

## Part 6: Pricing principles

### 6.1 Application of pricing principles

- (a) Aurizon Network will apply the pricing principles set out in **clauses 6.2** to **6.5** in developing Access Charges.
- (b) To the extent of any of those pricing principles conflict, Aurizon Network will apply the pricing principles in the following order of precedence (from highest to lowest):
- (i) ~~clause 6.2 (Pricing objectives);~~
  - (ii) **clause 6.4** (Pricing limits);
  - (iii) **clause 6.5.1** (Rail Infrastructure utilisation); and
  - (iv) **clause 6.5.2** (Revenue adequacy).
- (c) In this **Part 6**, where Access Rights have been, or are to be granted, under an End User Access Agreement, the relevant End User and all of that End User's Train Operators will be treated as a single entity so that a reference to:
- (i) an Access Seeker is a reference to the End User and its Train Operators collectively; and
  - (ii) an Access Holder is a reference to the End User and its Train Operators collectively.

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### 6.2 Pricing objectives

When considering whether to amend an Existing Reference Tariff or create a new Reference Tariff, Aurizon Network and the QCA must have regard to the following (potentially competing) objectives:

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- (a) The objectives of the Act:
- (b) Reducing uncertainty, and encouraging investment, by ensuring that existing Access Holders and their Customers (each of which has entered into long term commitments) are not made worse off as a result of a subsequent Expansion. A consideration of whether a party is 'worse off' will involve consideration of factors including any increase in Access Charges and any economic benefits to existing Access Holders and Customers from the relevant Expansion;
- (c) The need for new/expanding Access Holders to pay Access Charges which reflect at least the incremental cost (capital and operating) of the capacity created for their use (less the value of any economic benefits to existing Access Holders and Customers); and
- (d) Objectives of fairness.

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### 6.3 Price differentiation

#### 6.3.1 Price differentiation right

- (a) Aurizon Network may only differentiate Access Charges between Access Seekers or between Access Seekers and Access Holders in accordance with this **clause 6.2**.
- (b) Aurizon Network will not be in breach of this **clause 6.2** by reason of the fact that in the case of an End User, the Access Charges payable may be split between that End User and its Train Operator(s).

#### 6.3.2 Price differentiation from a Reference Tariff

- (a) Where **clause 6.3.4** is relevant it will be applied to determine the relevant Reference Tariff before the application of this **clause 6.3.2**.
- (b) Subject to **clauses 6.3.2(c)** and **(d)** and **clause 6.3.4**, where there is an applicable Reference Tariff, the Access Charge formulated by Aurizon Network for an Access Seeker will be consistent with that Reference Tariff unless:
  - (i) both of the following are satisfied:
    - (A) the characteristics of the relevant Train Service are different from the characteristics of the Reference Train Service as set out in **clause 1.3 of schedule F**; and
    - (B) the cost or risk to Aurizon Network of providing Access for that Train Service differs from the cost or risk to Aurizon Network if that Train Service had the same characteristics as the Reference Train Service; or
  - (ii) otherwise agreed with the QCA.
- (c) Where Aurizon Network has entered an agreement separate from the Access Agreement for Customer Specific Branch Line which provides for Aurizon Network to earn revenue that is in addition to the ongoing Access Charge (for example, an upfront contribution or Access Facilitation Charge), Aurizon Network may exclude the cost components separately funded through the additional revenue (for example, the value of any relevant Customer Specific Branch Line to the extent supported by the additional revenue) from the cost base (including the asset base) used to determine the ongoing Access Charge.
- (d) The rtp for a Train Service will be calculated in accordance with the following principles:
  - (i) rtp is deemed to equal one where:

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- (A) the maximum number of proposed Train Services at full utilisation exceeds the maximum number of Reference Train Services at full utilisation; and
  - (B) the scheduled section running times of the proposed Train Service are the same as the nominated section running times for the Reference Train Service;
- (ii) rtp is deemed to equal the Capacity Multiplier for that Coal System where:
- (A) ~~clause 6.3.2(d)(i)~~ does not apply; and
  - (B) the transit time of that Train Service will exceed the Nominated Separation Time over the Constrained Section in the relevant Coal System, as specified in **schedule F** and amended from time to time in the relevant System Operating Assumptions;
- (iii) where neither ~~clause 6.3.2(d)(i)~~ nor ~~(ii)~~ apply, the number of reference Train Paths used by the proposed Train Service will be determined as follows:
- $$rtp = \max[(A/B), (B/A)]$$
- where:
- A is the maximum number of Reference Train Services at full utilisation; and
  - B is the maximum number of the proposed Train Services at full utilisation;
- (iv) the maximum number of Train Paths available for a Reference Train Service and for the proposed Train Service will be determined using a readily available simulation package; and
  - (v) for the purpose of **clauses 4.5(b)(v)** and **4.9.2(a)(iv)** (as applicable), Aurizon Network will advise the Access Seeker how it has determined the value of rtp,

unless Aurizon Network and the QCA agree an alternative methodology, in which case rtp will be calculated in accordance with that alternative methodology.

### 6.3.3 **Price differentiation where no Reference Tariff applies**

If there is no applicable Reference Tariff (for example, because the relevant Train Service is a non-coal carrying Train Service), the Access Charge formulated by Aurizon Network for an Access Seeker may vary from the Access Charges for other Access Seekers or Access Holders in respect of other Train Services also transporting passengers or also transporting the

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same commodity, in either case, in the same geographical area as that Access Seeker's proposed Train Services, on a unit rate basis to reflect, over time:

(a) changes or differences in the cost or risk relevant to Aurizon Network providing Access; or

(b) limitations on Available Capacity in accordance with **clause 6.5.1(b)**,

#### 6.3.4 Access Charges for Train Services that require an Expansion

(a) If an Access Seeker seeks Access Rights that require an Expansion

then Aurizon Network must, applying the pricing objectives set out in clause 6.2, apply to the QCA for a new Reference Tariff or an amendment to an Existing Reference Tariff.

(b) The QCA will consider an application made under clause and applying the pricing objectives set out in clause 6.2, determine a new Reference Tariff or an amendment to an Existing Reference Tariff.

(c) Where this **clause 6.3.4** applies in respect of an Access Seeker and the applicable Reference Tariff has not yet been determined, Aurizon Network may, but is not obliged to, enter into an Access Agreement with the Access Seeker on the basis of an indicative Access Charge subject to the Access Agreement including provisions which provide that after the applicable Reference Tariff is determined:

(i) the Access Agreement will be amended to include an Access Charge based on that Reference Tariff; and

(ii) the Access Seeker and Aurizon Network will account to each other for any under or over recovery of Access Charges during the period when the indicative Access Charge was applied.

Aurizon Network acknowledges that it will do all things reasonably required of it to expedite the determination of a Reference Tariff resulting from an Expansion.

(d) This **clause 6.3.4** and **clause 6.3.5** potentially interact with each other in relation to the setting of an Access Charge. To seek to facilitate the proper application of those clauses, where this **clause 6.3.4** and **clause 6.3.5** both apply in any particular circumstances, they must be applied concurrently.

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**6.3.5 Reference Tariff for new loading points and Private Infrastructure**

Where new or additional coal carrying Train Services commence after the Commencing Date and those Train Services will utilise:

- (a) new or existing Private Infrastructure (with one or more loading points) connected to the Rail Infrastructure after the Commencing Date; or
- (b) Rail Infrastructure (including a Customer Specific Branch Line), for a new loading facility, established after the Commencing Date,

the Access Charge for those new or additional coal carrying Train Services will be determined based on:

- (c) where:
  - (i) the Distance Discount is zero; or
  - (ii) the Minimum Revenue Contribution is less than a relevant existing Reference Tariff,

the relevant ~~highest~~ Existing Reference Tariff ~~(except to the extent that any higher Existing Reference Tariff reflects capital costs for sections of the Rail Infrastructure which will not be used for the additional Access Rights;~~ or

- (d) where ~~clause 6.3.5(c)~~ does not apply, a new Reference Tariff which when converted to a \$/nt basis is the higher of:

- (i) the Minimum Revenue Contribution; and
- (ii) the relevant existing Reference Tariff less the Distance Discount (with the Distance Discount first being subtracted from the AT<sub>3</sub> input of the Reference Tariff input (but not beyond the point where AT<sub>3</sub> equals zero) with any remainder subtracted from the AT<sub>4</sub> input of the Reference Tariff (but not beyond the point where AT<sub>4</sub> equals zero)), converted to a \$/nt basis assuming a System Nominal Train Payload;

- (e) where:

- (i) there is more than one Existing Reference Tariff for the relevant Train Service; or
- (ii) an Access Seeker seeks Access Rights that require an Expansion and ~~clause 6.3.5(d)~~ applies.

Aurizon Network will seek approval from the QCA for:

- (iii) determination of the relevant Existing Reference Tariff to be applied;
- (iv) the adjustment (downwards) of Existing Reference Tariff, including the allocation of benefits where there is more than one Existing Reference Tariff; and

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(v) any proposal to increase an Existing Reference Tariff to reflect benefits which existing Access Holders may derive from the Expansion.

In considering the above matters the QCA must apply the pricing objectives set out in **clause 6.2**.

### 6.3.6 **Process for acceptance of new Reference Tariff**

- (a) Where Aurizon Network is negotiating Access Charges for Access Rights and a new Reference Tariff is to be applied under either **clause 6.3.4** or **6.3.5** in respect of those Access Charges, Aurizon Network will submit a proposed new Reference Tariff to the QCA.
- (i) the proposed Reference Tariff must be consistent with **clause 6.3.5**, where **clause 6.3.5** applies; and
- (ii) the QCA will:
- (A) the QCA must apply the pricing objectives set out in **clause 6.2**;
  - (B) publish the proposed Reference Tariff;
  - (C) invite persons to make submissions on the proposed Reference Tariff to the QCA within a reasonable period of time specified by the QCA; and
  - (D) consider any submission it receives within that period of time.
- (b) The QCA may approve a proposed Reference Tariff for a new Reference Train Service only if the QCA:
- (i) is satisfied that the proposed Reference Tariff is consistent with this Undertaking (including the pricing objectives set out in **clause 6.2**);
  - (ii) considers it appropriate to do so having regard to the matters listed in section 138(2) of the Act;
  - (iii) has complied with **clause 6.3.6(a)(ii)**; and
  - (iv) for a resubmitted proposed Reference Tariff, is satisfied that Aurizon Network has in all material respects addressed the matters referred to in the relevant notice by the QCA under **clause 6.3.6(f)**.
- (c) The QCA must consider a proposed Reference Tariff given to it by Aurizon Network and either approve or refuse to approve it within 40 Business Days after the date on which Aurizon Network submitted the proposed Reference Tariff to the QCA or such further period as the QCA and Aurizon Network may agree. **Note: The QRC notes the proposal that a timeframe be imposed on the QCA. The QRC is**

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**not supportive of such timelines being imposed, unless the QCA considers it useful**

- (d) If the QCA approves the proposed Reference Tariff:
- (i) it will apply from the earlier of:
    - (A) the date of the QCA's decision; and
    - (B) if Aurizon Network and the Access Seeker have entered into an Access Agreement under **clause 6.3.4(b)**, the date of that Access Agreement,except where the QCA specifies a later date in its decision, in which case the proposed Reference Tariff will apply from that date;
  - (ii) the QCA will give Aurizon Network a notice in writing stating the reasons for its decision at the time of publishing its decision; and
  - (iii) Aurizon Network must:
    - (A) publish a new version of **schedule F** which includes the new Reference Tariff; and
    - (B) advise Access Holders and Access Seekers, in respect of the Train Services to which the new Reference Tariff applies, that the new Reference Tariff has been approved.
- (e) If the QCA is considering refusing to approve the proposed Reference Tariff:
- (i) it must give Aurizon Network a draft of its decision (including a statement of reasons including the way it considers the Reference Tariff should be adjusted);
  - (ii) Aurizon Network may, within 20 Business Days after being given that draft decision (or such longer period as agreed by the QCA), revise the proposed Reference Tariff and/or provide additional information supporting its view that the proposed Reference Tariff should be approved; and
  - (iii) the QCA must consider that revision and/or additional information when deciding whether to approve or refuse to approve the proposed Reference Tariff.
- (f) If the QCA refuses to approve the proposed Reference Tariff, the QCA must give Aurizon Network a notice of the QCA's decision (including a statement of both its reasons and the way in which it considers the proposed Reference Tariff should be amended).
- (g) If the QCA refuses to approve the proposed Reference Tariff, Aurizon Network may resubmit the proposed Reference Tariff with

