

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

28 October 2021

Dear George,

**Aurizon Network Pty Ltd (Aurizon Network) – FY2021 Revenue Adjustment Amounts**

Aurizon Network submits to the Queensland Competition Authority (**QCA**) its Revenue Adjustment Amounts for the Financial Year ending on 30 June 2021 (**FY2021**) in accordance with clause 4.3(m) of Schedule F of Aurizon Network's 2017 Access Undertaking.

The total FY2021 Revenue Adjustment Amounts for the Central Queensland Coal Network, relative to the FY2021 Adjusted Allowable Revenue, represents a net return to Access Holders of \$17.7 million.

Aurizon Network confirms that this submission is suitable for publication should the QCA choose to do so.

Should you have any queries in relation to this submission please do not hesitate to contact Ian Parkinson via email at [ian.Parkinson@aurizon.com.au](mailto:ian.Parkinson@aurizon.com.au)

Yours sincerely,



Jon Windle  
Manager Regulation  
Aurizon Network

## *Aurizon Network's 2017 Access Undertaking*

### **FY2021 Revenue Adjustment Amounts - Explanatory Memorandum**

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29 October 2021



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## 1 Executive Summary

### 1.1 Introduction

Aurizon Network Pty Ltd (**Aurizon Network**) has calculated the Revenue Adjustment Amounts for the Financial Year ending on 30 June 2021 (**FY2021**) based on the provisions of its 2017 Access Undertaking which was approved by the Queensland Competition Authority (**QCA**) on 21 February 2019, as amended (**UT5**).

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

Capitalised terms in this submission have the meaning given to those terms in UT5, unless otherwise defined.

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 FY2021 Revenue Adjustment Amounts for the CQCN, relative to the FY2021 Adjusted Allowable Revenue, represents a net return to Access Holders of \$17.7 million (m).

### 1.2 Background

On 21 February 2019 the QCA approved UT5. There have been several Draft Amending Access Undertakings (**DAAUs**) subsequently approved by the QCA. Those impacting FY2021 Reference Tariffs are:

- Annual Review of Reference Tariffs for FY2021 (approved 27 May 2020)  
This DAAU set the initial FY2021 Reference Tariffs and System Forecast.
- Meteor Downs South Pricing DAAU (approved 17 December 2020) (**MDS Pricing DAAU**)  
This DAAU introduced an expansion for MDS, separated the Blackwater System Forecasts and revised the Allowable Revenue. The revised Blackwater and MDS Reference Tariffs applied from 1 July 2020.

Upon approval of the MDS Pricing DAAU, Aurizon Network submitted to the QCA, on 15 February 2021, an Adjustment Charge submission to account for the difference between:

- the amount billed to Access Holders from 1 July 2020 to 31 December 2020; and
- the amount that should have been billed applying the MDS Pricing DAAU Reference Tariffs to actual volumes.

The net recovery from Access Holders of \$1.3m (including interest) was approved by the QCA on 18 March 2021 as an Adjustment Amount. This Adjustment Amount, excluding interest, has been included within the Total Actual Revenue for this submission.

### 1.3 Revenue Adjustment Amounts

The Revenue Adjustment Amounts include the:

- AT<sub>2-4</sub> Reference Tariff components for each of the Blackwater, Goonyella, Moura and Newlands Systems and the Goonyella to Abbot Point System (**GAPE**); and
- AT<sub>5</sub> Reference Tariff components for the Blackwater and Goonyella Systems.

The total of the Revenue Adjustment Amounts for FY2021, relative to the FY2021 Adjusted Allowable Revenue, represents a net return to Access Holders of \$17.7 million. The Revenue Adjustment Amounts are summarised in Table 1 below:

**Table 1 FY2021 Revenue Adjustment Amounts**

<b>Coal System</b>	<b>AT<sub>2-4</sub> \$m</b>	<b>AT<sub>5</sub> \$m</b>	<b>Total \$m</b>
Blackwater	(15.2)	3.1	(12.1)
Goonyella	(7.9)	14.6	6.7
Moura	3.5	-	3.5
Newlands	1.0	-	1.0
GAPE	(16.7)	-	(16.7)
<b>Total</b>	<b>(35.4)</b>	<b>17.7</b>	<b>(17.7)</b>

