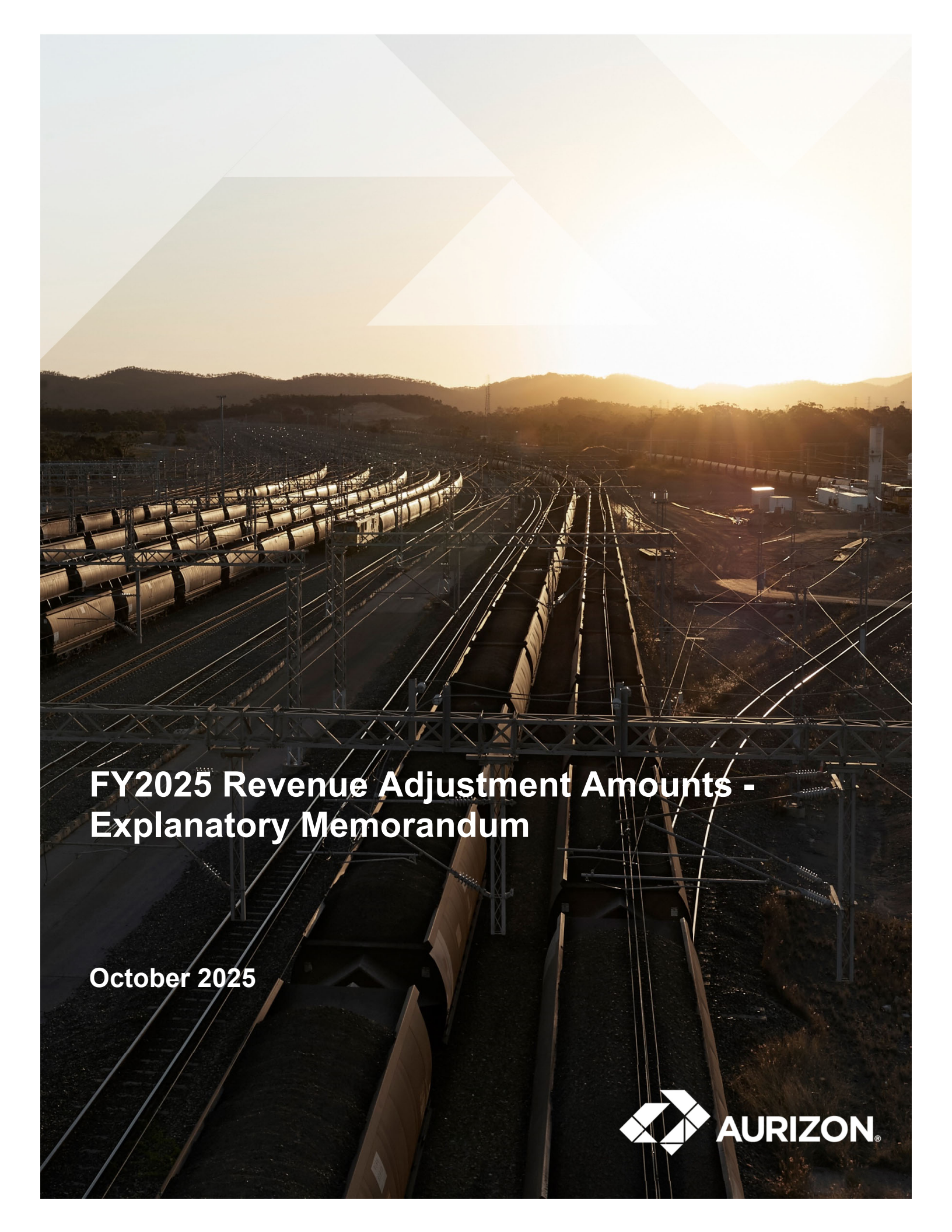




FY2025 Revenue Adjustment Amounts - Explanatory Memorandum

October 2025



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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 2025 (**FY2025**) 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 FY2025 Revenue Adjustment Amounts for the CQCN, relative to the FY2025 Adjusted Allowable Revenue, represents a net recovery from Access Holders of \$51.2 million (**m**). Volume driven AT₂₋₄ and AT₅ under recoveries of Allowable Revenue were \$34.8m (68%) of this amount.

This submission provides details of the methodology, data and assumptions used to calculate the Revenue Adjustment Amounts.

1.2 Revenue Adjustment Amounts

Aurizon Network submits for QCA approval, its Revenue Adjustment Amounts for FY2025. 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**) Systems; and
- AT₅ Reference Tariff components for the Blackwater and Goonyella Systems.

The total of the Revenue Adjustment Amounts for FY2025, relative to the FY2025 Adjusted Allowable Revenue, represents a net recovery from Access Holders of \$28.7m for AT₂₋₄ and a net recovery from Access Holders of \$22.6m for AT₅. The Revenue Adjustment Amounts are summarised in Table 1.

