



QCA review of Aurizon
Network's 2025 UT5 DAAU
submitted 22 December 2025
Submission

Anglo American Steelmaking Coal

17 March 2026

1. Executive Summary

Anglo American Steelmaking Coal Pty Ltd (**Anglo American**), in its own capacity and as agent for and on behalf of the JV Participants it represents, welcomes the opportunity to provide a submission to the Queensland Competition Authority (**QCA**) on Aurizon Network's (**AN**) 2025 UT5 Draft Amending Access Undertaking (**DAAU**) and supporting submission of 22 December 2025.

Anglo American has a longstanding commitment to the Queensland coal industry and related businesses. It is the majority owner and operator of three major complexes located near Moranbah, Emerald and Moura, which are users of three of the major systems in the Central Queensland Coal Network (**CQCN**). These operations have and will continue to produce predominantly high quality export steelmaking coal for many years. Anglo American has also been an active member of the Queensland Resources Council (**QRC**) and, in particular, the Rail Working Group (**RWG**), for some time.

Whilst Anglo American broadly supports the submissions of the RWG in respect of the DAAU, there are discrete aspects of the DAAU which it does not support. These aspects were listed in the letter from Anglo American to the QCA dated 13 February 2026. This brief submission is intended to supplement and support further consideration of the issues set out in that letter.

In summary, Anglo American is generally supportive of the DAAU submitted by AN to the QCA on or about 22 December 2025 except for:

1. The proposed changes to 'Take or Pay' (**ToP**) which depart from the current regime (including all associated definitions, drafting and implementation provisions) and which Anglo American submits will not promote the efficient management or allocation of capacity. Anglo American submits that the amendments to the positions regarding ToP are not appropriate for the QCA to approve for the reasons set out in this submission;
2. The introduction of an Economic Life Constraint for the Moura System to earlier than 2055 (specifically to 2048) and which has the effect of increasing the Moura System Reference Tariffs or System Allowable Revenue as compared to the Moura System Reference Tariffs or System Allowable Revenue that would otherwise apply if the Economic Life Constraint was not varied;
3. Any aspect in relation to pricing matters that may become relevant to any proposal by AN in relation to the Goonyella to Abbot Point Expansion (**GAPE**) corridor, including (without limitation) the determination or allocation, including recovery of, capital or operating costs, Reference Tariffs, System Allowable Revenue, cost of capital parameters or any other issue that relates to GAPE and as it may relate to or affect the Goonyella System and users including future collection of revenue by AN in respect of which Anglo American reserves its rights to make or support a submission on at any time in the future; and
4. Otherwise, Anglo American does not express a view in respect of the following matters contained in the DAAU and will leave it to the QCA to determine those matters in accordance with its discretion:
 - i. the Reference Tariff values in Schedule F (7.2, 8.2, 9.2, 10.2, 11.2);

- ii. the System Allowable Revenue values in Schedule F (7.4, 8.4, 9.4, 10.4, 11.4);
- iii. any changes to payloads in Schedule F compared to those shown in the approved UT5;
- iv. loading times for additional mines not included in the approved UT5; and
- v. Gross Tonne Kms (Gtk) forecasts within Schedule F, to the extent that they differ to those contained in the approved UT5.

2. Relevant considerations

2.1 Queensland Competition Authority Act 1997 (Qld) (QCA Act)

The QCA relevantly must consider the DAAU in accordance with the QCA Act. As noted in the QCA's Statement of Regulatory Intent, the role of the QCA is to assess the DAAU in accordance with the QCA Act and have regard not only to the consensus positions put forward by AN and stakeholders, but also as to whether the positions in the proposed DAAU are appropriate.¹

2.2 Principles

Section 173(1)(d) of the QCA Act requires the QCA to comply with the principles of natural justice when undertaking a DAAU investigation. The QCA has indicated that it will, consistent with previous regulatory processes, issue a draft decision prior to making a final decision in connection with the DAAU. Section 138(3)(d) of the QCA Act requires the QCA to consider submissions received by stakeholders before approving a DAAU.

