



George Passmore  
Director – Business Performance  
Queensland Competition Authority  
Level 27, 145 Ann Street  
BRISBANE QLD 4000

## Update to Electric Energy Charge for Financial Year (FY) 2024

5 June 2023

Dear George,

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**).

On 30 May 2023, Aurizon Network submitted an updated EC Tariff for FY2024 to the QCA for approval (**May Submission**). Aurizon Network has since made additional electricity purchases for FY2024 YTD, increasing the proportion of electrical energy secured from 53% to 68%.

In the interests of promoting greater certainty of the electrical energy costs for FY2024, Aurizon Network seeks the approval of the Queensland Competition Authority (**QCA**) for an amended EC Tariff for FY2024, reflecting:

- Aurizon Network's forecast electric energy costs for FY2024;
- an adjustment to reconcile any over or under recovery of actual electric energy costs in a prior year; and
- FY2024 volume forecasts approved by the QCA in their Decision on the Reset Schedule F Preliminary Values.

Having regard to the above, Aurizon Network proposes a revised EC Tariff for FY2024 of \$1.66 per thousand electric Gross Tonne Kilometres (**eGTK'000**).

This update is intended to be read in conjunction with the May Submission.

## Updates to the May Submission

Aurizon Network's proposed EC Tariff reflects the combination of actual electricity purchases made to date, and the projected costs of procuring electricity from the NEM for the remainder of FY2024 based on the prevailing forward prices as at 5 June 2023.

For clarity, Aurizon Network is only proposing an update to the FY2024 cost forecasts for electricity Consumption and Supply Charges. Aurizon Network does not propose any changes to the value of the:

- Environmental Compliance Charges, AEMO Market and Other Charges; or
- Variable Connection Charges,

which remain consistent with the May Submission.

## Consumption and Supply Charges

The forecast electricity consumption and supply charges for FY2024 reflect the:

- actual cost of Aurizon Network's electricity purchases for FY2024 YTD, representing 68.4% 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 5 June 2023<sup>1</sup> Aurizon Network has calculated an average price for FY2024, having regard to the wholesale prices prevailing for each quarter. This equates to an average price of \$138.54 per MWh as outlined in Table 1 below.

**Table 1 Average Wholesale Price – as at 5 June 2023.**

Average Wholesale Price	\$ per MWh
Q1 – July to Sept	167.93
Q2 – October to December	133.69
Q3 – January to March	137.99
Q4 – April to June	114.54
<b>Average Price – FY2024</b>	<b>138.54</b>

## Proposed FY2024 EC Tariff

For FY2024, Aurizon Network proposes a reduction in forecast EC Tariff from \$2.82 to \$1.66 (\$ 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 remain consistent with the FY2024 volume forecasts approved by the QCA on 25 May 2023.

**Table 2 Proposed EC Tariff for FY2024**

EC Cost Component	\$m	\$ per eGTK'000
<b>Forecast eGTK'000 (Blackwater and Goonyella)</b>		<b>56,127,022</b>
Consumption and Supply	81.8	1.46
Environmental Compliance Charge	7.1	0.13
Variable Connection Charge	4.2	0.07
<b>EC Cost</b>	<b>93.1</b>	
<b>Proposed EC Tariff for FY2024 (\$ per eGTK'000)</b>		<b>1.66</b>

<sup>1</sup> Australian Securities Exchange Ltd 2003, ASX Energy website, Queensland FY24 Settled Price, accessed 5 June 2023, <[https://www.asxenergy.com.au/futures\\_au](https://www.asxenergy.com.au/futures_au)>

Aurizon Network will continue to procure the remaining electricity requirement for FY2024 diligently, having regard to the advice of Edge 2020, with the objective of obtaining favourable outcomes for its customers. Nevertheless, movements in the spot market can result in material changes in electricity costs and in event this occurs, Aurizon Network may look to submit a Draft Amending Access Undertaking (**DAAU**) to the QCA for approval later in FY2024 to address any material cost increase or reduction in electricity costs.

Should you have any questions or require further information, please do not hesitate to contact Michael Bray at: [Michael.Bray@aurizon.com.au](mailto:Michael.Bray@aurizon.com.au)

Sincerely,

A handwritten signature in black ink, appearing to read 'Jon Windle', with a long horizontal flourish extending to the right.

Jon Windle  
Manager Regulation