

**Aurizon Network
2017 Access Undertaking
Review of Reference Tariffs - FY2026**

February 2025



Table of Contents

1.	Executive Summary	3
2.	Introduction	6
3.	System Forecasts	9
4.	Proposed Allowable Revenue Adjustments.....	12
5.	Other Relevant Pricing Matters.....	17
6.	Proposed Allowable Revenues and Reference Tariffs	21
	Appendix 1: Allowable Revenue Waterfall Charts.....	23
	Appendix 2: Amended 2017 Access Undertaking (clean).....	28
	Appendix 3: Amended 2017 Access Undertaking (mark-up)	29
	Appendix 4: Maintenance and Renewal Strategy and Budget.....	30
	Appendix 5: Indicative impact of the Bauhinia DAAU	31

1. Executive Summary

1.1 Overview

This submission is provided to the Queensland Competition Authority (QCA) in accordance with Schedule F, clause 4 of the 2017 Access Undertaking (UT5). It sets out the methodology, data and assumptions that have been used to review Allowable Revenues and Reference Tariffs for each Coal System.

The proposed System Forecasts, Allowable Revenues and Reference Tariffs for the Financial Year ending 30 June 2026 (FY2026) are summarised below. Please note that numbers within the tables included within this submission may not add due to rounding.

1.2 System Forecasts

Aurizon Network proposes to update System Forecasts for each Coal System in the Central Queensland Coal Network (CQCN). The proposed System Forecasts were developed following consultation with Customers.

In November 2024, Aurizon Network wrote to Customers requesting that they:

- review railings data pertaining to their respective Origin / Destination pairings; and
- provide, via return email, their own coal tonnage forecasts for FY2026.

Aurizon Network received responses from coal producers representing approximately 70% of contracted tonnage for the CQCN. Where Customers provided a volume forecast for their individual Origin / Destination pairings, Aurizon Network assessed those forecasts against both the relevant contract volume and an annualised volume forecast based on actual railings for the FY2025 year to date (YTD) (i.e. between July 2024 to February 2025).

The proposed System Forecasts for FY2026 reflect the aggregate of all Origin / Destination pairings in each Coal System. These are summarised in Table 1 below as both million Net Tonnes (mnt) and thousand Gross Tonne Kilometres (GTK'000).

Table 1 Proposed System Forecasts - FY2026

System	FY2025 Forecast	Proposed Forecast - FY2026	
	Million Net Tonnes	Million Net Tonnes	GTK'000
Blackwater	58.6	58.8	33,615,781
Goonyella	107.1	109.2	34,644,926
Moura	14.8	14.8	3,803,347
Newlands	19.5	20.8	4,640,004
GAPE	16.7	17.4	8,959,821
Total	216.7	221.0	85,663,878

The methodology used to arrive at the proposed System Forecasts is outlined in further detail in Section 3 of this submission.

1.3 Allowable Revenue

Aurizon Network has proposed adjustments to FY2026 Allowable Revenue inputs to reflect a range of matters, including:

- recent regulatory determinations;
- outcomes of the Maintenance and Renewal Strategy and Budget engagement with the Rail Industry Group (RIG); and
- latest pricing advice from third parties, including the QCA, electricity retailers, electrical transmission and distribution entities and the Independent Expert (IE).

The proposed Allowable Revenue for the CQCN are summarised in Table 2 below.

Table 2 Proposed Allowable Revenues - FY2026

System	AT1 (\$m)	AT2-4 (\$m)	AT5* (\$m)	Total (\$m)
Blackwater	36.7	455.4	98.2	590.3
Goonyella	26.5	402.6	93.6	522.7
Moura	7.8	60.3	--	68.1
Newlands	9.9	43.8	--	53.6
GAPE	15.3	144.7	--	160.0
Total	96.1	1,106.9	191.8	1,394.8

* At the time of drafting, Aurizon Network had not yet received the annual pricing notification from Distribution Entities and/or Transmission Entities. The notification is typically received in March and can impact the Electric Operating Expenditure Allowance. Aurizon Network may seek a further variation to the AT5 Allowable Revenue where such a change constitutes an Endorsed Variation Event.

A discussion of the respective Allowable Revenue adjustments applicable to each system is provided in Sections 4 and 5 of this submission.

1.4 Reference Tariffs

The combination of the proposed System Forecasts and proposed Allowable Revenues results in the following updated Reference Tariffs for the CQCN.

Table 3 Proposed Reference Tariffs - FY2026

	AT1	AT2	AT3	AT4	AT5	EC	QCA Levy	IE Pass Through Cost
Blackwater	1.10	2,710.08	10.57	3.45	4.04	1.24	0.0045	0.0213
Goonyella	0.76	1,716.99	8.69	1.79	2.84	1.24	0.0045	0.0213
Moura	2.04	802.65	11.98	1.92	--	--	0.0045	0.0213
Newlands	2.12	362.95	8.04	1.12	--	--	0.0045	0.0213
GAPE	1.71	15,464.32	1.39	3.41	--	--	0.0045	0.0213

Subject to QCA approval, Aurizon Network proposes that the Reference Tariffs outlined in Table 3 above be applicable from 1 July 2025.

It should be noted that:

- the QCA has not yet announced its forecast fees for FY2026. As a result, Aurizon Network proposes an indicative QCA Levy that reflects the QCA's forecast fees for FY2025. Aurizon Network may seek a further variation to the QCA Levy once the QCA's fees for FY2026 have been announced;
- the proposed IE Pass Through Cost has been updated to reflect the IE's estimate of its FY2026 charges, which were notified to Aurizon Network on 12 February 2025; and
- both Reference Tariffs have been calculated having regard to the proposed updated FY2026 System Forecasts outlined in this submission.

Aurizon Network is not, at this stage, seeking any amendment to the electric energy (**EC**) charge for FY2026. Aurizon Network will submit updated EC tariffs in May 2025, reflecting the forward purchases made at that date.

2. Introduction

2.1 Overview of the Regulatory Process

Schedule F to UT5 provides:

- Allowable Revenues;
- System Forecasts; and
- Reference Tariffs,

for each Coal System and for each year until FY2027.

Reference Tariffs are an essential element of UT5 as they are used to determine the Access Charges payable to Aurizon Network for the provision of the declared service. They are derived directly from the Allowable Revenues and System Forecasts that are applicable to each Coal System.

Both the Allowable Revenues and System Forecasts are based on a number of assumptions made at a point in time. To ensure that the Reference Tariffs applicable to each Coal System for each year remain efficient and cost reflective, UT5 provides a process through which Aurizon Network can seek QCA approval to update a defined number of assumptions to reflect the latest available information. This process is the Annual review of Reference Tariffs.

Schedule F, Clause 4 outlines all matters relevant to the Annual review of Review Tariffs, including the variations to Allowable Revenue that Aurizon Network may submit to the QCA. Aurizon Network must submit these variations to the QCA by 28 February of each Year during the Term.

A summary of each of the adjustments proposed by Aurizon Network in this submission is outlined in Table 4 below.

Table 4 Proposed adjustments impacting Allowable Revenues and Reference Tariffs

Adjustment	Clause Reference ¹	Description
Revenue Adjustment Amount (Revenue Cap)	4.1(a)(i)	The inclusion of this variation is provided for under Schedule F.4.1(a)(i). Aurizon Network's FY2024 Revenue Adjustment Amounts were approved by the QCA on 19 December 2024.
Capital Expenditure Allowable Revenue Adjustment	4.1(a)(ii)	This adjustment is determined in accordance with Schedule E, clause 5(b). It reconciles the difference in Allowable Revenues between the Capital Indicator for each Coal System (i.e. the forecast value used to set Allowable Revenues and Reference Tariffs) and the actual value of capital expenditure approved by the QCA for each year. The Capital Expenditure Allowable Revenue Adjustment included in this submission, has been calculated to reflect the FY2024 Capital Expenditure approved by the QCA on 19 December 2024

¹ All clause references are contained within Schedule F to UT5.