3. DAAU issues

3.1 Proposed ToP Reform

During the UT5 review process, it is acknowledged that a commitment was made to move towards more 'responsible contracting' principles in future, aligned with 'anti-hoarding' obligations and avoiding unnecessary capacity expansion costs.

It is understood that the primary reform under the ToP framework proposed in the DAAU, as the successor to UT5, is to now set considerably higher annual system ToP forecasts. The proposed ToP regime proposes to set forecasts at a minimum of 90% of contract in each system which is a threshold significantly higher than historical system forecasts and actual volumes for most systems. As such, system ToP is expected to trigger each year during the term of the DAAU given the higher forecasts relative to usage.

It is acknowledged that this will mean users pay less per tonne railed and 'train path' consumed. However, if users are not using most or all of their contracted capacity, they will be exposed to a larger share of total 'socialised' system ToP shortfall which is

¹ Queensland Competition Authority Statement of Regulatory Intent – Investigating Aurizon Network's 2025 UT5 DAAU dated December 2025 (SoR).

expected to be triggered almost always and therefore required to be paid (including more frequently than end of year true ups under the DAAU).

It should be noted that there are a variety of reasons why users may not fully utilise their contracted capacity. It is therefore a concern that an outcome of higher annual system ToP forecasts is to expose users that have been unable to fully utilise their contracted capacity to a significantly higher proportion of system ToP.

As the QCA would appreciate, the proposed ToP reform is a significant departure from the current model. It represents a move away from what has historically been a (lower) 'demand' based system forecast model and replaces that model with a (higher) minimum 90% of 'contract' equivalent ToP forecast.

By way of comparison, Goonyella System ToP has not triggered in the last 2 years and Moura System has not triggered in the last 3 years. In those systems, ToP forecasts have more recently been set with greater accuracy under the current ToP regime (i.e. - <80% of contract for the Goonyella System). As such, it is submitted that a more realistic forecast and reliable indication of likely demand is a more appropriate model for revenue recovery.

Further, the triggering of system ToP and paying any ToP shortfall has more recently been unnecessary in some systems, where forecasts have been more reflective of genuine demand. Were the ToP model under the DAAU in place i.e. - system forecast at a minimum of 90% of contract (still in Gtks, after 'AN cause' is removed), the ToP threshold in nearly all systems would not have been met when compared to actual performance and therefore triggered. This proposed change reflects a material shift in the exposure of users to ToP under a longstanding regime within the CQCN.

Importantly, the proposed ToP regime will result in mines that are affected by production impacts or other impacts beyond their reasonable control to have increased exposure to additional ToP cost. Mines are already exposed to significant rail & port costs, the majority of which is ToP, and so higher ToP exposure does little to support the ongoing operation and life of these mines in the CQCN, particularly if experiencing lost revenue due to such events.

It is noted that the DAAU proposes 'transitional arrangements to support the implementation of the Renewal process for coal carrying services'.² These transitional arrangements are relevantly proposed to take the form of relinquishments which will be available from the Extension Commencing Date of the 2025 UT5 DAAU. However, these transitional arrangements may not be completely effective in facilitating the release of capacity as 'fee free' relinquishments will be capped both by user and, in aggregate, by system. Reliance on the transitional relinquishment process alone will therefore not be sufficient, as system-wide and user-level caps restrict capacity that can be relinquished in any period. Once these caps are reached, users must then rely on demand from other users which is also limited in effect given such opportunities are market dependent.

The transitional arrangements may also result in users being left with misaligned 'exit rights' i.e. - excess port with limited ability to use it as a result (which is an overall

² AN supporting submission on 2025 DAAU, p. 200.

inefficient outcome for users). Transfers of track with port capacity remains the only other option for users to mitigate ToP exposure if unable to use their allocation. Again, this option is subject to market conditions and demand. It may also be less attractive where a user can only commit to a temporary release of capacity under an interim transfer which again limits market interest due to the uncertainty for the transferee.

