

# Transfer & Relinquishment Examples

---



# Contents

UT3 Transfer Provision.....	4
Example 1 – UT3 Short Term Transfer.....	4
UT4 Transfer Provision.....	4
Example 2 – UT4 Short Term Transfer.....	6
UT3 Relinquishment Provision .....	8
UT4 Relinquishment Provision .....	9
Example 3 - Relinquishment (without alternate demand) .....	10
Example 4 - Relinquishment (with alternate demand in the same Coal system).....	12
Example 5 - Relinquishment (with alternate demand not predominantly in the same Coal system).....	14



1

# Transfer Example

## UT3 Transfer Provision

### Clause 7.3.6 (c)

An Access Holder who intends to transfer all or part of its Access Rights to an Access Seeker (the 'Transferee') must give Aurizon Network reasonable notice of its intention to do so ("Notice of Intention to Transfer"), specifying:

- (i) the Nominated Access Rights;
- (ii) subject to Clause 7.3.6 (d), the date ("Transfer Date") on which and the period for which the Nominated Access Rights are to be transferred; and
- (iii) the identity of the Transferee.

### Clause 7.3.6 (l) (ii)

If the Nominated Access Rights to be transferred:

- (A) are for coal carrying Train Services operating in the Central Queensland Coal Region; and
- (B) are to be transferred to a Transferee for a period of **less than two (2) years** and only used by that Transferee for coal carrying Train Services operating in the Central Queensland Coal Region then, despite any other provision of this Clause 7.3.6, the **Relinquishment Fee is deemed to be zero (0)**.

## Example 1 – UT3 Short Term Transfer

	Transferor - Original Origin	Transferee - New Origin
CQCN System	Blackwater	Blackwater
Transferred TSE's	-100	+100
Commencement Date	01/08/2016	Maximum of <b>two (2)</b> years.
Expiry Date	31/07/2018	
Transfer Fee	\$0 (Zero)	

## UT4 Transfer Provision

### Clause 7.4.2 (h)

- (i) If a Transfer is to take effect in accordance with clause 7.4.2(f) or 7.4.2(g)(xi) (as applicable); and
  - (ii) the Transfer Period:
-

(A) **is for twelve (12) Months or less (Short Term Transfer Period);** and

(B) does not extend beyond the end of the term of the Transferor's Access Agreement referred to in clause 7.4.2(k)(iii):

(Short Term Transfer) then, for the Short Term Transfer Period, subject to clause 7.4.2(q):

- (iii) **no Transfer Fee or Relinquishment Fee is payable in respect of a Short Term Transfer;**
- (iv) the Access Rights will be taken to be Access Rights for an additional Train Service Type under Transferee's nominated Access Agreement;
- (v) the Nominated Access Rights will be taken to have been relinquished for the Train Service Type specified in the Notice of Intention to Transfer for the Short Term Transfer Period as specified in the Short Term Transfer Notice;
- (vi) the Train Service Entitlement(s) for the Nominated Access Rights will be taken to be removed from Appendix B to Schedule 2 (or the corresponding clause in a Pre-Approval Date Coal Access Agreement) of the Transferor's Access Agreement referred to in clause 7.4.2(k)(iii) , and the Nominated Monthly Train Services for each Month during the Short Term Transfer Period reduced accordingly; and
- (vii) the Transferred Access Rights will be taken to be additional Train Service Entitlement(s) for the relevant Train Service Description(s) under the Transferee's Access Agreement referred to in clause 7.4.2(k)(iv) as specified in the Notice of Intention to Transfer, except that:
  - (A) in item 1.2 of Schedule 2 (or the corresponding clause in a Pre-Approval Date Coal Access Agreement):
    - 1. 'Train Service Compliance Date' and 'Train Service Commitment Date' will be taken to be the Transfer Date;
    - 2. 'Train Service Expiry Date' will be taken to be the last day of the Short Term Transfer Period;
  - (B) in item 1.3 of Schedule 2 (or the corresponding clause in a Pre-Approval Date Coal Access Agreement):
    - (1) 'Origin' will be taken to be the 'Origin'; and
    - (2) 'Destination' will be taken to be the 'Destination';
    - (3) 'Loading Facility' will be the 'Loading Facility';
    - (4) 'Unloading Facility' will be the Unloading Facility; and
    - (5) the 'Maximum Time at Loading Facility' and 'Maximum Time at Unloading Facility' will be the periods, specified in the Notice of Intention to Transfer;
  - (C) in item 1.3 of Schedule 2 (or the corresponding clause in a Pre-Approval Date Coal Access Agreement), the 'Loaded distance from Origin to Destination (km)' and the 'Empty distance from Destination to Origin (km)' will be the distances from the 'Short