Adjustment	Clause Reference ¹	Description
		and the FY2024 RAB Roll-forward approved by the QCA on 15 January 20225.
Revised GtK Forecast	4.1(b)(i)	Aurizon Network proposes revised GtK Forecasts for each Reference Tariff, derived from an aggregate volume forecast for the CQC of 221.0 mnt. Section 3 provides details of the methodology used to estimate the revised volume forecasts for each Coal System and the Monthly System Forecasts for 2001 Undertaking Access Agreements.
Proposed Maintenance Indicator	4.1(b)(v)	<p>On 14 February 2025, the Chair of the RIG notified Aurizon Network that in accordance with clause 7A.11.3(j)(ii) of UT5, a Special Majority of End Users had approved an alternative Maintenance Strategy and Budget for all Coal Systems.</p> <p>The alternate Maintenance Strategy and Budget is based on Aurizon Network's final draft Maintenance Strategy and Budget, with the RIG proposing amendments for the targeted drainage program, rail maintenance and targeted efficiencies.</p> <p>Aurizon Network has accepted the alternative Maintenance Strategy and Budget for all Coal Systems and has written to the Chair of the RIG to confirm the same.</p> <p>The FY2026 Maintenance Indicator for each Coal System has been updated to reflect the above outcomes. Further detail is contained within Section 4.3.</p>
Proposed Capital Indicator	4.1(b)(vi)	<p>On 14 February 2025, the Chair of the RIG notified Aurizon Network that the FY2026 Renewals Strategy and Budget proposed for all Coal Systems had been approved.</p> <p>The FY2026 Capital Indicator for each Coal System has been updated to reflect the above outcomes. Further detail is contained within Section 4.4.</p>
Tax Allowance	4.1(b)(vii)(F)	The tax allowance is a computation of the post-tax revenue model and is updated to reflect the changes proposed within this submission.
Forecast IE Pass Through Cost	4.1(b)(viii)	The IE advised Aurizon Network of the forecast IE Pass Through Cost for FY2026 on 12 February 2025. Further detail is provided within Section 4.6.
Electric Transmission and Connection Charges	4.1(c)(ii)	Aurizon Network has updated the forecast of electricity transmission and connection charges to reflect the latest published rates (i.e. for FY2025), escalated at CPI. Aurizon Network expects updated pricing for FY2026 to be announced in March and will update these forecasts in due course. See Section 5 for further details.
Electric Energy (EC) Charge	2.2(a)	Aurizon Network is not seeking to amend the FY2026 Electric Energy (EC) charge at this stage. An update will be submitted to the QCA for approval on or about 31 May in accordance Schedule F, clause 2.2(a). Further information is outlined in Section 5.
QCA Levy		At the time of submission, the QCA had not yet announced its forecast regulatory fees for FY2026. The indicative FY2026 QCA Levy included in this submission is based on the QCA's forecast fees for FY2025 and the proposed System Forecasts for FY2026. Further information is outlined in Section 5.

Aurizon Network has applied the adjustments outlined in Table 4 to update Reference Tariffs and Allowable Revenues for each Coal System.

In addition to the aforementioned adjustments, this submission also discusses several matters which are subject to QCA approval and may have to be taken into consideration during FY2026. These include:

- Pricing Arrangements for a Customer utilising Mine Specific Infrastructure; and
- Bauhinia Infrastructure Rebates Draft Amending Access Undertaking (**DAAU**).

Please refer to Section 5 of this submission for more information in relation to these matters.

Unless otherwise defined, capitalised terms in this submission have the meaning given to those terms in UT5.

2.2 Form of Submission

This submission outlines all matters that are relevant to the Annual review of Reference Tariffs.

Section 3	Sets out the: <ul style="list-style-type: none"> • revised System Forecasts for each Coal System; and • Monthly System Forecasts for 2001 Undertaking Access Agreements.
Section 4	Outlines the proposed adjustments to Allowable Revenues, including: <ul style="list-style-type: none"> • Second Year Allowable Revenue Adjustment; • Capital Expenditure Allowable Revenue Adjustment; • Revised Direct Maintenance Indicator; and • Revised Capital Indicator;
Section 5	Discusses other relevant matters for consideration, including: <ul style="list-style-type: none"> • Adjustment to forecast electric infrastructure and electric energy charges; • Adjustment to the forecast QCA Levy; and • Other matters that could impact final FY2026 Reference Tariffs.
Section 6	Outlines the combined impact of the proposed adjustments on Allowable Revenues and Reference Tariffs.
Appendices	Appendices to this submission include: <ul style="list-style-type: none"> • Waterfall charts to graphically represent movements in Allowable Revenue; • Clean and marked-up versions of UT5; • FY26 Maintenance and Renewal Strategy and Budget; and • Potential impacts of the Bauhinia DAAU.

Confidential Information

This submission contains Confidential Information specific to an individual Customer. A separate redacted version will be provided to the QCA in a form that is suitable for publication.

In addition, Aurizon Network has prepared detailed financial models (**the Models**) in support of this submission and has provided the Models to QCA staff in electronic form. The Models contain Confidential Information relating to individual Train Services and accordingly Aurizon Network requests that the Models are not published.

3. System Forecasts

3.1 Proposed variation to System Forecasts

UT5, Schedule F, Clause 4.1(b) provides a process through which Aurizon Network can submit revised System Forecasts to the QCA for approval prior to the beginning of each financial year.

For FY2026, Aurizon Network proposes an aggregate CQCN volume forecast of 221.0 mnt, which is equivalent to 85.7 billion Gross Tonne Kilometres. The proposed System Forecasts for each Coal System are outlined in Table 5 below.

Table 5 Proposed Regulatory Volume Forecasts (Net Tonnes and Gross Tonne Km) – FY2026

Proposed FY2026 Forecast	Net Tonnes (million)	GTK'000
Blackwater	58.8	33,615,781
Goonyella	109.2	34,644,926
Moura	14.8	3,803,347
Newlands	20.8	4,640,004
GAPE	17.4	8,959,821
Total	221.0	85,663,878

3.2 Forecasting Methodology

In establishing the proposed FY2026 System Forecasts for each Coal System, Aurizon Network consulted directly with End Users and provided them with information relating to railings and regulatory forecasts for each of their respective Origin / Destination pairings.

In November 2024, Aurizon Network engaged with Customers and requested that they:

- review railings data pertaining to their respective Origin / Destination pairings; and
- provide, via return email, their own coal tonnage forecasts for FY2026.

Aurizon Network received responses from coal producers representing approximately 70% of contracted tonnage for the CQCN.

Where Customers provided a volume forecast

Where Customers provided a volume forecast for their individual Origin / Destination pairings, Aurizon Network assessed those forecasts against both the relevant contract volume and an annualised volume forecast based on actual railings for the FY2025 year to date (YTD) (specifically, between 1 July 2024 to 16 February 2025).

Where the volume forecast provided by the Customer:

- **exceeded** both the contract volume and the annualised forecast, Aurizon Network applied the higher of contract or the annualised forecast; or
- was **below** the contract volume or the annualised forecast, Aurizon Network applied the volume forecast provided by the Customer.

The outputs of this methodology were then assessed for reasonableness. While Aurizon Network adopted the outputs of the above methodology for most Origin / Destination pairings, the reasonableness assessment saw an adjustment made to the forecast of one (1) Customer.

Due to the commercially sensitive nature of individual customer volume forecasts, Aurizon Network is unable to disclose more detailed volume information within this submission. Aurizon Network has provided all relevant information (including the forecasts provided by customers for their Origin / Destination pairings) and calculations to the QCA on a confidential basis for review.

Where Customers did not provide a volume forecast

Where Customers did not provide a volume forecast for an individual Origin / Destination pairing, Aurizon Network has generally applied the FY2025 YTD annualised forecast.

Aurizon Network has provided an illustrative example of how this methodology is applied in practice in the Table 6 below:

Table 6 Example of forecasting methodology in practice

Customer	Did Customer Provide Forecast?	Customer Forecast	Contract	Annualised Forecast	Forecast Applied
Customer A	Yes	1,200	1,000	1,050	1,050
Customer B	Yes	1,100	1,000	1,500	1,100
Customer C	Yes	900	1,000	800	900
Customer D	Yes	600	1,000	800	600
Customer E	No	N/A	1,000	800	800

Adjustments Applied to Individual Customer Forecasts

As noted above, Aurizon Network applied a reasonableness assessment which saw an adjustment made to the forecast of one (1) Blackwater System Customer. Further information relating to this adjustment is provided below.

