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Roma Brisbane Pipeline

Revised Proposal
January 2022



Agenda

1. Acknowledgement of country
2. Summary
3. Stakeholder feedback
4. Demand
5. Capital expenditure and operating expenditure
6. Reference tariffs and Revenue



Acknowledgment of country

In the spirit of reconciliation APA acknowledges the Traditional Custodians of country throughout Australia and their connections to land, sea and community. We pay our respect to their Elders past and present and extend that respect to all Aboriginal and Torres Strait Islander peoples today.

Summary

There was broad agreement between the AER and APA in regard to the contents of the next access arrangement.

The AER accepted:

- Historic capital expenditure
- Forecast operating expenditure (except SOCI additions)
- Forecast capital expenditure
- Changes to depreciation life of DN250
- Combining asset classes to reduce tariff shock
- Non GPG eastbound demand

Stakeholder feedback

The revised proposal reflects stakeholders feedback in the following ways.

1. Changed length of contract to 12 months – reflects shorter contracts by shippers
2. No X factors – reflects feedback on customer preferences to limit price volatility.
3. DN250 low cost solution – reflects ongoing concerns from customers on delivered gas prices
4. Rebateable services – reflects regulator concerns about need for regulatory support for the reference tariff.

Demand

The revised proposal is considerably below the draft determination.

Our westbound forecast has been reset for more recent actuals since the proposal.

AER forecast included operational data ie not sold to a customer.

Our eastbound forecast has been updated for more recent contractual changes, renewed contracts and plant closures.

Revised Proposal	FY23	FY24	FY25	FY26	FY27
Westbound	94	94	93	88	88
Eastbound	126	106	104	104	104
Total	220	199	197	192	192

Draft Determination	FY23	FY24	FY25	FY26	FY27
Westbound	114	114	114	114	114
Eastbound	150	147	145	145	145
Total	264	261	260	260	260

Difference	FY23	FY24	FY25	FY26	FY27
Westbound	- 21	- 21	- 22	- 27	- 27
Eastbound	- 23	- 41	- 41	- 41	- 41
Total	- 44	- 62	- 63	- 68	- 68

Statement of critical infrastructure expenditure

The differences reflect changes in expenditure associated with the addressing the requirements raised in the Security of Critical Infrastructure Bill.

The AER excluded this expenditure from the Draft Determination.

We have now got more detail on the nature of the projects we are undertaking which has resulted in a more accurate cost forecast.

Capital expenditure	2023	2024	2025	2026	2027	Total
Revised proposal	18.6	5.8	4.6	3.1	5.4	37.5
Draft determination	16.3	3.3	2.7	2.0	5.0	29.2
Proposal	16.3	3.3	2.7	2.0	5.0	29.3

Operating expenditure	2023	2024	2025	2026	2027	Total
Revised proposal	20.9	21.3	20.6	20.4	20.5	103.6
Draft determination	18.8	18.8	18.8	18.9	18.8	94.2
Proposal	22.1	22.5	21.5	20.7	20.8	107.5

Revenue

Smoothed Revenue (\$FY22)	2023	2024	2025	2026	2027	Total
Revised Proposal	49.1	44.6	43.7	41.9	41.4	220.7
Draft Determination	41.2	40.5	39.7	39.4	39.0	199.8
Proposal	49.8	47.2	43.7	42.5	42.9	226.0

The difference between the draft determination and the revised proposal is related to expenditure associated with the Security of Critical Infrastructure and IT requirements.

The AER’s draft determination indicated they required more information before they could approve the inclusion of forecast expenditure associated with this program.