Table 1. FY2025 Revenue Adjustment Amounts

Coal System	AT ₂₋₄	AT ₅	Total
Blackwater	7.7	11.0	18.6
Goonyella	18.9	11.6	30.5
Moura	(0.8)	-	(0.8)
Newlands	1.7	-	1.7
GAPE	1.2	-	1.2
Total	28.7	22.6	51.2

Note: The amounts in the table provided within this submission are expressed in \$ million (except where stated otherwise) and are rounded to one decimal point. Actual amounts may differ slightly due to rounding. Amounts to the nearest dollar are detailed in Appendix A of this submission.

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 FY2025.
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 (ix) 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.

Please note that the tables included within this submission may not add due to rounding.

2. Overview of the Regulatory Process

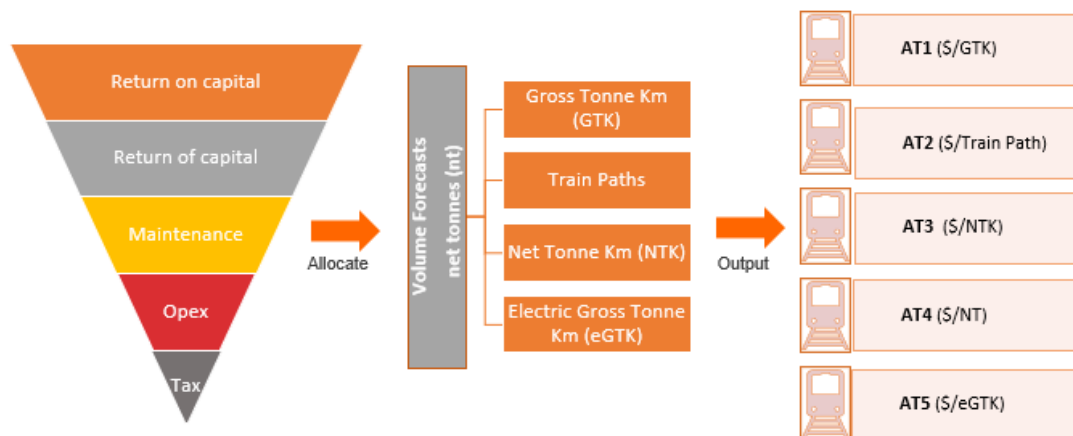
2.1 Regulatory provisions

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.

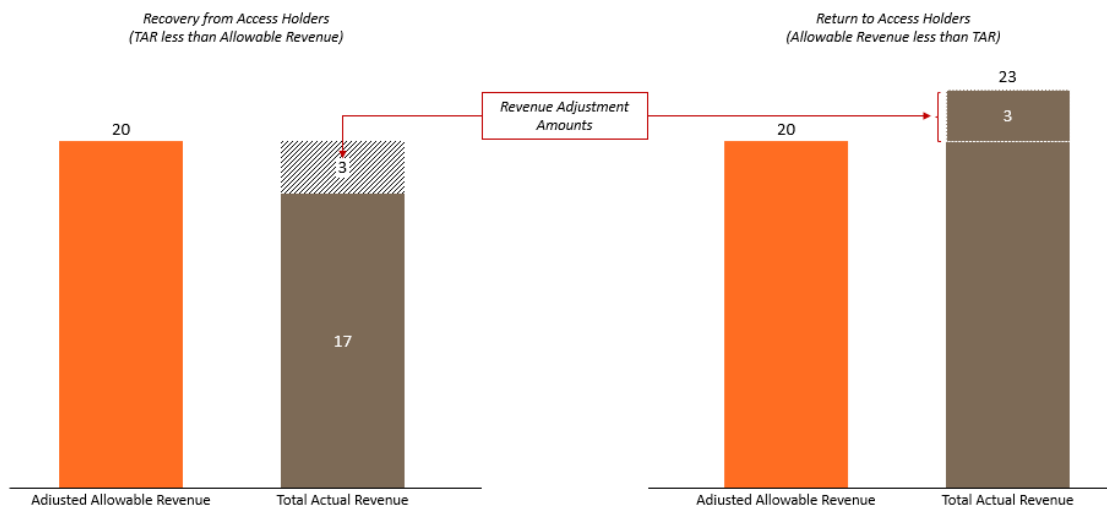
2.2 Revenue Adjustment Amounts

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. Revenue Adjustment Amounts



Clause 4.3 of Schedule F to UT5 provides for the calculation of seven Revenue Adjustment Amounts:

- '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;
- Rebate adjustments; and
- Costs relating to compliance with the Access Undertaking.

These adjustments are individually detailed in section 4 of this submission.

