

GLENCORE

10 October 2025

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

2025 Review of Aurizon Network's CQCN System Rules

Dear Ann,

We refer to Aurizon Network's submission dated 19 September 2025 regarding proposed amendments to the CQCN System Rules ("System Rules").

As you are aware, Glencore provided extensive feedback to Aurizon Network in its letter dated 8 August 2025. This submission seeks to address those items which Glencore do not believe have been satisfactorily resolved. These are presented in the below table and are excerpts from our original feedback to Aurizon Network, with additional notes in red text provided for additional context. Our primary concerns are that of governance and transparency around the scheduling and day of operations processes, which we understand the system rules were intended to address.

Should you have any questions or require further clarification, please do not hesitate to reach out to myself or Ben Farrar.

Thank you for the opportunity to provide feedback on this very important document.

Kind regards,



Megan Chapman
Glencore

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Glencore Coal Assets Australia Pty Limited ABN 48 163 821 298

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REF #	SECTION	COMMENT
1	1.2 Governance and Transition	<p>Glencore does not support the Proposed Amendment: "From time-to-time Aurizon Network may, acting reasonably, and through consultation with stakeholders, introduce or discontinue changes to the System Rules for the purposes of making improvements to systems or processes."</p> <p>We believe that allowing changes to the System Rules outside the established process within the Access Undertaking, which requires QCA approval and Independent Expert consultation, is not advisable.</p> <p>If continuous improvement necessitates changes that the QCA process may delay, we propose this can be dealt with either via the established review processes under clause 7A.7.4 of the AU, or that any minor adjustments permitted outside of the QCA approval process must include a suitable escalation mechanism. This would ensure that such changes can be referred to the QCA in the event of a dispute regarding their suitability or equity in relation to the current annual review process.</p> <p>It is essential to implement checks and an escalation process to prevent Aurizon Network from amending the rules in a manner that may favour certain network users over others. The potential for a conflict of interest is too significant to permit Aurizon Network to set the System Rules without independent oversight.</p> <p>Aurizon Network has responded to Glencore via email, indicating that their intention is not to make substantial changes. They have stated that no changes will be implemented if there are objections from stakeholders. In light of this, Glencore believes that the drafting should be revised to better reflect this intent.</p> <p>We suggest that any proposed changes be documented and submitted to the RIG Chair for approval, allowing stakeholders to dispute or raise concerns on the changes. Additionally, it is essential for Aurizon Network to publish this amended version on their website for easy reference, clearly noting that it is an interim version and has not yet been approved by the QCA.</p> <p>As it stands, Glencore does not support the current drafting.</p>

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2	2.0 Planning Processes	<p>While the IRP is a “supplemental process” and participation is voluntary, both Aurizon Network (AN) and the above rail hauliers have become reliant on this methodology and have adjusted their resources accordingly. The tight timeframes generally do not provide sufficient opportunities for schedules to be planned manually, allowing only for very minor adjustments. Whilst there is a theoretical backstop to the IRP process, the effect of the above results in the IRP being effectively the only practical option.</p> <p>For this reason, Glencore believes that the following elements should be included in the system rules:</p> <ul style="list-style-type: none"> • Transparency, governance and independent review and checks of the objective function of the optimisation model, including its settings; • Transparency and governance of the modelled scenarios to be selected (noting that several scenarios are modelled each day); • Transparency and governance of the inputs to the model, including when and how they can be changed; • Ensuring that operators who may not be using the same tool are not at a disadvantage (for example, as settings may not be consistent with that which a haulier who does not have access to the tool may expect or it is challenging to use the Schedule G process when other operators are utilising the IRP optimisation tool); and • Inclusion of the ability for audit/review by the Independent Expert in accordance with their role in determining rebates. <p>Additionally, we suggest replacing the monthly consumption test for tiering with a 3-month rolling average. This, together with the year-to-date test, would promote a more equitable outcome, particularly in constrained months where most access holders would otherwise have monthly capacity available. Further, this methodology would assist in alleviating the anomalies that occur over the end of a financial year. In the Goonyella system, this would provide alignment with DBCT terminal rules and better adhere to the principle of even railings across the CQCN.</p> <p>Aurizon Network has informed Glencore that there is sufficient time for Network and Rail Haulage Operators to develop and agree on a proposed schedule if the IRP is not accepted. However, Glencore has observed that Haulage Operators rely heavily on the IRP process and are generally very reluctant to reject its outcomes, often preferring to make only minor amendments.</p> <p>It may be beneficial for the QCA to request data on how frequently the IRP is rejected to better understand the extent of reliance on this process, as well as discuss the ability for rail operators to prepare a manual input from scratch within the relevant timeframes.</p>

