

Ann Jones
Acting Director of Business Performance
Queensland Competition Authority
Level 27, 145 Ann Street
BRISBANE QLD 4000

Aurizon Network - Electric Energy Charge for Financial Year (FY) 2026

21 May 2025

Dear Ann,

Aurizon Network's 2017 Access Undertaking (**UT5**) allows for the recovery of electric energy costs and Variable Connection Charges through the electric energy charge component of the approved Reference Tariffs (**EC Tariff**).

This submission seeks the approval of the Queensland Competition Authority (**QCA**) for a new EC Tariff for FY2026, reflecting:

- Aurizon Network's forecast electric energy costs for FY2026;
- an adjustment to reconcile any over or under recovery of actual electric energy costs in a prior year; and
- FY2026 volume forecasts approved by the QCA in their Decision on the FY2026 Annual Review of Reference Tariff (**FY26 ARRT**).¹

Having regard to the above, Aurizon Network proposes a revised EC Tariff for FY2026 of \$1.27 per thousand electric Gross Tonne Kilometres (**eGTK'000**).

Background

Aurizon is one of Queensland's largest individual energy consumers and procures electricity through an Electricity Supply Agreement (**ESA**) with CleanCo Queensland. This ESA provides for a 'progressive purchasing' arrangement, whereby electricity is procured in a series of block purchases, with the timing of those purchases guided by the recommendations from electricity market expert Edge2020.

Aurizon Network's FY26 ARRT submission included an indicative EC Tariff of \$1.24 per eGTK'000 and noted that "*Aurizon Network intends to submit an update to the FY2026 EC charge in line with UT5.*"

¹ QCA (2025), Decision Notice, Annual review of reference tariffs, 2025–26, 15 May 2025. Accessed on 19 May 2025, and available at: <https://www.qca.org.au/wp-content/uploads/2025/05/qca-aurizon-network-2025-26-review-of-reference-tariffs-decision-final.pdf>

At the time of writing this submission, and in accordance with the advice received from Edge2020, Aurizon Network has purchased 95% of the total electric energy needs for FY2026.

In accordance with Schedule F, clause 2.2(a) of UT5, Aurizon Network submits a new FY2026 EC Tariff for QCA approval. The proposed EC Tariff reflects the combination of:

- actual electricity purchases for FY2026 made to date;
- the projected costs of procuring electricity from the NEM for the remainder of FY2026 (based on the prevailing forward prices as at 15 May 2025); and
- an expected under-recovery of electric energy charges based on a forecast to June 2025.

Composition of the FY2026 EC Tariff

The EC Tariff is comprised of several components, namely:

- Consumption and Supply charges, which include:
 - Consumption charges (Peak / Off-Peak / Flat rates per MWh), based on the forward wholesale market and subject to oversight by the Australian Energy Regulator (**AER**);
 - Market Charges, set by Australian Energy Market Operator (**AEMO**);
 - Fixed Service/Metering Charges, set by the retailer and metering provider;
- Environmental Compliance charges, which are a function of Australian Government (Clean Energy Regulator) targets and the associated environmental certificates, with the price of those certificates determined by the wholesale market; and
- Variable Connection Charge, which are regulated by the AER.

While the prices associated with each cost component of the EC Tariff aren't the direct result of regulatory determinations, it should be noted that each component is subject to oversight (and if required, intervention) by regulatory bodies, including the AER, Australian Energy Market Operator (**AEMO**) and Australian Energy Market Commission (**AEMC**).

Aurizon Network has summarised the calculation approach for each of the main cost categories.

Consumption and Supply Charges

The forecast electricity consumption and supply charges for FY2026 reflect the:

- actual cost of Aurizon Network's electricity purchases for FY2026 YTD, representing 95% of the total electric energy needs for the year; and
- forecast cost of procuring the remaining electric energy requirement from the NEM. Using data sourced on 15 May 2025² Aurizon Network has calculated an average price for FY2026, having regard to the wholesale prices prevailing for each quarter. This equates to an average price of \$101.89 per MWh as outlined in Table 1 below.

² Australian Securities Exchange Ltd 2004, *ASX Energy website*, Queensland FY26 Settled Price. Accessed 15 May 2025, and available at: https://www.asxenergy.com.au/futures_au

Table 1 Average Wholesale Price as at 15 May 2025

Average Wholesale Price	\$ per MWh
Q1 – July to Sept	102.26
Q2 – October to December	91.97
Q3 – January to March	117.98
Q4 – April to June	95.60
Average Price – FY2026	101.89

Environmental Compliance Charges, AEMO Market and Other Charges

Aurizon Network's forecast of environmental compliance charges, market and administration charges is based on the most recently billed rates, escalated at the Reset Inflation Rate of 2.90%

Variable Connection Charges

Aurizon Network has updated the variable connection charges to reflect the latest notification of prescribed transmission prices for FY2026, which was issued by the relevant Transmission Network Service Provider (TNSP) on 14 March 2025.

Prior year Adjustment

The prior year adjustment reflects the difference between the EC access charges paid by access holders and the actual electric energy costs incurred by Aurizon Network. Aurizon Network has estimated a cumulative under-recovery (approximately \$1.1 million) of the electric energy charges in prior years and has incorporated this adjustment within the proposed cost base for the FY2026 EC Tariff.

Proposed FY2026 EC Tariff

Aurizon Network proposes an increase in the FY2026 EC Tariff from \$1.24 to \$1.27 (\$ per eGTK'000).

Table 2 sets out each of the components used to set the proposed EC Tariff in accordance with UT5, Schedule F, clause 2.2. For clarity, the electric gross tonne kilometres (eGTKs) used to derive the EC Tariff are consistent with the FY2026 volume forecasts approved by the QCA on 15 May 2025.

Table 2 Proposed EC Tariff for FY2026

EC Cost Component	\$m	\$ per eGTK'000
Forecast eGTK'000 (Blackwater and Goonyella)		58,971,668
Consumption and Supply	61.2	1.04
Environmental Compliance Charge	6.1	0.10
Variable Connection Charge	7.8	0.13
EC Cost	75.2	
Proposed EC Tariff for FY2026 (\$ per eGTK'000)		1.27

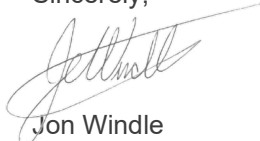
Concluding Remarks

Aurizon Network will continue to procure the remaining electricity requirement for FY2026 diligently, having regard to the advice of Edge2020, with the objective of obtaining favourable outcomes for its customers. To the extent that any such purchases result in a material difference from the forecasts relied upon in this submission, Aurizon Network will, if appropriate, seek to provide an update to the QCA prior to their approval of this FY2026 EC Tariff submission.

If there are any material movements in the spot market resulting in material changes in electricity costs, Aurizon Network may (after engagement with customers) look to submit a Draft Amending Access Undertaking (DAAU) to the QCA for approval later in FY2026 to address any material differences in electricity costs.

Should you have any questions or queries, please direct them in the first instance to Michael Bray by email: Michael.Bray@aurizon.com.au

Sincerely,



Jon Windle
Manager Regulation