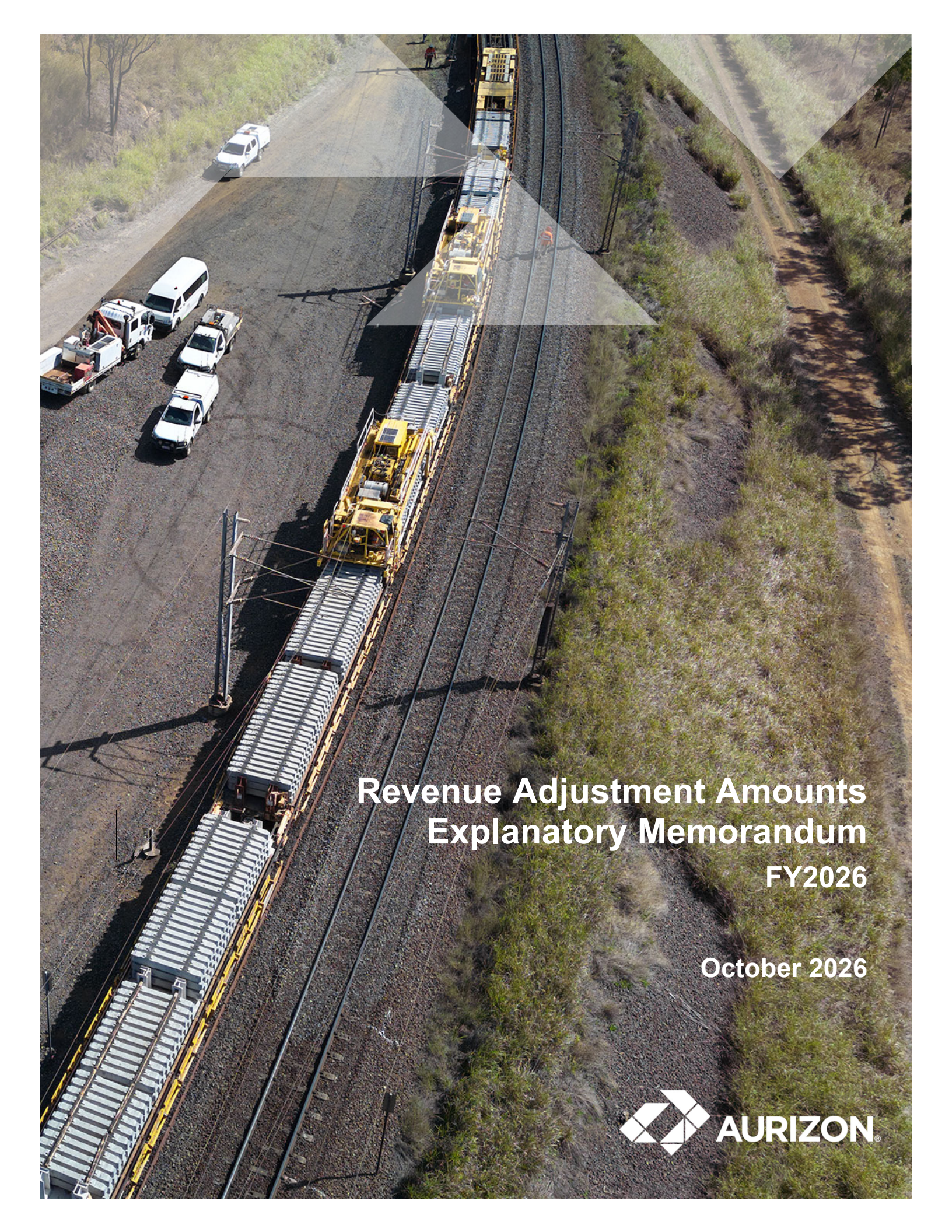




Revenue Adjustment Amounts Explanatory Memorandum

FY2026

October 2026



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1. Introduction

1.1 Overview

Aurizon Network Pty Ltd (**Aurizon Network**) has calculated the Revenue Adjustment Amounts for the Financial Year ending on 30 June 2026 (**FY2026**) based on the provisions of its 2017 Access Undertaking (**UT5**).