Blackwater System

[Redacted content]

Proposed System Forecast

The proposed volume forecasts for each Coal System are provided in Table 7 below. The forecasts are expressed in terms of both Net Tonnes and Gross Tonne Kilometres (GTK).

Table 7 Proposed Volume Forecasts – FY2026

System	Net Tonnes (million)	GTK'000
Blackwater	58.8	33,615,781

System	Net Tonnes (million)	GTK'000
Goonyella	109.2	34,644,926
Moura	14.8	3,803,347
Newlands	20.8	4,640,004
GAPE	17.4	8,959,821
Total	221.0	85,663,878

The revised net tonne forecasts for each Coal System have been converted to GTK and (for the Blackwater and Goonyella Systems) electric GTK based on:

- the assumed Reference Train Payload for each Coal System; and
- the forecast split between diesel and electric consists, which remains aligned to the values approved by the QCA in their UT5 final decision.

Monthly Volume forecasts for 2001 Undertaking Access Agreements

The proposed Gtk Forecast for the Blackwater System has been profiled to derive the monthly GTK forecasts that are required for Schedule F, clause 12.

For clarity, these monthly forecasts consider pathing availability and seasonal factors that are expected to prevail during FY2026.

The proposed FY26 monthly Gtk Forecasts for the Blackwater System are outlined in Table 8 below.

Table 8 Blackwater System monthly Gtk Forecasts (UT5, Schedule F, Clause 12)

Month	Gtk Forecast (GTK'000)
Jul-25	2,798,587
Aug-25	2,765,855
Sep-25	2,643,110
Oct-25	2,798,587
Nov-25	2,945,881
Dec-25	2,847,685
Jan-26	2,896,783
Feb-26	2,749,489
Mar-26	2,896,783
Apr-26	2,700,391
May-26	2,626,744
Jun-26	2,945,881
Total	33,615,781

4. Proposed Allowable Revenue Adjustments

In addition to the revised System Forecasts outlined in Section 3, Aurizon Network submits the following adjustments to FY2026 Allowable Revenues to the QCA for approval:

- Second Year Allowable Revenue adjustment associated with the FY2024 Revenue Adjustment Amount (Revenue Cap);
- FY2024 Capital Expenditure Allowable Revenue Adjustments, reflecting the QCA-approved capital expenditure for FY2024 and the FY2024 RAB Roll-forward;
- Revised Direct Maintenance Indicator; and
- Revised Capital Indicator.

The impact of each of these adjustments will vary between Coal Systems and are outlined below.

4.1 Second Year Allowable Revenue Adjustment

The inclusion of this variation is permitted under Schedule F,4.1(a)(i). On 19 December 2024, the QCA approved the FY2024 Revenue Adjustment Amounts, which are outlined in Table 9 below:

Table 9 Approved FY2024 Revenue Adjustment Amounts

System	AT2-4 (\$m)	AT5 (\$m)	Total (\$m)
Blackwater	8.8	(3.5)	5.4
Goonyella	24.1	11.7	35.8
Moura	(10.9)	--	(10.9)
Newlands	(6.7)	--	(6.7)
GAPE	4.7	--	4.7
Total Adjustments	20.1	8.2	28.3

Impact of the Revenue Adjustment Amounts on FY2026 Allowable Revenues

In accordance with Schedule F, Clause 4.4(b), the FY2024 Revenue Cap adjustments are applied to FY2026 Allowable Revenues (**Second Year Allowable Revenue**) including a return on capital amount calculated with reference to the applicable Discount Rate.

The impact of the Second Year Allowable Revenue Adjustment is outlined in Table 10 below.

Table 10 Second Year Allowable Revenue Adjustment – FY2026

System	AT2-4 (\$m)	AT5 (\$m)	Total (\$m)
Blackwater	10.4	(4.1)	6.3
Goonyella	28.4	13.7	42.2
Moura	(12.8)	--	(12.8)
Newlands	(7.9)	--	(7.9)
GAPE	5.6	--	5.6
Total Adjustments	23.7	9.6	33.3

4.2 Capital Expenditure Allowable Revenue Adjustment

The inclusion of this adjustment is permitted under Schedule F, 4.1(a)(ii) and calculated in accordance with Schedule E, clause 5(b). This adjustment reconciles the difference in Allowable Revenue between:

- Approved Capital Expenditure; and the
- Capital Indicator for the Year in which that relevant capital expenditure was commissioned.

The adjustment to Allowable Revenues is comprised of the following components:

- Return on capital (WACC);
- Return of capital (depreciation offset by inflation); and
- Tax depreciation.

Capital Expenditure Allowable Revenue Adjustment

Aurizon Network's FY2024 capital expenditure claim of \$337.0 million (mid-year, including interest during construction) was approved by the QCA on 19 December 2024.

For this submission, the Capital Expenditure Allowable Revenue Adjustment reflects the difference between the Capital Indicator and approved Capital Expenditure for FY2024. The resulting Allowable Revenue differences are then accrued at the Discount Rate (i.e. the approved WACC) for inclusion in FY2026 Allowable Revenues.

The Capital Expenditure Allowable Revenue Adjustments applicable to FY2026 are as follows:

Table 11 Capital Expenditure Allowable Revenue Adjustment (\$m)

System	AT2-4 (\$m)	AT5 (\$m)	Total (\$m)
Blackwater	0.4	(0.0)	0.4
Goonyella	10.8	(0.8)	10.0
Moura	1.5	--	1.5
Newlands	0.1	--	0.1
GAPE	(0.9)	--	(0.9)
Total (\$m)	11.9	(0.8)	11.1

4.3 Maintenance Indicator

The inclusion of this adjustment is permitted under Schedule F, 4.1(b)(v). On 14 February 2025, the Chair of Rail Industry Group notified Aurizon Network of the following voting outcomes:

Table 12 FY2026 Final draft Maintenance Strategy and Budget - voting outcomes

System	Vote Outcome - Special Majority of End Users for that coal system:
Blackwater	Approved an alternative Maintenance Strategy and Budget
Goonyella	Approved an alternative Maintenance Strategy and Budget
Moura	Approved an alternative Maintenance Strategy and Budget

System	Vote Outcome - Special Majority of End Users for that coal system:
Newlands	Approved an alternative Maintenance Strategy and Budget
GAPE	Approved an alternative Maintenance Strategy and Budget

In considering Aurizon Network's final draft Maintenance Strategy and Budget² the RIG identified the following areas of concern:

- expenditure associated with the targeted drainage program and additional rail maintenance; and
- efficiency gains.

The RIG considered that:

- additional information was required to demonstrate the need for costs associated with the targeted drainage program and rail maintenance; and
- Aurizon Network should target additional cost efficiencies for labour (in civil infrastructure and electrical disciplines), contractor spend, consumables and materials costs.

Consequently, a Special Majority of End Users approved an alternative Maintenance Strategy and Budget in all Coal Systems in accordance with clause 7A.11.3(j)(ii) of UT5.

Table 13 FY2026 Direct Maintenance Costs (\$m)

System	Final Draft Maintenance Budget (\$m)	Alternative Maintenance Budget (\$m)	Variance (\$m)
Blackwater	90.9	86.2	(4.7)
Goonyella	83.0	80.9	(2.1)
Moura	19.7	18.2	(1.5)
Newlands / GAPE	18.3	16.3	(2.0)
Total (\$m)	211.9	201.6	(10.3)

Aurizon Network has considered the alternative Maintenance Strategy and Budget approved for each Coal System. While Aurizon Network stands by its proposed budget, it notes that:

- the alternative Maintenance Strategy and Budget is not materially different from Aurizon Network's proposed final draft;
- an opportunity exists for further engagement with the RIG in relation to the targeted drainage program and this may result in a customer-supported variation being made to the FY26 Maintenance Strategy and Budget; and
- an opportunity exists for Aurizon Network to submit its actual rail maintenance costs to the QCA for approval through the Maintenance Costs Claim process, noting that rail maintenance is primarily a 'fix on fail' activity.

² Provided to the Chair of the RIG on 21 January 2025.

