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## **Aurizon Network - FY23 Minerva Adjustment Charge Submission**

17 April 2023

Aurizon Network submits its FY23 Minerva Adjustment Charge submission in accordance with Clause 6.2(a) of Schedule F to the 2017 Access Undertaking (**UT5**).

On 16 February 2023, the Queensland Competition Authority (**QCA**) approved Aurizon Network's Minerva Draft Amending Access Undertaking (**Minerva DAAU**), which proposed new track infrastructure charges for the Blackwater System for the financial year ending 30 June 2023 (**FY23**).

The approved Minerva DAAU applies for the full financial year but takes effect from 1 January 2023. As a result, this FY23 Minerva Adjustment Charge submission is required to reconcile the Access Charges paid or payable against the Access Charges that would have been paid or payable by each affected Access Holder in respect of the Minerva DAAU for the period of 1 January to 28 February 2023.

For transparency, Aurizon Network provided extracts of its financial model (in a form compliant with its ringfencing obligations) to affected Access Holders in advance of this submission. Aurizon Network received:

- responses from five Access Holders confirming their agreement with Aurizon Network's calculations; and
- no objections from the remaining six Access Holders.

Copies of the relevant email correspondence have been provided to the QCA within Appendix A of this submission.

Upon QCA approval of this submission, the FY23 Minerva Adjustment Charge will be reimbursed to affected Access Holders, concurrent with the invoicing of Access Charges for the month in which the QCA's approval is provided.

Aurizon Network confirms that this submission is suitable for publication. Aurizon Network claims confidentiality over the supporting financial model and the correspondence within Appendix A as these contain confidential information of affected Access Holders which is not suitable for publication. Should you have any queries in relation to this submission please do not hesitate to contact Ian Parkinson: [ian.Parkinson@aurizon.com.au](mailto:ian.Parkinson@aurizon.com.au).

Yours sincerely,

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

Jon Windle  
Manager - Regulation

# Aurizon Network: FY23 Minerva Adjustment Charge Submission

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17 April 2023



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# 1. Executive Summary

Aurizon Network's 2017 Access Undertaking (**UT5**) allows for the recovery of allowable revenues related to the Regulatory Asset Base (**RAB**) through the Blackwater System Reference Tariff (**Tariff**).

On 20 October 2022, Aurizon Network submitted a Draft Amending Access Undertaking (**Minerva DAAU**) to the Queensland Competition Authority (**QCA**), seeking approval of a new Tariff for the Financial Year ending 30 June 2023 (**FY23**).

On 16 February 2023, the Minerva DAAU was approved by the QCA and resulted in a decrease in the approved Blackwater Tariff for the period 1 January 2023 to 30 June 2023.

Aurizon Network confirms that between 1 January 2023 and 28 February 2023, Access Charges have been calculated using a Blackwater Tariff for AT3 of \$7.15 (per thousand Net Tonne Kilometres (**ntk'000**)) and for AT4 of \$2.56 (per Net Tonne (**nt**)). For Train Services using the Nominated Loading Facility of Meteor Downs South (**MDS**), Access Charges have been calculated using an AT3 Tariff of \$4.97 (per ntk'000) and an AT4 Tariff of \$1.67 (per nt). For Train Services using the Nominated Unloading Facility of Stanwell Power Station, a System Discount of \$2.60 (per ntk'000) has been calculated. These tariffs were approved by the QCA in their 26 May 2022 decision on the FY23 Annual review of Reference Tariffs.

With the QCA's decision to approve the Minerva DAAU, from 1 January 2023 the applicable Blackwater Tariff has decreased for AT3 to \$6.94 per ntk'000 and for AT4 to \$2.49 per nt. For Train Services using the Nominated Loading Facility of MDS, Tariffs have decreased for AT3 to \$4.77 per ntk'000 and for AT4 to \$1.60 per nt. For Train Services using the Nominated Unloading Facility of Stanwell Power Station, the System Discount has decreased to \$2.53 (per ntk'000) All Tariffs specifically related to the Nominated Loading Facility of Minerva are removed.