Under UT5, Aurizon Network is required to recover from (or return to) Access Holders the Revenue Adjustment Amounts, comprising the difference between revenue earned (**Total Actual Revenue**) and revenue allowed (**Adjusted Allowable Revenue**) for the relevant Reference Tariff components, for each Coal System in the Central Queensland Coal Network (**CQCN**).

The total FY2026 Revenue Adjustment Amounts for the CQCN, relative to the FY2026 Adjusted Allowable Revenue, represents a net recovery from Access Holders of \$36.9 million (**m**). Volume driven AT₂₋₄ and AT₅ under recoveries of Allowable Revenue were \$25.0m (68%) of this amount.

This submission provides details of the methodology, data and assumptions used to calculate the Revenue Adjustment Amounts. Capitalised terms within this submission have the same meaning given to those terms in the 2017 Access Undertaking (**UT5**), unless expressed otherwise.

1.2 Revenue Adjustment Amounts

Aurizon Network submits for QCA approval, its Revenue Adjustment Amounts for FY2026. The Revenue Adjustment Amounts are calculated for:

- AT₂₋₄ Reference Tariff components for each of the following Coal Systems: Blackwater, Goonyella, Moura, Newlands, and the Goonyella to Abbot Point Expansion (**GAPE**); and
- AT₅ Reference Tariff components for the Blackwater and Goonyella Systems.

The total of the Revenue Adjustment Amounts for FY2026, relative to the FY2026 Adjusted Allowable Revenue, represents a net recovery from Access Holders of \$22.7m for AT₂₋₄ and a net recovery from Access Holders of \$14.1m for AT₅. The Revenue Adjustment Amounts are summarised in Table 1.

Table 1. FY2026 Revenue Adjustment Amounts

Coal System	AT ₂₋₄	AT ₅	Total
Blackwater	(19.1)	(1.9)	(21.1)
Goonyella	25.3	16.0	41.4
Moura	2.4	--	2.4
Newlands	3.6	--	3.6
GAPE	10.6	--	10.6
Total	22.7	14.1	36.9

Note: The values outlined within this submission are expressed in \$ million (except where otherwise stated) and are rounded to one decimal point. Amounts to the nearest dollar are detailed in Appendix A of this submission. The tables included within this submission may not add due to rounding.

1.3 Form of Submission

This submission outlines all matters that are relevant to the Revenue Adjustment Amounts and is structured as follows:

Section 2	Provides an overview of the Regulatory Process relevant to the Revenue Adjustment Amounts.
Section 3	Provides a summary of the Revenue Adjustment Amounts calculated for FY2026.
Section 4	Discusses the adjustments that are made to the approved Allowable Revenue as part of the Revenue Adjustment Amounts calculation.
Section 5	Provides a summary of the Total Actual Revenue.
Section 6	Outlines the Electric Revenue Adjustment calculation.

Unless otherwise defined, capitalised terms in this submission have the meaning given in UT5. Aurizon Network has prepared detailed financial models (**Models**) in support of this submission and has provided these to the QCA's staff in electronic form. The Models include:

- Billing data for each Access Holder;
- Take or Pay calculations;
- Transfer Fee calculations and details of all contractual transfers of Access Rights;
- Electric Revenue Adjustment calculations; and
- Information and calculations relating to the adjustments to Allowable Revenue in respect of clauses 4.3(c)(i) to (xi) of Schedule F of UT5.

The Models contain Confidential Information and billing data relating to individual Train Services, disclosure of which would result in a breach of Aurizon Network's confidentiality obligations to relevant Access Holders. As a result, Aurizon Network claims confidentiality over each of the Models. Outputs from the Models are summarised in this submission.