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amendments and **clauses 6.3.6(a)** to ~~(f)~~ apply to that resubmitted Reference Tariff.

- (h) For the purposes of this **clause 6.3.6**:
  - (i) a proposed Reference Tariff submitted by Aurizon Network must include a new or reviewed System Allowable Revenue and System Forecast to the extent applicable to that proposed Reference Tariff; and
  - (ii) the QCA in approving a proposed Reference Tariff must also approve the new or reviewed System Allowable Revenue and System Forecast.

### 6.3.7 **Access Charge review provisions**

Without limitation to **clause 6.3.4(b)**, Aurizon Network or an Access Seeker may seek to agree review provisions in an Access Agreement that is being negotiated to enable the Access Charge to be adjusted from time to time in order for those Access Charges to be consistent with changes in:

- (a) (if a Reference Tariff applies to the Train Service) the applicable Reference Tariff (including any matters under **schedule F**); and
- (b) (if no Reference Tariff applies to the Train Service) the Access Charges agreed with other Access Seekers in respect of Train Services transporting the same commodity within the same geographical area as that Access Seeker's proposed Train Service.

A Standard Access Agreement will already contain review provisions in compliance with this **clause 6.3.7**.

## 6.4 **Pricing limits**

### 6.4.1 **Application of pricing limits**

- (a) Aurizon Network will, in setting the Access Charges for an Access Seeker's proposed Train Services, establish and observe upper and lower limits for the Access Charge(s):
  - (i) for individual Train Services; and
  - (ii) for combinations of Train Services comprised of the proposed Train Services and other Train Services to the extent that they use the same Rail Infrastructure as that which would be used by the proposed Train Services,

at levels:

- (iii) which ensure there is no Cross Subsidy between individual Train Services or combinations of Train Services (as applicable); and
  - (iv) determined in accordance with **clause 6.4.2**.
- (b) Subject to the approval of the QCA, Aurizon Network may:
    - (i) establish a new Reference Tariff; or

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(ii) vary an existing Reference Tariff in a way, that is inconsistent with **clause 6.4.2(a)(ii)**, for the primary purpose of promoting efficient investment by either Aurizon Network or another person in the relevant transport supply chain.

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**6.4.2 Setting price limits**

- (a) In setting the Access Charges for an Access Seeker’s proposed Train Services, Aurizon Network will do so such that, over the Evaluation Period, the Expected Access Revenue for any one of those Train Services and any combination of Train Services comprised of the proposed Train Services and other Train Services to the extent that they use the same Rail Infrastructure as that which would be used by the proposed Train Services is:
  - (i) no less than the level that will recover the expected Incremental Cost of providing Access for that Train Service or that combination of Train Services (as applicable); and
  - (ii) no more than the level that will recover the expected Stand Alone Cost of providing Access for that Train Service or that combination of Train Services (as applicable).

(b) If Aurizon Network includes an Access Charge in an Access Agreement for an Access Seeker that does not comply with **clause 6.4.2(a)(i)**, then Aurizon Network will be deemed not to be in breach of **clause 6.4.2**, provided that it complies with **clause 6.2** in subsequently setting an Access Charge for another Access Seeker for a Train Service that transports the same specified commodity in the same specified geographic area.