Consequently, Aurizon Network accepts the alternative Maintenance Costs Claim for each Coal System in accordance with clause 7A.11.3(k)(ii)(A) of UT5 and submits an updated Maintenance Indicator reflecting the same to the QCA in accordance with clause 7A.11.4(a) of UT5.

A comparison between the current Maintenance Indicator and the proposed Maintenance Indicator for FY2026 for each Coal System is as follows:

Table 14 FY2026 Maintenance Indicator - Direct and Indirect Maintenance Costs (\$m)

System	Current Maintenance Indicator (\$m)	Proposed Maintenance Indicator (\$m)	Variance (\$m)
Blackwater	89.6	93.7	4.2
Goonyella	84.9	88.5	3.6
Moura	18.6	19.2	0.5
Newlands	7.7	7.6	(0.1)
GAPE	10.8	10.0	(0.8)
Total (\$m)	211.6	219.0	7.4

For clarity, the proposed Maintenance Indicator for each Coal System (outlined in Table 14 above) also includes the Indirect Maintenance Cost Allowance, which has previously been approved by the QCA.

Aurizon Network has updated FY2026 Allowable Revenues and Reference Tariffs to reflect the proposed Maintenance Indicator.

4.4 Capital Indicator

The inclusion of this adjustment is permitted under Schedule F, 4.1(b)(vi).

Renewals Strategy and Budget

On 14 February 2025, the Chair of the Rail Industry Group notified Aurizon Network of the following voting outcomes:

Table 15 Final draft Renewals Strategy and Budget - Voting outcomes

System	Vote Outcome - Special Majority of End Users for that coal system:
Blackwater	Approved the final draft Renewals Strategy and Budget
Goonyella	Approved the final draft Renewals Strategy and Budget
Moura	Approved the final draft Renewals Strategy and Budget
Newlands	Approved the final draft Renewals Strategy and Budget
GAPE	Approved the final draft Renewals Strategy and Budget

In accordance with clause 7A.11.4(c) of the 2017AU, the proposed Capital Indicator for all Coal Systems reflects the Approved Renewals Strategy and Budget.

Proposed Capital Indicator

Aurizon Network submits the following Capital Indicator to the QCA for approval. It reflects the combined outcomes of processes established under UT5, which have already been approved by the RIG or by the QCA.

A comparison between the current Capital Indicator and the proposed Capital Indicator for FY2026 by each Coal system is outlined in the following table. Please note that these values are expressed in 'Start of Year' terms.

Table 16 FY2026 Capital Indicator (\$m, start of year)

System	Current Capital Indicator (\$m)	Proposed Capital Indicator (\$m)	Variance (\$m)
Blackwater	153.4	122.6	(30.9)
Goonyella	117.4	128.0	10.6
Moura	22.4	28.4	6.1
Newlands	36.1	24.3	(11.8)
GAPE	--	6.3	6.3
Total (\$m)	329.2	309.5	(19.7)

Aurizon Network has updated FY2026 Allowable Revenues and Reference Tariffs to reflect the proposed Capital Indicator.

4.5 Tax Allowance

The adjustment to the tax allowance is provided for under Schedule F, 4.1(b)(vii)(F).

The tax allowance is a computation of Aurizon Network's post-tax revenue model, which is used to calculate the proposed Allowable Revenues and Reference Tariffs. The tax allowance will be updated to reflect, and ensure consistency with, all proposed changes within this submission that impact Allowable Revenues.

4.6 Forecast IE Pass Through Cost

The inclusion of this variation is permitted under Schedule F, 4.1(b)(viii). On 12 February 2025, the Coal Network Capacity Co (CNCC) notified Aurizon Network of its forecast IE Pass Through Cost for FY2026, including an adjustment to account for an over recovery in prior periods. Aurizon Network has provided this information in Table 17 below, including the derivation of the FY2026 IE Pass Through Cost Reference Tariff.

Table 17 FY2026 IE Pass Through Cost

Description	Value (\$m)
Estimate of expenditure to operate CNCC in FY2026	5.4
Less: Prior period over-recovery	(0.7)
Estimated Cost FY2026	4.7
QCN volume forecast for FY2026 (mnt)	221.0
Estimated FY2026 IE Pass Through Cost (\$/nt)	0.0213

5. Other Relevant Pricing Matters

In addition to the proposed adjustments outlined in Section 4 above, there are several other matters that impact the proposed Allowable Revenues and Reference Tariffs for FY2026. These are discussed below.

5.1 Adjustments to electric infrastructure charges

The electric transmission charges paid by Aurizon Network are determined in accordance with an established regulatory framework and oversight by the AER. At the time of this submission, the forecast of FY2026 connection and transmission charges has not been received from Transmission Network Service Providers (TNSP).

Aurizon Network has updated the FY2026 TNSP cost forecast to reflect the final published rates for FY2025, as notified to Aurizon Network by the relevant providers on 15 March 2024. Aurizon Network has escalated the FY2025 rates for prescribed connections at the annual regulatory CPI forecast of 2.90%. For non-prescribed connections, CPI escalation is applied quarterly using the latest published CPI outcomes.

The table shows Aurizon Network's updated cost estimates for FY2026.

Table 18 FY2026 TNSP costs (\$m)

System	Current TNSP Cost Forecast (\$m)	Proposed TNSP Cost Forecast (\$m)	Variance (\$m)
Blackwater	39.4	39.9	0.5
Goonyella	33.6	34.4	0.8
Total (\$m)	73.0	74.3	1.3

The proposed TNSP cost forecasts are a key input in determining AT5 Allowable Revenues. Once Aurizon Network receives notification of the updated FY2026 connection and transmission charges from the relevant TNSP, Aurizon Network will assess whether the change constitutes an Endorsed Variation Event in accordance with UT5, Schedule F, clause 5.2(b).

5.2 Electric Energy Charge

The EC charge is set to recover the forecast costs relating to the consumption of electric energy. Aurizon Network purchases electricity in line with its progressive purchasing strategy.

Aurizon Network is not seeking to amend the FY2026 EC tariff as part of this submission.

Aurizon Network notes that UT5 (Schedule F, clause 2.2(a)) provides a process whereby variations to the EC charge can be submitted to the QCA for approval 'on or about each 31 May' and 'taking into account any over or under recovery in the previous year'.

Aurizon Network intends to submit an update to the FY2026 EC charge in line with UT5.

Table 19 FY2026 EC charge

Electric Energy	\$ per '000 egtk
Blackwater	1.24
Goonyella	1.24

5.3 QCA Levy

The QCA Levy for each year is set to recover the fees levied by the QCA on beneficiaries of its regulatory services.

At the time of drafting, the QCA has not announced its forecast regulatory fees for FY2026. For this submission, Aurizon Network proposes that the forecast QCA Levy for FY2026 reflect:

- the QCA's estimated regulatory fees for FY2025; and
- the proposed FY2026 volume forecast for the CQCN outlined within this submission.

The application of these inputs results in the following amendments to the QCA Levy.

Table 20 FY2026 QCA Levy

QCA Levy (\$ per NT)	Proposed QCA Levy
Forecast Regulatory Fees (\$m)	1.0
Proposed FY2026 Forecast (mnt) – Total CQCN	221.0
QCA Levy	0.0045

Aurizon Network may seek a further variation to the QCA Levy once the QCA has announced its final fees for FY2025 and forecast fees for FY2026, noting that such an announcement constitutes an Endorsed Variation under UT5.

5.4 Additional matters impacting final FY26 Reference Tariffs

Pricing Arrangements for a Customer utilising Mine Specific Infrastructure

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

Bauhinia Infrastructure Rebates DAAU

On 25 February 2025, Aurizon Network submitted the Bauhinia Infrastructure Rebates DAAU (**Bauhinia DAAU**) to the QCA for approval.

The Bauhinia DAAU completes the rebate amendments that were deferred from the Infrastructure Rebates and GAPE RCS DAAU, which was approved by the QCA on 24 October 2024. Consistent with that decision, the Bauhinia DAAU seeks QCA approval of a discounted AT4 Reference Tariff for the Rolleston Nominated Loading Facility. For clarity, the discount relates to that part of the Bauhinia branchline which remains mine specific infrastructure.

Due to the commencement of multi-user Train Services subject to the same Reference Tariff, the Bauhinia DAAU seeks to remove the negative rebate adjustment component of the FY2024 Revenue Adjustment Amounts. The basis for these amendments is outlined in the explanatory submission which accompanies the Bauhinia DAAU.