2. Overview of the Regulatory Process

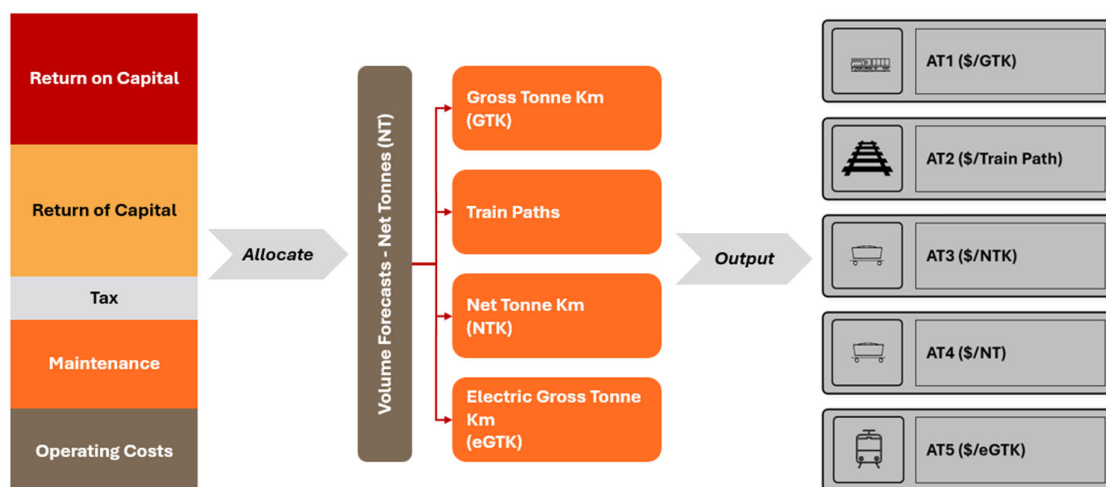
2.1 Regulatory provisions

Aurizon Network's Allowable Revenues are derived using a 'building blocks' approach that seeks to "...generate expected revenue for the service that is at least enough to meet the efficient costs of providing access to the service and include a return on investment commensurate with the regulatory and commercial risks involved..."¹

Aurizon Network's capital related charges, efficient operating and maintenance costs and tax expenses are aggregated into an Allowable Revenue for each Coal System. The approved Allowable Revenue is then translated into Reference Tariffs based on approved volume forecasts.

Allowable Revenue is the amount recoverable through the components of Reference Tariffs, which form the basis of Aurizon Network's Revenue Adjustment Amounts. Refer to Figure 1 for a visual representation of this process.

Figure 1. Allowable Revenue to Reference Tariffs



Schedule F of UT5 provides:

- i. the basis on which Aurizon Network recovers revenue from Access Holders, primarily from Reference Tariffs charged for train services operated; and
- ii. the guidelines on Take or Pay, Adjustment Charges and Revenue Adjustment Amounts to enable Aurizon Network to earn the Allowable Revenue in each Coal System in the same or subsequent years.

