

File Ref: 683221 ver 1

12 December 2013

Mr Alex Kummant
Chief Executive Officer
Aurizon Network Pty Ltd
GPO Box 456
Brisbane QLD 4001

Dear Mr Kummant

Aurizon Network's 2011-12 Regulatory Asset Base (RAB) Roll-Forward

On 12 December 2013, the QCA approved Aurizon Network's proposed 2011-12 RAB roll-forward application, as set out in **Attachment 1**.

In reaching this decision, the QCA reviewed Aurizon Network's submission, and considered that it was consistent with the requirements contained in clause 1.2 of Schedule A of the 2010 access undertaking, including that it:

- (a) provided information in the level of detail and format required by separately reporting the roll-forwards for individual coal systems and spur lines such as Rolleston and Minerva
- (b) included capital expenditure for 2011-12 of \$1.304 billion - consistent with that approved by the Authority in October 2013 which includes the Goonyella to Abbot Point expansion (GAPE) system assets.
- (c) calculated each component of the asset base roll-forward in accordance with the approach outlined in the access undertaking:
 - (1) *inflation* – using Brisbane CPI index of 0.92% for 2011-12
 - (2) *depreciation* – applying a straight-line depreciation approach using the QCA's endorsed asset lives; and
 - (3) *disposal and transfers* – specifying assets that were disposed of in 2011-12.

I note that clause 9.3.3 of the access undertaking requires Aurizon Network to publicly release an annual report of changes to its RAB within one month of receiving this notice of acceptance. This notice will be placed on the QCA's website at www.qca.org.au.

In addition, I also note that, while some GAPE assets have been included in the Newlands system RAB in this roll-forward, this is for reporting purposes only. The appropriate allocation of these assets, for the purposes of calculating reference tariffs for the term of the next access undertaking (UT4), will be considered by the QCA as part of the UT4 approval process.

Yours sincerely



Paul Bilyk

Director

Table 1: QR Network's revised 2011-12 RAB Roll-forward (\$ '000) –

	<i>Goonyella</i>	<i>Blackwater</i>	<i>Moura</i>	<i>Newlands (inc NAPE¹ & Byerwen NAPE)</i>	<i>Vermont</i>	<i>Minerva</i>	<i>Rolleston</i>	<i>GAPE² (inc GSE³ & Byerwen GAPE)</i>	<i>Total</i>
Non-Electric									
<i>Opening</i>	1,313,591	1,083,466	256,684	164,645	47,627	74,021	235,676	0	3,175,711
<i>Capex</i>	36,664	37,504	1,810	149,724	0	0	0	892,279	1,117,981
<i>Add: Inflation</i>	12,299	10,178	2,379	6,944	440	684	2,176	8,068	43,166
<i>Less: Depreciation</i>	62,522	48,326	9,400	8,726	2,747	3,197	12,350	0	147,268
<i>Closing</i>	1,300,032	1,082,823	251,472	312,586	45,320	71,507	225,503	900,346	4,189,589
Electric									
<i>Opening</i>	246,554	129,351			8,646				384,552
<i>Capex</i>	3,985	182,008			0				185,994
<i>Add: Inflation</i>	2,295	2,033			80				4,408
<i>Less: Depreciation</i>	19,080	21,787			499				41,366
<i>Closing</i>	233,754	291,605			8,228				533,587

Notes: 1 - NAPE – Newlands to Abbot Point Expansion
2 – GAPE – Goonyella to Abbott Point Expansion
3 – GSE - Goonyella system enhancements