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**6.4.3 Application of Maximum Allowable Revenue**

- (a) Without limitation to **clause 6.4.2(a)**, where it is necessary to calculate the price limit referred to in **clause 6.4.2(a)(ii)** for the purposes of setting or reviewing a Reference Tariff, the Stand Alone Cost for the Evaluation Period for the Train Services to which the Reference Tariff relates will be the Maximum Allowable Revenue.
- (b) The Maximum Allowable Revenue means the aggregate of the maximum amount of Expected Access Revenue attributable to a section of Rail Infrastructure for the relevant Train Services using that section of Rail Infrastructure over the Evaluation Period.
- (c) The Maximum Allowable Revenue will be measured such that the net present value of the cashflows associated with providing Access for the relevant Train Services over the Evaluation Period is zero. This measurement can be expressed as:

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$$0 = -AV_o + \sum_{t=1}^n \frac{(MAR_t - C_t - M_t - T_t)}{(1 + ROA)^t} + \frac{AV_n}{(1 + ROA)^n}$$

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where:

$AV_0$  is the value of assets reasonably expected to be required for the Stand Alone provision of Access for the Train Services, assessed in accordance with **clause 6.4.3(e)**, at the commencement of the Evaluation Period;

$n$  is the number of years in the Evaluation Period;

$t$  is each year within the Evaluation Period from 1 to  $n$ ;

$MAR_t$  is the Maximum Allowable Revenue for the Train Services expressed as revenue that may be earned in each year of the Evaluation Period;

$C_t$  is the capital expenditure for assets reasonably expected to be required for the Stand Alone provision of Access for the Train Services in each year of the Evaluation Period;

$M_t$  is the Efficient Cost, including operating and maintenance costs, business and corporate overheads and QCA Levy, reasonably expected to be incurred for the Stand Alone provision of Access for the Train Services in each year of the Evaluation Period;

$ROA$  is the relevant rate of return commensurate with the commercial and regulatory risks involved in nominal post tax terms (with the cost of debt expressed on a before tax basis), as agreed by Aurizon Network and the QCA or, failing such agreement, as determined by the QCA;

$T$  is the tax expense assessed through the application of the statutory tax rate for corporations to the taxable income reasonably expected to be earned through the Stand Alone provision of Access for the Train Services in each year of the Evaluation Period, where such tax expense is reduced in each year by the application of the gamma factor, reflecting the market value of dividend imputation, as agreed by Aurizon Network and the QCA or, failing such agreement, as determined by the QCA; and

$AV_n$  is the value of assets reasonably expected to be required for the Stand Alone provision of Access for the Train Services, assessed in accordance with **clause 6.4.3(e)**, at the end of the Evaluation Period.

(d) For the purpose of determining the variables under **clause 6.4.3(b)**, the assumed traffic task resulting from the Train Services over the Evaluation Period is the forecast, as reasonably determined by Aurizon Network, for the traffic task resulting from the Train Services over the Evaluation Period (including making allowance for any changes in traffic task that are expected to result from the

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commencement of projects that impact significantly on the traffic task).

- (e) The value of assets used in **clause 6.4.3(b)** will be determined using:
  - (i) if the value of assets is being calculated for the Coal Systems in aggregate, the aggregate value of the assets contained in the Regulatory Asset Base, as maintained in accordance with **schedule F**; or
  - (ii) in all other circumstances, the Depreciated Optimised Replacement Cost methodology.

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## 6.5 Pricing objectives

### 6.5.1 Rail Infrastructure utilisation

- (a) Aurizon Network may establish different Access Charges for Train Services serving different markets or commodities to maximise the commercially viable use of Capacity while meeting, in aggregate, the Common Costs.
- (b) Subject to **clause 6.5.1(c)**, if the Available Capacity is potentially insufficient to satisfy the requests for Access Rights of all current and likely Access Seekers, then:
  - (i) Aurizon Network may determine the highest Access Charge for a Train Service that it is likely to achieve from the current or likely Access Seekers based on the characteristics of the relevant Reference Train Service for the applicable Coal System (including the terms of the relevant Standard Access Agreement) (**Maximum Access Charge**);
  - (ii) the Maximum Access Charge may be quoted to all Access Seekers in respect of the Available Capacity irrespective of:
    - (A) any Access Seeker's ability to contribute to the Common Costs; or
    - (B) the Access Charges payable in existing Access Agreements for similar Train Services; and
  - (iii) if Aurizon Network:
    - (A) has received Mutually Exclusive Access Applications;
    - (B) chooses to allocate Available Capacity to one of those Access Seekers for an Access Charge less than the Maximum Access Charge; and
    - (C) another of those Access Seekers is willing to pay an Access Charge equal to the Maximum Access Charge,

