



Mr Charles Millsted  
Chief Executive Officer  
Queensland Competition Authority  
Level 27, 145 Ann Street  
BRISBANE QLD 4000

**Aurizon Network Submission on Dr Lally's Review of the Australian Competition Tribunal's Gamma Decision**

22 August 2016

Dear Charles,

Aurizon Network welcomes the opportunity to provide a response to the Queensland Competition Authority (QCA)'s consultant - Dr Martin Lally, report on Gamma. The QCA requested Dr Lally to provide a response to the Australian Competition Tribunal (Tribunal)'s Gamma decision which instructed the Australian Energy Regulator (AER) to remake its decision.

Aurizon Network observes that Dr. Lally's current report restates most of the previous positions regarding the distribution and utilisation rate, including those rejected in the latest Tribunal decision.

Aurizon Network agrees with the Tribunal, which has decided on Gamma in two separate merits reviews, requiring that the Gamma estimation approach should be the market value of imputation credits and that a Gamma estimate of 0.25 is currently the best estimate. Aurizon Network considers that the QCA's continued application of Gamma of 0.47 is inconsistent with the pricing principles contained in Section 168A of the QCA Act.

The QCA has provided Aurizon Network with a Initial Undertaking Notice which requires the submission of a compulsory Draft Access Undertaking (DAU) to the QCA by the 9th of September 2016. Aurizon Network is currently preparing this DAU and Gamma is an important element to be considered. As a result, Aurizon Network will provide comments directly in the relation to the matter in the forthcoming DAU submission.

Should you have any queries in relation to this submission, please do not hesitate to contact Ron Huang at [networkregulation@aurizon.com.au](mailto:networkregulation@aurizon.com.au).

Yours sincerely,

A handwritten signature in black ink, appearing to read "Jon Windle", written over a horizontal line.

**Jon Windle**  
Vice President Regulation