



George Passmore
Director Business Performance
Queensland Competition Authority
Level 27, 145 Ann Street
Brisbane QLD 4001

Aurizon Network 2019 Electric Traction DAAU

24 June 2019

Dear George,

We refer to Aurizon Network Pty Ltd's (**Aurizon Network**) 2019 Electric Traction Draft Amending Access Undertaking (**2019 DAAU**) submitted to the Queensland Competition Authority (**QCA**) on 17 May 2019.

Having reviewed the 2019 DAAU Aurizon Coal are supportive of the approach adopted in the proposal and recognise that it is consistent with the QCA's response to the 2018 AT5 DAAU published on 21 March 2019.

As previously submitted by Aurizon Coal, we are supportive of the socialisation mechanism to address the inefficient outcomes associated with the opportunities of switching traction type in both the Blackwater and Goonyella systems. However, Aurizon Coal wishes to reiterate its concern that the utilisation thresholds for both Blackwater and Goonyella are too low.

As noted in our submission on the 2018 AT5 DAAU dated 19 December 2019, whilst Aurizon Coal continues to support the proposed threshold levels in the 2017 DAAU, we accepted the lower threshold levels in the 2018 DAAU as reflecting a fair balance and addressing supply chain efficiency, as well as the risk of AT5 price distortion and asset stranding.

Aurizon Coal submits that the lower thresholds submitted in the 2019 DAAU pose significant risk to supply chain competition and the sustainability of electric traction associated with the ability of an individual producer (or operator) to make haulage decisions that erode the competitiveness of their competitors and existing investments.

If, in making its decision the QCA proposes to accept the utilisation threshold it suggested (and which Aurizon Network has adopted), it is requested that the QCA explain the basis for selecting that threshold, including making available any modelling used to justify the final threshold.

While Aurizon Coal is concerned that the thresholds should be higher, it is important for the supply chain that an Electric Traction DAAU is approved and the 2019 DAAU is in all other respects acceptable.

Kind regards,

A handwritten signature in black ink, appearing to read "m. murphy", with a small dot at the end.

Mariese Murphy
Manager Commercial Development & Integration, Coal Customers