

## STAKEHOLDER NOTICE

16 February 2023

### Aurizon Network's Resubmitted Concept Study DAAU — invitation for submissions

On 23 January 2023, the Queensland Competition Authority (QCA) received a draft amending access undertaking (the Resubmitted Concept Study DAAU) from Aurizon Network seeking to amend the process set out in the 2017 Access Undertaking (UT5) for identifying and resolving existing capacity deficits (ECDs) across the central Queensland coal network (CQCN).

Aurizon Network's Resubmitted Concept Study DAAU reflects proposed drafting amendments that were submitted by Aurizon Network in response to our preliminary view on Aurizon Network's original proposal.<sup>1</sup>

#### Statutory requirements

Under section 143(3) of the *Queensland Competition Authority Act 1997* (QCA Act), we may only approve a DAAU if (among other things) we have published the DAAU, invited submissions on it and considered any submissions received within the time provided.

We have published Aurizon Network's Resubmitted Concept Study DAAU on our website and invite submissions from interested parties. The closing date for submissions is 3 March 2023.

#### Our initial view

In considering all the information available to us<sup>2</sup>, our initial view is that we are minded to approve Aurizon Network's Resubmitted Concept Study DAAU.

The Resubmitted Concept Study DAAU has been developed in conjunction with end users and has largely been agreed between Aurizon Network and those users. We consider that Aurizon Network's Resubmitted Concept Study DAAU provides for processes that promote economically efficient investment in the CQCN and are in the interests of Aurizon Network, access holders and access seekers. This includes:

- retaining a process within UT5 for implementing effective and efficient arrangements to resolve ECDs identified across the CQCN
- providing for further expansion studies to be undertaken, and taken into consideration, when determining the transitional arrangements that will most efficiently and effectively resolve an ECD
- providing for Aurizon Network to recover the prudent and efficient costs of undertaking an expansion study where required under a UT5 process (regardless of whether that expansion proceeds) and so enabling Aurizon Network to recover the efficient costs of providing access to the service

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<sup>1</sup> Aurizon Network submitted its original proposal for amendments in June 2022. In August 2022, we released a preliminary view that we were minded to refuse to approve Aurizon Network's original proposal and that encouraged collaboration between stakeholders on further drafting amendments where opportunities to reach consensus arose.

<sup>2</sup> This includes information and submissions provided as part of our assessment process for considering the original proposal. Aurizon Network withdrew its original proposal on 23 January 2023.

- clarifying that a concept study required under clause 7A.5 should only include a prefeasibility study execution plan where this is necessary, which can reduce the expansion study costs for the relevant parties
- providing for the staged implementation of the transitional arrangements, whereby transitional arrangements may be implemented in the future and at different times, and so may enable investment in capacity of the CQCN to be more reflective of access holders' demand for the service
- providing for the independent expert to recommend, and for us to determine, not to address an ECD in full, or until certain conditions arise
- providing for the independent expert to propose an alternative solution to that being proposed by Aurizon Network, where it considers the alternative solution will most efficiently and effectively resolve an ECD
- providing for the independent expert to consider the most recent annual capacity assessment when making a recommendation in relation to which proposed transitional arrangements it considers will most effectively and efficiently resolve the ECD
- clarifying that the pricing principles to apply to an expansion undertaken to resolve an ECD are set out in Part 6 and Schedule F of UT5.

Aurizon Network's Resubmitted Concept Study DAAU only provides for fee-free relinquishments<sup>3</sup> where the relinquishment is offered prior to Aurizon Network's detailed report proposing transitional arrangements to address an ECD. This is consistent with the current arrangements in UT5. We consider these arrangements are appropriate, noting that the Resubmitted Concept Study DAAU does not prevent relinquishments by affected end users. We do not consider that Aurizon Network's proposed amendments necessarily provides for expansion projects to be progressed without demand for the additional capacity.

We also note that the process outlined in clause 7A.5 of Aurizon Network's Resubmitted Concept Study DAAU does not deal with the situation where an expansion creates less deliverable network capacity than expected (i.e. an expansion capacity deficit). We consider this is appropriate, as addressing an expansion capacity deficit is not the intention of this particular process.<sup>4</sup> We consider that clause 8.9.4 of UT5 is sufficient for addressing any such deficit resulting from a specific expansion.

## Time periods

In accordance with section 147A(2) of the QCA Act, we must use our best endeavours to decide whether to approve, or refuse to approve, a DAAU within six months from the day that is two weeks from the day the undertaking was given to us.

The six-month period does not include any of the following periods:

- a day in the period given by us for making submissions in relation to a DAAU or a related document
- day(s) agreed to, by the owner or operator of the service or the responsible person, as not being included in the six-month period.

The six-month period is scheduled to end on 22 August 2023. However, the end date may be extended to account for any future periods of time that are excluded from the statutory timeframe in accordance with section 147A of the QCA Act, including any further consultation periods.

An updated notice of time periods will be issued, detailing any changes to the stated timeframe for assessing Aurizon Network's Resubmitted Concept Study DAAU.

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<sup>3</sup> Fee-free relinquishments refers to a situation where an access holder is able to voluntarily relinquish access rights without paying the relinquishment fee.

<sup>4</sup> The process outlined in clause 7A.5 of UT5 sets out to identify and resolve capacity deficits across the CQCN.

## Submissions

**Closing date for submissions: 3 March 2023**

Public involvement is an important element of the decision-making processes of the Queensland Competition Authority (QCA). Therefore submissions are invited from interested parties concerning its assessment of Aurizon Network's Resubmitted Concept Study DAAU. The QCA will take account of all submissions received within the stated timeframes.

Submissions, comments or inquiries regarding Aurizon Network's Resubmitted Concept Study DAAU should be directed to:

Queensland Competition Authority  
GPO Box 2257  
Brisbane Q 4001

Tel (07) 3222 0555  
Fax (07) 3222 0599

[www.qca.org.au/submissions](http://www.qca.org.au/submissions)

### Confidentiality

In the interests of transparency and to promote informed discussion and consultation, the QCA intends to make all submissions publicly available. However, if a person making a submission believes that information in the submission is confidential, that person should claim confidentiality in respect of the document (or the relevant part of the document) at the time the submission is given to the QCA and state the basis for the confidentiality claim.

The assessment of confidentiality claims will be made by the QCA in accordance with the *Queensland Competition Authority Act 1997*, including an assessment of whether disclosure of the information would damage the person's commercial activities and considerations of the public interest.

Claims for confidentiality should be clearly noted on the front page of the submission. The relevant sections of the submission should also be marked as confidential, so that the remainder of the document can be made publicly available. It would also be appreciated if two versions of the submission (i.e. a complete version and another excising confidential information) could be provided.

A confidentiality claim template is available on our website. We encourage stakeholders to use this template when making confidentiality claims. The confidentiality claim template provides guidance on the type of information that would assist our assessment of claims for confidentiality.

### Public access to submissions

Subject to any confidentiality constraints, submissions will be available for public inspection at our Brisbane office, or on our website at [www.qca.org.au](http://www.qca.org.au). If you experience any difficulty gaining access to documents, please contact us on (07) 3222 0555.