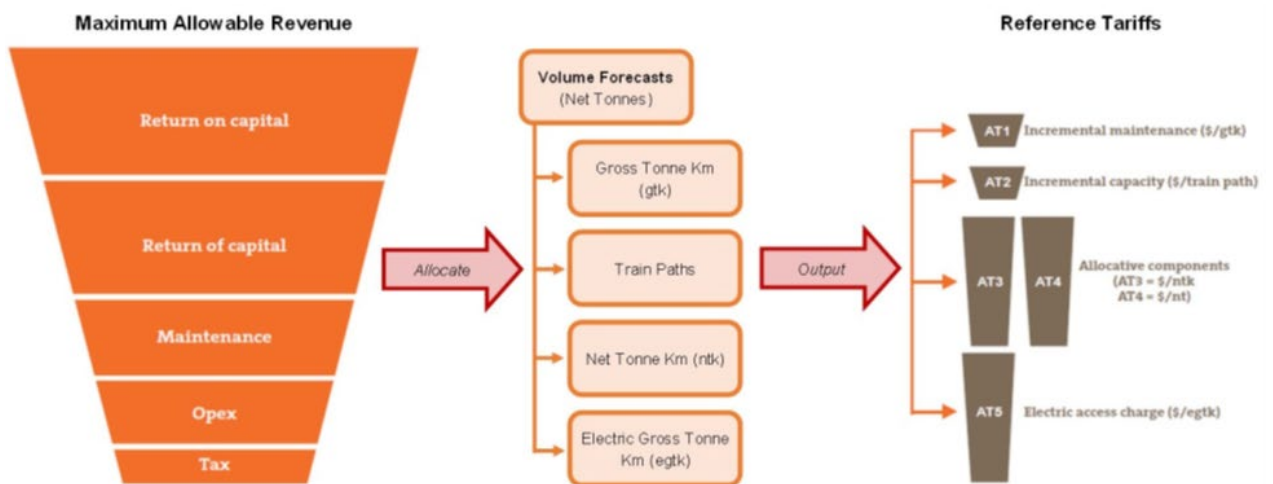
*The amounts in the tables in this submission are approximate to one decimal point. Actual amounts may differ slightly due to rounding. Amounts to the nearest dollar are detailed in Attachment A of this submission.*

## 2 Summary of the Revenue Adjustment Amounts process

### 2.1 Regulatory provisions

Aurizon Network’s regulated revenues are derived using a regulatory ‘building blocks’ approach where capital and operating costs are aggregated into a Maximum Allowable Revenue (**MAR**) for each Coal System. The approved MAR is then translated into Reference Tariffs based on approved volume forecasts. Allowable Revenue is the amount recoverable through the AT<sub>2-4</sub> and AT<sub>5</sub> components of Reference Tariffs, which form the basis of Aurizon Network’s Revenue Adjustment Amounts. This is shown in Figure 1.

Figure 1 – Maximum Allowable Revenue to Reference Tariffs



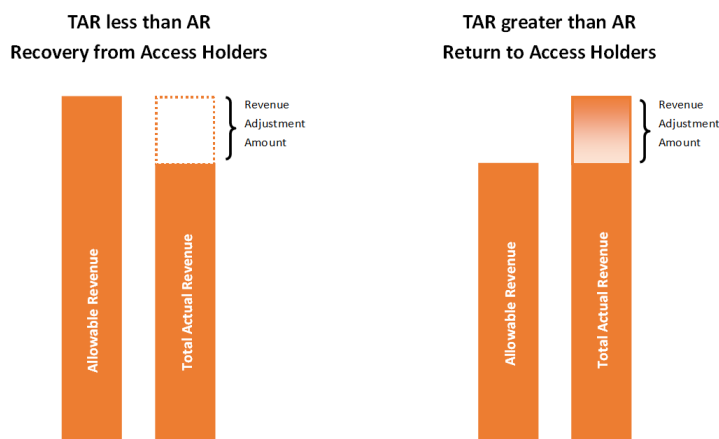
Schedule F of UT5 provides:

- I. the basis on which Aurizon Network recovers revenue from Access Holders, i.e. 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 Framework

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 revenue allowed (Adjusted Allowable Revenue or ‘**AR**’) for the relevant Reference Tariff components.

