

Our Ref: Paul Bilyk
Direct Line: 07 3222 0506
File Ref: 374157

23 May 2011

Mr Michael Carter
Chief Executive Officer
QR Network Pty Ltd
GPO Box 456
Brisbane QLD 4001

Dear Mr Carter

Electric Charge Endorsed Variation Event

On 21 February 2011, QR Network Pty Ltd (QR Network) submitted an endorsed variation event to the Authority, seeking approval to increase the Electric Charge (EC) reference tariff.

In reviewing the material presented by QR Network, the Authority was satisfied that, in accordance with clause 2.2 of Schedule F, Part A of QR Network's 2010 access undertaking:

- (a) the changes in the cost of electricity supply have occurred, or will occur, due to increases in amounts that have been, and will be, passed through by QR Network's electricity retailer for:
 - (i) environmental charges mandated by the Australian Government;
 - (ii) market fees paid to the Australian Energy Market Operator; and
 - (iii) metering and ambulance levy charges;
- (b) those changes have increased and are reasonably forecast to increase QR Network's EC reference tariffs by more than 2.5%; and
- (c) QR Network has correctly calculated the effect of the cost increases on the tariff.

On 19 May 2011, the Authority approved the application to vary the EC reference tariff. Accordingly, the new approved EC reference tariffs are \$0.77/000egtk for 2010-11, \$0.80/000egtk for 2011-12, and \$0.88/000egtk for 2012-13.

This letter constitutes a written notice for the purposes of clause 2.2.9 of Schedule F, Part A of QR Network's 2010 access undertaking. In accordance with that clause, the Authority requires that QR Network:

- (a) publish the details of the variation to the EC reference tariff on its website; and
- (b) advise access holders and access seekers, in respect of the relevant reference train services, of the variation to the EC reference tariff.

The Authority's investigation of the EC reference tariff application was hampered by QR Network's inability to provide the Authority with a copy of its contract with its electricity retailer. The Authority notes that QR Network has indicated that it will seek to ensure that future supply contracts are not subject to any restrictions which prevent them from being provided to the Authority on a confidential basis. This will be important because, while the Authority was willing and able to assess this EC tariff change application without the contract, that may not be true for future applications.

Any enquiries in relation to this matter should be directed to Leigh Spencer on 07 3222 0532.

Yours sincerely



EJ Hall
Chief Executive