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21 May 2026

Ms Cat Pepler
Group Executive Network
Aurizon Network
GPO Box 456
BRISBANE QLD 4001

Dear Ms Pepler

Annual review of reference tariffs, 2026-27

On 21 May 2026, the Queensland Competition Authority approved Aurizon Network's proposed 2026-27 allowable revenues and reference tariffs (as submitted in its 27 February 2026 application).

The attached notice sets out the basis for the QCA's decision, in accordance with schedule F, clause 5.5(d)(i) of the 2017 access undertaking.

Aurizon Network's proposal is available on our website. We will also publish this letter and decision for stakeholders' information.

I am happy to discuss any question you may have on this or any other matters. Should your staff have any specific queries, please direct them in the first instance to Pag Arao-Arao by email pag.arao-arao@qca.org.au.

Yours sincerely



Charles Millstead
Chief Executive Officer

cc: Jon Windle, Network Regulation Manager – Aurizon Network

Annual review of reference tariffs, 2026-27

21 May 2026

The Queensland Competition Authority has approved Aurizon Network's proposed adjustments impacting its allowable revenues and reference tariffs for 2026-27.

Schedule F of Aurizon Network's 2017 access undertaking (UT5) provides for Aurizon Network to seek our approval for adjustments to key inputs to its system allowable revenues and reference tariffs to be applied in the following financial year.

On 27 February 2026, Aurizon Network submitted its proposed allowable revenues and reference tariffs for 2026-27 for approval in accordance with clauses 5.1(a)(ii)(B) and 4.1 of schedule F.^{1,2}

Aurizon Network's proposal

Aurizon Network has applied adjustments to volumes, allowable revenues and reference tariffs for each coal system. These adjustments are based on schedule F provisions that allow for:

- adjusting for any under- or over-recovery of the revenues (revenue cap), and the difference between approved capital expenditures and the capital indicator in previous years (cls 4.1(a)(i) and 4.1(a)(ii))
- updating volume forecasts – used to determine reference tariffs (cl 4.1(b)(i))
- updating the maintenance and capital indicators for each coal system to reflect the approved maintenance and renewals strategies and budgets (cls 4.1(b)(v) and 4.1(b)(vi))
- updating the tax allowance to reflect the changes proposed to revenues (cl 4.1(b)(vii)(F))
- incorporating the forecast of the independent expert pass-through costs (cl 4.1(b)(viii)) and an estimate of the QCA levy

¹ Aurizon Network, [2017 Access Undertaking Review of Reference Tariffs – FY2027](#), 27 February 2026 (Aurizon Network proposal).

² The clause references included in this decision refer to provisions in schedule F of UT5, unless otherwise noted.

- updating the forecast connection and transmission charges to reflect the 2026–27 pricing (cl 4.1(c)(ii)).³

Aurizon Network provided the methods, data and assumptions it used to determine the proposed variations to support its initial proposal and subsequent update.

Stakeholder comments

We published details of Aurizon Network's original proposal and invited comments from stakeholders. One submission was received, from Glencore, which raised procedural concerns about Aurizon Network's application of the agreed volume forecasting approach and requested that Blackwater tariffs be recalculated using different forecast volumes.⁴

QCA assessment

We are required to assess Aurizon Network's proposal against the requirements for the annual review of reference tariffs (cl 4.1). This includes having regard to whether the revised volume forecasts are reasonable (with no errors made); the submitted maintenance and capital indicators are consistent with the approved indicators; the revised tax allowance has been calculated correctly; and no errors have been made in adjustments to allowable revenues or reference tariffs.

Volume forecasts

Aurizon Network proposed to increase Central Queensland coal network (CQCEN) volume forecasts from 221 million net tonnes (mnt) to 222.3 mnt.⁵ It said its estimates were developed in consultation with users, consistent with the approach that has been applied for the past several years.⁶

Glencore raised concerns about the proposed Blackwater system volume forecast. It said that Aurizon Network's narrow application of the agreed approach (which focused on origin-destination pair level forecasting) resulted in system volume forecasts that were inconsistent with Glencore's total mine forecast and contract positions. It said this will affect tariff outcomes as well as customers' legitimate expectations, including around consultation and the consistency and transparency of the volume forecasting process.⁷

We consider that Aurizon Network's proposed updated 2026–27 volume forecasts are reasonable, noting the forecasts have been established with the benefit of stakeholder input on proposed

³ Aurizon Network has not yet received notification of forecast connection and transmission charges. Once notified, Aurizon Network intends to submit an update to the FY2027 electric energy charge in line with Schedule F, cl 2.2(a). Aurizon Network proposal, pp 16, 17.

