



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

Aurizon Network – Adjustment Charges – GAPE / Newlands Pricing DAAU

26 March 2024

Dear Ann,

This submission is made following the QCA's decision (on 22 February 2024) to approve Aurizon Network's December 2023 GAPE and Newlands Pricing Draft Amending Access Undertaking (**DAAU**).

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 Newlands and GAPE Access Holders.

Aurizon Network confirms that it has engaged with all affected Access Holders prior to making this submission. Aurizon Network provided detailed calculations of the relevant Adjustment Amount(s) to each Access Holder, all of whom have confirmed acceptance of those calculations. Aurizon Network has appended a copy of correspondence with individual Access Holders to this submission, on the basis that it is treated as Confidential Information by the QCA for the purpose of s187 of the Queensland Competition Authority Act 1997.

A detailed financial model supporting the proposed Adjustment Charges will be provided directly to the QCA. Aurizon Network claims confidentiality over the financial model as it contains information specific to each affected Access Holder.

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 black ink, appearing to read "Jon Windle", written over a light blue horizontal line.

Jon Windle
Manager Regulation Network
Aurizon Network Pty Ltd



Aurizon Network

2017 Access Undertaking

**Adjustment Charges – GAPE and Newlands Pricing
DAAU**

March 2024



Table of Contents

1.	Executive Summary	3
2.	Regulatory Provisions	4
3.	Calculation of Adjustment Charges	5
	Appendix 1: Confidential – Correspondence with Access Holders	8

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 GAPE and Newlands Pricing 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 22 February 2024, and has the effect of varying the FY2024 Reference Tariffs applicable to both Newlands and GAPE System Train Services.

The approved Reference Tariffs have an Effective Date of 1 July 2023. Consequently, this Adjustment Charge Submission reconciles (for the period 1 July 2023 to 29 February 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 March 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. Two of these Access Holders requested that the QCA review the interest calculations.

1.2 Adjustment Charges

Aurizon Network seeks QCA approval of a net recovery of Adjustment Charges totalling \$6.0 million (\$m) including interest¹ from affected Access Holders in accordance with Clause 6.2(b)(iii) of Schedule F to UT5.

Table 1 Adjustment Charges – FY2024

System	Total (\$m) (including Interest)
Newlands	5.4
GAPE	0.7
Total Adjustment Charges	6.0

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 collection / payment date of 31 May 2024. 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	Newlands		GAPE	
	Previous [^]	Approved [~]	Previous	Approved
AT1	2.01	2.01	1.62	1.62
AT2	343.28	343.28	15,464.32	15,464.32
AT3	8.87	10.21	1.55	1.55
AT4	1.21	1.39	3.22	3.28
AT5	--	--	--	--
EC	--	--	--	--
QCA Levy	0.0058	0.0058	0.0058	0.0058
IE Pass Through Cost	0.0164	0.0164	0.0164	0.0164

[^] 'Previous' Reference Tariffs reflect the Reset Schedule F Values, approved on 19 October 2023.

[~] "Approved" Reference Tariffs reflect the GAPE Newlands Pricing DAAU, approved on 22 February 2024.

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);
- Actual interest rates have been used for the period until the end of March 2024. The 20 February 2024 BBSW rate has been used for the period 1 April 2024 to 31 May 2024;
- At this stage, the interest rate has been applied from 1 July 2023 up until the assumed collection / payment date of 31 May 2024. 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;
- 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 31 May 2024.

3.4 Adjustment Charge by Coal System

The proposed FY2024 Adjustment Charges to be recovered from affected Access Holders in the Newlands System and GAPE for the period 1 July 2023 to 29 February 2024 are summarised in Table 3 below.

Table 3 Proposed FY2024 Adjustment Charge (\$m)

System	AT ₁₋₄	AT ₅	EC	QCA Levy	IE	Interest	Total
Newlands	5.2	--	--	--	--	0.1	5.4
GAPE	0.6	--	--	--	--	0.0	0.7
Total	5.9	--	--	--	--	0.1	6.0

- 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 Holders' 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 FY2024 Adjustment Charge will be recovered from 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.