3. Revenue Adjustment Amounts for FY2025

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 FY2025 System Forecast for the CQCN was 216.7 million net tonnes (**NT**) and the actual coal volume throughput was 208.0 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. FY2025 System Forecast NT compared to Actual NT

Coal System	Forecast NT million	Actual NT million	Variance %
Blackwater	58.6	54.6	-7%
Goonyella	107.1	102.8	-4%
Moura	14.8	15.1	2%
Newlands	19.5	19.0	-2%
GAPE	16.7	16.5	-1%
Total	216.7	208.0	-4%

Table 3. FY2025 System Forecast GTK compared to Actual GTK

Coal System	Forecast GTK billion	Actual GTK billion	Variance %
Blackwater	34.1	31.1	-9%
Goonyella	34.2	33.4	-2%
Moura	3.7	3.9	4%
Newlands	4.3	4.3	-1%
GAPE	8.6	8.8	3%
Total	84.9	81.5	-4%

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

The GAPE System railed above System Forecast GTK but below System Forecast NT, resulting in an under-recovery of AT₂₋₄ Allowable Revenue.

The Goonyella and Newlands 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 Blackwater System 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 Goonyella and Blackwater Systems recorded Total Actual AT₅ revenue below Allowable Revenue due to the below System Forecast GTK, and a 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	432.2	432.2	7.7	439.9	7.7
Goonyella	337.3	351.5	4.7	356.2	18.9
Moura	68.7	67.2	0.7	67.9	(0.8)
Newlands	45.6	46.7	0.7	47.3	1.7
GAPE	142.0	142.6	0.5	143.2	1.2
Total	1,025.8	1,040.2	14.3	1,054.5	28.7

Table 5. Revenue Adjustment Amounts AT₅

Coal System	Total Actual Revenue	Allowable Revenue	Adjustments to Allowable Revenue	Adjusted Allowable Revenue	Revenue Adjustment Amounts
Blackwater	100.1	109.9	1.1	111.1	11.0
Goonyella	81.7	92.3	1.0	93.3	11.6
Total	181.7	202.2	2.1	204.3	22.6

Appendix B of this submission shows a comparison of historical Revenue Adjustment Amounts from FY2007 to FY2025.

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 are summarised in Figure 3.

Figure 3. Revenue Adjustments

Approved WACC	Clause 4.3(c)(i) Weighted Average Cost of Capital. 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	Clause 4.3(c)(iii) NOEA is the Non-Electric Operating Expenditure Allowance used for the purpose of determining the applicable Allowable Revenue for the Year. The NOEA is a component relating to the recovery of Aurizon Network's Non-Electric Operating Expenditure Allowance, excluding those costs referred to in clause 4.3(c)(ii).
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 Costs	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 Costs	Clause 4.3(c)(vii) Adjustment to reflect ground penetrating radar costs not already recoverable elsewhere within the Undertaking.
Rebates	Clause 4.3(c)(viii) Adjustment to reflect the difference between actual and forecast payments of rebates, used in determining the Reference Tariffs.
Compliance with Undertaking Costs	Clause 4.3(c)(ix) Adjustment to reflect Undertaking compliance costs not already recoverable elsewhere within the Undertaking.

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 \$17.9m. The adjustment reconciles the difference between:

- the actual maintenance costs approved by the QCA for FY2025;
- the Maintenance Indicator for FY2025; 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 FY2025 and the GTK Forecast for FY2025.

Actual maintenance costs are those included within the annual Maintenance Costs Claim that was submitted to the QCA on 19 September 2025. Aurizon Network acknowledges that the QCA has not yet approved the Maintenance Costs Claim for FY2025 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	76.4	72.0	4.4	3.1	7.6
Goonyella	71.4	66.1	5.2	0.6	5.8
Moura	17.8	16.8	1.0	(0.3)	0.7
Newlands	7.7	7.0	0.6	0.0	0.7
GAPE	10.8	9.9	0.9	(0.4)	0.5
Total	184.0	171.9	12.2	3.1	15.3

Table 7. Maintenance Costs Adjustment AT₅

Coal System	Maintenance Costs Claim	Maintenance Indicator	Total Adjustment
Blackwater	9.2	7.7	1.6
Goonyella	9.8	8.8	1.0
Total	19.0	16.4	2.6

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 \$0.2m. The adjustment is to reflect the difference between forecast CPI of 2.37% and the actual CPI for FY2025, being 2.49%, 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	0.1
Goonyella	58.8	0.1
Moura	5.8	0.0
Newlands	3.6	0.0
GAPE	12.9	0.0
Total	135.1	0.2

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 return to Access Holders of \$0.4m 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 FY2025.

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 \$1.3m 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 FY2025; and
- the forecast payments of those rebates used for the purpose of determining the relevant Reference Tariffs for FY2025.