⁴ Glencore, [FY27 Annual Review of Reference Tariffs](#), 31 March 2026, (Glencore submission).

⁵ Aurizon Network has confirmed that from 2026–27 onwards, no 2001 undertaking access agreements are in effect; accordingly, the provision of monthly gtk forecasts for the Blackwater system is no longer required (Aurizon Network proposal, pp 3, 10).

⁶ Aurizon Network proposal, pp 9, 10.

⁷ Glencore submission, p 1.

railings,⁸ having regard to the relevant contract volumes and an annualised forecast based on current year-to-date railings.⁹

In relation to Glencore’s specific concerns, we have confirmed that Aurizon Network has applied the forecasting approach consistent with the approach applied in recent years. We note the approach is, in the first instance, based on origin-destination pairings and have confirmed that it has been consistently applied across all origin-destination pairings. While there is scope for adjustments to be made at Aurizon Network’s discretion, we encourage Aurizon Network to work with stakeholders early in the process, with a view to aligning forecasts with expectations.¹⁰

Accordingly, we approve Aurizon Network's proposed volume forecasts (Table 1).

Table 1: Volume forecasts, 2026-27

	Current (mnt)	Proposed (mnt)	Variance (mnt)
Blackwater	58.8	60.7	1.9
Goonyella	109.2	110.4	1.2
Moura	14.8	13.7	(1.1)
Newlands	20.8	21.0	0.2
GAPE	17.4	16.5	(0.9)
Total	221.0	222.3	1.3

mnt: million net tonnes.

Note: Numbers may not sum due to rounding.

Source: Aurizon Network proposal, pp 3,9.

Capital expenditure

UT5 allows for an adjustment to reconcile the difference between the approved capital expenditure and the capital indicator for the year in which that relevant capital expenditure was incurred (cl 4.1(a)(ii) and calculated in accordance with sch E, cl 5(b)).

Aurizon Network has calculated the capital expenditure allowable revenue adjustment as the difference between the 2024-25 capital indicator and the Aurizon Network’s 2024-25 capital expenditure claim, accrued at the discount rate (the approved weighted average cost of capital). We approved Aurizon Network's 2024-25 capital expenditure claim in full.¹¹

We are satisfied Aurizon Network has accurately calculated the adjustment amounts.

⁸ Aurizon Network said it requested that customers review raiiling data and provide their own coal tonnage forecasts for 2026-27. It received responses representing around 71 % of the contracted tonnage for the CQCN (Aurizon Network proposal, pp 9).

⁹ Where a customer forecast was available, Aurizon Network compared it with both the contract volume and an annualised year-to-date forecast. If the customer forecast exceeded both, Aurizon Network applied the higher of those comparators; otherwise, the customer forecast was adopted. Where there was no customer forecast, Aurizon Network applied the lower of contract or the annualised forecast (Aurizon Network proposal, pp 9).

¹⁰ We understand that Aurizon Network has considered Glencore’s submission and still maintains its view that its proposed Blackwater forecast is reasonable.

¹¹ QCA, [Aurizon Network's 2024-25 capital expenditure claim](#), decision notice, November 2025.

Capital indicator

Aurizon Network proposed capital indicator allowances that reflect its user-approved renewals strategy and budgets for all systems (Table 2).¹²

Table 2: Capital indicator 2026-27, by coal system (start of year)

	Current (\$m)	Proposed (\$m)	Variance (\$m)
Blackwater	160.3	147.5	-12.8
Goonyella	128.3	142.4	14.2
Moura	21.2	22.1	0.9
Newlands/GAPE^a	37.2	36.6	-0.6
Total	347.0	348.5	1.5

a Newlands and GAPE are presented combined, consistent with Aurizon Network's submission.

Note: Numbers may not sum due to rounding.

Source: Aurizon Network proposal, pp 15.

We are required to approve a capital indicator allowance where it is consistent with an approved renewals strategy and budget as described in clause 7A.11.4(c)(ii) of UT5 (cl. 4.1(e)(iii)).

We therefore approve the revised capital indicator for 2026-27.

Maintenance indicator allowance

UT5 provides for adjustments to the maintenance indicators to reflect approved maintenance strategies and budgets (cl 4.1(b)(v)), and in accordance with cls 7A.11.3 and 7A.11.4 of UT5).