Term Origin' specified in the Notice of Intention to Transfer to the 'Short Term Destination' specified in the Notice of Intention to Transfer;

- (D) in item 1 of Appendix B to Schedule 2 (or the corresponding clause in a Pre-Approval Date Coal Access Agreement), the Nominated Monthly Train Services for each Month during the Short Term Transfer Period will be taken to include the Train Service Entitlements for the Nominated Access Rights.

**Clause 7.4.2 (i)**

The Transferred Access Rights under a Short Term Transfer must be **subject to an Access Charge Rate that is set by reference to the same Reference Tariff as the relevant Nominated Access Rights**, and Schedule 4 (or the corresponding Schedule in a Pre-Approval Date Coal Access Agreement) of the Transferee's Access Agreement referred to in clause 7.4.2(k)(iv) will be taken to be varied to include this Access Charge Rate. Nothing in this clause 7.4.2(j) permits Aurizon Network to set the Access Charge Rate relating to Part 7: Available Capacity allocation and management page 118 Transferred Access Rights by reference to a Reference Tariff other than the Reference Tariff that would be applicable in accordance with Part 6 and Schedule F.

**Example 2 – UT4 Short Term Transfer**

	Transferor - Original Origin	Transferee - New Origin
CQCN System	Blackwater	Blackwater
Transferred TSE's	-100	+100
Commencement Date	01/08/2016	Maximum of <b>one</b> (1) year
Expiry Date	31/07/2017	
Transfer Fee	\$0 (Zero)	



2

# Relinquishment Example

## UT3 Relinquishment Provision

### Clause 7.3.6 (b)

An Access Holder who intends to relinquish Access Rights must give QR Network reasonable notice of its intention to do so (“Notice of Intention to Relinquish”) specifying:

- (i) the “Nominated Access Rights”; and
- (ii) subject to Clause 7.3.6(d), the date (“Relinquishment Date”) on which and the period for which the Nominated Access Rights are to be relinquished.

### Clause 7.3.6 (k)

Subject to Clauses 7.3.6(l) and (m), a Relinquishment Fee is the amount calculated as follows:

- (i) for coal carrying Train Services included in:
    - (A) Access Agreements in place on the day immediately prior to 30 June 2006; or
    - (B) New Access Agreements entered as part of transferring Access Rights from such Access Agreements pursuant to Clause 7.3.7(a)(i) but only to the extent that the terms of the Old Access Agreement apply in respect of the relevant Access Rights pursuant to Clause 7.3.7(a)(ii)
  - (ii) in respect of an Access Agreement, other than Pre-30 June 2006 Coal Access Agreements, that includes an obligation to pay take or pay if an Access Holder does not operate Train Services, the **amount equivalent to the present value, calculated at the Discount Rate**, of the payment of the take or pay amount that would have been payable for the remainder of the term of the Access Agreement if the Nominated Access Rights were not relinquished but the Access Holder (or for an EU Access Holder, their nominated TOA Access Holders) did not operate the relevant Train Services less the product of that amount and:
    - (A) if the Nominated Access Rights to be relinquished:
      - i. are for coal carrying Train Services operating in the Central Queensland Coal Region under an Access Agreement executed on or after 30 June 2006; and
      - ii. are not to be transferred to a Transferee, **the greater of the Reduction Factor and 0.5**; or
    - (B) if Clause 7.3.6(k)(ii)(A) does not apply, the Reduction Factor; and
  - (iii) in respect of an Access Agreement to which neither Clauses 7.3.6(k)(i) nor (ii) apply, the amount that would have been contributed over the following two (2) year period to the Common Costs of providing the Rail Infrastructure as a result of the operation of the Train Services pursuant to the Nominated Access Rights and payment of the applicable Access Charge less the product of that amount and the Reduction Factor.
-