Figure 2 – Revenue Adjustment Framework



There are seven Revenue Adjustment Amounts detailed within 4.3 of Schedule F, being:

- 'non-electric' Revenue Adjustment Amounts (AT<sub>2.4</sub>) for each of the five Coal Systems; and
- 'electric' Revenue Adjustment Amounts (AT<sub>5</sub>), for the Goonyella and Blackwater Systems.

A Revenue Adjustment Amounts submission must be made 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 AT<sub>2.4</sub> and AT<sub>5</sub> Revenue Adjustment Amounts, adjustments to Allowable Revenue are provided for under clause 4.3(c) of Schedule F of UT5. Specifically, those adjustments include:

- i. Approved Weighted Average Cost of Capital (**WACC**);
- ii. Maintenance costs;
- iii. Non-Electric Operating Expenditure Allowance (**NOEA**);
- iv. Electricity connection costs;
- v. Audit costs;
- vi. Condition Based Assessment costs;
- vii. Ground penetrating radar costs;
- viii. Rebate adjustments; and
- ix. Costs relating to compliance with the Access Undertaking.

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

## 2.3 Financial Models

Detailed financial models have been prepared and provided to the QCA in support of this FY2021 Revenue Adjustment Amounts submission. The models include:

- Billing data by haul;
- FY2021 Adjustment Charge;
- Take or Pay;
- Transfer Fee calculations and details of 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.

As the financial models and billing data contain detailed information on individual train services and billing



information which is specific to individual Access Holders and therefore constitutes Confidential Information within the meaning of UT5, the disclosure of which would result in a breach of confidentiality obligations that Aurizon Network has to those Access Holders, Aurizon Network claims confidentiality over each of the models. Outputs from the models are summarised in this submission.



## 3 Revenue Adjustment Amounts for FY2021

### 3.1 Revenue Adjustment Amounts

Revenue Adjustment Amounts are primarily caused where actual throughput (and the associated parameters) varies from the regulatory volumes forecasts (System Forecast), which form a key input in the determination of Reference Tariffs for each Coal System.

The FY2021 System Forecast for the CQCN was 239.7 million net tonnes (NT) and the actual NT was 208.3m.

Summaries of the System Forecast NT and Gross Tonne Kilometres (GTKs) by Coal System compared with actual NT and GTKs are provided in Tables 2 and 3 below.

**Table 2 FY2021 Net Tonnes Performance**

Coal System	Forecast Tonnages (million NT)	Actual Tonnages (million NT)	Variance %
Blackwater	66.7	61.5	(8%)
Goonyella	124.5	103.4	(17%)
Moura	16.5	12.7	(23%)
Newlands	13.2	10.7	(19%)
GAPE	18.9	20.0	6%
<b>Total</b>	<b>239.7</b>	<b>208.3</b>	<b>(13%)</b>

**Table 3 FY2021 GTK's Performance**

Coal System	Forecast GTK (billion)	Actual GTK (billion)	Variance %
Blackwater	38.2	35.0	(8%)
Goonyella	40.2	33.4	(17%)
Moura	4.3	3.3	(23%)
Newlands	2.7	2.2	(17%)
GAPE	9.6	9.9	3%
<b>Total</b>	<b>94.9</b>	<b>83.8</b>	<b>(12%)</b>

All Coal Systems except the GAPE System recorded GTKs which were lower than the System Forecast.

Take or Pay triggered in all Coal Systems, except GAPE. In the Goonyella and Blackwater Systems, the Take or Pay recovered the full amount of the AT<sub>2-4</sub> shortfall between Total Actual Revenue and Allowable Revenue. In the Moura and Newlands Systems, the Take or Pay did not cover the full amount of the AT<sub>2-4</sub> shortfall.

The GAPE System recorded GTKs which were higher than the System Forecast, resulting in an over-recovery of AT<sub>2-4</sub> revenues.

The Blackwater System recorded Total Actual Revenue in respect of AT<sub>5</sub> below Allowable Revenue due to the lower GTKs, partially offset by a higher Electric / Diesel mix than the System Forecast.

The Goonyella System recorded Total Actual AT<sub>5</sub> revenue below Allowable Revenue due to the lower GTKs and a lower Electric / Diesel mix than the System Forecast.

The Revenue Adjustment Amounts for 'non-electric' and 'electric' are reconciled to the AR and TAR as outlined below in Tables 4 and 5. These amounts include the adjustments to Allowable Revenue as detailed in section 4 of this submission.