Reference Tariffs

Current Reference Tariff

0.5802

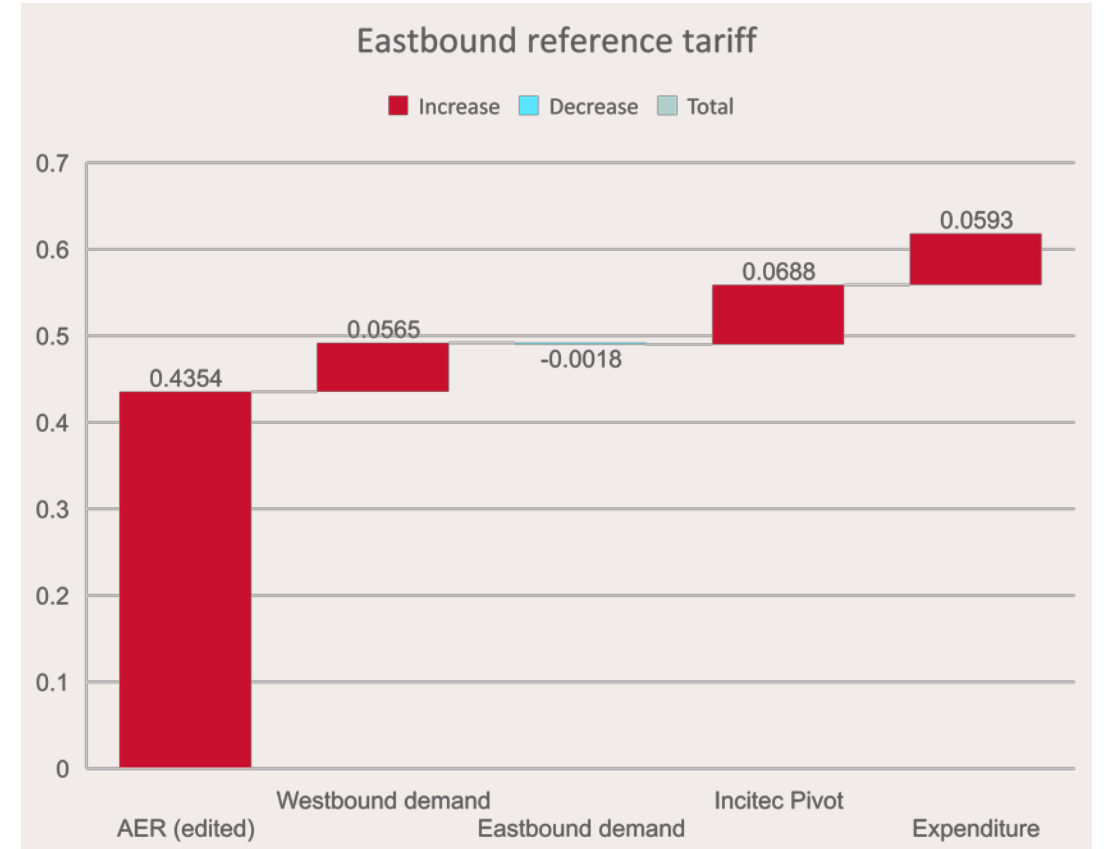
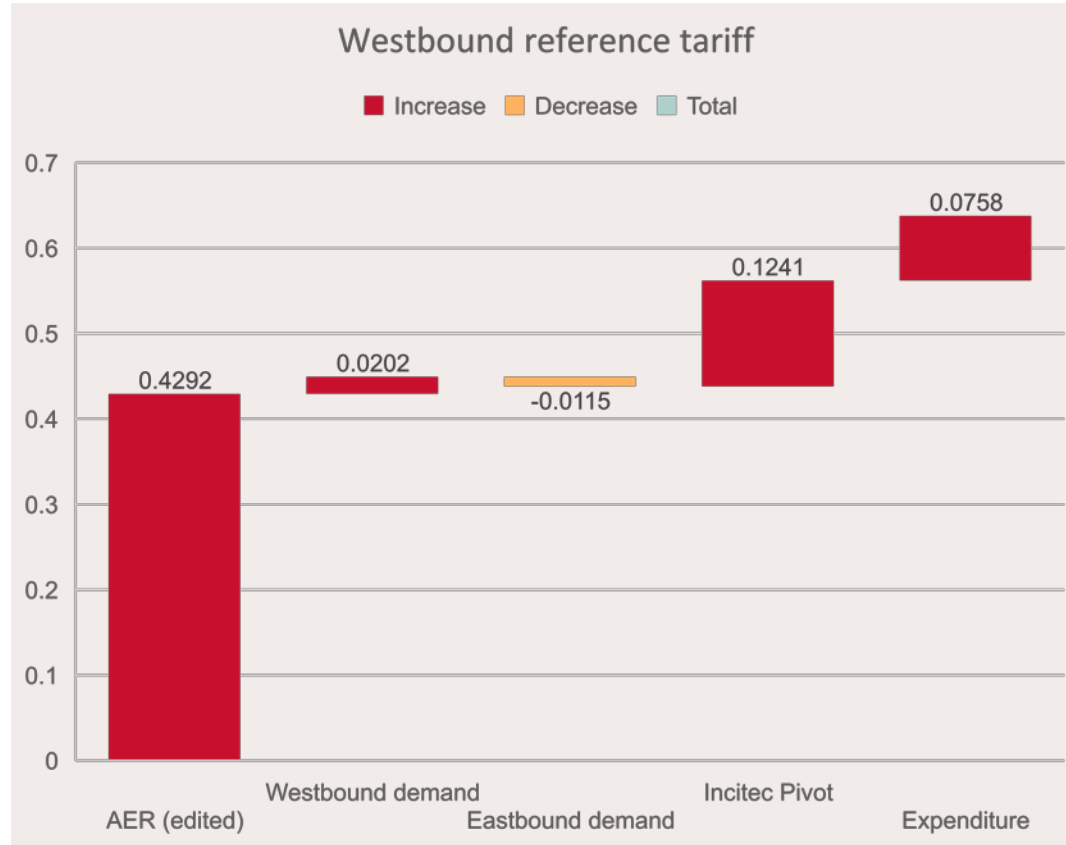
The revised proposal Reference tariffs

Service	FY23	FY24	FY25	FY26	FY27
Eastbound Long Term Firm Service	0.6182	0.6321	0.6463	0.6608	0.6757
Westbound Long Term Firm Service	0.6378	0.6522	0.6668	0.6818	0.6972

The Draft Determination tariffs

Service	FY23	FY24	FY25	FY26	FY27
Eastbound Long Term Firm Service	0.4418	0.4484	0.4550	0.4618	0.4686
Westbound Long Term Firm Service	0.4355	0.4420	0.4485	0.4552	0.4619

Draft Determination – Revised Proposal



Modified AER tariff zero X factors in year 2 – 4. Therefore, difference in first year is the difference between Draft Determination and Revised Proposal.

Majority of the difference in the reference tariffs is explained by changes to forecast demand. The majority of changes in demand are because of changes in actual demand available since the original proposal.