3.2 Operational factors

In addition to production impacts, Day of Operations Losses (DoOL) including locomotive breakdowns, broken rails and train cancellations mean that users cannot fully utilise their annual contracted entitlement (allocated on a monthly 'even railings' basis) in addition to their annual port entitlement. By way of example, DoOL in the Goonyella System to DBCT over the last 3 years has averaged approximately 18%.³ Additionally, mines located further from the terminals tend to experience higher exposure to such impacts given the extra distance and transit time from origin to destination, and the naturally occurring higher risk of operational issues over longer journeys. This exposure is further compounded by other factors such as planned and unplanned outages, variable production and weather. These factors often result in producers needing to hold 'contract buffer' capacity above their annual or average production to mitigate the effects of such impacts.

Whilst the transfer provisions provide some assistance to mitigate in that regard, capacity may not always be available or able to be readily transferred in time or as required. The proposed ToP regime assumes users will be no worse off if they hold no more 'buffer' capacity than the system average. However, this position does not account for users who may be exposed to higher DoOLs or for other reasons i.e. – cargo assembly necessitating 'campaign style' railing and uneven vessel arrivals at DBCT.

Therefore, some users will be considerably more exposed to the risk of ToP if they are unable to able to fully utilise their capacity by the Extension Commencing Date of the 2025 UT5 DAAU and from time to time.

It is noted that AN has indicated it considers the ToP position appropriate where access holders 'hold access rights appropriate for their expected demand',⁴ but this does not acknowledge that expected demand can be genuinely impacted by events outside of the control of those access holders. It is difficult to see how, given the limitations in the transitional arrangements, the proposed arrangements would genuinely 'promote the efficient management and allocation of capacity.'⁵ Where users are significantly underutilising capacity, it is rare – and it is submitted not demonstrated in AN's submission – that this is attributable to a deficiency in financial accountability with those users. It is submitted that these revisions to the ToP regime do not demonstrate how the changes achieve the objects of the pricing principles articulated in section 168A of the QCA Act.

³ Source: ILC data 2023-25.

⁴ AN supporting submission on 2025 DAAU, p. 21.

⁵ AN supporting submission on 2025 DAAU, p. 21.

3.3 Other ToP Reform considerations

It is submitted that the proposed ToP Reform is a discrete issue in the DAAU review and that there are alternatives or variations which should properly be considered in that regard. Whilst Anglo American supports the promotion of responsible and efficient contracting, it does not support such an immediate or drastic change to the new ToP regime given the issues outlined above and where there are circumstances beyond the reasonable control of a user. It is therefore submitted that given the significant nature and extent of the proposed changes, in addition to the above considerations, the existing position regarding ToP should remain in place at least as a transitional arrangement for the initial period of the DAAU. The significance and materiality of the changes proposed and related exposure to ToP, in addition to limited effect of transitional arrangements, means users will require sufficient time to adjust.

The demand based system ToP forecast model has been in place for many years and successive access undertakings have provided regulatory certainty on that basis under the socialised model for ToP collection. This has been the basis for significant brownfields and greenfields mine investments which continue to operate in the CQCN. To change that regime, given those long standing investments, should not be done lightly or hastily.

It is submitted that the current model continue until mid-way through the proposed 10-year approval period for the DAAU as an appropriate transitional arrangement. This would allow a reasonable period for access holders to pursue the relinquishment process and then, if not fully successful in rationalising their requirements, still pursue other options to rationalise capacity through transfers or non-renewals (noting the new 5-year evergreen process, which does not currently apply and would not apply prior to the commencement of the DAAU, would also be in place by then).

3.4 Alternative ToP Regime refinement - 'significant mine events'

As noted, there will be considerably higher ToP exposure under the DAAU for mines holding track capacity that is not able to be used. Unfortunately, there is no protection under the relevant regulatory regime and related agreements for *force majeure* events experienced by users. The existing ToP provisions provide a degree of socialisation of ToP risk in the event of major mine production events, as reduced mine production is able to be reflected in system forecasts which has been longstanding under the current regime.

To mitigate *force majeure* events and related ToP impacts, short term or interim transfers have been an option. However, such mitigation measures are always market dependent such that a user may be exposed to ToP and minimal relief, if any, without any revenue at the same time. This exposure and risk are not effectively managed through insurance which, for the coal industry, can be a challenging market -one would expect particularly so for smaller producers -with coverage value and time capped, and policies also subject to significant deductibles.