REF #	SECTION	COMMENT
		<p>Network has also confirmed via email that they are open to an independent review of the optimization model; however, they do not see the necessity of including this review in the System Rules. While Network acknowledges that multiple scenarios are run each day, they have agreed to publish only the selected scenario along with the "agreed metrics". While we appreciate the transparency of the output, it is crucial to have greater visibility into the inputs and the decision criteria used to determine which scenario is selected and where required, be able to review the decisions made regarding scenario selection against specific guidelines.</p> <p>The reliability of the optimisation software is directly tied to the quality of its inputs. Currently, customers have very limited visibility into the inputs and assumptions used in the model, and there is a lack of documentation regarding how these inputs should be calculated and who has the authority to modify key assumptions.</p> <p>Glencore has encountered situations where model assumptions were made incorrectly and without our knowledge, as well as that of our Rail Haulage Operator. This led to a reduced number of scheduled train services for a certain period. It was only upon querying the lack of scheduled trains that the unauthorized change was identified and subsequently rectified.</p> <p>Aurizon Network communicated via email that they have acknowledged our feedback regarding tiering and are open to considering alternative methods; however, they will not be including tiering in the System Rules. As tiering is the primary prioritisation method in the optimisation model, it receives significant attention from customers.</p> <p>Given its importance in the scheduling process, Glencore believes that tiering should be explicitly addressed in the System Rules. Alternatively, Aurizon Network could develop a separate document for the IRP process and reference it in the System Rules, provided that it is also approved by the QCA and/or has majority customer support.</p> <p>Glencore would like to take this opportunity to recommend that, in determining tiering, contracted TSEs should be adjusted based on the number of railable days in each month. The current method, which utilises standard TSEs based on a 30-day month, incentivises over-contracting. Customers tend to contract more to cover peak rail months (those with high track availability) to maintain their tiering position.</p> <p>This over-contracting to manage patterns of high track availability is inefficient and may lead to unnecessary expenditures to increase system capacity that ultimately goes unused. We understand from Aurizon Network that achieving this through individual Access Agreements may be challenging, and therefore, it may be more effectively addressed within the System Rules and the tiering framework.</p>

REF #	SECTION	COMMENT
3	2.1 Timeframes – Rolling Daily IRP	<p>The statement that “Aurizon Network may require Train Operators, through consultation, to adjust demand within the planning horizon to reflect system capability and manage optimisation processing time” represents a significant shift from the current practice, which allows AN to adjust demand to reflect capability only through consultation and solely when necessary for managing optimisation processing time.</p> <p>Glencore understands that the rationale behind the proposed amendment— to include references to system capability rather than just solve time— is to address situations where some shorter haul customers have not been scheduled during constrained periods due to the optimisation model prioritising Ntk’s.</p> <p>Glencore agrees that it is important to balance the optimisation of the coal chain with equity among contracted access holders, regardless of distance. We question whether this balance could be achieved more simply by adjusting the model objectives to weight Ntk and net tonnes equally.</p> <p>If Aurizon is unable to eliminate the undesirable bias within the optimisation model and discretion remains necessary to adjust demand, it is crucial that the system rules specify that Aurizon Network must act reasonably and equitably between Access Holders in making these adjustments. Additionally, the methodology for determining these adjustments should be clearly documented, transparent, and included in the System Rules. Any amendments made to demand must be recorded along with the original un-adjusted demand and be auditable by the Independent Expert (IE) when evaluating train services that are "unable to be ordered" for rebate calculations.</p> <p>Aurizon Network has responded to Glencore, indicating that the impact on shorter hauls is not the only issue being faced, and that the agreement to include "metrics and model transparency" will help address these concerns. Glencore does not concur with this assessment.</p> <p>It is essential for Aurizon Network to act reasonably and be transparent about how they evaluate which demand (i.e., rail haulage operators, customers, and O-D pairs) they request to be adjusted, ensuring that all parties are treated equitably. By incorporating the rationale into the System Rules, rail operators and customers may be more inclined to tailor their orders in accordance with Network's expectations, thereby minimising the likelihood of arbitrary requests to amend demand inputs.</p>

