

RBP Community Engagement Group

Consultation Capex and Demand



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Topics for feedback

We seek stakeholders' involvement on:

- **Forecast demand**
- **Reference tariff strategy**

We seek to inform stakeholders and get their feedback on:

- **Forecast capital expenditure**
- **The future of the 250mm Pipeline**
- **Forecast building block revenue**

Forecast demand



Elements of the forecast:

- **Contracted Westbound firm**
- **Contracted Gas Powered Generation (GPG)**
- **Eastbound Commercial and Industrial Demand**

Engaged ACIL Allen to provide a forecast of Westbound and GPG

Commercial and Industrial Demand Eastbound – relatively flat

- **Used the FY20 contracted firm demand**
- **Removed contracts that will not be renewed (no ongoing gas customer)**

ACIL Allen presentation

RBP Demand Forecast

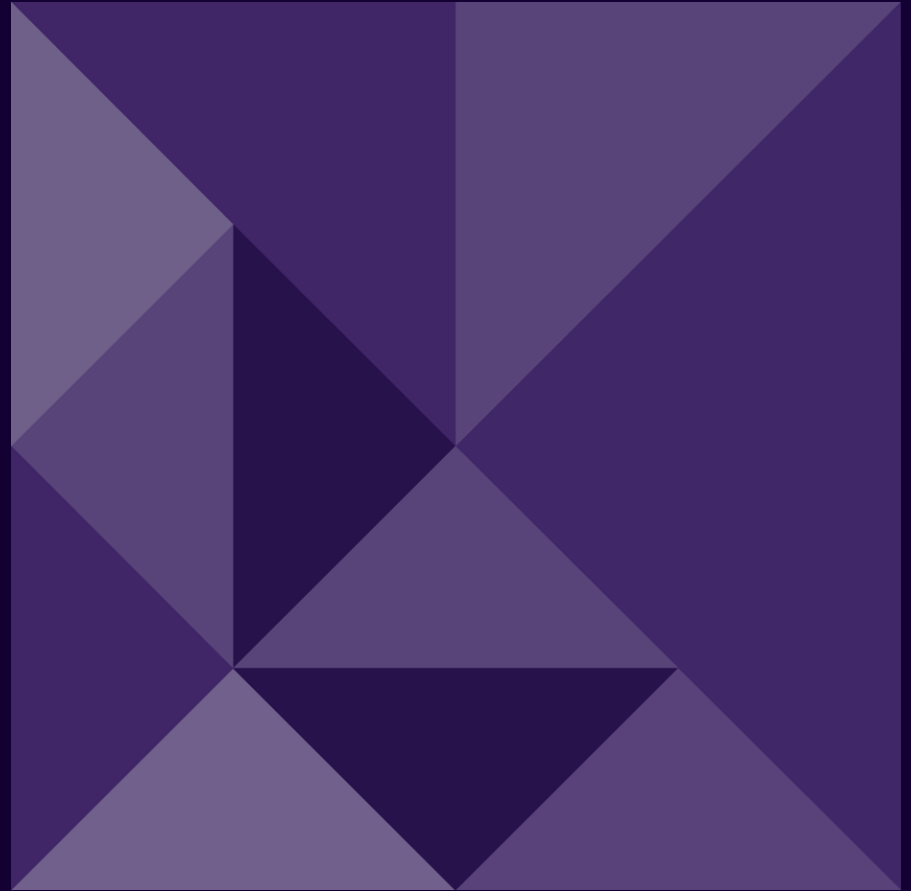


30 March 2021

RBP forecasts

DRAFT modelling results

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GPG demand modelling results

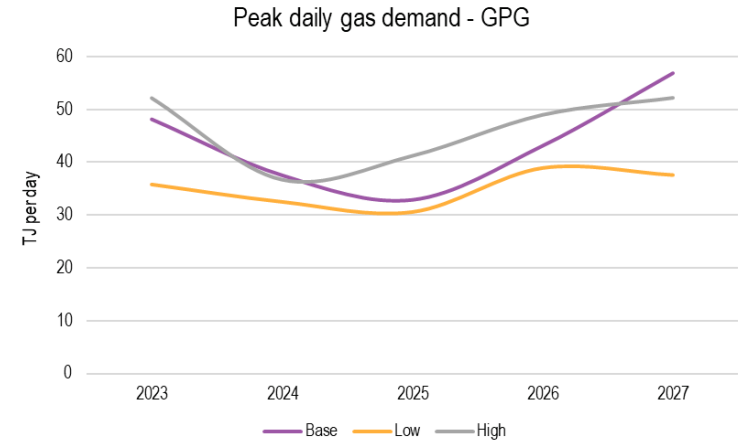
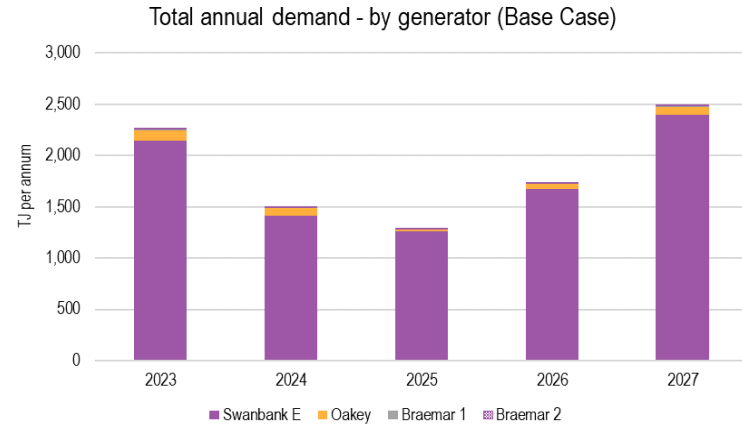
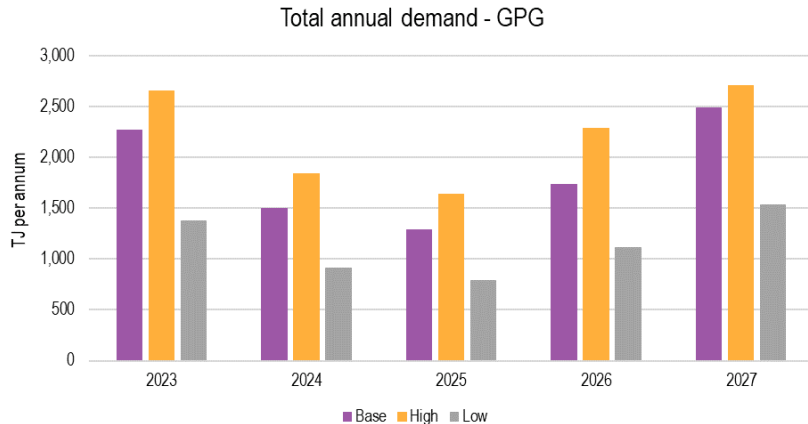
- GPG demand is expected to fall during the middle of the forecast period before rising over the final two years
- Results are based on the following generators that use the RBP for gas supply
 - Swanbank E
 - Oakey
 - Braemar 1 and 2
- Modelling suggests low forecast electricity prices will mean GPG remains low and 'peaky'