Therefore, an additional post transitional modification to the DAAU ToP regime is proposed to deal with such major factors beyond the reasonable control of users i.e. – a 'significant mine event'. AN could continue to take such events into account within its discretion to adjust a system ToP forecast down in specific circumstances. This would be

confined to a 'significant mine event' where such an event was genuinely beyond the reasonable control of the affected user. This would operate as a variation to the ToP Regime in the DAAU whereby AN sets the ToP trigger volume at the greater of forecast demand or 90% of contract but with '*reduction by lost production from a major mine production event*' within AN's discretion, as it can now.

3.5 Proposed implementation mechanism for 'mine event' refinement

This modification could be effected by simply reducing the system ToP contract threshold (in Gtks), or the 90% system ToP forecast, relative to the affected users' lost production from the event as determined by AN. Such an adjustment of ToP system forecasts is what AN can do under the current model, presently with greater effect given demand-based forecasting.

It is understood that AN can only reduce system ToP forecasts by February for the next Financial Year when submitting its proposed Annual Review of Reference Tariffs (ARRT) to the QCA for approval. Therefore, any claims would need to be submitted by no later than that timeframe or the affected user would be potentially exposed to wait a further 12 months.

3.6 Further alternative criteria and process proposal for consideration

Further or alternatively, if there was concern about the exercise of the discretion, it is submitted that the same refinement can be introduced but with more rigour around AN's discretion to adjust system forecasts down based on established criteria. This ability can still operate under the proposed DAAU model with the refinement prescribed under a more detailed criteria and process.

A 'significant mine event' would need to meet specific (*force majeure* type) criteria to be considered. The following criteria could be included in the DAAU to determine what constitutes a 'major mine production event' and how it would be applied to system ToP forecasts:

1. To apply to any mines affected at commencement of the DAAU or mines that meet the criteria in future (i.e. - capture both existing users and access seekers who may become users post-commencement); and
2. The event must;
 - i. have been beyond the reasonable control of the affected producer; and
 - ii. must have been ongoing for a minimum of 6 months before AN's ARRT submission (and so consistent with the requirement for an 'significant' ongoing mine event) to then be considered in the next forecast period.

It is proposed that the assessment of whether an event meets the above criteria such that the system forecast needs to be adjusted should follow in the ARRT⁶ process as the appropriate time to consider such events, as follows:

1. An initial submission to AN of volume forecast impacts by affected user;

⁶ UT5 Schedule F, 4(b)(v).

2. Assessment by AN of that submission, subject to confidentiality, as part of the process prior to QCA determination of ARRT system volume assumptions;
3. If AN accepts the request, it will be subject to the usual QCA review of the reasonableness of the claim as part of the ARRT review⁷; and
4. If AN does not accept the request i.e. - disagrees that the event meets the criteria, or accepts it but does not accept the claimed impacts including volumes and/or period, the user may rely on the usual dispute resolution provisions for review.

In either case, it would also be appropriate for system caps to be applied to claimed lost production in forecasts, for single or aggregate combined events by system, so that no excessive outcomes would result and to avoid related price shocks.

3.7 Incentives and limited protection

If the 'mine event' concept were included there are some natural incentives, either within AN's discretion or under more defined criteria, that would minimise or discourage frivolous claims. The main factor is the period before ToP mitigation can occur is a minimum of 10 months after a 'mine event' (and, subject to timing within the cycle, could be up to 21 months). This qualification period provides a naturally strong incentive for an affected producer to ensure adequate insurance coverage and to engage in short term or long term transfers to manage ToP exposure where possible. There is also uncertainty around the extent of any ToP relief which continues to provide incentives for producers to mitigate the balance of their ToP obligations. For completeness, mines are naturally incentivised to commence safe production as soon as possible such that they will seek to minimise production impacts and mitigate wherever possible.

It should be noted that this concept does not cut across 'responsible contracting' nor is it a major departure from the current and proposed ToP regimes. Whilst system ToP has been avoided or significantly reduced in recent years under the UT5 model due to more realistic forecasts, this concept, if included in the proposed DAAU, would provide minimal (but at least some) relief in such circumstances.