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then when determining the Maximum Allowable Revenue in accordance with **clause 6.4.3** for Train Services using that constrained section of Rail Infrastructure, the Access Charge for the Access Seeker will be assumed to be the Maximum Access Charge. For the purpose of **clause 6.5.1(b)(iii)(B)**, Aurizon Network does not make a choice to allocate Available Capacity in a particular way where Aurizon Network's allocation is necessary for compliance with any Law (including any Passenger Priority Obligation or Preserved Train Path Obligation).

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- (c) **Clause 6.5.1(b)** does not apply in respect of setting Access Charges in relation to Train Services for which a Reference Tariff applies.

### 6.5.2 Revenue adequacy

Aurizon Network is entitled to earn revenue from the provision of Access that is at least enough to:

- (a) fully recover all Efficient Costs; and
- (b) provide a rate of return on the value of assets commensurate with the regulatory and commercial risks involved.

## 6.6 Reference Tariffs

### 6.6.1 Application of Reference Tariffs

- (a) A Reference Tariff is an acceptable means by which Aurizon Network provides Access Seekers with information about the matters listed in sections 101(2)(a) to (c) of the Act.
- (b) If Aurizon Network formulates an Access Charge for an Access Seeker's proposed Train Services based on a Reference Tariff, then Aurizon Network is taken to have complied with **clauses 6.2** and **6.4**.
- (c) Unless otherwise approved by the QCA, Aurizon Network must calculate the Access Charges for all coal carrying Train Services to which a Reference Tariff applies on a basis that comprises all of the following elements:
  - (i) an incremental maintenance component that is levied on a gtk basis – referred to as AT<sub>1</sub>;
  - (ii) an incremental capacity component that is levied on a Train Path basis – referred to as AT<sub>2</sub>;
  - (iii) a component that is levied on a ntk basis – referred to as AT<sub>3</sub>;
  - (iv) a component that is levied on a nt basis – referred to as AT<sub>4</sub>;
  - (v) an electric access tariff that is levied on an egtk basis (if appropriate) – referred to as AT<sub>5</sub>;

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- (vi) an electric energy charge that is levied on an egtk basis (if appropriate) – referred to as EC; and
  - (vii) the QCA Levy levied on a nt basis,
- and including any other amount that may be included in an Access Charge in accordance with this Undertaking.

#### **6.6.2 Review of Reference Tariffs**

**Schedule F** will specify the period for which a Reference Tariff is effective and how the Reference Tariff may be reviewed during that period.

#### **6.6.3 Publishing updated schedule F**

Where any matters in **clauses 7 to 11** of **schedule F** are amended or varied from time to time including where the QCA approves any revisions or other adjustments to System Allowable Revenues, System Forecasts or Reference Tariffs in accordance with this Undertaking, Aurizon Network must publish a new version of those **clauses 7 to 11** of **schedule F** which includes that amendment, variation, revision or adjustment.

#### **6.7 Structure of non-Reference Tariff Access Charges**

Where there is no Reference Tariff applicable for a Train Service (for example, a passenger or non-coal freight Train Service), the structure of Access Charges for that Train Service will be negotiated with the relevant Access Seeker depending on their particular requirements and, without limiting Aurizon Network's and the relevant Access Seeker's discretion to agree a structure, may include any one or more of the following:

- (a) an initial upfront component as a condition to being granted Access Rights;
- (b) an ongoing periodic fixed component independent of the level of usage of the Rail Infrastructure; and
- (c) one or more ongoing variable components based on usage of the Rail Infrastructure.