Aurizon Network proposed maintenance indicator allowances that are consistent with the (alternative) maintenance strategy and budgets approved by a special majority of end users on 13 February 2026 and that Aurizon Network has accepted in accordance with clause 7A.11.3(k)(ii)(A) of UT5 (Table 3).¹³

¹² Aurizon Network, [FY27 Final Draft Proposal Maintenance and Renewals Strategies and Budgets](#), February 2026 (Aurizon Network MRSB).

¹³ Aurizon Network proposal, pp 13-14.

Table 3: Maintenance indicator 2026-27, by coal system

	Current (\$m)	Proposed (\$m)	Variance (\$m)
Blackwater	91.4	96.0	4.6
Goonyella	85.2	91.8	6.6
Moura	18.7	21.1	2.4
Newlands	8.0	9.8	1.9
GAPE	11.2	12.0	0.8
Total	214.5	230.7	16.2

Note: Numbers may not sum due to rounding.
Source: Aurizon Network proposal, p 14.

We are required to approve a proposed maintenance indicator allowance where it is consistent with an approved maintenance strategy and budget as described in clause 7A.11.4(a)(ii) of UT5 (cl 4.1(e)(ii)).

We therefore approve the revised maintenance indicator for 2026-27.

Other proposed adjustments

Revenue cap

We approved Aurizon Network's 2024-25 revenue adjustment amounts on 20 November 2025.¹⁴

We note the second-year revenue adjustment process is provided for under clause 4.1(a)(i) and consider that Aurizon Network has accurately calculated the adjustment amounts.

Electric connection and transmission costs

The proposed electric transmission and connection costs reflect notification Aurizon Network received in March 2025. Aurizon Network has calculated a preliminary estimate of transmission network service provider (TNSP) charges using the final published rates as notified on that date.¹⁵

We note the adjustment is provided for under clause 4.1(c)(ii) and consider that Aurizon Network has accurately calculated the adjustment amounts.

Independent expert pass-through costs and QCA levy

Aurizon Network has proposed to pass through the forecast cost to operate CNCC (the independent expert) which includes an adjustment to account for an over-recovery in prior periods¹⁶. This pass-through is permitted under cl 4.1(b)(viii) and in accordance with cl 7A.3.4 of

¹⁴ QCA, [Aurizon Network's 2024-25 revenue adjustment amounts](#), decision notice, November 2025.

¹⁵ Aurizon Network escalated the 2025-26 rates for prescribed connections using the reset inflation rate of 2.90% (Aurizon Network proposal, p 15).

¹⁶ Aurizon Network proposal, p 18.

UT5. Aurizon Network has accurately calculated the pass-through amount (having regard to forecast volumes).

Aurizon Network has proposed to estimate the forecast QCA levy for 2026-27 using the QCA's forecast regulatory fees for 2025-26 (having regard to forecast volumes).

We consider that both proposals are reasonable, given the information available at the time.

System allowable revenues

We consider that Aurizon Network's updates to key variables are reflected in its financial models, its supporting materials and the corresponding changes to the system allowable revenues for 2026-27 (Table 4).

Table 4: System allowable revenues, 2026-27

	AT1 (\$m)	AT2-4 (\$m)	AT5 (\$m)	Total (\$m)
Blackwater	38.3	475.5	118.8	632.6
Goonyella	27.7	410.2	98.4	536.3
Moura	7.5	74.2	0.0	81.7
Newlands	10.4	54.7	0.0	65.1
GAPE	14.5	122.6	0.0	137.1
Total	98.4	1,137.2	217.1	1,452.8

Reference tariffs

We consider that Aurizon Network's updates to key variables are reflected in its financial models, its supporting materials and the corresponding changes to the reference tariffs for 2026-27 (Table 5).

Table 5: System reference tariffs, 2026-27

	AT1 (\$)	AT2 (\$)	AT3 (\$)	AT4 (\$)	AT5 (\$)	EC (\$)	QCA levy (\$)	IE passthrough costs (\$)
Blackwater	1.13	2,788.67	10.89	3.52	4.89	1.27	0.0151	0.0261
Goonyella	0.78	1,766.79	8.71	1.81	2.89	1.27	0.0151	0.0261
Moura	2.10	825.93	15.95	2.59	0.00	–	0.0151	0.0261
Newlands	2.18	373.48	9.72	1.37	0.00	–	0.0151	0.0261
GAPE	1.76	15,464.32	1.76	2.42	0.00	–	0.0151	0.0261