REF #	SECTION	COMMENT
4	2.2 Planning Considerations	<p>See above comment 5 – could also be incorporated into this section.</p> <p><u>Key Issues:</u></p> <ul style="list-style-type: none"> • Clear guidance is needed regarding the factors that may be considered when selecting which scenario to utilise. AN may choose a scenario which maximises utilisation and efficiency, but overriding priority must be to meeting contractual entitlements, which is especially important given there is no practical material alternative to the IRP process (as outlined earlier). <p>In the proposed amendments to the System Rules, Aurizon Network has indicated that they will publish the selected daily IRP scenario along with agreed metrics to address this issue. Glencore is particularly concerned about the lack of guidance on which scenario to utilise (as highlighted in bold above), especially during constrained weeks when scenarios may differ among equally contractually entitled access holders. Publishing only the selected model may not adequately address this concern. Additionally, Glencore is unclear about what "agreed metrics" Network is referring to, and including some examples in the document could be beneficial.</p>
5	4 Schedule Alterations	<p>a) Glencore supports the proposal that all mine cancellations should consume TSEs. However, we are concerned that some vertically integrated customers may have an unfair advantage. They could influence rail operators or ports to take responsibility for cancellations that would typically be classified as "mine" caused, thereby avoiding TSE consumption. Additionally, a customer might contract a rail provider to never acknowledge a genuine mine cancellation.</p> <p>As noted in item 12(a) below, involving the Independent Expert in assessing the cause of cancellations may offer other customers reassurance against potential manipulation. However, it is crucial to acknowledge that the true cause may never be definitively determined, which could result in competitive advantages for certain customers. Ultimately, there is a possibility that mine cancellations could be obscured, necessitating close monitoring of this aspect.</p> <p>Aurizon Network has responded to Glencore, indicating that the involvement of the IE may be a potential option, but practically it may not be feasible since not all rail operators currently participate in the cancellation and delay reconciliation process, despite being included in the System Rules and invited to take part.</p>

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		<p>In the absence of IE participation, Glencore recommends that the timing of TSE consumption be consistent across above rail, port, and mine operations to prevent any incentives for manipulation. A potential solution may be that above rail and port also consume TSEs on day 2.</p> <p>Glencore firmly believe allowing some access holders to gain an unfair advantage here is inconsistent with the intention of some of the changes proposed, including the additional proviso contained at the end of section 4 of the draft rules.</p> <p>b) Glencore also suggest that trains unable to load ANY wagons (i.e. an "air train") due to network issues should be deemed a cancelled train due to network causes regardless of whether a cancellation request was received prior to mine arrival. Furthermore, Aurizon Network should be obligated to inform the operator as early as possible—at the latest, 15 minutes before arrival at the mine—if the total loading time is likely to be less than 75% of the contracted load time. This would provide the operator with the opportunity to cancel the train instead of incurring significant costs associated with empty wagons.</p> <p>This comment has not been addressed by Aurizon Network. Glencore has encountered this issue on several occasions and requests that it be addressed in the System Rules. It is illogical for the train service to consume TSEs if it is completely or substantially empty due to Network-related causes.</p> <p>c) Additional Train Services: Having an incentive for trains to be added after an ITP is published in order to not consume TSEs may result in inefficiencies and congestion on the network as they do not form part of the IRP optimisation. We understand that Aurizon Network are planning to allow Access Holders to schedule on Tier 4 ad hoc without consumption of TSE's which would negate this incentive, however this is not documented in the System Rules nor proposed in this amendment.</p> <p>Aurizon Network has responded to Glencore, acknowledging that while it identifies this as a risk, they consider it to be low. [REDACTED]</p> <p>Given this experience, we believe services added after the IRP should still consume TSEs unless they are added less than 24hrs prior to, or during, the day of operations as a result of capacity created by cancellations. This is not intended to prevent utilisation, but to disincentivise unoptimised services which may negatively impact contracted scheduled services. An alternative, but more complex solution, may be an assessment of the impact on scheduled services before these "additional" services are allowed, to ensure that contracted</p>