## UT4 Relinquishment Provision

### Clause 7.4.3

- (a) If an Access Holder wishes to relinquish any of its Access Rights it must give Aurizon Network reasonable notice of its intention (Notice of Intention to Relinquish).
  - (b) A Notice of Intention to Relinquish must specify:
    - i. the Access Rights, by reference to each Train Service Type, which the Access Holder intends to relinquish (Nominated Access Rights); and
    - ii. the date (Relinquishment Date) on which the Nominated Access Rights are to be relinquished (provided that such Relinquishment Date must not be more than two (2) Years after the date on which the Access Holder gives the Notice of Intention to Relinquish to Aurizon Network).
  - (c) Nominated Access Rights the subject of a Notice of Intention to Relinquish will not be relinquished until the later of:
    - (i) the date upon which the Access Holder pays the Relinquishment Fee to Aurizon Network; and
    - (ii) the Relinquishment Date.
  - (d) Aurizon Network must:
    - (i) calculate the Relinquishment Fee; and
    - (ii) notify the Access Holder of the amount of the Relinquishment Fee and how the Relinquishment Fee was calculated, including details of any assumptions made when calculating the Relinquishment Fee and reasons for those assumptions, at the following times
    - (iii) if the Access Holder is considering relinquishing some or all of the Access Rights but has not given Aurizon Network a Notice of Intention to Relinquish in respect of those Access Rights, promptly following a request by the Access Holder; and
    - (iv) if the Access Holder has given Aurizon Network a Notice of Intention to Relinquish, not less than five (5) Business Days before the Relinquishment Date.
  - (e) The Relinquishment Fee is the amount calculated as follows:
    - (i) for coal carrying Train Services included in a Pre Approval Date Coal Access Agreement, in accordance with that Pre-Approval Date Coal Access Agreement; or
    - (ii) in all other cases, the **amount equivalent to the present value, calculated at the Discount Rate, of the payment of the aggregate TOP Charges for the relevant Train Service** Types that would have been payable for the remainder of the term of the relevant Access Agreement assuming:
      - a. the Nominated Access Rights were not relinquished; and
      - b. the relevant Train Services were not operated for the Access Holder for a reason other than Aurizon Network Cause, (PV Amount) less the amount which is the product of the PV Amount and the greater of:
        - c. **0.5**; and
        - d. **the Reduction Factor**.
  - (f) Despite any other provision in this clause 7.4.3, if the Relinquishment Fee is calculated to be an amount that is less than zero, then the Relinquishment Fee will be zero.
-

### Example 3 - Relinquishment (without alternate demand)

Under this example a mine in the Blackwater System operating to an unloading point in the Gladstone Area relinquishes Nominated Access Rights. As the Nominated Access Rights to be relinquished are:

- For coal carrying Train Services; and
- Are not being transferred to a Transferee

the Relinquishment Fee will not exceed 50% of the Present Value of the Take or Pay Obligations.

#### Assumptions

- Reference Tariffs are those applying from 1 July 2016 to 30 June 2017
- Reference Tariffs are escalated annually by 2.5% (as per the escalation provisions in the Access Agreement and clause 7.3.6(o) of the UT3 Undertaking and clause 7.4.4 (c) of the UT4 Undertaking).

	<b>2016/17</b>	<b>2017/18</b>	<b>2018/19</b>	<b>2019/20</b>	<b>2020/21</b>
<b>AT2</b>	2161.22	2215.25	2270.63	2327.40	2385.58
<b>AT3</b>	8.13	8.33	8.54	8.76	8.97
<b>AT4</b>	2.87	2.94	3.02	3.09	3.17

- Take or Pay obligation are based on 100% of AT2, AT3 and AT4 and are based on a maximum payload for authorised rolling stock configuration for the relevant access holder.

Distance (km)	300
Train net tonne	10,000
Annual train paths (Cyclic)	120
Tonnes per annum	1,200,000
Pre-tax nominal discount rate	9.10%

- The Period is 5 years.
  - The transfer consists of 240 train paths (one way) per annum.
-

### Relinquishment Fee

Year	1	2	3	4	5
Train Paths	240	240	240	240	240
AT2	\$ 518,693	\$ 531,660	\$ 544,952	\$ 558,575	\$ 572,540
AT3	\$ 2,926,800	\$ 2,999,970	\$ 3,074,969	\$ 3,151,843	\$ 3,230,640
AT4	\$ 3,444,000	\$ 3,530,100	\$ 3,618,353	\$ 3,708,811	\$ 3,801,532

Take or Pay	\$ 6,889,493	\$ 7,061,730	\$ 7,238,273	\$ 7,419,230	\$ 7,604,711
Present Value of Take or Pay (A)	\$ 30,524,265				
Reduction Factor (B)	0.5				
<b>Relinquishment Fee (A x B)</b>	<b>\$ 15,262,132</b>				

In this example, there was no alternate demand for the Relinquished Train Paths in order to reduce the size of the transfer fee payable. This example is consistent with the determination of a Relinquishment Fee under the UT3 and UT4 Access Agreements.

