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

Supplementary Submission

Anglo American Steelmaking Coal

27 August 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 this supplementary submission to the Queensland Competition Authority (**QCA**) on Aurizon Network's (**AN**) 2025 UT5 Draft Amending Access Undertaking (**DAAU**), AN's supporting submission of 22 December 2025 and the QCA's draft decision of 23 June 2026.

As previously submitted, 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 set out in the initial submission from Anglo American to the QCA dated 17 March 2026. This brief supplementary submission supports the initial submission and provides additional information for consideration of the issues raised therein.

To recap, 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 allocation and consumption of capacity;
2. The introduction of an Economic Life Constraint for the Moura System from 2055 to 2048, which has the effect of increasing the Moura System Reference Tariffs or System Allowable Revenue as compared to those that would otherwise apply if the Economic Life Constraint were not varied;
3. Any aspect in relation to pricing matters that may become relevant to any future proposal by AN regarding the Goonyella to Abbot Point Expansion (**GAPE**) corridor revenue collection and pricing; 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 the exercise of 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 from those contained in the approved UT5.

2. Relevant considerations

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

The QCA must consider the DAAU in accordance with the QCA Act. As noted in the QCA's Statement of Regulatory Intent, the QCA must have regard not only to the consensus positions put forward by AN and stakeholders, but also to whether the positions in the proposed DAAU are appropriate.[1] Further, section 173(1)(d) of the QCA Act requires the QCA to comply with the principles of natural justice when undertaking a DAAU investigation. Section 138(3)(d) of the QCA Act requires the QCA to consider submissions received by stakeholders before approving a DAAU.

It is submitted that these provisions are particularly relevant to the issues raised by Anglo American and the potential consequences if not addressed.

3. DAAU issues

3.1 Proposed ToP Reform

As noted, the proposed ToP reform is a significant departure from the current model which has been in place for a considerable period during economic regulation of the CQCN. Whilst not without complexity, significant long term investment in mine operations and development, along with related commitments to both rail and port ToP, have been made on that basis.

It is well understood that AN's pricing is based on the approved annual Allowable Revenue for each System with access charges determined by allocating Allowable Revenue against a System volume forecast. ToP shortfall, if any, is trued up and invoiced at the end of each financial year, where actual railings are lower than the System volume forecast, relative to individual contract utilisation. Under the proposed changes, ToP will be set using a minimum volume forecast of 90% of contracted System capacity. According to AN, while this is likely to lower charges, there will likely be a corresponding increase in ToP shortfall in the Allowable Revenue (which is proposed under the DAAU to be collected by AN 3 times per year). The fundamental change is effectively from a user pays to 'use' to a user pays to 'hold' model which represents a significant shift of cost exposure under the 'socialised' ToP model.

3.2 Proposed Transitional arrangements

As submitted, the proposed DAAU transitional arrangements do little if anything to provide an ability to reset those long standing commitments and related exposure under the new ToP model which is due for implementation in less than 12 months.

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 rely upon fee free relinquishments and transfers.

'Fee free' relinquishments are to be available from the Extension Commencing Date of the 2025 UT5 DAAU. Users will be invited to request fee-free relinquishment up to 25%

[1] *Queensland Competition Authority Statement of Regulatory Intent – Investigating Aurizon Network's 2025 UT5 DAAU dated December 2025* (**SoR**).
[2] AN supporting submission on 2025 DAAU, p. 200.

of their capacity per haul. However, this is subject to aggregate reductions in a System not exceeding 10%. It is understood that Fee-free relinquishment nominations will be accepted up until 60 days post UT5+ approval by the QCA or 31 January 2027, whichever is earlier. A second round process will then be available if initial System uptake is less than 10%.

These transitional arrangements are limited in effect given they 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.

Further, as a ‘one year only option’, it is understood that users can submit a request for long-term transfers on a fee-free basis, provided the transfer is finalised between 1 July 2027 and 30 June 2028. Otherwise, the usual long-term transfer timeframes and requirements, it is assumed including fees, will apply.

Whilst any limited benefit, given the small window, for a long term transfer, with matching ‘exit capability’, may be more useful to users seeking to rationalise their capacity, it is submitted that ‘fee free’ relinquishments are effectively useless unless another user or access seeker has or can secure additional matching ‘exit capability’ to take up that capacity. Further, for another user or access seeker to take up that capacity, it can only be effective within a system, as cross system transfers are not understood to be permitted. As such, any ‘handed back’ relinquished capacity will otherwise be socialised across existing users, meaning charges will not decrease as contended.

As noted previously, 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 inefficient outcome for users). 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.

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

Again, given the limitations in these transitional arrangements, it is submitted that the proposed arrangements do not genuinely ‘promote the efficient management and allocation of capacity.’[3] Where users are significantly underutilising capacity, it is rare – and it is again submitted not demonstrated in AN’s submission – that this is attributable to a deficiency in financial accountability with those users. It has not been clearly demonstrated as to how the ToP regime will achieve the objects of the pricing principles articulated in section 168A of the QCA Act.

Given the limited benefits if any of the proposed transitional arrangements, it is submitted that a ‘grandfathering’ transitional period is a necessity to allow users sufficient time to reset their long standing ToP commitments. This would include through other means

[3] AN supporting submission on 2025 DAAU, p. 21.

such as transfers and assignments with matching 'exit capability' so whole of outbound supply chain spare capacity is able to be taken up and utilised.

