |

**T**

| **TAR** | Total Access Revenue |
| **TFL** | Transfer Facilities Licence |
| **TSE** | Train Service Entitlement |
| **TOA** | Train Operations Agreement |
| **TOD** | Train Operations Deed |

**U**

<p>| <strong>ULLS</strong> | Unconditioned local loop service |
| <strong>UT1</strong> | the period from 2001 to 2006, being the term of QR’s first access undertaking covering the CQCN |
| <strong>UT2</strong> | the period from 2006 to 2010, being the term of QR’s second access undertaking covering the CQCN |
| <strong>UT3</strong> | the period from 2010 to 2015, being the term of the 2010 Access Undertaking (as extended), being the third access undertaking covering the CQCN |
| <strong>UT4</strong> | the four-year period commencing 1 July 2013, being the proposed term of the 2014 Access Undertaking, which will be the fourth access undertaking covering the CQCN |
| <strong>UT5</strong> | the undertaking period following the conclusion of UT4, noting UT5 has yet to be proposed by Aurizon Network |</p>
<table>
<thead>
<tr>
<th>V</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>W</td>
<td></td>
</tr>
<tr>
<td>WACC</td>
<td>weighted average cost of capital</td>
</tr>
<tr>
<td>WAML</td>
<td>Weighted Average Mine Lives</td>
</tr>
<tr>
<td>WICET</td>
<td>Wiggins Island Coal Export Terminal</td>
</tr>
<tr>
<td>WIRP</td>
<td>Wiggins Island Rail Project</td>
</tr>
<tr>
<td>WPI</td>
<td>Wage Price Index</td>
</tr>
<tr>
<td>X</td>
<td></td>
</tr>
<tr>
<td>Y</td>
<td></td>
</tr>
<tr>
<td>Z</td>
<td></td>
</tr>
</tbody>
</table>
REFERENCES

General References

Anglo American 2012, Submission to the Queensland Competition Authority's Standard Rail Connection Agreement—Final Decision, December.


——2014 (b), Aurizon Business Update, October.

——2014 (c), Half Year Report—Analysts Presentation, February.


——2014 (e), Submission to the Competition Policy Review, June.


Aurizon Network 2010, Aurizon Network’s Access Undertaking, October

——2008, Coal Rail Infrastructure Master Plan (2008 CRIMP), October

——2009, Coal Rail Infrastructure Master Plan (2009 CRIMP), October

——2010, Coal Rail Infrastructure Master Plan (2010 CRIMP), October

——2011(a), Access conditions report WIRP, May.

——2011(b), Access conditions report WIRP, September.


——2013 (b), Aurizon Network’s Standard Rail Connection Agreement (as approved April 2013, April.
2013 (c), Submission in support of the Draft Amending Access Undertaking For Electric Traction Pricing in Blackwater (AT5), April.


2013 (e), Aurizon Network Financial Model, Excel spreadsheets submitted by Aurizon Network to the QCA, May.


2013 (i), Aurizon Network Financial Model, Excel Spreadsheets Submitted by Aurizon Network to the Queensland Competition Authority, December.


2014 (a), Proposed New Reference Tariffs for Middlemount to Dalrymple Bay Coal Terminal, April.

2014 (b), Management of Ballast and Asset Matters, Presentation to the QCA, June.

2014 (c), Explanatory Memorandum: Revenue Adjustment Amounts and Increments, September.

2014 (d), Aurizon Network’s Proposed Short Term Transfer Mechanism Discussion Paper, December.

2014 (e), Aurizon Network’s Proposed Short Term Transfer Mechanism Covering Letter, December.

2014 (f), Financial Statements 2013-14, August.

2014 (g), Proposed New Reference Tariff Train Services to Wiggins Island Coal Export Terminal, December.


2011, Powerlink Transmission Determination 2012-13 to 2016-17, Draft Decision, November.

2012, Powerlink Transmission Determination, Final Decision, April.


BHP Billiton Mitsubishi Alliance (BMA) and BHP Billiton Mitsui Coal (BMC) 2013, Submission on Northern Bowen Basin System Rules, September.

