



AUSTRALIAN ENERGY
REGULATOR

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Our Ref: M2005/281-02
Contact Officer: Paul Dunn
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17 December 2008

Mr Michael Carter,
Executive General Manager,
QR Network Pty Ltd,
GPO Box 1429,
Brisbane, QLD, 4001

Dear Mr Carter,

Full Exemption - QR Networks

Thank you for your correspondence requesting full exemption for QR Networks, from the requirement to register as a network service provider and the operation of Chapter 5 of the National Electricity Rules.

On 17 December 2008, the Australian Energy Regulator decided to grant an exemption under clause 2.5.1 of the National Electricity Rules, subject to conditions for QR Networks. Please note the exemption is personal to QR Networks and does not apply to any other person that owns, controls or operates the network at the time of the decision or in the future.

The decision is set out at Attachment A to this letter.

Should you have any queries in relation to this letter, please contact Mr Paul Dunn on (03) 9290 1426.

Yours sincerely

A handwritten signature in blue ink, appearing to read 'Chris Pattas', is written over a faint, larger version of the same signature.

Chris Pattas
General Manager
Network Regulation South

NETWORK SERVICE PROVIDER EXEMPTION

QR NETWORK PTY LTD

NOTICE OF DECISION TO GRANT EXEMPTION

I, Michelle Groves, in accordance with a delegation made by the Australian Energy Regulator ('AER'), on 17 December 2008, decided pursuant to:

- (a) section 6 of the *Electricity – National Scheme (Queensland) Act 1997* (Qld);
- (b) section 13 of the National Electricity (Queensland) Law ("NEL"); and
- (c) clause 2.5.1 of the National Electricity Rules ("NER").

to grant QR Network Pty Ltd ("Applicant") an exemption ("Exemption") from:

- (d) the requirement to register as a Network Service Provider ("NSP"); and
- (e) the operation of Chapter 5 of the NER,

subject to the following conditions set out in this notice.

Specified distribution system

1. The Exemption is limited to the network specified in the Applicant's submission made to the AER dated 27 October 2008.

Note: In effect, the Exemption applies to the Network that is operated by the Applicant, defined as parts wholly contained within premises owned by QR Networks and adjoining third party owned electric overhead infrastructure that either forms part of Rail Transport Infrastructure, or is part of Other Rail Infrastructure; as defined within the Transport Infrastructure Act 1994 where the supply of electricity is controlled by QR Networks.

Licence

2. The Applicant must comply with any law of the State of Queensland requiring the Applicant to be authorised to own and/or control the network.

Note: The AER understands QR Networks holds a specific exemption under the Queensland Electricity Act from the requirement to be licensed as a retailer and distributor of electricity. QR Networks undertakes the supply and sale of electricity to operators of electric trains under an Access Agreement approved by the Queensland Competition Authority (QCA).

Maintenance and technical standards

3. The Applicant must maintain the network at least to the standards specified in

accordance with the Access and Performance Standards prescribed in the Connection and Access Arrangements.

Note 1: QR Network has an Entity Safety Management System (ESMS) as required by legislation. QR Networks ESMS is required to comply with Section 66 of the Electrical Safety Act 2002. QR Network is also required to maintain and operate the relevant network in accordance with the Access and Performance Standards prescribed in the Connection and Access Arrangements.

Note 2: For the avoidance of doubt, conditions 9(b) and 9(c) apply to the interpretation of condition 3.

Connection

4. The Applicant shall allow access to their network on reasonable commercial terms to be negotiated with any party seeking access.

Commencement and expiry

5. The Exemption takes effect on and from 17 December 2008.
6. If the Applicant becomes aware that any condition of this Exemption is not satisfied, the Applicant must promptly (and, in any event, within one month) notify the AER.
7. The Exemption terminates on the date that:
 - (a) the Applicant is dissolved;
 - (b) the Applicant fails to satisfy condition 2 and/or 3;
 - (c) the AER decides to repeal the Exemption in accordance with condition 8.
8. The AER may decide to amend or repeal the Exemption. The decision to repeal the Exemption is exercisable in the same way, and subject to the same conditions, as the decision to grant the Exemption.

Note: For example, the AER may decide to repeal the Exemption in the event that condition 2, 3 or 6 to the Exemption is not satisfied, or if there is a material change to the persons connected to the network. The AER may also decide to amend or repeal the Exemption should the status of the QR Network change.

Interpretation

9. In this Exemption, unless the contrary intention appears, a reference to:
 - (a) a statute, regulation, rule or other law includes regulations and other instruments made under it and consolidations, amendments, re-enactments or replacements of any of them;
 - (b) an agreement or a provision of an agreement includes an amendment or supplement to, or replacement or novation of, that agreement or that Provision of that agreement;

- (c) except in relation to references to the Applicant, a particular person includes a reference to the person's successors, substitutes (including persons taking by novation) and assigns.

Note: The Exemption is personal to the Applicant, and does not apply to any other person that owns, controls or operates the network at the time of the decision or in the future.

Michelle Groves
Delegate of the Australian Energy Regulator
DATED: 17 December 2008