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		<p>scheduled services are not likely to be adversely affected. The risk of such occurrences would only be deemed "low," as described by Aurizon Network, if there were an alternative that permits ad-hoc services to be included in the optimisation process without consuming TSEs.</p> <p>Aurizon Network has informed Glencore that they are currently unable to allow above rail operators to incorporate ad-hoc (tier 4) services into the IRP optimisation process without consuming TSEs due to system limitations, which they are working to resolve. Glencore would appreciate the expedited resolution of these system limitations to achieve the most efficient scheduling outcomes and avoid adding train services in a manner which may not be optimised.</p> <p>d) Diverted Train Services: It is unclear which Origin-Destination (OD) Pair will consume the TSEs for diverted train services—the original OD pair or the new one. Glencore believes that the original OD pair should be responsible for consuming the TSEs, subject to the cause of the diversion as outlined in the provided table/matrix. This approach would prevent operators from gaming the system by scheduling OD pairs at higher priority tiers and subsequently diverting to OD pairs that may fall under lower priority tiers.</p> <p>Aurizon Network has clarified the treatment of diversions involving a change in Access Holder. However, it remains unclear which access agreement Aurizon Network is referencing when stating that "the diversion will not result in additional TSE consumption for the <u>relevant Access Holder</u>," particularly in cases where the Access Holder is the same for both services. We request that this be made clearer in the drafting.</p> <p>e) If diversions are treated as outlined in point d) above, it may be unnecessary to maintain separate definitions for "Rescheduled," "Diverted," and "Replacement" services. All requested schedule alterations to services would be treated the same way, with the original (if changed) classified as "cancelled" (with TSEs consumed according to the cause and/or timing) and the new service treated as an "additional" (with no TSEs consumed).</p> <p>Where the additional service is cancelled by Aurizon Network, they will need to ensure no consumption occurs on the original OD pair.</p> <p>f) Glencore's comments above are contingent upon Aurizon Network clarifying and/or documenting in the System Rules that:</p> <ol style="list-style-type: none"> i. All ad-hoc / Tier 4 and Additional services will continue to form part of mine capping (or contribute directly to the access agreement scheduled under) for take or pay purposes despite not consuming TSE's; and

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6	4 Schedule Alterations	<p data-bbox="891 268 1917 427">ii. All Additional or ad-hoc/Tier 4 services cancelled due to Aurizon Network or FM will continue to reduce the number of scheduled System Paths in accordance with Schedule G, 8.2(c)(ii) despite not consuming TSE's. This is particularly important for diverted and/or re-scheduled services where TSE's have been "consumed" by the original service, for the replacement service only to be later cancelled by Network or FM.</p> <p data-bbox="741 464 1895 592">Aurizon Network has responded to Glencore via email, stating that the above statements are "confirmed." However, we do not believe these confirmations have been adequately reflected in the System Rules. Glencore believes that this information should be clearly articulated in the System Rules or communicated more broadly to Access Holders to ensure a consistent understanding.</p> <p data-bbox="696 628 1279 655">Aurizon Network have added the following comment:</p> <p data-bbox="696 692 1901 788">"Aurizon Network will systematically monitor ordering and schedule alteration trends to ensure Access Holders and Train Operators are not utilising the systems and processes to gain an unfair planning and scheduling advantage over other Access Holders and Train Operators."</p> <p data-bbox="696 825 1933 920">Whilst we appreciate the intent of this comment, there needs to be context or reference point as to what would constitute unfair advantage. It also is not clear as to the repercussions if found to be gaining an unfair advantage – Aurizon Network should consider providing what escalation steps may entail.</p> <p data-bbox="696 957 1335 984">Our suggestion would be to word this comment as follows:</p> <p data-bbox="696 1021 1933 1149">"Aurizon Network will systematically monitor ordering and schedule alteration trends to ensure Access Holders and Train Operators are not utilising the systems and processes in a manner not consistent with Schedule G of the access undertaking to gain an unfair planning and scheduling advantage over other Access Holders and Train Operators."</p>
7	4.1 Schedule Alteration Rules	<p data-bbox="696 1217 1816 1281">a) Regarding point 2, please clarify what is meant by the "time stamp of the receipt of the DTP will be considered." Should this instead refer to the time stamp of the change request?</p> <p data-bbox="734 1318 1906 1409">Aurizon Network has responded to Glencore, indicating that the DTP is the change request. While this may reflect a misunderstanding on Glencore's part, we believe that the drafting could be clarified to prevent any further confusion.</p>

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8	5.2 Performance Measurement	<p data-bbox="696 301 1899 363">b) In point 3, we suggest that AN should consult with the port/destination to determine the availability of the unloading slot.</p> <p data-bbox="741 400 1928 494"><i>Aurizon Network has responded to Glencore, indicating that this is generally addressed as part of the process but does not see the need for it to be included in the System Rules. In the interest of transparency, Glencore would like to see both the intended and/or actual processes documented in the System Rules.</i></p> <p data-bbox="696 533 1928 627">a) Glencore is agreeable to initially escalating disputes within the Network Customer Team for cancellations. However, the dispute resolution mechanisms outlined in the Access Agreement must remain available and be referenced in the system rules.</p> <p data-bbox="741 663 1928 788"><i>This comment has not been addressed in the System Rules. Glencore prefers that the dispute resolution mechanism for cancellations be clearly identified as being available. There is a risk here that Aurizon Network deem cancellations to be parties other than them for the purposes of measuring performance and rebates, with Access Holders and Operators needing a process where they can dispute this outcome.</i></p>