Impact of the Bauhinia DAAU

In the event that the Bauhinia DAAU is approved prior to this submission, Aurizon Network will be required to amend a number of inputs to this FY2026 Annual review of Reference Tariffs. The amendments would affect the Blackwater System FY2026 Allowable Revenues and Reference Tariffs in the following ways:

- application of a discounted Reference Tariff for the Rolleston Nominated Loading Facility with a commensurate reduction in the Blackwater System Allowable Revenue; and
- an increase in the Blackwater System Allowable Revenue to 'add back' a proportion of the rebate adjustments that were included within the FY2024 Revenue Adjustment Amounts. Specifically, the rebate adjustments relating to the "shared use" portion of the Bauhinia branchline.

In relation to the latter point, when a relevant Reference Tariff is reviewed, Aurizon Network routinely assesses the relevant Train Services to ensure they continue to pay an Access Charge which is no less than the Minimum Revenue Contribution. Where the incremental costs for a service are relatively high (as has historically been the case with the Bauhinia branchline) the assumed forecast tonnage is a key input when determining whether a System Premium is required to meet the Minimum Revenue Contribution (or not).

While the Minimum Revenue Contribution may be assessed as being achieved at the forecast volume (such that no System Premium is required), if actual railings are lower than that forecast, the

Minimum Revenue Contribution may not have been achieved if a lower volume forecast (consistent with the lower actual railings) had been used. For example, the rebate adjustment shortfall included within the FY2024 Revenue Adjustment Amounts arises because the actual tonnage was less than the volume forecast tonnage. If this lower (actual) tonnage had been used to determine the Reference Tariffs and tonnage rebate and it had required a System Premium, then it may not be reasonable to include all, or part of, the FY2024 rebate adjustments within the FY2026 Allowable Revenue.

It is therefore necessary to also assess whether the Reference Tariff inputs for the Rolleston Nominated Loading Facility would have required a System Premium if the actual FY2024 tonnage was also the forecast tonnage. Aurizon Network can confirm that using the actual tonnage for the Rolleston Nominated Loading Facility in FY2024, the Minimum Revenue Contribution remains below the System Reference Tariff and a System Premium would not have applied.

Interdependency of regulatory processes

For clarity:

- This FY2026 Annual review of Reference Tariffs submission does not pre-empt the QCA's decision on the Bauhinia DAAU. In its current form, this submission excludes any impacts associated with the Bauhinia DAAU; and
- The Bauhinia DAAU has been prepared to amend the current approved inputs in Schedule F and does not capture the proposed updates that are reflected in this submission.

While there is a clear interdependence between these two regulatory processes, it is a requirement for both the Bauhinia DAAU and this submission to be submitted and reviewed independently. Nevertheless, Aurizon Network expects the Bauhinia DAAU to be approved and therefore, it will be necessary to update final FY26 Allowable Revenues and Reference Tariffs to reflect the approved varied inputs.

Aurizon Network has outlined (in Appendix 5 of this submission) the expected impacts of the Bauhinia DAAU on the FY26 Annual review of Reference Tariff proposal. These details are provided for information purposes only and may be subject to change.

Aurizon Network will continue to engage with QCA staff with a view to ensuring that both the Bauhinia DAAU and the FY2026 Annual review of Reference Tariffs are integrated at the appropriate point in time.

6. Proposed Allowable Revenues and Reference Tariffs

6.1 Approved Allowable Revenues

Schedule F to UT5, provides the Allowable Revenues for each Coal System. The current QCA-approved Allowable Revenues for FY2026 are:

Table 21 FY2026 Current Allowable Revenues

System	AT1 (\$m)	AT2-4 (\$m)	AT5 (\$m)	Total (\$m)
Blackwater	37.4	444.0	101.5	582.8
Goonyella	26.0	355.3	79.3	460.6
Moura	7.6	69.9	--	77.5
Newlands	9.2	53.3	--	62.6
GAPE	14.7	141.4	--	156.1
Total (\$m)	94.9	1,064.0	180.7	1,339.6

6.2 Aggregate adjustments to FY2026 Allowable Revenues

The aggregate adjustments for each Coal System are:

Table 22 FY2026 Aggregate adjustments

System	AT1 (\$m)	AT2-4 (\$m)	AT5 (\$m)	Total (\$m)
Blackwater	(0.7)	11.5	(3.3)	7.5
Goonyella	0.5	47.3	14.4	62.1
Moura	0.1	(9.5)	--	(9.4)
Newlands	0.6	(9.6)	--	(9.0)
GAPE	0.7	3.3	--	3.9
Total (\$m)	1.2	42.9	11.1	55.2

* NB: variation in revenues recoverable through the AT1 Reference Tariff is driven by changes in the volume forecast.

6.3 Proposed Allowable Revenues

Aurizon Network submits the following adjusted Allowable Revenues to the QCA for approval:

Table 23 FY2026 Proposed Allowable Revenues

System	AT1 (\$m)	AT2-4 (\$m)	AT5 (\$m)	Total (\$m)
Blackwater	36.7	455.4	98.2	590.3
Goonyella	26.5	402.6	93.6	522.7
Moura	7.8	60.3	--	68.1

System	AT1 (\$m)	AT2-4 (\$m)	AT5 (\$m)	Total (\$m)
Newlands	9.9	43.8	--	53.6
GAPE	15.3	144.7	--	160.0
Total (\$m)	96.1	1,106.9	191.8	1,394.8

6.4 Proposed Reference Tariffs

Reference Tariffs are set such that Aurizon Network can recover the approved Allowable Revenues from the approved System Forecasts.

Aurizon Network submits the following proposed FY2026 Reference Tariffs to the QCA for approval. The proposed Reference Tariffs are a function of the proposed Allowable Revenues outlined in Table 23 above, and the relevant volume metrics derived from the revised System Forecasts in Table 7.

Table 24 FY2026 Proposed Reference Tariffs

System	AT1	AT2	AT3	AT4	AT5	EC	QCA Levy	IE Pass Through Cost
Blackwater	1.10	2,710.08	10.57	3.45	4.04	1.24	0.0045	0.0213
Goonyella	0.76	1,716.99	8.69	1.79	2.84	1.24	0.0045	0.0213
Moura	2.04	802.65	11.98	1.92	--	--	0.0045	0.0213
Newlands	2.12	362.95	8.04	1.12	--	--	0.0045	0.0213
GAPE	1.71	15,464.32	1.39	3.41	--	--	0.0045	0.0213

For clarity, Aurizon Network does not propose any amendments to either the AT₁ or AT₂ Reference Tariffs.

Appendix 1: Allowable Revenue Waterfall Charts

Aurizon Network has prepared the following graphics to illustrate the key drivers of revenue variation for each Coal System.

Allowable Revenue Comparison – FY2025 vs FY2026 ARRT

Figure 1 to Figure 5 illustrates movements in Allowable Revenue (AR) between the current approved values for FY2025 and the values proposed in the FY2026 Annual review of Reference Tariffs (ARRT).