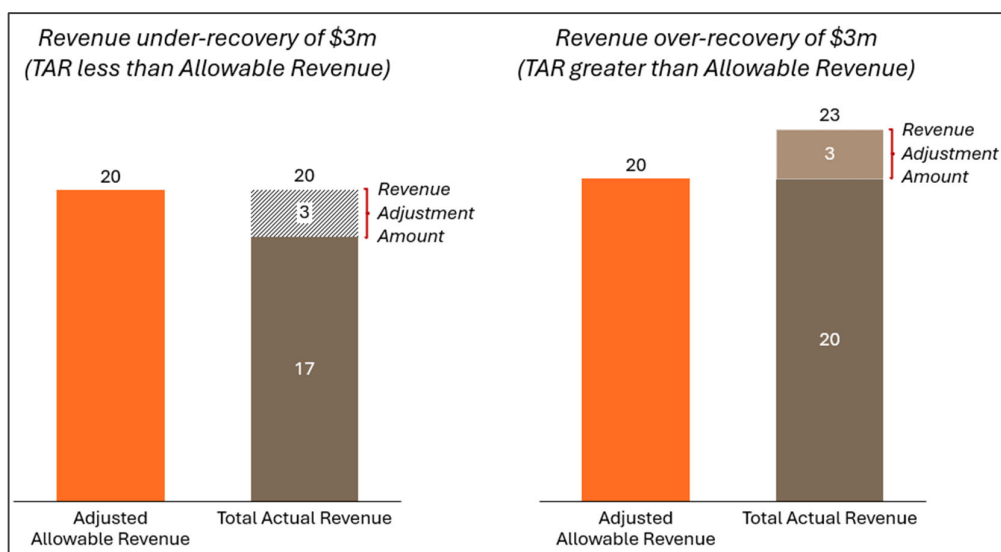
2.2 Revenue Adjustment Amounts

Aurizon Network is required to recover from (or return to) Access Holders the Revenue Adjustment Amounts, being the difference between revenue earned (Total Actual Revenue or 'TAR') and

¹ Queensland Competition Authority Act, 1997 (Qld), Section 168A(a)

revenue allowed (Adjusted Allowable Revenue) for the relevant Reference Tariff components. Figure 2 shows a visual representation of this concept.

Figure 2. Illustrative example of Revenue Adjustment Amounts



Clause 4.3 of Schedule F to UT5 provides for the calculation of:

- 'non-electric' Revenue Adjustment Amounts (**AT₂₋₄**) for each of the five Coal Systems; and
- 'electric' Revenue Adjustment Amounts (**AT₅**), for the Goonyella and Blackwater Coal Systems.

A Revenue Adjustment Amounts submission must be submitted to the QCA by the later of 31 October after the end of each Year of the Term or 30 days after an Adjustment Charge submission is approved relating to the relevant Year.

Within the **AT₂₋₄** and **AT₅** Revenue Adjustment Amounts, the following adjustments to Allowable Revenue are provided for under clause 4.3(c) of Schedule F to UT5:

- Approved Weighted Average Cost of Capital (**WACC**);
- maintenance costs;
- Non-Electric Operating Expenditure Allowance (**NOEA**);
- electricity connection costs;
- audit costs;
- Condition Based Assessment costs;
- ground penetrating radar costs;
- infrastructure rebate adjustments;
- costs relating to compliance with the Access Undertaking;
- all components excluding those costs referred to in clauses 4.3(c)(i) to (ix); and
- Study Costs approved by the QCA as prudent end efficient in accordance with clause 7A.5(l).

Further information in respect of the matters relevant to the FY2026 Revenue Adjustment Amounts is provided in section 4 of this submission.

3. Revenue Adjustment Amounts for FY2026

3.1 Revenue Adjustment Amounts

Revenue Adjustment Amounts are primarily required where actual coal volume throughput (and the associated operational parameters) varies from the regulatory coal volume forecasts (**System Forecast**), which form a key input in the determination of Reference Tariffs for each Coal System.

The FY2026 System Forecast for the CQCN was 221.0 million net tonnes (**NT**) and the actual coal volume throughput was 212.5 million NT.

Summaries of the System Forecast NT and Gross Tonne Kilometres (**GTK**) by Coal System compared with actual NT and GTK are provided in Table 2 and Table 3.

Table 2. FY2026 System Forecast NT compared to Actual NT

Coal System	Forecast NT million	Actual NT million	Variance %
Blackwater	58.8	61.2	4%
Goonyella	109.2	103.9	-5%
Moura	14.8	13.2	-11%
Newlands	20.8	17.8	-14%
GAPE	17.4	16.3	-6%
Total	221.0	212.5	-4%

Table 3. FY2026 System Forecast GTK compared to Actual GTK

Coal System	Forecast GTK billion	Actual GTK billion	Variance %
Blackwater	33.6	35.0	4%
Goonyella	34.6	33.2	-4%
Moura	3.8	3.4	-10%
Newlands	4.6	4.1	-12%
GAPE	9.0	8.6	-4%
Total	85.7	84.2	-2%

The Blackwater System railed above System Forecast NT and GTK, resulting in an over-recovery of AT₂₋₄ Allowable Revenue.