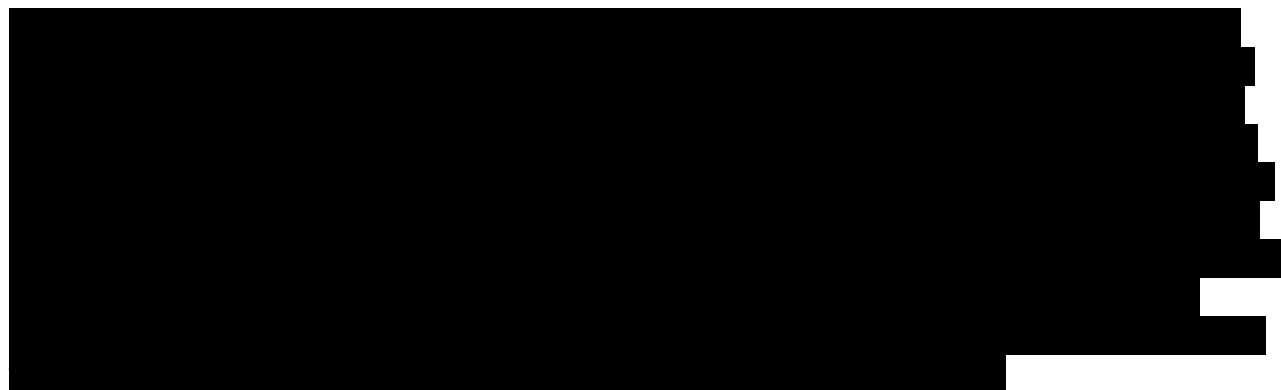
Other producers will also be less exposed, as even with an adjustment for lost production from an affected mine, future ToP trigger volumes will be higher with ToP protection for an affected mine considerably reduced under the DAAU regime. It should be noted that this refinement does not provide the same protection as the current regime given the new higher system forecast ToP (at ~90%) under the reform and so far less dilution would occur across users and forecast system ToP.

Whilst not significant in the scheme of the overall CQCN system and scale of production, such a saving may be genuinely material to a single mine owner, particularly in difficult

⁷ It is noted that the DAAU contains a consultation process.

market conditions with no alternative source of revenue. This reinforces the need for a balanced approach that accommodates a wide range of users and their exposure.

The proposed refinement aims to achieve that balance. It preserves incentives for efficient contracting while recognising that users with limited short-term flexibility may face disproportionate exposure under the proposed reforms. The intention is to ensure the ToP framework remains equitable, system-wide and proportionate across varied operational contexts.



4. Moura System depreciation

4.1 Proposed DAAU depreciation profile based on Dawson Mine

Under the DAAU, AN proposes that the Moura System economic life be limited to 2048 for depreciation purposes based on the Dawson LoM being the main user of that system. This proposal in the DAAU therefore differs to the depreciation profile proposed in all other systems in the CQCN which are to have maximum economic life constraints to 2055.

Dawson Mine is an open cut mine made up of three pits — North, Central and South — predominantly producing metallurgical coal. The mine first began operations in 1961, then known as Moura Mine, and it became the first Queensland mine to export coal to Japan.

Coal Reserve and Coal Resource estimates are reviewed and reported regularly in accordance with the Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves (the JORC Code, 2012).

As part of reoccurring JORC review processes, Dawson's (Proven & Probable) Reserve Life increased from 13 years in 2023 to 23 years in 2024. It should be noted that the reserve life, when stated in years, is also a function of assumptions around annual production which can vary for different reasons. In addition, ROM Reserves were stated in 2023 as 111.7 Mt which increased to 221.5 Mt in 2024.

From 2023 to 2024, Measured and Indicated Resources were also increased for Dawson Mine from 594 Mt to 754 Mt with total Inferred Resources increasing from 220.7 Mt to 253.3 Mt. Inferred Resources, in addition to Reserves, are within the mining lease areas. Coal Resources increase primarily due to revised economic assumptions and new drilling information.

As can be seen from recent JORC review processes, Reserves & Resources can change from year to year particularly as Resources are 'proven up' and better understood, thereby increasing the Reserves and LoM. It is also noted that LoM is based on reserves at that time with an assumed annual production profile which can also change due to a variety of factors i.e. – wet weather. As a result, the LoM can also be extended due to such factors.