**Table 4 Revenue Adjustment Amounts AT<sub>2,4</sub>**

Coal System	Adjusted Allowable Revenue \$m	Total Actual Revenue \$m	Revenue Adjustment Amounts \$m
Blackwater	348.6	363.8	(15.2)
Goonyella	274.7	282.6	(7.9)
Moura	48.9	45.4	3.5
Newlands	31.7	30.7	1.0
GAPE	119.0	135.7	(16.7)
<b>Total</b>	<b>822.9</b>	<b>858.3</b>	<b>(35.4)</b>

**Table 5 Revenue Adjustment Amounts AT<sub>5</sub>**

Coal System	Adjusted Allowable Revenue \$m	Total Actual Revenue \$m	Revenue Adjustment Amounts \$m
Blackwater	75.3	72.2	3.1
Goonyella	64.9	50.3	14.6
<b>Total</b>	<b>140.1</b>	<b>122.5</b>	<b>17.7</b>

A comparison of historical Revenue adjustment amounts is contained within Attachment B

## 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.

Figure 3 – Revenue Adjustments

<b>WACC Adjustment</b>	<ul style="list-style-type: none"> <li>• Clause 4.3(c)(i)</li> <li>• Adjustment to reflect the difference between the actual Approved WACC and the Approved WACC that was used in determining Reference Tariffs</li> </ul>
<b>Maintenance costs</b>	<ul style="list-style-type: none"> <li>• Clause 4.3(c)(ii)</li> <li>• 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</li> </ul>
<b>NOEA Adjustment</b>	<ul style="list-style-type: none"> <li>• Clause 4.3(c)(iii)</li> <li>• Commences in FY2022, not applicable in FY2021</li> </ul>
<b>Connection to an electricity transmission or distribution network</b>	<ul style="list-style-type: none"> <li>• Clause 4.3(c)(iv)</li> <li>• Adjustment to reflect the difference between actual and forecast electricity connection costs used in determining Reference Tariffs</li> </ul>
<b>Audit costs</b>	<ul style="list-style-type: none"> <li>• Clause 4.3(c)(v)</li> <li>• Adjustment to reflect required audit costs required under the Undertaking that not already recoverable elsewhere in the Undertaking</li> </ul>
<b>Condition Based Assessment costs</b>	<ul style="list-style-type: none"> <li>• Clause 4.3(c)(vi)</li> <li>• Adjustment to reflect Condition Based Assessment costs required under Undertaking that not already recoverable elsewhere in the Undertaking</li> </ul>
<b>Ground penetrating radar costs</b>	<ul style="list-style-type: none"> <li>• Clause 4.3(c)(vii)</li> <li>• Adjustment to reflect ground penetrating radar costs not already recoverable elsewhere in the Undertaking</li> </ul>
<b>Rebates adjustment</b>	<ul style="list-style-type: none"> <li>• Clause 4.3(c)(viii)</li> <li>• Adjustment to reflect the difference between actual and forecast payments of rebates</li> </ul>
<b>Compliance with the Undertaking costs</b>	<ul style="list-style-type: none"> <li>• Clause 4.3(c)(ix)</li> <li>• Adjustment to reflect Undertaking compliance costs not already recoverable elsewhere in the Undertaking</li> </ul>

## 4.1 WACC Adjustment

With respect to clause 4.3(c)(i) of Schedule F of UT5, Aurizon Network has calculated a net return to Access Holders of \$26.5m. The adjustment is to reflect the impact of the difference between the Approved WACC which currently applies under UT5 and the Approved WACC used to determine FY2021 Reference Tariffs.

The Approved WACC used in determining FY2021 Reference Tariffs was 6.3%. The FY2021 Reference Tariffs assumed that the Report Date, which triggers an increase in the Approved WACC from 5.9% to 6.3% under UT5 would occur by 1 July 2020. The Report Date did not occur by 1 July 2020, or at any time during FY2021, therefore the Approved WACC which applies for FY2021 is 5.9%.

The impact on the Allowable Revenue by Coal System is summarised in Table 6.