2014, 'NSW Energy Series: Coal industry outlook', speech presented by Dean Dalla Valle (President-Coal) at the CEDA Luncheon, Sydney, 4 April.


—–2013 (b), *CQCN Condition Based Assessment, Signal & Train Control System Preliminary Site Inspection Notes*, March.


—–2014 (c), *Response to stakeholder comments—Ballast Cleaning and Re Railing*, May.


Pearce, DC and Geddes, RS, *Statutory Interpretation in Australia* (7th Ed, 2011) [12.15]

Queensland Competition Authority (QCA) 2000 (a), *Statement of Regulatory Pricing Principles for the Water Sector*, December.


— 2007 (a), *Final Approval re: QR’s Proposed Schedule F Amendment*, June.


— 2010 (a), *Draft Decision: QR Network’s 2010 DAU – Tariffs and Schedule F*, June.


— 2012 (b), *Final Decision: Aurizon Network’s Standard Rail Connection Agreement*, December.


— 2012(e), *Final Decision: QR Network’s proposed alternative access charge for Colton to Barney Point Services*, March.


2014 (d), Letter to Aurizon Network regarding Approval of May 2014 Extension DAAU, June.

2014 (e), Decision: Reference Tariffs for Middlemount to DBCT, June.

2014 (f), Final Decision, Cost of debt estimation methodology, August.

2014 (g), Final Decision, Cost of capital: market parameters, August.


Queensland Department of State Development, Infrastructure and Planning (DSDIP) 2014, InfrastructureQ—Directions Statement, Brisbane, September, p. 15.


—2010 (b), *Application to the National Competition Council for a recommendation on the Effectiveness of an Access Regime*, June.


—2013 (a), *QRC submission to the QCA – GAPE DAAU*, May.

—2013 (b), Roche, M 2013, *The Importance of Good Policy and Effective Regulation, State of the Sector*, vol. 5, no. 3; September Quarter, September.

—2014 (a), *Speech Presented at the Bowen Basin Mining Club Luncheon Event by Michael Roche (Chief Executive), Moranbah, Qld, 27 March*.


—2014 (c), *2013 DAU, File note 22 May*, March.


Queensland Competition Authority (QCA)
Final Decision – Cost of capital: market parameters – August 2014


Anglo American 2013, *Queensland Competition Authority Pricing Papers, Submission to Queensland Competition Authority*, July.


Australian Competition Tribunal 2010 (a), *Application by Energex Limited (No 2) [2010] ACompT 7*, 13 October 2010.


——2012 (a), *Application by Envestra Ltd (No 2) [2012] ACompT 3*, 11 January.

——2012 (b), *Application by WA Gas Networks Pty Ltd (No 3) [2012] ACompT 12*, 8 June.
References

2012 (c), Application by DBNGP (WA) Transmission Pty Ltd (No 3) [2012] ACompT 14, 26 July.


2013 (b), *Consultation Paper: Rate of Return Guidelines*, May.


2013 (e), *Better Regulation Explanatory Statement: Rate of Return Guideline (Appendices)*, December.


Economic Regulation Authority Western Australia 2011, Final Decision on Proposed Revisions to the Access Arrangement for the Dampier to Bunbury Natural Gas Pipeline, October.

— 2013 (a), Rate of Return Guidelines: Meeting the Requirements of the National Gas Rules, 16 December.

— 2013 (b), Appendices to the Explanatory Statement for the Rate of Return Guidelines — Meeting the Requirements of the National Gas Rules, 16 December.


Incenta Economic Consulting 2013 (a), Term of the Risk Free Rate for the Cost of Equity, Report for the Energy Networks Association, June.


— 2004 (a), The Cost of Capital for Regulated Entities, Report for the Queensland Competition Authority, February.


——2012 (c), *The Risk Free Rate and the Market Risk Premium*, Report for the Queensland Competition Authority, 23 August.

—— 2012 (d), *The Estimated Utilisation Rate for Imputation Credits*, Report for the Queensland Competition Authority, 12 December.


——2013 (c), *Response to Submissions on the Risk-free Rate and the MRP*, Report for the Queensland Competition Authority, 22 October.


——2014 (a), *Review of Submissions to the QCA on the MRP, Risk-Free Rate and Gamma*, Report for the Queensland Competition Authority, 12 March.