The Goonyella and GAPE Systems railed below System Forecast NT and GTK but did not trigger Take or Pay, resulting in an under-recovery of AT₂₋₄ Allowable Revenue.

The Moura and Newlands Systems railed below System Forecast NT and GTK, Take or Pay triggered recovering the full amount of the AT₂₋₄ shortfall between Total Actual Revenue and Allowable Revenue.

The Blackwater System recorded Total Actual AT₅ revenue above Allowable Revenue, whilst the Electric / Diesel % was 2% lower than the System Forecast, GTK were 4% above.

The Goonyella System recorded Total Actual AT₅ revenue below Allowable Revenue due to the below System Forecast GTK of 4%, and a 13% lower Electric / Diesel % than the System Forecast.

The Revenue Adjustment Amounts for 'non-electric' and 'electric' are reconciled to the Allowable Revenue and Total Actual Revenue in Table 4 and Table 5. These amounts include the adjustments to Allowable Revenue that are detailed in section 4 of this submission.

Table 4. Revenue Adjustment Amounts AT₂₋₄

Coal System	Total Actual Revenue	Allowable Revenue	Adjustments to Allowable Revenue	Adjusted Allowable Revenue	Revenue Adjustment Amounts
Blackwater	472.6	453.5	(0.1)	453.4	(19.1)
Goonyella	381.7	402.6	4.4	407.0	25.3
Moura	60.3	60.3	2.4	62.7	2.4
Newlands	43.8	43.8	3.6	47.3	3.6
GAPE	135.9	144.7	1.8	146.6	10.6
Total	1,094.3	1,105.0	12.1	1,117.1	22.7

Table 5. Revenue Adjustment Amounts AT₅

Coal System	Total Actual Revenue	Allowable Revenue	Adjustments to Allowable Revenue	Adjusted Allowable Revenue	Revenue Adjustment Amounts
Blackwater	100.3	98.2	0.1	98.4	(1.9)
Goonyella	77.5	93.9	(0.4)	93.5	16.0
Total	177.7	192.2	(0.3)	191.9	14.1

Appendix B of this submission shows a comparison of historical Revenue Adjustment Amounts from FY2018 to FY2026.

4. Adjustments to Allowable Revenue

Clause 4.3(c) of Schedule F of UT5 details adjustments that are made to the approved Allowable Revenue as part of the Revenue Adjustment Amounts calculation. The adjustments include:

Figure 3. Revenue Adjustments

Approved WACC	Clause 4.3(c)(i) Weighted Average Cost of Capital. (As required) Adjustment to reflect the difference between the actual Approved WACC and the Approved WACC that was used in determining the Reference Tariffs.
Maintenance Costs	Clause 4.3(c)(ii) Adjustment to reflect the difference between the actual maintenance costs approved by the QCA and the sum of the Maintenance Indicator and the variable maintenance cost adjustment.
NOEA Adjustment	Clause 4.3(c)(iii) Adjusts the Non-Electric Operating Expenditure Allowance to reflect the difference in Actual CPI outcomes where they exceed and 2.37%.
Electricity Connection Costs	Clause 4.3(c)(iv) Adjustment to reflect the difference between actual and forecast electricity connection costs, used in determining the Reference Tariffs.
Audit Costs	Clause 4.3(c)(v) Adjustment to reflect required audit costs required under the Undertaking that are not already recoverable elsewhere within the Undertaking.
Condition Based Assessment	Clause 4.3(c)(vi) Adjustment to reflect Condition Based Assessment costs required under Undertaking that are not already recoverable elsewhere within the Undertaking.
Ground Penetrating Radar	Clause 4.3(c)(vii) Adjustment to reflect ground penetrating radar costs not already recoverable elsewhere within the Undertaking.
Infrastructure Rebates	Clause 4.3(c)(viii) Adjustment to reflect the difference between actual and forecast payments of rebates, used in determining the Reference Tariffs. .
Undertaking Compliance	Clause 4.3(c)(ix) Adjustment to reflect Undertaking compliance costs not already recoverable elsewhere within the Undertaking.