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

4.5 Other Adjustments

With respect to clauses 4.3(c)(i), 4.3(c)(v), 4.3(c)(vi), 4.3(c)(vii) and 4.3(c)(ix) of Schedule F of UT5, Aurizon Network has calculated that there are no Revenue Adjustment Amounts required in respect of the Approved WACC, the cost of audits, condition-based assessment costs, ground penetrating radar costs and other compliance costs.

4.6 Adjusted Allowable Revenues Summary

Table 9. Adjusted Allowable Revenues AT₂₋₄

Coal System	Allowable Revenue	Maintenance Costs Adjustment	NOEA Adjustment	Rebates Adjustment	Adjusted Allowable Revenue
Blackwater	432.2	7.6	0.1	0.0	439.9
Goonyella	351.5	5.8	0.1	(1.2)	356.2
Moura	67.2	0.7	0.0	-	67.9
Newlands	46.7	0.7	0.0	-	47.3
GAPE	142.6	0.5	0.0	-	143.2
Total	1,040.2	15.3	0.2	(1.2)	1,054.5

Table 10. Adjusted Allowable Revenues AT₅

Coal System	Allowable Revenue	Maintenance Costs Adjustment	Rebates Adjustment	Electricity Connection Costs Adjustment	Adjusted Allowable Revenue
Blackwater	109.9	1.6	-	(0.4)	111.1
Goonyella	92.3	1.0	(0.1)	0.1	93.3
Total	202.2	2.6	(0.1)	(0.4)	204.3

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. Total Actual Revenue :

Table 11. Total Actual Revenue

Coal System	Total Actual Revenue	
	AT ₂₋₄	AT ₅
Blackwater	432.2	100.1
Goonyella	337.3	81.7
Moura	68.7	-
Newlands	45.6	-
GAPE	142.0	-
Total	1,025.8	181.7

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 FY2025. Table 12. Electric Revenue Adjustment

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)	34.2	34.1
System Forecast eGTK(bn)	33.4	24.7
System Forecast Electric Utilisation (SFEU) %	98%	73%
Actual GTK (bn)	33.4	31.1
Actual eGTK(bn)	29.6	22.5
Electric Utilisation Level (EUL) %	89%	72%
Decline in Utilisation calculation		
EUL less EUF %	18%	7%
Actual eGTK(bn) less (SFGTK x ECF x EUF)	5.8	1.7
Is there a Decline in Electric Utilisation? (both calculations negative)	No	No
AT ₅ revenue shortfall / (surplus) \$m	11.6	11.0
Is there an AT ₅ shortfall?	Yes	Yes
Is there an Electric Revenue Adjustment Amount? (requires two "Yes" answers above)	No	No

Electric Revenue Adjustment Amount	-	-
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Appendix A – Schedule for Publication

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	432,244,713	Blackwater	432,244,713	-	7,590,400	64,365	-	-	439,899,478	7,654,765
Goonyella	337,306,079	Goonyella	351,475,855	-	5,826,985	70,199	-	(1,186,831)	356,186,208	18,880,129
Moura	68,713,840	Moura	67,196,095	-	681,185	6,917	-	-	67,884,197	(829,643)
Newlands	45,586,451	Newlands	46,652,190	-	670,296	4,323	-	-	47,326,809	1,740,358
GAPE	141,955,827	GAPE	142,615,699	-	532,113	15,431	-	-	143,163,243	1,207,416
	1,025,806,910		1,040,184,552	-	15,300,978	161,235	-	(1,186,831)	1,054,459,935	28,653,025
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	100,092,485	Blackwater	109,940,109	-	1,560,059	(425,836)	-	-	111,074,333	10,981,848
Goonyella	81,652,579	Goonyella	92,274,297	-	1,018,558	65,012	-	(106,013)	93,251,854	11,599,274
	181,745,064		202,214,406	-	2,578,617	(360,824)	-	(106,013)	204,326,186	22,581,122
Total Revenue Adjustment Amount										51,234,147

Appendix B – Historical Revenue Adjustment Amounts

A comparison of the FY2025 Revenue Adjustment Amounts (excluding cost of capital adjustments) with previous submissions made by Aurizon Network in the period FY2007 to FY2025 is set out in Table 13. Revenue Adjustment Amounts FY2007 to FY2025

Table 13. Revenue Adjustment Amounts FY2007 to FY2025

Financial Year	AT ₂₋₄ Adjustment	AT ₅ Adjustment	Total Adjustment (m)
2007	15.7	10.1	25.8
2008	27.8	15.8	43.6
2009	4.6	28.3	32.9
2010	(6.1)	6.0	(0.1)
2011	19.2	30.0	49.2
2012	2.7	11.2	13.9
2013	28.2	10.9	39.1
2014	15.5	(8.5)	7.0
2015	(25.3)	(2.3)	(27.6)
2016	(23.3)	2.7	(20.6)
2017	26.7	12.4	39.1
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
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