



Ms Ann Jones  
Director Business Performance  
Queensland Competition Authority  
Level 27, 145 Ann Street  
Brisbane QLD 4001

## **Aurizon Network – Adjustment Charges – Infrastructure Rebates and GAPE RCS DAAU**

20 December 2024

Dear Ann,

This submission is made following the Queensland Competition Authority's (**QCA**) decision (on 24 October 2024) to approve Aurizon Network's September 2024 Infrastructure rebates and GAPE RCS Draft Amending Access Undertaking.

In accordance with Clause 6.2(a) of Schedule F to the 2017 Access Undertaking (**UT5**), Aurizon Network welcomes the opportunity to submit its proposed Adjustment Charges to the QCA for approval. The accompanying submission details the methodology and factors relevant to the calculation of Adjustment Charges for affected Goonyella and GAPE Access Holders.

Prior to making this submission, Aurizon Network engaged with each affected Access Holder; all of whom have confirmed their acceptance of the relevant Adjustment Charges.

Aurizon Network has provided the following supporting information to QCA staff:

- › copies of correspondence with individual Access Holders; and
- › a detailed financial model relating to the Adjustment Charge calculations.


As this supporting information is specific to individual affected Access Holders, Aurizon Network requests that this be treated as Confidential Information in accordance with the relevant provisions of the *Queensland Competition Authority Act 1997* (Qld).

Should you have any queries in relation to this submission, please do not hesitate to contact Michael Bray on [michael.bray@aurizon.com.au](mailto:michael.bray@aurizon.com.au).

Yours sincerely,

A handwritten signature in black ink, appearing to read "A Eshman", written over a white background.

Adrian Eshman  
A / Head of Finance and Regulation  
Aurizon Network Pty Ltd



**Aurizon Network**  
**2017 Access Undertaking**  
**Adjustment Charges – Rebates and GAPE RCS DAAU**

**December 2024**

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# 1. Executive Summary

## 1.1 Overview

This submission is provided to the Queensland Competition Authority (QCA) in accordance with Schedule F, clause 6.2(a) of the 2017 Access Undertaking (UT5). It sets out the methodology, data and assumptions that have been used to calculate the Adjustment Charges required as a result of the QCA's decision on the Infrastructure rebates and GAPE Remote Control Signalling (RCS) Draft Amending Access Undertaking (DAAU).

All capitalised terms which are not otherwise defined in this document have the meaning given to them in Aurizon Network's approved 2017 Access Undertaking.

The DAAU was approved by the QCA on 24 October 2024, and has the effect of varying the FY2025 Reference Tariffs applicable to Goonyella and GAPE Train Services.

The approved Reference Tariffs have an Effective Date of 1 July 2024. Consequently, this Adjustment Charge Submission reconciles (for the period 1 July 2024 to 31 October 2024) the Access Charges paid or payable against the Access Charges that would have been paid or payable by each Access Holder in respect of the DAAU.

In November 2024, Aurizon Network wrote to the affected Access Holders, providing detailed calculations of the Adjustment Amount(s) that are relevant to them. Responses were received from all affected Access Holders, confirming their acceptance of Aurizon Network's calculations.

## 1.2 Adjustment Charges

In accordance with Clause 6.2(b)(iii) of Schedule F to UT5, Aurizon Network seeks QCA approval of the Adjustment Charges (inclusive of interest<sup>1</sup>) outlined in Table 1 below.

**Table 1 Adjustment Charges – FY2025**

System	Total (\$m) (including Interest)
Goonyella	(4.25)
GAPE	1.00
<b>Total Adjustment Charges</b>	<b>(3.26)</b>

For clarity, these amounts represent:

- a net payment to affected Goonyella System Access Holders; and
- a net recovery from affected GAPE Access Holders.

<sup>1</sup> Adjustment Charge calculations are inclusive of interest and require the approval of the QCA before Access Holders can be invoiced. Interest has been estimated, assuming a collection / payment date of 28 February 2025. Final interest may vary to reflect the actual date of QCA approval of this submission.

## 2. Regulatory Provisions

### 2.1 Overview of the Regulatory Process

Clause 6.1(a) of Schedule F to UT5 requires that Aurizon Network submit proposed Adjustment Charges to the QCA 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,”*

The amount of the adjustment reflects the 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, had they been calculated using the approved or varied Reference Tariffs from the Effective Date (**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.

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 Charge provisions relate to all components of Access Charges, including:

- 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**).

## 3. Calculation of Adjustment Charges

### 3.1 Methodology

Clauses 6.1(a) and 6.1(b) of Schedule F to UT5 outline the methodology by which Aurizon Network must calculate Adjustment Charges and either:

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

each relevant Access Holder.

In order to calculate the Adjustment Charges relevant to each individual Access Holder, Aurizon Network must calculate:

- the difference 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; plus
- interest calculated on the total difference.

### 3.2 Relevant Reference Tariffs

The System Reference Tariffs used to calculate Actual Access Charges and Final Access Charges are outlined in Table 2 below. The Reference Tariffs that have been varied are highlighted in the shaded cells.

**Table 2 System Reference Tariffs relevant to Adjustment Charge Calculations**

Reference Tariff	AT4		AT5	
	Previous	Approved	Previous	Approved
GAPE	3.39	3.56	--	--
<b>Goonyella</b>				
South Walker	1.60	1.50	2.90	2.73
Hail Creek	1.60	0.45	2.90	2.90
Isaac Plains	1.60	0.53	2.90	2.48

### 3.3 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);
- At this stage, the interest rate has been applied from 1 July 2024 up until the assumed collection / payment date of 28 February 2025. 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. Actual interest rates have been used for the period until the end of October 2024. The 18 October 2024 BBSW rate has been used for the period 1 November 2024 to 28 February 2025;
- Due dates are based on the due dates of the actual monthly billing invoices; and
- Interest has been calculated assuming QCA approval and subsequent collection / payment of amounts due / payable by 28 February 2025.

### 3.4 Adjustment Charge by Coal System

The proposed FY2025 Adjustment Charges to be returned to or recovered from affected Access Holders in the Goonyella System and GAPE for the period 1 July 2024 to 31 October 2024 are summarised in Table 3 below.

**Table 3 Proposed FY2025 Adjustment Charge (\$m)**

System	AT <sub>1-4</sub>	AT <sub>5</sub>	EC	QCA Levy	IE	Interest	Total
Goonyella	(4.05)	(0.13)	--	--	--	(0.07)	<b>(4.25)</b>
GAPE	0.98	--	--	--	--	0.02	<b>1.00</b>
<b>Total</b>	<b>(3.07)</b>	<b>(0.13)</b>	--	--	--	<b>(0.06)</b>	<b>(3.26)</b>

- Numbers subject to rounding

- Positive amounts are a recovery from Access Holders and negative amounts are a return to Access Holders

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 Holder's in relation to the 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 the 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 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.

### **3.5 Recovery from Access Holders**

Upon approval of this Adjustment Charge submission by the QCA, the FY2025 Adjustment Charge will be returned to or recovered from affected Access Holders (as applicable), concurrent with the invoicing of Access Charges for the month in which the QCA's approval is received.



## **Appendix 1: Confidential – Correspondence with Access Holders**

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