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Queensland Competition Authority  
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## **Aurizon Network - Electric Energy Charge for Financial Year (FY) 2027**

21 May 2026

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 Reference Tariffs (**EC Tariff**).

This submission seeks Queensland Competition Authority (**QCA**) approval of the FY2027 EC Tariff, reflecting:

- Aurizon Network's forecast electric energy costs for FY2027;
- an adjustment to reconcile any over or under recovery of actual electric energy costs in a prior year; and
- the FY2027 volume forecasts approved by the QCA as part of its decision on the FY2027 Annual Review of Reference Tariffs (**FY27 ARRT**).<sup>1</sup>

Having regard to the above, Aurizon Network proposes a revised FY2027 EC Tariff of \$1.18 per thousand electric Gross Tonne Kilometres (**eGTK'000**). The proposed EC Tariff reflects:

- actual electricity purchases made for FY2027 to date, noting that Aurizon Network has purchased 89% of the total electric energy needs for FY2027;
- the projected costs of procuring electricity from the National Electricity Market (**NEM**) for the remainder of FY2027 (based on the prevailing forward prices as at 6 May 2026); and
- an expected over-recovery of electric energy charges based on a forecast to June 2026.

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<sup>1</sup> QCA (2026), Decision Notice, Annual review of reference tariffs, 2026–27, 21 May 2026.

## 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 FY27 ARRT submission included a placeholder EC Tariff of \$1.27 per eGTK'000, consistent with the approved EC Tariff for FY2026 and noting that an updated FY2027 EC Tariff would be submitted on or about 31 May 2026.

In accordance with Schedule F, clause 2.2(a) of UT5, Aurizon Network submits a new FY2027 EC Tariff for QCA approval.

## Composition of the EC Tariff

The EC Tariff is comprised of several components, namely:

- Consumption and Supply charges, which include:
  - Consumption charges (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**);
  - Metering Charges, set by the 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 FY2027 reflect the:

- actual cost of Aurizon Network's electricity purchases for FY2027 YTD, representing 89% 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 6 May 2026<sup>2</sup> Aurizon Network has calculated an average price for FY2027, having regard to the wholesale forward looking market prices prevailing for each quarter. This equates to an average price of \$98.29 per MWh as outlined in Table 1 below.

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<sup>2</sup> Australian Securities Exchange Ltd 2004, *ASX Energy website*, Queensland, Base Quarter. Accessed 6 May 2026, and available at: [https://www.asxenergy.com.au/futures\\_au](https://www.asxenergy.com.au/futures_au)

**Table 1 Average Wholesale Price as at 6 May 2026**

Average FY2027 Wholesale Price	\$ per MWh
Q1 – July to Sept	92.26
Q2 – October to December	92.44
Q3 – January to March	115.96
Q4 – April to June	92.50
<b>Average Price – FY2027</b>	<b>98.29</b>

### 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 FY2027, which was issued by the relevant Transmission Network Service Providers (TNSP) on 13 March and 30 April 2026.

### 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 over-recovery (approximately \$2.0 million) of the electric energy charges in prior years and has incorporated this adjustment within the proposed cost base for the FY2027 EC Tariff.

## Proposed EC Tariff

Aurizon Network proposes an FY2027 EC Tariff of \$1.18 per eGTK’000. This represents a reduction of c.\$0.10 per eGTK’000 compared to the current approved tariff for FY2026.

Table 2 sets out each of the components of the proposed EC Tariff in accordance with UT5, Schedule F, clause 2.2. For clarity:

- the electric gross tonne kilometres used to derive the FY2027 EC Tariff are consistent with the volume forecasts approved by the QCA on 21 May 2026; and
- the values outlined below include the prior year adjustment.

**Table 2 Proposed EC Tariff for FY2027**

EC Cost Components	\$m	\$ per eGTK’000
<b>Forecast eGTK’000 (Blackwater and Goonyella)</b>		<b>59,674,947</b>
Consumption and Supply	56.1	0.94
Environmental Compliance Charge	5.6	0.09
Variable Connection Charge	8.5	0.14
<b>EC Cost</b>	<b>70.2</b>	
<b>Proposed EC Tariff for FY2027 (\$ per eGTK’000)</b>		<b>1.18</b>

## Concluding Remarks

Aurizon Network will continue to procure the remaining 11% electricity requirement for FY2027 diligently, having regard to the advice of Edge2020, with the objective of obtaining favourable outcomes for its customers. Aurizon Network notes that in the unlikely event that such purchases result in a material difference from the cost forecasts relied upon in this submission, it may be appropriate to provide an update to the QCA prior to their approval of the FY2027 EC Tariff.

Please direct any questions to Michael Bray: [Michael.Bray@aurizon.com.au](mailto:Michael.Bray@aurizon.com.au)

Sincerely,



Jon Windle  
Manager Regulation