### Formulas

AT2 = Train Paths x AT2 Tariff

AT3 = ((Train Paths x Train Net Tonne) ÷2 ÷1000) x Distance x AT3 Tariff

AT4 = (Train Paths x Train Net Tonne) x AT4 Tariff



## Example 4 - Relinquishment (with alternate demand in the same Coal system)

In this example, Nominated Access Rights are for coal carrying Train Services and are being relinquished to another Access Seeker (Transferee) who will unload at the same unloading point and will predominantly utilise rail infrastructure in the same Individual Coal System.

The Nominated Access Rights are in a UT3 Access Agreement and for a period **greater than 2 years** (no transfer fee is payable for transfers less than two years). Therefore the Reduction Factor to be applied is that in clause 7.3.6(n)(i)(C) of the Undertaking and is summarised as:

$$\text{Reduction Factor} = \text{TOP}_B / \text{TOP}_A$$

where:  $\text{TOP}_A$  is the amount equivalent to the present value, calculated at the Discount Rate, of the payment of the take or pay amount that would have been payable for the remainder of the term of the Access Agreement ("Remainder of the Original Term") if the Nominated Access Rights were not relinquished but the existing Access Holder did not operate the relevant Train Services; and

$\text{TOP}_B$  is the amount equivalent to the present value, calculated at the Discount Rate, of the payment of the take or pay amount that would be payable in accordance with the new Access Holder's or Transferee's Access Agreement (in relation to the whole or part of the Nominated Access Rights) if the new Access Holder's or Transferee's Train Services using the Nominated Access Rights were not operated by or for the new Access Holder or Transferee during the same period as the Remainder of the Original Term.

### Assumptions

- Reference Tariffs are those applying from 1 July 2016 to 30 June 2017
- Reference Tariffs are escalated annually by 2.5% (as per the escalation provisions in the Access Agreement and clause 7.3.6(o) of the UT3 Undertaking and clause 7.4.4 (c) of the UT4 Undertaking).

	2016/17	2017/18	2018/19	2019/20	2020/21
<b>AT2</b>	2161.22	2215.25	2270.63	2327.40	2385.58
<b>AT3</b>	8.13	8.33	8.54	8.76	8.97
<b>AT4</b>	2.87	2.94	3.02	3.09	3.17

- Take or Pay obligation are based on 100% of AT2, AT3 and AT4 and are based on a maximum payload for authorised rolling stock configuration for the relevant access holder.

	Original Origin	New Origin
Distance (km)	300	250
Train net tonne	10,000	10,000

Annual train paths (Cyclic)	120	120
Tonnes per annum	1,200,000	1,200,000
Pre-tax nominal discount rate	9.10%	

### Relinquishment Fee

TOP<sub>A</sub>

Year	1	2	3	4	5
Train Paths	240	240	240	240	240
AT2	\$ 518,693	\$ 531,660	\$ 544,952	\$ 558,575	\$ 572,540
AT3	\$ 2,926,800	\$ 2,999,970	\$ 3,074,969	\$ 3,151,843	\$ 3,230,640
AT4	\$ 3,444,000	\$ 3,530,100	\$ 3,618,353	\$ 3,708,811	\$ 3,801,532
Take or Pay	\$ 6,889,493	\$ 7,061,730	\$ 7,238,273	\$ 7,419,230	\$ 7,604,711
Present Value of Take or Pay (TOP <sub>A</sub> )	\$ 30,524,265				