3.3 Grandfathering period

A 'grandfathering' period when transitioning from old to new regimes is a recognised principle and widely accepted, particularly where there are significant and immediate consequences of changes to a longstanding regime, to allow affected parties sufficient time to take steps to manage those impacts. Examples of the QCA implementing grandfathering provisions include regular grandfathering arrangements in regulated electricity prices, including in respect of approved tariffs and the preservation of access arrangements within regulated infrastructure (for example, preserving existing access agreements to preserve investment value). There is clear regulatory precedent to support grandfathering arrangements within QCA regulatory regimes where it is appropriate – as would be the case in the circumstances discussed in this submission.

It is noted that the QCA has proposed such an arrangement as a modification to the DAAU to permit time for an older generation SAA to expire. Whilst the QCA is satisfied that the proposed amendments will largely be able to operate as intended under different generations of SAAs, it is possible that arrangements under the UT2 SAA could result in costs associated with the UT2 access holder being socialised across the system in certain circumstances but for a limited time. While there is no evidence to indicate the potential impacts will be material, the QCA has specifically sought stakeholder feedback on this matter and whether the proposed amendments under the 2025 UT5 DAAU (related to contract volume-based pricing and take or pay arrangements) should instead commence on expiry of the UT2 access agreement.

Clearly, the QCA recognises the need for grandfathering in specific circumstances. In this case, the grandfathering is proposed under the DAAU to avoid what may be an immaterial socialisation of costs. Whilst Anglo American would support that in principle, it also contends that it is more appropriate, based on the same logic and for the reasons outlined above, that a grandfathering period also apply to delay implementation of the drastically new and different ToP regime which has far wider reaching socialisation and financial consequences with limited ability to mitigate in time. Significant investment and contracting decisions have been made by users based on the longstanding, pre-existing ToP regime and it would be appropriate to allow a period for users to manage the mitigate of the transition.

As submitted initially, the proposed ToP Reform is a discrete issue in the DAAU review, and 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 and 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 5 year 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 ToP collection model. To change that regime, given those long standing investments, should not be done lightly or hastily.

Again, it is submitted for all these reasons, that it is appropriate that the current model continue for a grandfathering period, at least 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 currently proposed but limited transitional arrangements and then 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, Anglo American has proposed arrangements to address 'significant mine events' for consideration and inclusion within the DAAU, as contemplated on page 94 of the Draft Decision. Anglo American does not consider that approval of these arrangements should be reliant on a complete consensus position. In fact, it should be noted that the currently proposed ToP Reforms do not have complete consensus support. Alternatively, including some form of 'mine event' relief, albeit minimal in effect under the new ToP regime, provides an appropriate regulatory setting to help manage and appropriately allocate risk between users under the socialised system, particularly given the impact of the proposed ToP reform where users are exposed to considerably higher ToP for capacity unable to be used for a period in such circumstances.

Anglo American notes that AN's position is that there would be opportunities for users to relinquish entitlements – however Anglo American notes that in circumstances such as significant mine events, relinquishment would still attract the usual fees, and means the mine no longer has the capacity available on restart and so will lose the ability to secure future revenue. As such, adjusting the system ToP gtk down to take into account the circumstances that are genuinely beyond the control of the affected producer would provide some but not complete relief under the new model (as the current model permits albeit in a more meaningful way). AN would still retain its resumption and other rights if the capacity were required by an access seeker.

Anglo American reiterates that the proposed ToP regime will result in mines that are affected by production impacts or other impacts beyond their reasonable control to face significantly higher ToP liability. As noted, mines are already exposed to significant rail and 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 without revenue due to such events.

Again, this concept does not cut across 'responsible contracting' nor is it a major departure from the current and proposed ToP regimes. Whilst not significant under the currently proposed ToP Reform, such a saving may be genuinely material to a single mine owner, particularly in difficult market conditions with no alternative source of revenue. Anglo American remains open to further developing the 'mine event' concept with the QCA and other stakeholders including interested users.

4. Moura System depreciation

4.1 Proposed DAAU depreciation profile based on Dawson Mine

It is noted in section 6.4.2 of the draft decision that the QCA considers that AN's proposal to decrease the economic life constraint for assets in the Moura System is reasonable under the circumstances. It is noted that it will in effect further front-load the recovery of assets in that system, reducing the maximum life of assets in the Moura System to 21 years at the start of the first reset period but the QCA considers this will have "an immaterial impact on access charges within this period". However, it is acknowledged the proposed reduction in the economic life will have the most significant impact on the price for Moura System users in the second reset period but the regulatory arrangements provide for the economic life constraint of the Moura System to be extended before the second reset date.

The QCA considers it reasonable to reduce the economic life in the Moura system to 2048 at the start of the first reset period, given-

- there does not appear to be a disproportionate allocation of system capital costs between access holders and potential new entrants accessing the same infrastructure in the future
- the financial implications for access holders over the first reset period are not material;

It is also noted that no development projects from new entrants with coal tenements have been identified or forecast for the Moura system.

Importantly, the QCA has acknowledged that, amongst other factors to be considered, economic life analysis that excludes measured and indicated resources may underestimate economic life, given reported reserves fail to recognise the rolling nature of reserve development from resources. In accordance with the 2025 UT5 DAAU, at the time of the next review AN's proposed economic life constraint can be accepted or replaced with the QCA's preferred economic life constraint to be reflected in the outcome of the decision as an 'endorsed variation event'.

In respect of the proposed reduction of the economic life of the Moura system, Anglo American notes the QCA's position in the Draft Decision. Notwithstanding its position regarding the appropriateness of the reduction of economic life of the Moura system, including not accepting that the impacts of the access charges are 'immaterial' particularly given current economic conditions, Anglo American strongly supports the QCA's view that the economic life be carefully considered, taking into account a wide range of appropriate factors, before the second reset date.