If the 2023 Reserve Life value was used for depreciation purposes, as proposed by AN under the DAAU, it would have inappropriately shortened the Moura System life and increased tariffs in the intervening period. It is therefore submitted that it is inappropriate for AN to reduce economic life constraints of the Moura System based on its views of the largest mine in that system having published a Reserves & Resources Statement at a point in time which is subject to change in an intervening period.

It is noted that AN does not refer to this updated LoM in its submission, and instead has referred to superseded (and understated) information from 2023 in its supporting submission for the DAAU.⁸ It is submitted that the QCA should not only prefer the most current and fulsome information for LoM for all mines but also consider the frequency with which that information is updated when considering the DAAU and proposed system depreciation profiles including the proposed DAAU review periods.

Under the proposed DAAU, if the QCA accepts this depreciation approach then for the first 5-year period of the DAAU, this will have a higher financial impact on all Moura System access holders with the shorter economic life constraint. It will then have a considerably higher impact in the second 5-year period with an assumed remaining LoM of 16 years if left until then.

4.2 UT5 and DAAU depreciation model comparison and analysis

Under UT5, it is understood that assets are depreciated as follows:

1. All assets within the RAB are indexed for inflation;
2. Assets in the RAB prior to 2010 are depreciated on a straight line basis (capped for all systems) to 2055;
3. Pre-2010 assets remaining in the RAB are generally major civil assets i.e. - formation and bridges, with other pre-2010 assets largely fully depreciated by now; and
4. Assets brought into the RAB since 2010 are depreciated on a maximum 20 year (rolling) basis meaning that, at each regulatory reset, the lives for these assets are reset to the lesser of their remaining physical life or 20 years (but ultimately constrained by the system economic life).

Under the proposed DAAU arrangements, the depreciation methodology is proposed by AN to change so that:

1. The rolling 20 year life will now be applied to remaining pre-2010 assets;

⁸ See page 112.

2. For new investments post-2027, the assets will no longer be indexed for inflation, and will be depreciated on a straight line basis over the lesser of their physical life or the maximum economic life for the system; and
3. The maximum economic life of the systems is retained at 2055, except Moura System, which is proposed by AN to be capped at 2048 to reflect the currently expected Dawson LoM, as the largest and longest system mine life.

Therefore, in the Moura System:

1. At the first reset (mid-2027):
 - i. the maximum life for all assets existing in the RAB at 2027 will be set at 2047 (as this remains shorter than the capped economic life of 2048); and
 - ii. new investment from 2027 will be depreciated over its physical life but capped at 2048 for Moura (and 2055 for all other systems).
2. At the second reset (mid 2032):
 - i. the economic life constraint for the Moura System will be reviewed based on further information on remaining LoM – if further reserves are proved up so the LoM extends beyond 2048, this should result in an extension of Moura System economic life at that point;
 - ii. The maximum life for all of the pre-2027 assets will then be extended to 2052, (or lesser life for Moura, if the reviewed economic life constraint is earlier than this); and
 - iii. For post-2027 Moura System assets, the asset lives will be amended to reflect the revised economic life constraint.

What this fails to do under the DAAU proposal is reset the depreciation profile for the Moura System on the same basis if the Dawson Reserve Life increases (as it did from 2023 to 2024) in the intervening period. In that case, Moura System users would continue to pay higher tariffs based on an inappropriately shorter LoM and system life. In addition, the updated 2024 JORC Statement makes it clear that there are considerable Reserves and Resources within the leases at Dawson Mine.

It is submitted that AN has not reasonably justified or established a real risk to support the proposed change in depreciation for the Moura System compared to the rest of the CQCN and has rather created a mechanism for accelerated (and it is submitted inappropriate) capital recovery. The QCA should therefore not accept the proposed maximum economic life constraints of the Moura System. Further, to set it for 5 years does not appropriately consider LoM updates and increased tariffs in the intervening period.

5. GAPE

Finally, Anglo American wishes to reserve its rights in respect of any proposed positions in the DAAU and put forward by AN in its submission in respect of GAPE that may be relied upon to propose future pricing or recovery of revenue from non-GAPE users.