Figure 1 Blackwater System – FY2025 vs FY2026 ARRT (\$m)

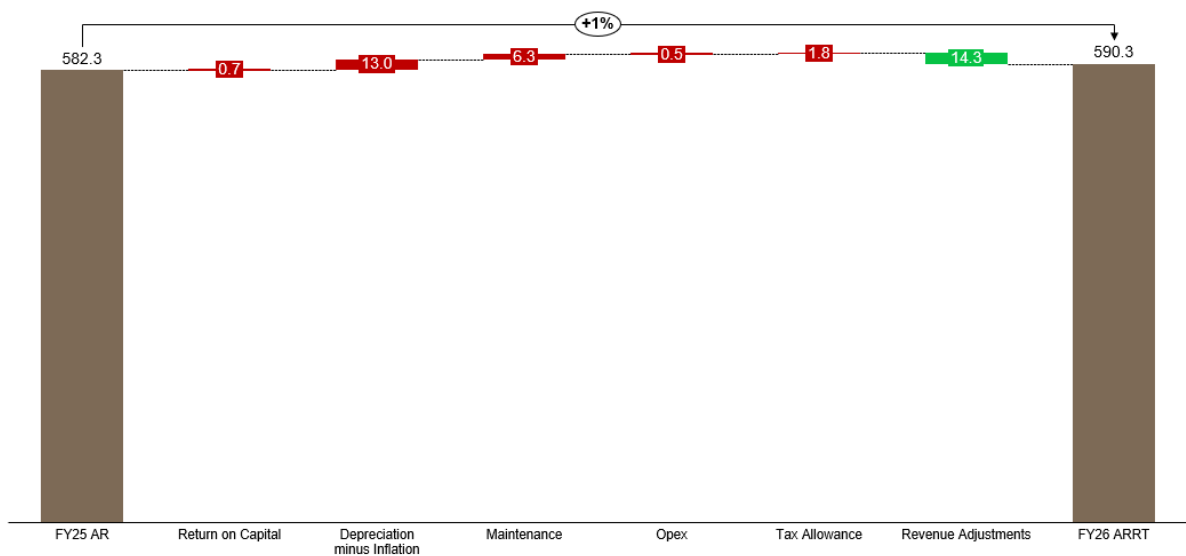


Figure 2 Goonyella System – FY2025 vs FY2026 ARRT (\$m)

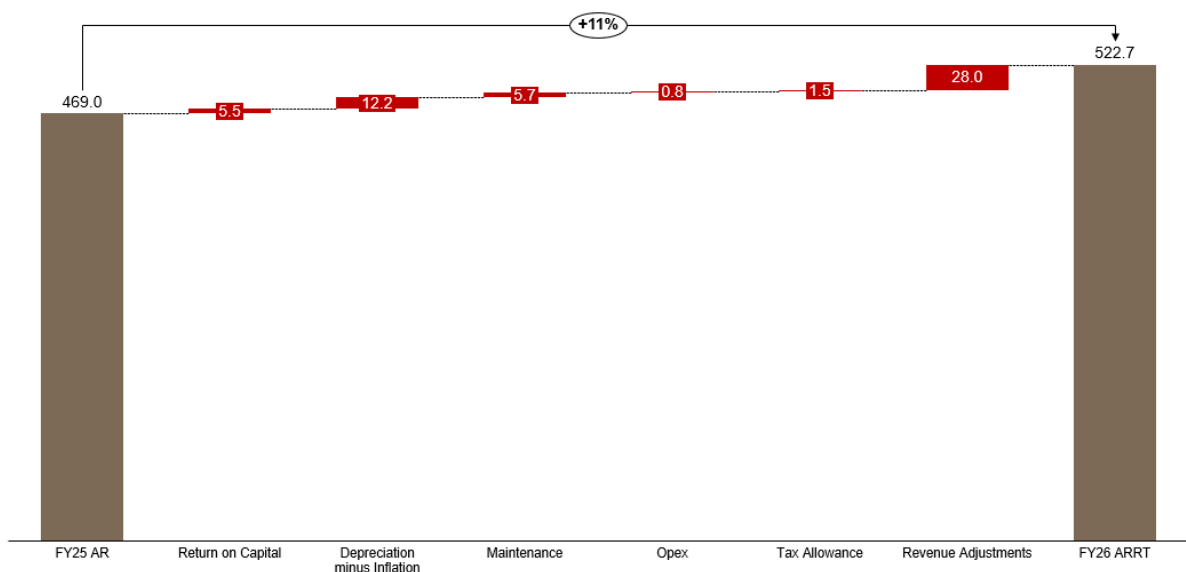


Figure 3 Moura System – FY2025 vs FY2026 ARRT (\$m)

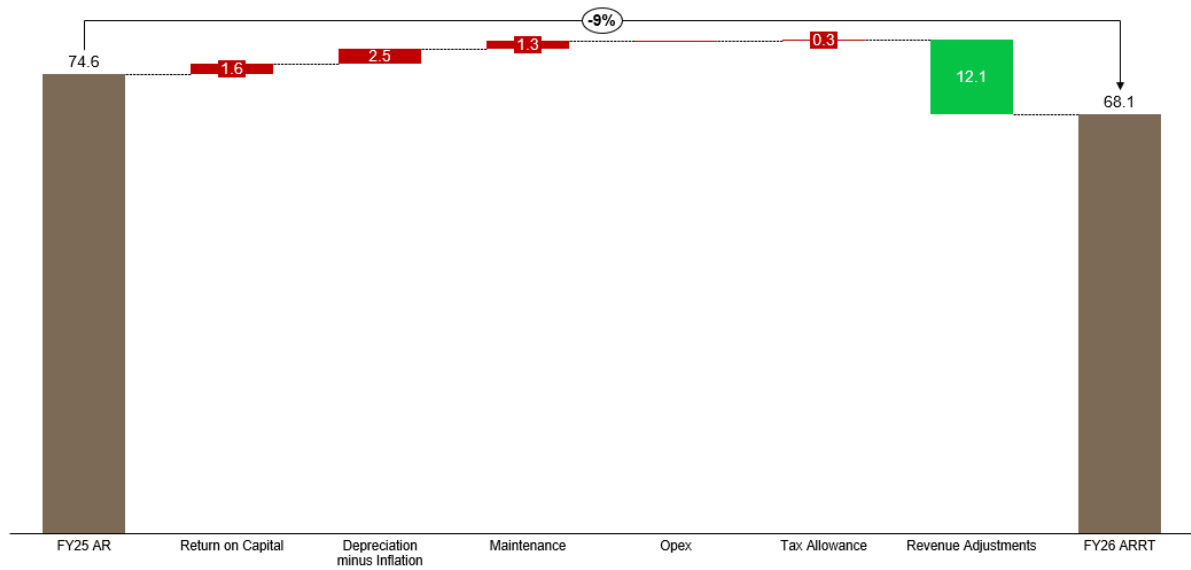


Figure 4 Newlands System – FY2025 vs FY2026 ARRT (\$m)

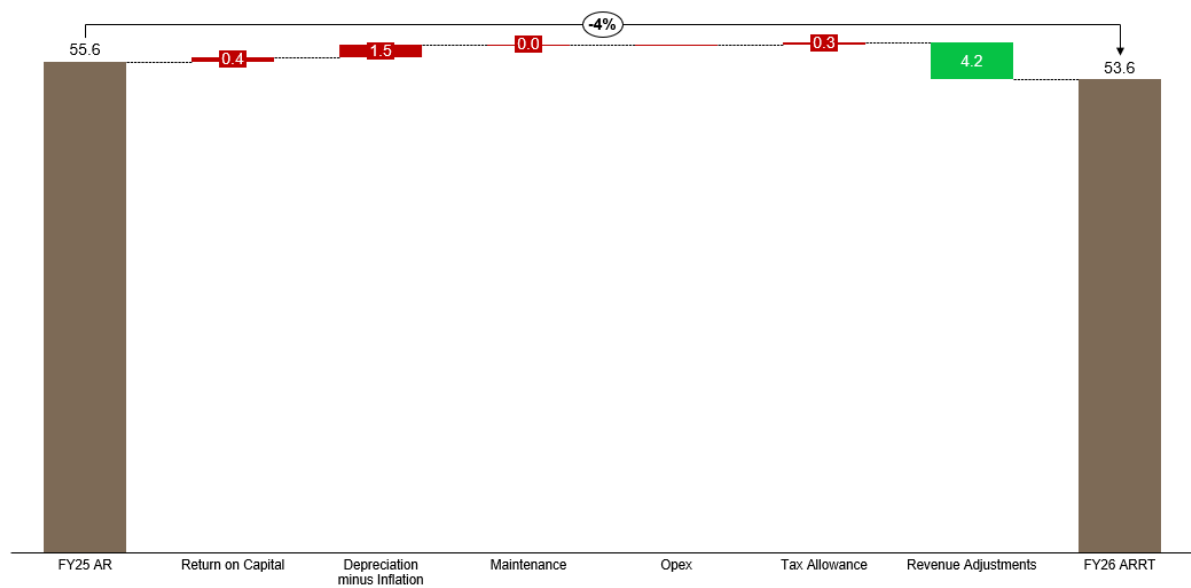
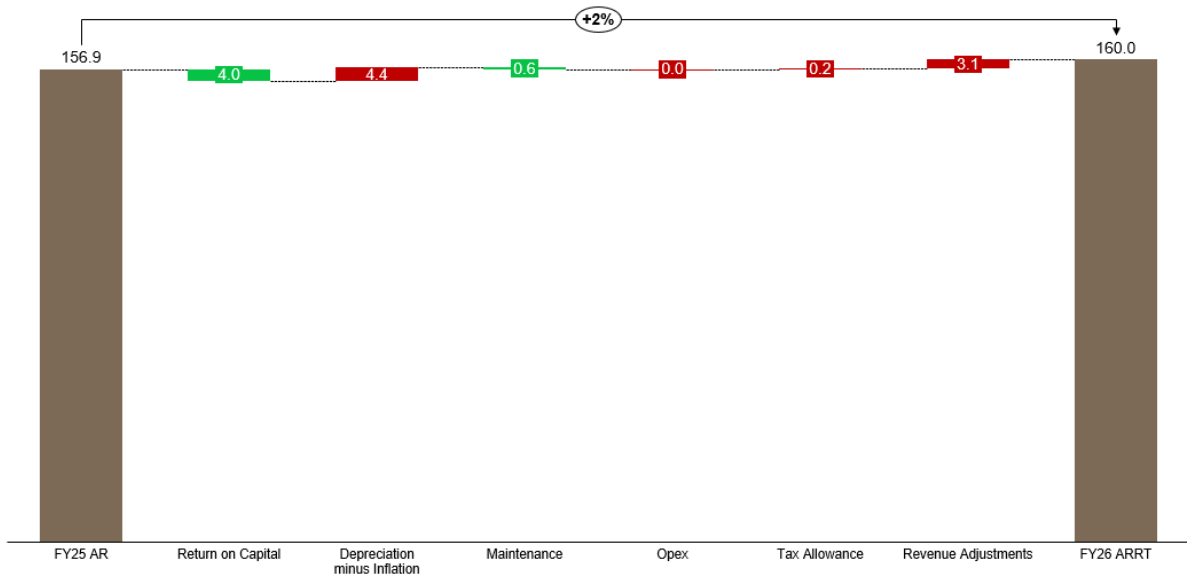