#### **6.8 QCA Levy**

Access Charges for any Train Service may include a QCA Levy component to be collected for the QCA by Aurizon Network. This component of Access Charges will, where applicable, be determined from year to year based on the QCA Levy levied by the QCA to Aurizon Network and allocated amongst Train Services in a manner approved by the QCA.

#### **6.9 Regulatory Asset Base**

Aurizon Network will maintain the Regulatory Asset Base in accordance with **schedule F**.

#### **6.10 Commercial Terms**

- (a) Subject to **clause 6.10(b)**, nothing in this Undertaking prevents Aurizon Network and an Access Seeker (or group of Access Seekers)

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agreeing Commercial Terms in relation to Access Rights that will require an Expansion or Customer Specific Branch Line.

- (b) Aurizon Network may not request or agree Commercial Terms;
- (i) ~~in circumstances where it is obliged to fund and Expansion;~~
  - (ii) ~~that~~ restrict Access Seekers or their Customers from raising disputes with the QCA or disclosing proposed Commercial Terms or other contract terms to the QCA;
  - (iii) ~~that~~ require Access Seekers, Access Holders or their Customers to disclose information that is confidential to one or more of them, to any other Access Seeker, Access Holder or their respective Customers, otherwise than as permitted by this Undertaking;
  - (iv) ~~that~~ restrict the right of an Access Seeker or their Customer from proposing or entering into User Funding for the relevant Expansion or Customer Specific Branch Line;
  - (v) ~~that involve Aurizon Network to provide funding for a Pre-feasibility Study or Feasibility Study;~~
  - (vi) ~~that require that a Related Party receive a haulage agreement or port agreement;~~ or
  - (vii) ~~that~~ contravene a provision of this Undertaking or the Act.
- (c) For the avoidance of doubt:
- (i) where an Access Seeker or Access Seekers do not wish to agree Commercial Terms proposed by Aurizon Network, the Access Seeker or Access Seekers, as applicable, may propose to enter into a User Funding Agreement for the funding of the Expansion in accordance with and subject to the provisions in **clause 8**; and
  - (ii) the terms of any agreed User Funding Agreement will not constitute a Commercial Term.

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a Reference Tariff applies in respect of that Access Seeker's Train Services (**Existing Reference Tariff**); and

the inclusion of the capital expenditure for that Expansion in the Regulatory Asset Base or the usage of those Access Rights would result in the Existing Reference Tariff being increased,

seek the acceptance of:

Customers, and Access Holders without Customers, where the Access Charges relevant to those person:

are determined by reference to the Existing Reference Tariff; and

would be affected by the proposed development of a variation to that Existing Reference Tariff,

(**Affected Parties**), through a vote in accordance with **clause 8.10**; or

the QCA,

of the cost allocation principles that Aurizon Network is proposing to apply to develop a variation of the Existing Reference Tariff to take account of the Access Seeker's Access Rights (including the Expansion and additional usage);<sup>1</sup> or

where that acceptance is not sought or obtained under **clause 6.2.4(a)(iv)**, submit to the QCA, under **clause 6.2.5**, a new Reference Tariff for a new Reference Train Service that will apply in relation to that Access Seeker in relation to those Access Rights.

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For the purpose of **clause 6.2.4(a)(iv)(A)**, if Aurizon Network seeks, but fails to obtain, acceptance from Affected Parties, then Aurizon Network may still seek acceptance from the QCA under **clause 6.2.4(a)(iv)(B)**.

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<sup>1</sup> The acceptance sought is not an approval of a variation to the Existing Reference Tariff it is only an acceptance of the cost allocation principles that will be used in developing the variation of the Existing Reference Tariff. Any proposed variation of the Existing Reference Tariff would still need to the approval of the QCA.

If Aurizon Network seeks and obtains the acceptance of Affected Parties as required by **clause 8.10** under **clause 6.2.4(a)(iv)** and submits a variation to an Existing Reference Tariff based on the accepted cost allocation principles, then the QCA must accept the cost allocation methodology for that Reference Tariff variation provided that it is consistent with the cost allocation principles accepted by the Affected Parties.

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