In addition to the above, clause 4.3(c) also provides for adjustments to reflect:

- (clause 4.3(c)(x)) modelling computations (e.g. tax or working capital) that may be required due to the matters outlined above; and
- (clause 4.3(c)(xi)) the value of approved Study Costs in accordance with clause 7A.5(l).

4.1 Maintenance Costs Adjustment

With respect to the Maintenance Costs Adjustment (clause 4.3(c)(ii)(B) of Schedule F of UT5), Aurizon Network has calculated a net recovery from Access Holders of \$9.1m. The adjustment reconciles the difference between:

- the actual maintenance costs approved by the QCA for FY2026;
- the Maintenance Indicator for FY2026; and
- the variable maintenance cost adjustment.

The variable maintenance cost adjustment is calculated by multiplying the relevant AT₁ Reference Tariff by the difference between the actual GTK for FY2026 and the GTK Forecast for FY2026.

Actual maintenance costs are those included within the annual Maintenance Costs Claim that was submitted to the QCA on 2 September 2026. Aurizon Network acknowledges that the QCA has not yet approved the Maintenance Costs Claim for FY2026 and consequently, the values outlined in Table 6 and Table 7 below are indicative at this time. If the QCA approves a different amount to the Maintenance Costs Claim, Aurizon Network will adjust the Revenue Adjustment Amounts to reflect the actual maintenance costs approved by the QCA.

The Maintenance Costs Adjustments are summarised in Table 6 and Table 7.

Table 6. Maintenance Costs Adjustment AT₂₋₄

Coal System	Maintenance Costs Claim	Maintenance Indicator	Sub-Total	Variable Maintenance Costs Adjustment	Total Adjustment
Blackwater	76.9	76.5	0.4	(1.5)	(1.0)
Goonyella	73.7	70.9	2.8	1.1	3.9
Moura	19.6	18.2	1.5	0.8	2.3
Newlands	9.4	7.0	2.3	1.2	3.5
GAPE	10.4	9.3	1.1	0.6	1.6
Total	190.0	181.9	8.1	2.2	10.3

Table 7. Maintenance Costs Adjustment AT₅

Coal System	Maintenance Costs Claim	Maintenance Indicator	Total Adjustment
Blackwater	8.4	8.7	(0.3)
Goonyella	9.1	10.0	(0.8)
Total	17.5	18.7	(1.2)

4.2 NOEA Adjustment

With respect to the Non-Electric Operating Expenditure Allowance Adjustment (clause 4.3(c)(iii) of Schedule F to UT5), Aurizon Network has calculated a net recovery from Access Holders of \$2.3m. The adjustment is to reflect the difference between forecast CPI of 2.37% and the actual CPI for FY2026, being 4.09%, multiplied by the NOEA.

The NOEA Adjustment is summarised in Table 8.

Table 8. NOEA Adjustment AT₂₋₄

Coal System	Non-Electric Operating Expenditure Allowance	NOEA Adjustment
Blackwater	53.9	0.9
Goonyella	58.8	1.0
Moura	5.8	0.1
Newlands	3.6	0.1
GAPE	12.9	0.2
Total	135.1	2.3

4.3 Electricity Connection Costs Adjustment

With respect to clause 4.3(c)(iv) of Schedule F of UT5, Aurizon Network has calculated a net recovery from Access Holders of \$0.9m for AT₅ represented by the difference between:

- the amounts paid to Powerlink Queensland and Ergon Energy for the connection of Aurizon Network's electrical traction system to their respective electricity networks; and
- the forecast costs used for the purposes of determining the AT₅ Reference Tariff components for FY2026.