Figure 5 GAPE – FY2025 vs FY2026 ARRT (\$m)



Allowable Revenue Comparison – FY2026 vs FY2026 ARRT

Figure 6 to Figure 10 illustrates movements in Allowable Revenue between the current published values for FY2026 and the values proposed in the FY2026 Annual review of Reference Tariffs.

Figure 6 Blackwater – FY2026 (RCS / Rebate DAAU) vs FY2026 ARRT (\$m)

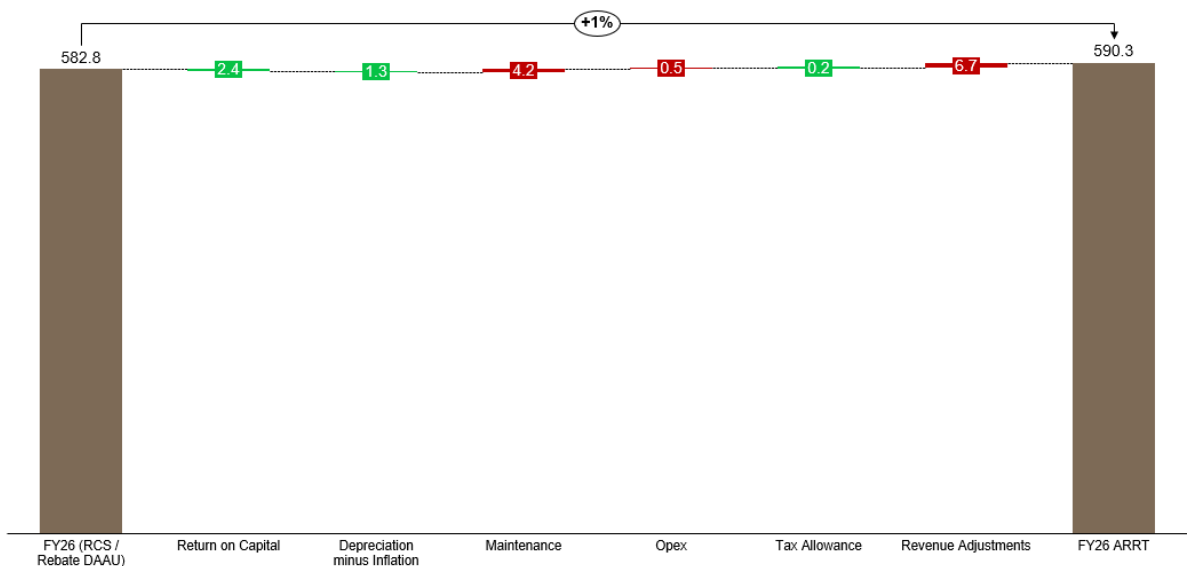


Figure 7 Goonyella – FY2026 (RCS / Rebate DAAU) vs FY2026 ARRT (\$m)

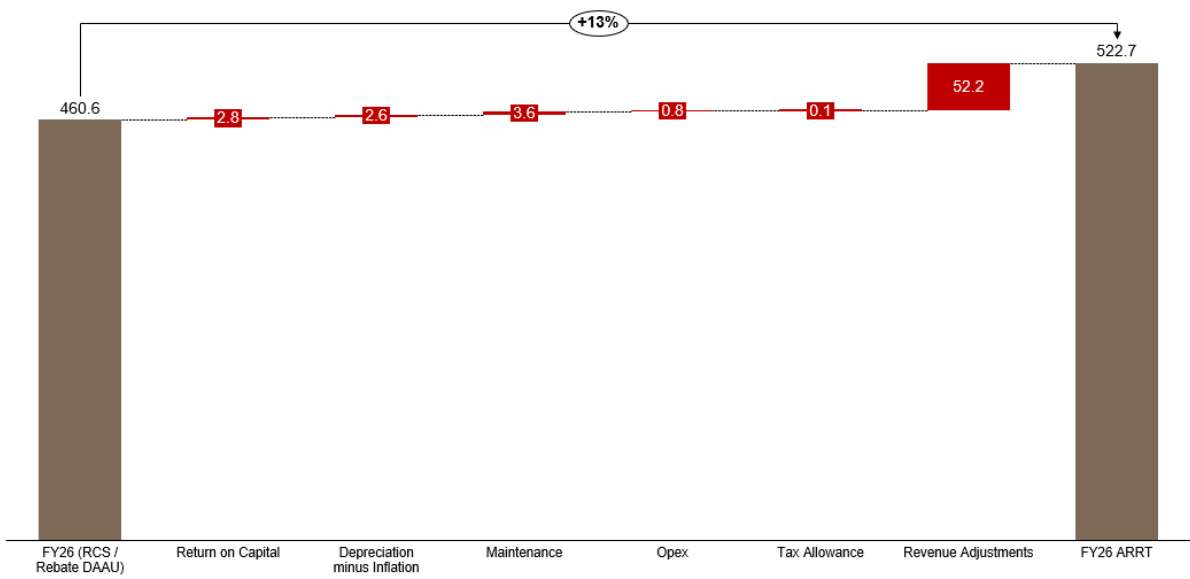


Figure 8 Moura – FY2026 (RCS / Rebate DAAU) vs FY2026 ARRT (\$m)