**Table 6 WACC Adjustment**

<b>Coal System</b>	<b>AT<sub>2-4</sub></b>	<b>AT<sub>5</sub></b>	<b>Total</b>
	<b>\$m</b>	<b>\$m</b>	<b>\$m</b>
Blackwater	(10.3)	(1.8)	(12.1)
Goonyella	(7.1)	(1.1)	(8.2)
Moura	(1.5)	n/a	(1.5)
Newlands	(1.0)	n/a	(1.0)
GAPE	(3.8)	n/a	(3.8)
<b>Total</b>	<b>(23.7)</b>	<b>(2.9)</b>	<b>(26.5)</b>

## 4.2 Maintenance Costs Adjustment

With respect to clause 4.3(c)(ii)(B) of Schedule F of UT5, Aurizon Network has calculated a net recovery from Access Holders of \$5.5m. The adjustment is to reflect the difference between the actual maintenance costs approved by the QCA for FY2021, and the sum of the Maintenance Indicator for FY2021 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 GTKs for FY2021 and the GTKs Forecast for FY2021.

Actual maintenance costs are those included within the annual maintenance report that was submitted to the QCA on 29 September 2021. These amounts have not yet been approved by the QCA. Aurizon Network notes that if the QCA approve a different amount to the amounts included in the annual maintenance report then this Revenue Adjustment Amounts submission will be amended to reflect that difference. As part of this submission, Aurizon Network proposes to include within the maintenance costs adjustment, a reduction to reflect an allocation of costs to non-coal services based on a GTK allocation by Coal System. The FY21 MRSB outlined that the budgets and forecast were related to coal traffic only, the adjustment that Aurizon Network proposes to apply to its actual FY21 Maintenance Costs within this submission, ensures consistency with this approach.

**Table 7 Maintenance Costs Adjustment AT<sub>2-4</sub>**

Coal System	Actual Maintenance Costs	Non-Coal Allocations <sup>2</sup>	Maintenance Indicator	Variable Maintenance Costs Adjustment	Total
	\$m	\$m	\$m	\$m	\$m
Blackwater	58.1	(1.2)	(58.2)	3.1	1.7
Goonyella	51.8	0.0	(55.0)	4.6	1.4
Moura	11.4	(0.2)	(12.5)	1.8	0.5
Newlands	2.7	0.0	(3.1)	0.9	0.5
GAPE	9.5	0.0	(10.9)	(0.5)	(1.9)
<b>Total</b>	<b>133.6</b>	<b>(1.5)</b>	<b>(139.7)</b>	<b>9.8</b>	<b>2.2</b>

<sup>2</sup> There are allocations for Goonyella, Newlands, and GAPE but they are <\$0.1m

**Table 8 Maintenance Costs Adjustment AT<sub>5</sub>**

Coal System	Actual Maintenance Costs	Maintenance Indicator	Total
	\$m	\$m	\$m
Blackwater	5.9	(4.1)	1.8
Goonyella	6.4	(5.0)	1.5
<b>Total</b>	<b>12.4</b>	<b>(9.1)</b>	<b>3.3</b>

### 4.3 NOEA Adjustment

With respect to clause 4.3(c)(iii) of Schedule F of UT5, no adjustment is required for FY2021 because clause 4.3 (c)(iii) of Schedule F provides that the NOEA adjustment only commences in FY2022.

### 4.4 Electricity Connection costs

With respect to clause 4.3(c)(iv) of Schedule F of UT5, Aurizon Network has calculated a net return to Access Holders of \$1.0m for AT<sub>5</sub> represented by the difference between:

- the amounts paid to Powerlink Queensland and Ergon Energy for the connection of Aurizon Network's electric infrastructure to their respective electricity networks; and
- the forecast costs used for the purposes of determining the AT<sub>5</sub> Reference Tariff components for FY2021.

### 4.5 Audit costs

With respect to clause 4.3(c)(v) of Schedule F of UT5, Aurizon Network has calculated that there is no Revenue Adjustment Amount in respect of the costs of audits required by the QCA under UT5 that are not recovered elsewhere in UT5.

## 4.6 Condition Based Assessment costs

With respect to clause 4.3(c)(vi) of Schedule F of UT5, Aurizon Network has calculated that there is no Revenue Adjustment Amount in respect of any Condition Based Assessment costs required by QCA under UT5 that are not recovered elsewhere in UT5.

## 4.7 Ground penetrating radar measurement costs

With respect to clause 4.3(c)(vii) of Schedule F of UT5, Aurizon Network has calculated that there is no Revenue Adjustment Amount in respect of any ground penetrating radar measurement costs required by QCA under UT5 that are not recovered elsewhere in UT5.