Please note that the approved changes to the Blackwater System Reference Tariff also results in a minor adjustment to the reference tariffs for Goonyella Cross System Train Services. The impacts are outlined in Table 1 below.

Consequently, Aurizon Network submits to the QCA its FY23 Minerva Adjustment Charge submission in accordance with Clause 6.2(a) of Schedule F of UT5 (**Minerva Adjustment Charge Submission**). The Minerva Adjustment Charge Submission will reconcile the Access Charges paid or payable against the Access Charges that would have been paid or payable to each Access Holder in respect of the Minerva DAAU.

For the period 1 March 2023 to 30 June 2023, Access Charges will be determined using the FY23 Blackwater Tariff approved as part of the Minerva DAAU.

This submission details the methodology, data and assumptions used to determine the FY23 Minerva Adjustment Charge.

Aurizon Network seeks QCA approval of a net reimbursement of Adjustment Charges totalling \$971,715 including interest<sup>1</sup> to affected Access Holders in accordance with Clause 6.2(b)(iii) of Schedule F of UT5 Access Undertaking.

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<sup>1</sup> \$964,162 excluding interest.

## 2. Schedule F Provisions

UT5 Schedule F clause 6.1 provides that an adjustment charge is payable where there is a difference between the:

- Actual Access Charges paid by an affected Access Holder (**Actual Access Charges**) and
- Access Charges that would have been paid by that Access Holder detailed within the approved Schedule F (**Final Access Charges**).

Any difference between Actual Access Charges and Final Access Charges, is to be reimbursed or recovered from affected Access Holders through an Adjustment Charge.

Furthermore, UT5 Schedule F, clause 6.1 (a) requires that Aurizon Network must submit to the QCA proposed Adjustment Charges if:

*“(i) this Undertaking specifies that a Reference Tariff is applicable or effective from a date prior to the date on which that Reference Tariff was approved by the QCA: or*

*“(ii) a variation of a Reference Tariff (including a variation approved under clause 5) is applicable or effective from a date prior to the date on which the variation was approved by the QCA,”*

Where Aurizon Network submits a proposed Adjustment Charge to the QCA, UT5 Schedule F, clause 6.2 (b)(i) requires that the submission must:

*“(A) identify, subject to clause 6.3(a), the Access Holders (or, if applicable, Train Operator) in respect of whom the proposed Adjustment Charges are to be applied;*

*“(B) set out the proposed Adjustment Charges for each Access Holder (or, if applicable, Train Operator) including details of how those proposed Adjustment Charges were calculated.”*

*“(C) indicate the Billing Period(s) in respect of which the proposed Adjustment Charges are to be applied; and*

*“(D) if applicable, how the proposed Adjustment Charges are to be allocated for the purposes of calculations under clause 4.3.”*

The scope of the Adjustment Charges provisions relate to the following components of Access Charges:

- Access Charges for track infrastructure (**AT1-4**);
- Access Charges for electric infrastructure (**AT5**);
- Electric Energy Charge (**EC**);
- QCA Levy; and
- IE Pass Through Costs (**IE**).

The proposed FY23 Minerva Adjustment Charge for each system to be reimbursed to affected Access Holders for the period 1 January 2023 to 28 February 2023 are summarised in the following Table.

**Table 1. Proposed FY23 Minerva Adjustment Charge (\$)**

System	AT <sub>3</sub>	AT <sub>4</sub>	Interest	Total (\$)
Blackwater	483,398	460,769	7,394	951,561
Goonyella	19,995	-	160	20,155
<b>Total Adjustment Charge</b>	<b>503,393</b>	<b>460,769</b>	<b>7,554</b>	<b>971,175</b>

- Numbers subject to rounding

- Minor Goonyella Adjustment Charge due to the pricing impact on Cross System Train Services

Extracts of the financial model have been provided separately to affected Access Holders in advance of this submission and in a form compliant with Aurizon Network's ringfencing obligations. Refer to Appendix A for copies of the email correspondence received from affected Access Holders' in relation to the FY23 Minerva Adjustment Charge calculation.