4.4 Rebates Adjustment

With respect to clause 4.3(c)(viii) of Schedule F of UT5, Aurizon Network has calculated a net return to Access Holders of \$0.5m represented by the difference between:

- the amounts paid in respect of rebates relating to the capital components of Access Charges attributable to the use of all or part of specified assets for FY2026; and
- the forecast payments of those rebates used for the purpose of determining the relevant Reference Tariffs for FY2026.

A breakdown of the rebates paid, and the rebate calculation models are provided to the QCA with this submission.

4.5 Other Adjustments

Aurizon Network does not believe that any Revenue Adjustment Amounts are required in respect of the Approved WACC, the cost of audits, condition-based assessment costs, ground penetrating radar costs, other compliance costs and Study Costs.

During FY2027, Aurizon Network intends to submit (for QCA approval) Study Costs that were incurred during the UT5 Term to evaluate Expansion solutions (in respect of an Existing Capacity Deficit) which ultimately did not proceed. In accordance with clause 7A.5(I)(iii), the Study Costs approved by the QCA will be included within the FY27 Revenue Adjustment Amounts submission.

4.6 Adjusted Allowable Revenues Summary

Table 9. Adjusted Allowable Revenues AT₂₄

Coal System	Allowable Revenue	Maintenance Costs Adjustment	NOEA Adjustment	Rebates Adjustment	Adjusted Allowable Revenue
Blackwater	453.5	(1.0)	0.9	--	453.4
Goonyella	402.6	3.9	1.0	(0.5)	407.0
Moura	60.3	2.3	0.1	--	62.7
Newlands	43.8	3.5	0.1	--	47.3
GAPE	144.7	1.6	0.2	--	146.6
Total	1,105.0	10.3	2.3	(0.5)	1,117.1

Table 10. Adjusted Allowable Revenues AT₅

Coal System	Allowable Revenue	Maintenance Costs Adjustment	Rebates Adjustment	Electricity Connection Costs Adjustment	Adjusted Allowable Revenue
Blackwater	98.2	(0.3)	--	0.5	98.4
Goonyella	93.9	(0.8)	(0.0)	0.4	93.5
Total	192.2	(1.2)	(0.0)	0.9	191.9

5. Total Actual Revenue

5.1 Adjustments to Access Charges

The Access Charges payable by Access Holders for the operation of individual Train Services are set out in detail in the Models that are provided to the QCA with this submission.

Aurizon Network confirms that:

- Total Actual Revenue includes the Access Charges billed by Aurizon Network to Access Holders.
- Allocations for Cross System Train Services between the Blackwater and Goonyella Systems are determined in accordance with clause 4.2(b) of Schedule F of UT5.
- Total Actual Revenue includes Take or Pay. Take or Pay has been determined in accordance with the relevant Access Agreements for each Access Holder and has been agreed with and billed to the relevant Access Holders. A copy of the Take or Pay model has been provided to the QCA with this submission.
- Transfer Fees were payable in the Moura System. This has been included within Total Actual Revenue and the details and calculations provided to the QCA with this submission.

Total Actual Revenue for AT2-4 and AT5 by Coal System is summarised in Table 11.

Table 11. Total Actual Revenue

Coal System	Total Actual Revenue	Total Actual Revenue
	AT ₂₋₄	AT ₅
Blackwater	472.6	100.3
Goonyella	381.7	77.5
Moura	60.3	--
Newlands	43.8	--
GAPE	135.9	--
Total	1,094.3	177.7

6. Electric Revenue Adjustment

6.1 Calculation of the Electric Revenue Adjustment

Aurizon Network is required under clause 4.3(l) of Schedule F of UT5 to determine if there is an Electric Revenue Adjustment. An Electric Revenue Adjustment is required if:

- (i) the relevant Reference Tariff is a System Reference Tariff;
- (ii) there is a Decline in Electric Utilisation for the relevant Year; and
- (iii) there is an AT₅ Revenue Shortfall for the relevant Year.

Aurizon Network has calculated that no Electric Revenue Adjustment is required for FY2026. Table 12 details the steps within the calculation.

