



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

Aurizon Network – Adjustment Charges – Bauhinia Infrastructure Rebates DAAU

15 May 2025

Dear Ann,

This submission is made following the Queensland Competition Authority's (**QCA**) decision (on 24 April 2025) to approve Aurizon Network's February 2025 Bauhinia Infrastructure Rebates Draft Amending Access Undertaking (**DAAU**).

In accordance with clause 6.2(a) of Schedule F of 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 Blackwater 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.

Yours sincerely

A handwritten signature in blue ink, appearing to read "Dan", is placed over a faint, light blue rectangular background.

Dan Kearney
Head of Finance & Regulation Network
Aurizon Network Pty Ltd

The background of the cover is a photograph of a railway yard at sunset. Several freight trains, including a prominent one with yellow and black striped tank cars, are visible on multiple tracks. The sun is low on the horizon, creating a warm, golden glow over the scene. The sky is a mix of orange and blue, with some geometric shapes overlaid in the upper left corner.

Aurizon Network

2017 Access Undertaking

Adjustment Charges – Bauhinia Infrastructure Rebates DAAU

May 2025



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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 following the QCA's decision on the Bauhinia Infrastructure Rebates Draft Amending Access Undertaking (**DAAU**).

All capitalised terms which are not otherwise defined in this document have the meaning given to them in UT5.

The DAAU was approved by the QCA on 24 April 2025 and has the effect of varying the FY2025 Reference Tariffs applicable to the Rolleston Nominated Loading Facility.

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 30 April 2025) 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 May 2025, 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 of UT5, Aurizon Network seeks QCA approval of the Adjustment Charges (inclusive of interest¹) outlined in Table 1 below.

Table 1 Adjustment Charges – FY2025

System	Total (\$m) (including Interest)
Blackwater	(2.59)

For clarity, this amount represents a net payment to affected Blackwater System Access Holders.

¹ 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 payment date of 31 July 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 of UT5 requires that Aurizon Network submit proposed Adjustment Charges to the QCA if:

“(A) the QCA approves a Reference Tariff variation under clause 5.1 and that variation applies or takes effect on a date prior to the date on which the QCA approves the variation...”; or

“(B) 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,”

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 to 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 of 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.

Table 2 System Reference Tariffs relevant to Adjustment Charge Calculations

Reference Tariff	AT4	
	Previous	Approved
Rolleston	3.29	3.03

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 payment date of 31 July 2025. Any change in interest rates up to the QCA approval date of the Adjustment Charge will be reflected in the final Adjustment Charge 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 April 2025. The 20 March 2025 BBSW rate has been used for the period 1 April 2025 to 31 July 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 payment of amounts payable by 31 July 2025.

3.4 Adjustment Charge by Coal System

The proposed FY2025 Adjustment Charges to be returned to affected Access Holders in the Blackwater System for the period 1 July 2024 to 30 April 2025 are summarised in Table 3 below.

Table 3 Proposed FY2025 Adjustment Charge (\$m)

System	AT ₁₋₄	Interest	Total
Blackwater	(2.53)	(0.06)	(2.59)

- 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 Payment to Access Holders

Upon approval of this Adjustment Charge submission by the QCA, the FY2025 Adjustment Charge will be returned to affected Access Holders, 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

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.