In addition, a detailed financial model has been prepared by Aurizon Network and provided to the QCA in electronic form in support of this submission.

Aurizon Network maintains that both Appendix A and the financial model, contains confidential information of affected Access Holders and is not suitable for publication. Aurizon Network claims confidentiality over this information, in accordance with s187 of the Queensland Competition Authority Act 1997 (**QCA Act**).

For stakeholder clarity, the financial model includes:

- calculations supporting the FY23 Minerva Adjustment Charge for each applicable system and Access Holder, being the difference between Actual Access Charges and Final Access Charges;
- extracts from Aurizon Network's billing system detailing the Actual Access Charges including how Adjustment Charges are to be allocated for the purposes of calculations under UT5 Schedule F clause 4.3; and
- interest calculations by month and Access Holder.

### 3. Calculation of Adjustment Charge

UT5 Schedule F, clauses 6.1(a) and 6.1(b) stipulate the methodology by which Aurizon Network must calculate the Adjustment Charge and either:

- recover these amounts from; or
- reimburse to (as applicable),

each relevant Access Holder.

The methodology is based on the differences between actual Access Charges and the Access Charges that would have been paid or payable had they been calculated in accordance with the approved Reference Tariffs from the Effective Date for each system and the interest calculated on the total differences.

#### 3.1 Difference between Actual and Final Access Charges

The actual and final Access Charges paid or payable by affected Access Holders for individual Train Services are outlined in detail within the financial model provided to the QCA.

#### 3.2 Interest

In accordance with UT5 Schedule F clause 6.1(b), the following key assumptions have been adopted in the calculation of the interest amounts applicable to the Adjustment Charge:

- Interest has been calculated by reference to the Adjustment Amount for each month for each individual Train Service (origin/destination pair);
- Actual interest rates have been used for the period until the end of February. At this stage, the February interest rate has been applied from 1 March 2023 up until the assumed payment date of 31 May 2023. Any change in interest rates up to the QCA approval date of the Adjustment Charge will be reflected in the final Adjustment Charge paid / payable;
- The interest for each individual Train Service accrues day by day, then compounds on a month-by-month basis;
- Rates are the mid-point Bank Bill Swap Rates published by the Australian Financial Markets Association for the relevant business day immediately prior to the 21st of each month;
- Due dates are based on the due dates of the actual monthly billing invoices;
- Interest has been calculated assuming QCA approval and subsequent collection / payment of amounts due / payable by 31 May 2023.

The total value of the interest calculated per applicable system is summarised in Table 2.

**Table 2. Adjustment Charge - Interest Calculation (\$)**

System	Interest
Blackwater	7,394
Goonyella	160
<b>Total Interest</b>	<b>7,554</b>

- Numbers subject to rounding

- Minor Goonyella Adjustment Charge due to Cross System Train Services

### 3.3 Adjustment Charge – by System

The total Adjustment Charge inclusive of interest are summarised for each applicable system in Table 3 below.

**Table 3. Proposed FY23 Minerva Adjustment Charges by Applicable System including interest (\$)**

System	Adjustment Charge (incl interest)
Blackwater	951,561
Goonyella	20,155
<b>Total Adjustment Charge (incl interest)</b>	<b>971,715</b>

- Numbers subject to rounding

- Minor Goonyella Adjustment Charge due to Cross System Train Services

The total Adjustment Charge, inclusive of interest by Access Holder is outlined in the models submitted to the QCA.

### 3.4 Reimbursement to Access Holders

Upon approval by the QCA, the FY23 Minerva Adjustment Charge will be reimbursed to affected Access Holders, concurrent with the invoicing of Access Charges for the month in which the QCA's approval is received.



## **Appendix A – Confidential – Correspondence with Access Holders**

Appendix A has been supplied separately to the QCA. It includes copies of correspondence with Access Holders in relation to their respective FY23 Minerva Adjustment Charge calculations.