TOP<sub>B</sub>

Year	1	2	3	4	5
Train Paths	240	240	240	240	240
AT2	\$ 518,693	\$ 531,660	\$ 544,952	\$ 558,575	\$ 572,540
AT3	\$ 2,439,000	\$ 2,499,975	\$ 2,562,474	\$ 2,626,536	\$ 2,692,200
AT4	\$ 3,444,000	\$ 3,530,100	\$ 3,618,353	\$ 3,708,811	\$ 3,801,532
Take or Pay	\$ 6,401,693	\$ 6,561,735	\$ 6,725,778	\$ 6,893,923	\$ 7,066,271
Present Value of Take or Pay (TOP <sub>B</sub> )	\$ 28,363,041				

$$\begin{aligned}
 \text{Relinquishment Fee} &= \text{PV ToP}_A - \text{PV ToP}_A \times [\text{PV ToP}_B / \text{PV ToP}_A] \\
 &= \text{PV ToP}_A - \text{PV ToP}_B \\
 &= \$2,161,224
 \end{aligned}$$

## Example 5 - Relinquishment (with alternate demand not predominantly in the same Coal system)

In this example, Nominated Access Rights are for coal carrying Train Services and are being relinquished to another Access Seeker (Transferee) who will unload at the same unloading point and will partially utilise rail infrastructure in the same individual Coal System.

As the relinquished Nominated Access Rights are in a UT3 Access Agreement the Transfer Fee will be determined with reference to formulas in that Agreement. These are consistent with the Reduction Factor in Clause 7.3.6(n)(i)(D) of the UT3 Undertaking and 7.4.4(d)(D) of the UT4 Undertaking. In summary, the reduction factor is determined as follows:

Reduction Factor = A/B

Where **A** is the annual train kilometres over the Common Corridor attributable to the new Access Holder's or Transferee's Train Services in respect of which Access Rights could not have been provided without using the whole or part of the Nominated Access Rights; and

**B** is the annual train kilometres over the Rail Infrastructure attributable to the Train Services operated under the Nominated Access Rights.

provided that to the extent that the new Access Holder's average contribution to Common Costs per train kilometre for its relevant Train Service is less than the existing Access Holder's average contribution to Common Costs per train kilometre for its relevant Train Service the Reduction Factor will be decreased in proportion to that relative contribution.

As the transfer involves a transfer to a mine who pays a System Premium (and therefore only makes the minimum contribution to common cost) the Reduction Factor must be decreased accordingly.

### Assumptions

- Reference Tariffs are those applying from 1 July 2016 to 30 June 2017
- Reference Tariffs are escalated annually by 2.5% (as per the escalation provisions in the Access Agreement and clause 7.3.6(o) of the UT3 Undertaking and clause 7.4.4 (c) of the UT4 Undertaking).

	<b>2016/17</b>	<b>2017/18</b>	<b>2018/19</b>	<b>2019/20</b>	<b>2020/21</b>
<b>AT2</b>	2161.22	2215.25	2270.63	2327.40	2385.58
<b>AT3</b>	8.13	8.33	8.54	8.76	8.97
<b>AT4</b>	2.87	2.94	3.02	3.09	3.17

- Take or Pay obligation are based on 100% of AT2, AT3 and AT4 and are based on a maximum payload for authorised rolling stock configuration for the relevant access holder.
-

	Original Origin	New Origin
Distance (km)	300	250
Train net tonne	10,000	10,000
Annual train paths (Cyclic)	120	120
Tonnes per annum	1,200,000	1,200,000
Pre-tax nominal discount rate	9.10%	

### Relinquishment Fee

Year	1	2	3	4	5
Train Paths (Single)	240	240	240	240	240
AT2	\$ 518,693	\$ 531,660	\$ 544,952	\$ 558,575	\$ 572,540
AT3	\$ 2,926,800	\$ 2,999,970	\$ 3,074,969	\$ 3,151,843	\$ 3,230,640
AT4	\$ 3,444,000	\$ 3,530,100	\$ 3,618,353	\$ 3,708,811	\$ 3,801,532
Take or Pay	\$ 6,889,493	\$ 7,061,730	\$ 7,238,273	\$ 7,419,230	\$ 7,604,711
Present Value of Take or Pay	\$ 30,524,265				

### Reduction Factor

	Original Origin	New Origin
Distance (km)	300	250
Common Corridor (km)	200	
Train Paths (Single)	240	240
Train Paths x Distance	72000 (B)	48000 (A)
A/B	0.67	
Contribution to Common Costs	\$100.59	\$112.16
CCC Factor	1.00	

Reduction Factor (A/B * CCC Factor)	0.67
--	------

Relinquishment Fee = PV ToP – PV ToP x [(A/B) \* CCC Factor]  
= 30,524,265 – 30,524,265 x (0.67 x 1.00)  
= \$10,174,755