## 4.8 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 \$8.8m:

- the amounts paid in respect of rebates for FY2021; and
- the forecast payments of those rebates used for the purpose of determining the relevant Reference Tariffs for FY2021.

There are no rebate arrangements covering mines in the Moura and GAPE Systems or electric infrastructure in the Blackwater System.

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

## 4.9 Compliance Costs

With respect to clause 4.3(c)(ix) of Schedule F of UT5, Aurizon Network has calculated that there is no Revenue Adjustment Amount in respect of any compliance costs required by QCA under UT5 that are not recovered elsewhere in UT5.

## 4.10 Adjusted Allowable Revenues Summary

The Adjusted Allowable Revenues are reconciled to the Allowable Revenue as outlined below in Tables 9 and 10:

**Table 9 Adjusted Allowable Revenues AT<sub>2-4</sub>**

Coal System	AT <sub>2-4</sub> Allowable Revenue	Approved WACC Adjustment	Maintenance Costs Adjustment	Rebates Adjustment	Other Adjustments	Adjusted AT <sub>2-4</sub> Allowable Revenue
	\$m	\$m	\$m	\$m	\$m	\$m
Blackwater	363.8	(10.3)	1.7	(6.7)	-	348.6
Goonyella	282.6	(7.1)	1.4	(2.2)	-	274.7
Moura	49.9	(1.5)	0.5	-	-	48.9
Newlands	32.3	(1.0)	0.5	0.0 <sup>1</sup>	-	31.7
GAPE	124.7	(3.8)	(1.9)	-	-	119.0
<b>Total</b>	<b>853.3</b>	<b>(23.7)</b>	<b>2.2</b>	<b>(8.9)</b>	<b>-</b>	<b>822.9</b>

<sup>1</sup> There is a net repayment for Newlands but <\$0.1m

**Table 10 Adjusted Allowable Revenues AT<sub>5</sub>**

Coal System	AT <sub>5</sub> Allowable Revenue	Approved WACC Adjustment	Maintenance Costs Adjustment	Rebates Adjustment	Connection Costs Adjustment	Adjusted AT <sub>5</sub> Allowable Revenue
	\$m	\$m	\$m	\$m	\$m	\$m
Blackwater	76.0	(1.8)	1.8	0.0	(0.8)	75.3
Goonyella	64.7	(1.1)	1.5	0.0 <sup>1</sup>	(0.3)	64.9
<b>Total</b>	<b>140.7</b>	<b>(2.9)</b>	<b>3.3</b>	<b>0.0</b>	<b>(1.0)</b>	<b>140.1</b>

<sup>1</sup> There is a net recovery for Goonyella but <\$0.1m

## 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 financial model that is provided to the QCA with this submission.

Aurizon Network confirms that:

- Total Actual Revenue included 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 in the Blackwater, Goonyella, Moura, and Newlands Systems include 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.
- Total Actual Revenue includes the Adjustment Amounts (excluding interest) approved by the QCA on 18 March 2021.
- A Transfer Fee was collected from one GAPE Access Holder and this has been included in the GAPE Total Actual Revenue. Aurizon Network notes that all of the Transfer Fee amount relates to the AT<sub>3</sub> tariff. GAPE is unique amongst the Coal Systems and AT<sub>3</sub> relates to specific Goonyella System Enhancements that are paid by GAPE Access Holders. Aurizon Network requests that the QCA approves the repayment of this Transfer Fee within AT<sub>3</sub> FY2023 Reference Tariffs. No other Relinquishment Fees or Transfer Fees were collected, or were entitled to be collected, during FY2021.

Total Actual Revenue for AT<sub>2-4</sub> and AT<sub>5</sub> by Coal System is summarised below in Tables 11 and 12:

**Table 11 Total Actual Revenue AT<sub>2-4</sub>**

Coal System	Total Actual Revenue AT <sub>2-4</sub> \$m
Blackwater	363.8
Goonyella	282.6
Moura	45.4
Newlands	30.7
GAPE	135.7
<b>Total</b>	<b>858.3</b>

**Table 12 Total Actual Revenue AT<sub>5</sub>**

Coal System	Total Actual Revenue AT <sub>5</sub> \$m
Blackwater	72.2
Goonyella	50.3
<b>Total</b>	<b>122.5</b>



## 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 AT<sub>5</sub> Revenue Shortfall for the relevant Year

Aurizon Network has calculated that no Electric Revenue Adjustment is required for FY2021.

