

# Schedule K

## Principles for pricing of electric traction services in the Blackwater System

### 1 Introduction

This Schedule sets out the principles which will govern the arrangements for pricing of electric traction services in the Blackwater system, and recovery by Aurizon Network of electric system costs.

Aurizon Network's Access Undertaking (effective at the relevant time) will be amended as necessary to implement the principles in this Schedule.

### 2 General Principles

- (a) The power system upgrade to the Blackwater electric system was approved by the QCA under Aurizon Network's Access Undertaking approved on 23 October 2008.
- (b) Aurizon Network is entitled to recover its investment in the Blackwater Electric System (**Blackwater Electric System Costs**), which includes:
  - (i) Amounts payable to Powerlink for the Blackwater Electric System including metering charges;
  - (ii) Depreciation charge on Blackwater Electric System Costs;
  - (iii) Rate of return on the Blackwater Electric System Costs at the regulatory Weighted Average Cost of Capital (**WACC**);
  - (iv) Maintenance and operational costs incurred by Aurizon Network for the Blackwater Electric System other than those paid to Powerlink; and
  - (v) Escalation of maintenance overheads via the Maintenance Cost Index (**MCI**) methodology.
- (c) All Access Holders [utilising the Blackwater system] should contribute to Aurizon Network's recovery of the Blackwater Electric System Costs.
- (d) In the event that Aurizon Network does not, at the AT5 tariffs approved by the QCA, recover its Blackwater Electric System Costs over the regulatory period commencing [upon the approval of Aurizon Network's next Access Undertaking] (**Pricing Period**), it will defer full recovery of the Blackwater Electric System Costs across the period commencing upon the approval of Aurizon Network's subsequent Access Undertaking (**Adjustment Period**). Any shortfall in the recovery of Aurizon Network's

Blackwater Electric System Costs in the Pricing Period will be recovered from all Access Holders [utilising the Blackwater system] in the Adjustment Period.

- (e) In the event that Aurizon Network, at the AT5 tariffs approved by the QCA, recovers revenue in excess of its Blackwater Electric System Costs over the Pricing Period, it will return any over-recovery of Blackwater Electric System Costs to Access Holders [utilising the Blackwater system], during the Adjustment Period.
- (f) Electric energy (**EC**) costs will continue to be treated as a separate tariff component, not subject to the arrangements set out in this Schedule.

### 3 Pricing of electric traction services

- (a) The electric access tariff (**AT5**) will be a fixed tariff component, levied on the basis of electric gross tonne kilometres attributable to the relevant train service (**egtk**), representing the present value of the Blackwater Electric System Costs over the Pricing and Adjustment Periods.
- (b) In calculating AT5, the following assumptions will be adopted:
  - (i) utilisation of the Blackwater Electric System is 85% of the total gross tonne kilometres attributable to all contracted train services for which electric traction services are available (**maximum feasible egtk**);
  - (ii) maximum feasible egtk will include committed future electrification projects; and
  - (iii) forecast costs for committed future electrification projects will be taken into account in calculating electric system costs.