Table 12. Electric Revenue Adjustment

Description	Goonyella System	Blackwater System
Electric Utilisation Floor (EUF) %	71%	65%
Electric Capacity Factor (ECF) %	98%	94%
System Forecast GTK (bn) (SFGTK)	34.6	33.6
System Forecast eGTK(bn)	34.5	24.4
System Forecast Electric Utilisation (SFEU) %	100%	73%
Actual GTK (bn)	33.2	35.0
Actual eGTK(bn)	28.9	24.8
Electric Utilisation Level (EUL) %	87%	71%
Decline in Utilisation calculation		
EUL less EUF %	16%	6%
Actual eGTK(bn) less (SFGTK x ECF x EUF)	4.8	4.3
Is there a Decline in Electric Utilisation? (both calculations negative)	No	No
AT₅ Revenue		
AT ₅ revenue shortfall / (surplus) \$m	16.0	(1.9)
Is there an AT₅ shortfall?	Yes	No
Electric Revenue Adjustment		
Is there an Electric Revenue Adjustment Amount? (requires two "Yes" answers above)	No	No
Electric Revenue Adjustment Amount	\$Nil	\$Nil

Appendix A – Schedule for Publication

Attachment A Revenue Adjustment Amounts FY2026

Total Actual Revenue		Adjusted Allowable Revenue								Revenue Adjustment Amounts
		AR Adjustments								
AT ₂₋₄	Total Actual Revenue	AT ₂₋₄	Allowable Revenue	Reset versus Preliminary Schedule F values	Maintenance Costs Adjustment	NOEA Adjustment	Other Adjustments	Rebates Adjustment	Adjusted Allowable Revenue	Total Recovery / (Return)
Blackwater	472,564,397	Blackwater	453,536,103	-	(1,046,830)	925,129	-	-	453,414,402	(19,149,995)
Goonyella	381,697,105	Goonyella	402,592,248	-	3,913,464	1,008,984	-	(498,882)	407,015,814	25,318,709
Moura	60,349,630	Moura	60,349,630	-	2,283,180	99,414	-	-	62,732,224	2,382,594
Newlands	43,750,554	Newlands	43,750,554	-	3,512,850	62,139	-	-	47,325,543	3,574,989
GAPE	135,949,907	GAPE	144,725,391	-	1,621,109	221,791	-	-	146,568,291	10,618,383
	1,094,311,594		1,104,953,926	-	10,283,772	2,317,457	-	(498,882)	1,117,056,273	22,744,680
AT ₅	Total Actual Revenue	AT ₅	Allowable Revenue	Reset versus Preliminary Schedule F values	Maintenance Costs Adjustment	Electricity Connection Costs Adjustment	Other Adjustments	Rebates Adjustment	Adjusted Allowable Revenue	Total Recovery / (Return)
Blackwater	100,276,706	Blackwater	98,232,954	-	(332,532)	451,217	-	-	98,351,638	(1,925,068)
Goonyella	77,466,568	Goonyella	93,917,825	-	(822,658)	417,489	-	(7,665)	93,504,990	16,038,423
	177,743,273		192,150,779	-	(1,155,191)	868,706	-	(7,665)	191,856,628	14,113,355
Total Revenue Adjustment Amount										36,858,035

Appendix B – Historical Revenue Adjustment Amounts

A comparison of the FY2026 Revenue Adjustment Amounts (excluding cost of capital adjustments) with previous submissions made by Aurizon Network in the period FY2018 to FY2026 is set out below.

Table 13 Revenue Adjustment Amounts FY2018 to FY2026

Financial Year	AT ₂₋₄ Adjustment	AT ₅ Adjustment	Total Adjustment (m)
2018	(5.6)	4.9	(0.7)
2019	(9.4)	(2.5)	(11.9)
2020	(0.5)	3.4	3.0
2021	(35.4)	17.7	(17.7)
2022	34.4	10.5	44.9
2023	9.9	23.1	33.1
2024	20.1	8.2	28.3
2025	28.7	22.6	51.2
2026	22.7	14.1	36.9