——2014 (b), *The Relationship Between the Cost of Equity Capital Inclusive and Exclusive of Imputation Credits*, Capital Financial Consultants, 1 April.


—2013 (d), *Imputation Credits and Equity Prices and Returns*, Report for the Energy Networks Association, October.


2010 (a), *QR Network's 2010 DAU—Tariffs and Schedule F: Draft Decision*, June.


2012 (c), *Risk and the Form of Regulation - Discussion Paper*, November.


Queensland Competition Authority

References

---


---


---


---


---


---


---


---


---


---


---


---


——2013 (e), Response to the QCA Approach to Setting the Risk-free Rate, Report for Unitywater and Queensland Urban Utilities, 25 March.

——2013 (f), Updated Dividend Drop-off Estimate of Theta, Report for the Energy Networks Association, 7 June.

——2013 (g), Evidence on the Required Return on Equity from Independent Expert Reports, Report for the Energy Networks Association, 24 June.

——2013 (h), Using Market Data to Estimate the Equilibrium Value of Distributed Imputation Tax Credits, Report for the Energy Networks Association, 3 October.


——2014 (c), Estimating Gamma, Report for Aurizon Network, 6 March.


——2012b, Response to Professor Lally’s Analysis, Report for APT Petroleum Pipeline, APA GasNet (Australia) Operations and SPI Networks (Gas), 2 November.

Queensland Competition Authority

Final Decision - Cost of Debt estimation methodology - August 2014


Anglo American Metallurgical Coal Pty Ltd 2014, Submission to Queensland Competition Authority re: PwC’s Discussion Paper on Cost of Debt Methodology for Businesses Regulated by the Queensland Competition Authority, January.


Australian Competition Tribunal 2012 (a), Application by Envestra Limited (No 2) [2012] ACompT 4, 11 January 2012.

——2012 (b), Application by APT Allgas Energy Limited (No 2) [2012] ACompT 5, 11 January 2012.

——2012 (c), Application by WA Gas Networks Pty Ltd (No 3) [2012] ACompT 12, 8 June 2012.

——2012 (d), Application by DBNGP (WA) Transmission Pty Ltd (No 3) [2012] ACompT 14, 26 July 2012.


——2013 (a), Better Regulation: Rate of Return Guideline, December.

——2013 (b), Better Regulation: Explanatory Statement, Rate of Return Guideline, December.


Economic Regulation Authority Western Australia 2011 (a), Draft Decision on Proposed Revisions to the Access Arrangement for the Dampier to Bunbury Natural Gas Pipeline, March.

——2011 (b), Final Decision on Proposed Revisions to the Access Arrangement for the Dampier to Bunbury Natural Gas Pipeline, October.

——2013, Explanatory Statement for the Rate of Return Guideline - Meeting the requirements of the National Gas Rules, December.


——2014 (a), New Approach to Estimating the Cost of Debt—Use of the RBAs Corporate Credit Spreads, *Fact Sheet*, February.


——2014 (c), Essential Energy’s water and sewerage services in Broken Hill—Review of prices from 1 July 2014 to 30 June 2018, June.


——2013 (a), Cost of debt for SEQ distribution-retail water and wastewater entities, report prepared for the Queensland Competition Authority, February.

——2013 (b), A cost of debt methodology for businesses regulated by the Queensland Competition Authority, report prepared for the Queensland Competition Authority, June.

——2013 (c), Cost of capital for PR14: Methodological considerations, July.


Queensland Treasury Corporation 2014 (a), Submission to the Queensland Competition Authority re: PwC’s Discussion Paper on Cost of Debt Methodology for Businesses Regulated by the Queensland Competition Authority, January.

——2014 (b), Submission to the Queensland Competition Authority re: Trailing Average Cost of Debt *Issues Paper*, April.

Unitywater 2014 (a), Submission to Queensland Competition Authority re: PwC’s Discussion Paper on Cost of Debt Methodology for Businesses Regulated by the Queensland Competition Authority, April.

——2014 (b), Submission to Queensland Competition Authority re: Trailing Average Cost of Debt *Issues Paper*, April.