

07 February 2023

Mr. George Passmore  
**Queensland Competition Authority**  
GPO Box 2257  
Brisbane Queensland 4001

Submitted via QCA's online submissions portal

Dear Mr Passmore

**Queensland Competition Authority Preliminary considerations- Aurizon Network GAPE and Newland Pricing Draft Amending Access Undertaking**

The Queensland Competition Authority (**QCA**) published its preliminary considerations of the GAPE and Newland pricing DAAU (**Preliminary Considerations**) on 15 December 2022 and invited stakeholders to provide written submissions. The QCoal Group (**QCoal**) welcomes the opportunity to make a submission on the Preliminary Considerations. We note that the QCA is minded to refuse to approve the GAPE and Newlands pricing DAAU. QCoal agrees with that approach.

QCoal makes the following observations on some elements of the QCA's Preliminary Considerations.

1. Revenue earned from commercial arrangements to be taken into consideration

The QCoal Group reiterates the position is stated in its submission dated 2 November 2022 that QCA should take into consideration revenue that Aurizon Network obtains from its commercial arrangements. To do otherwise is inconsistent with regulatory pricing principles and is inequitable.

2. Inclusion of deferred Newlands System Infrastructure Enhancement (NSIE) into the Newlands Reference Tariff

In light of the QCA's comments that it will not consider the revenue earned by Aurizon under the GAPE deeds in determining the amount of deferred NSIE to be included in the Newlands Reference tariff QCoal withdraws its support for the inclusion of the amount stated in the DAAU into the Newlands RAB and repeats and relies upon paragraph 24 of its submission dated 2 November 2022.

3. Inclusion of a NAPE System Premium

QCoal supports the QCA's position that a NAPE system premium is not appropriate. QCoal notes other stakeholder comments<sup>1</sup>, which support QCoal's submission in regard to the substantial asymmetry of information and lack of transparency. This asymmetry can and has led to misconceptions regarding both the NAPE and GAPE Deeds and the interrelationship between them. In these circumstances it is unlikely that matters related to commercial arrangements can

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<sup>1</sup> Stanmore sub, 6, p.1 and Queensland Resources Council sub 2, p. 2.

be appropriately dealt with outside the regulatory framework, as suggested in the Preliminary Considerations paper.

As stated in QCoal's submission, there is no basis for Aurizon to claim a NAPE System Premium.

4. Contract reference tariff

QCoal reiterates its position, as stated in its submission that a reference tariff, based upon forecast traffic and not contract volumes, is more appropriate and should be applied

5. Removal of Byerwen capitalised interest

QCoal notes the QCA's comment that "*in general it considers it appropriate Aurizon recover capitalisation foregone under the regulatory framework, ..... to compensate it for the deferral.*"<sup>2</sup>. As stated in QCoal's submission, Aurizon did not suffer any loss as a result of the deferral and was more than compensated for the deferral of the inclusion of the NSIE costs into the Newlands pricing RAB.

6. Allocation of asset replacement and renewals on the shared rail corridor.

QCoal supports the QCA's position to accept Aurizon's proposal to allocate asset replacement and renewal expenditure on the shared rail corridor according to the causation-based methodology. This matter has been extensively researched and the method proposed is one that determines cost apportionment rationally and equitably.

Yours sincerely,



Deborah Silver  
**Manager Infrastructure**

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<sup>2</sup> Queensland Competition Authority, Preliminary considerations GAPE and Newlands Pricing DAAU 15 December 2022, p,11