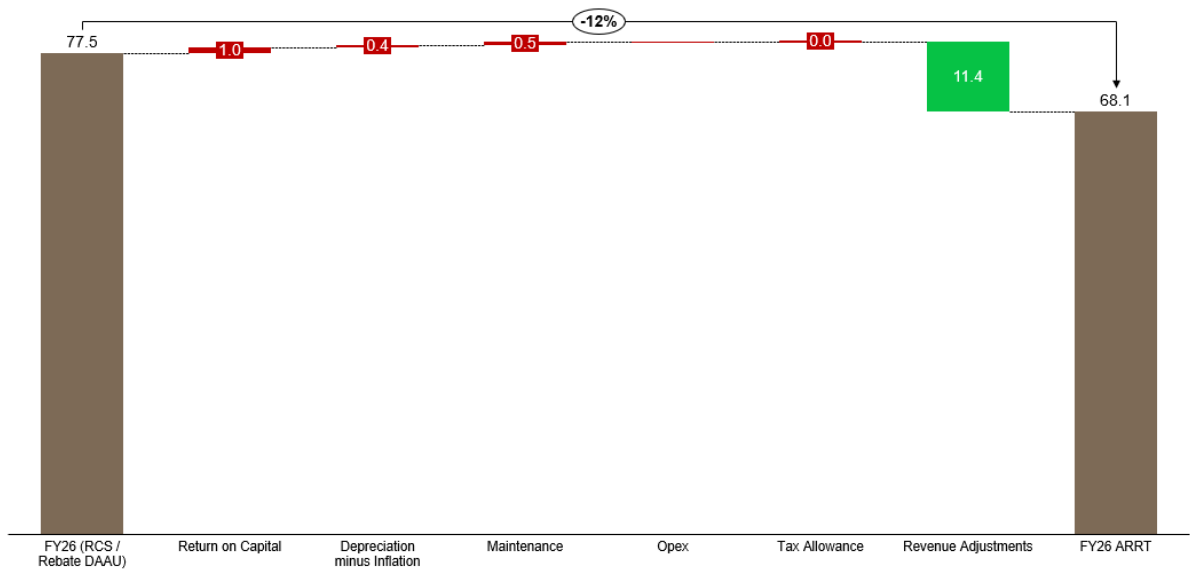


Figure 9 Newlands – FY2026 (RCS / Rebate DAAU) vs FY2026 ARRT (\$m)

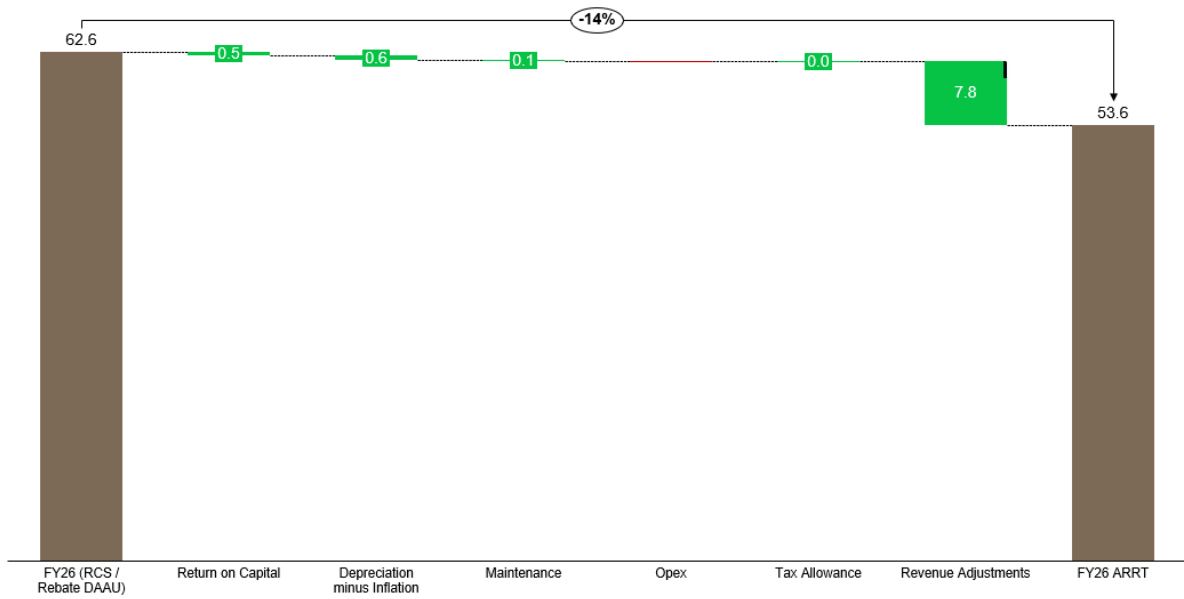
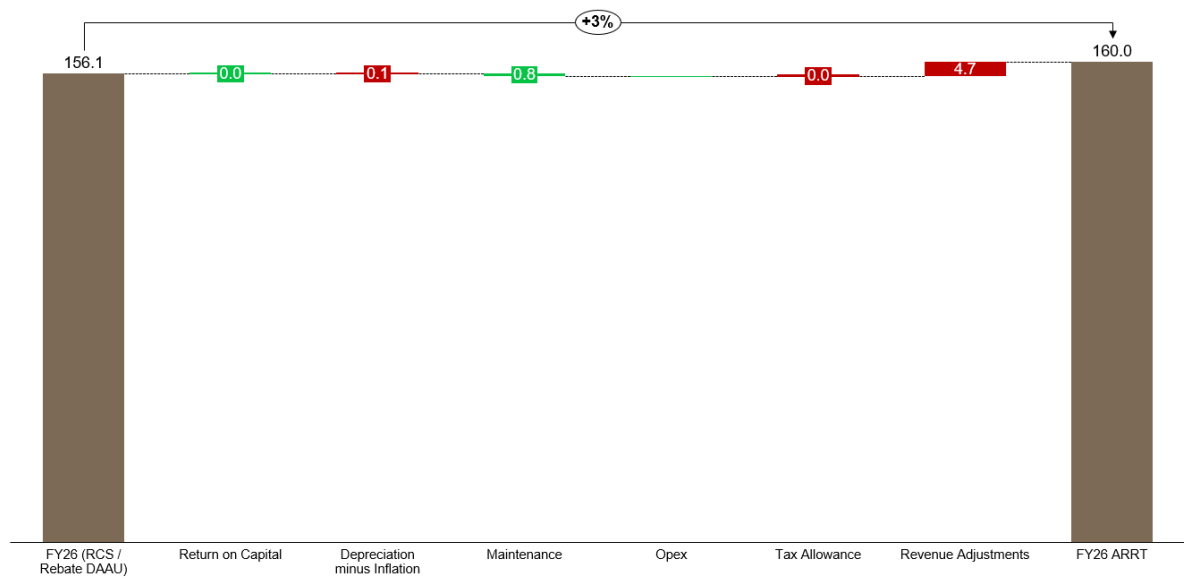


Figure 10 GAPE – FY2026 (RCS / Rebate DAAU) vs FY2026 ARRT (\$m)



Appendix 2: Amended 2017 Access Undertaking (clean)

Appendix 3: Amended 2017 Access Undertaking (mark-up)

Appendix 4: Maintenance and Renewal Strategy and Budget

Appendix 5: Indicative impact of the Bauhinia DAAU

Aurizon Network's Bauhinia DAAU was submitted to the QCA on 25 February 2025. If approved, the Bauhinia DAAU will impact the Allowable Revenues and Reference Tariffs that are outlined in this submission.

To help stakeholders understand how the Bauhinia DAAU will affect this FY2026 Annual review of Reference Tariffs submission, Aurizon Network has outlined the expected impacts below. These impacts are provided for information purposes only and may be subject to change.

Table 25 FY26 Proposed Allowable Revenue – including and excluding impact of Bauhinia DAAU

Blackwater System	AT1 (\$m)	AT2-4 (\$m)	AT5 (\$m)	Total (\$m)
FY26 ARRT	36.7	455.4	98.2	590.3
FY26 ARRT (incl Bauhinia DAAU)	36.7	454.5	98.2	589.4
Variance	--	(0.9)	--	(0.9)

Table 26 FY26 Proposed Reference Tariff Impact – including and excluding impact of Bauhinia DAAU

Blackwater System	AT1	AT2	AT3	AT4	AT5
FY26 ARRT					
- Blackwater	1.10	2,710.08	10.57	3.45	4.04
- Rolleston	1.10	2,710.08	10.57	3.45	4.04
- Stanwell	1.10	2,710.08	6.87	3.45	4.04
- MDS	1.10	2,710.08	8.83	2.74	4.04
- ██████████	1.10	2,710.08	██████	██████	4.04
FY26 ARRT (incl Bauhinia DAAU)					
- Blackwater	1.10	2,710.08	10.64	3.47	4.04
- Rolleston	1.10	2,710.08	10.64	3.23	4.04
- Stanwell	1.10	2,710.08	6.91	3.47	4.04
- MDS	1.10	2,710.08	8.89	2.76	4.04
- ██████████	1.10	2,710.08	██████	██████	4.04