The table below details the steps within the calculation:

**Table 13 Electric Revenue Adjustment**

Description	Goonyella	Blackwater
Electric Utilisation Floor (EUF)	71%	65%
Electric Capacity Factor (ECF)	98%	94%
System Forecast GTK (bn) (SFGTK)	40.2	38.2
System Forecast egtk(bn)	39.3	26.9
System Forecast Electric Utilisation (SFEU)	98%	70%
Actual GTK (bn)	33.4	35.0
Actual egtk(bn)	30.6	25.5
Electric Utilisation Level (EUL)	92%	73%
Decline in Utilisation calculation		
EUL less EUF	21%	8%
Actual GTK less (SFGTK x ECF x EUF)	5.4	11.7
Is there a Decline in Electric Utilisation (both calculations negative)?	No	No
AT5 revenue shortfall / (surplus)	\$14.6m	\$3.1m
Is there an AT5 shortfall?	Yes	Yes
<b>Is there an Electric Revenue Adjustment Amount</b>	<b>No</b>	<b>No</b>
<b>Electric Revenue Adjustment Amount</b>	<b>-</b>	<b>-</b>

Whilst there was an AT<sub>5</sub> Revenue Shortfall in both the Goonyella and Blackwater Systems, there was not a Decline in Electric Utilisation and therefore there is no Electric Revenue Adjustment Amount in FY2021.

## Attachment A – (Schedule for Publication)

Total Actual Revenue		Adjusted Allowable Revenue						Revenue Adjustment Amounts	
		AR Adjustments							
AT <sub>2,4</sub>	Total Actual Revenue	AT <sub>2,4</sub>	Allowable Revenue per Schedule F	Approved WACC Adjustment	Maintenance Costs Adjustment	Other AR Adjustments	Rebates Adjustment	Adjusted Allowable Revenue	Total Recovery / (Return)
Blackwater	363,836,960	Blackwater	363,836,960	(10,268,712)	1,714,518	-	(6,665,591)	348,617,176	(15,219,784)
Goonyella	282,607,189	Goonyella	282,607,189	(7,098,887)	1,354,144	-	(2,179,155)	274,683,291	(7,923,898)
Moura	45,372,343	Moura	49,878,927	(1,514,929)	522,335	-	-	48,886,333	3,513,989
Newlands	30,724,515	Newlands	32,260,151	(1,004,038)	475,820	-	(23,980)	31,707,953	983,438
GAPE	135,746,272	GAPE	124,690,014	(3,783,993)	(1,898,853)	-	-	119,007,168	(16,739,104)
	858,287,278		853,273,240	(23,670,558)	2,167,964	-	(8,868,726)	822,901,920	(35,385,359)
AT <sub>5</sub>	Total Actual Revenue	AT <sub>5</sub>	Allowable Revenue per Schedule F	Approved WACC Adjustment	Maintenance Costs Adjustment	Electricity Connection Costs Adjustment	Rebates Adjustment	Adjusted Allowable Revenue	Total Recovery / (Return)
Blackwater	72,160,478	Blackwater	76,010,888	(1,791,154)	1,790,559	(756,248)	-	75,254,045	3,093,568
Goonyella	50,312,924	Goonyella	64,654,159	(1,067,400)	1,508,381	(255,957)	49,355	64,888,538	14,575,614
Moura		Moura							
Newlands		Newlands							
GAPE		GAPE							
	122,473,402		140,665,046	(2,858,553)	3,298,940	(1,012,205)	49,355	140,142,584	17,669,182
<b>Total Revenue Adjustment Amount (net return to Access Holders for FY2021)</b>									<b>(17,716,177)</b>

## Attachment B – Historical Revenue Adjustment Amounts

A comparison of the FY2021 Revenue Adjustment Amounts (excluding cost of capital adjustments) with previous submissions made by Aurizon Network in the period FY2007 to FY2021 is set out below.

**Table 6 Total Revenue Adjustment Amounts FY2007 to FY2021**

Year	AT <sub>2-4</sub> Adjustment \$m	AT <sub>5</sub> Adjustment \$m	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)