Base Case results

	2022-23	2023-24	2024-25	2025-26	2026-27
Annual throughput (TJ per annum)	2,265	1,498	1,287	1,735	2,490
Average daily throughput (TJ per day)	6.2	4.1	3.5	4.8	6.8
Peak daily throughput (TJ per day)	48	38	33	43	57

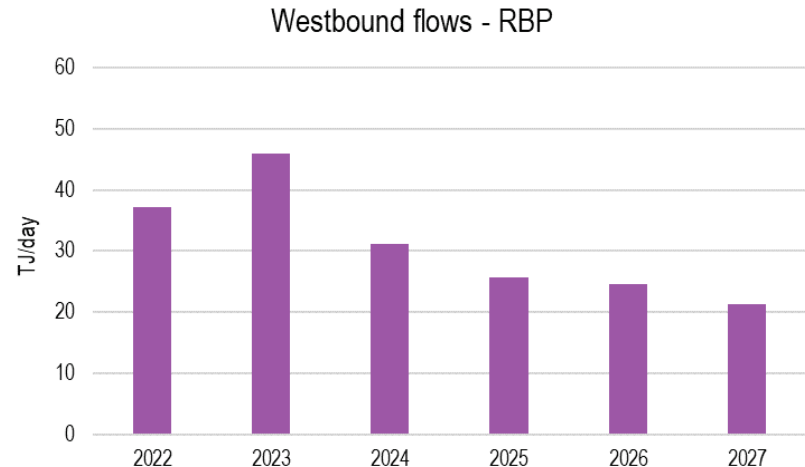
GPG demand modelling results

- Demand driven by Swanbank E (see top right chart)
- Lower gas prices drive larger demand in High Case
- Low Case results in much lower demand driven by higher gas prices and increasing renewables generation



Western haul demand results

- Western haul flows (actual flows through the RBP) are expected to decline over the forecast period in ACIL Allen's view
- Although a high level of contracted capacity is still likely to be booked over the forecast period but expected to be lower than the past couple of years
- Demand for use of western haul services is likely to be influenced largely by:
 - Gas prices and price differential between northern and southern markets in the east coast gas market
 - Gas supply developments in southern markets (particularly whether an import terminal is developed, which ACILAllen have assumed consistent with AEMO forecasts)
 - Competition and utilisation of other pipelines transporting gas west to Wallumbilla



Western haul demand results

Contracted capacity calculated under three different scenarios:

- High Case capacity supported by deeper spot market development, users continuing to trade and take advantage of price differentials between Wallumbilla and the NSW and Victorian markets, and limited supply development in southern states
 - This case assumes no LNG projects in NSW or Victoria resulting in an incentive for buyers to hedge their positions during peak winter periods
- Base Case capacity driven by deepening spot markets but narrowing price differentials driven in part by increased southern supplies including an assumed LNG import terminal at Port Kembla and exploitation of existing storage capacity in Victoria
- Low Case capacity driven by greater supply and storage capacity in the Southern States and increased competition and utilisation of other pipelines delivering supply to Wallumbilla.

Booked capacity, TJ per day

	2022-23	2023-24	2024-25	2025-26	2026-27
High	100	100	100	100	100
Base	85	80	70	65	65
Low	65	65	50	45	45

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Reference tariff approach



Reference tariff approach



Westbound reference tariff

- **RBP is in direct competition with Darling Downs Pipeline - RBP westbound reference tariff to be set to the same level as Darling Downs published tariff**

Eastbound reference tariff

- **reference revenue (less westbound reference “revenue” and prudent discount revenue) divided by forecast eastbound volumes (less prudent discount volumes)**

Prudent Discounts

- **a prudent discount is a regulated discount to the reference tariff for a particular customer**
- **a prudent discount can only be offered where:**
 - without a discount the customer would stop using the RBP (need to demonstrate)
 - The presence of that customer after the discount leads to lower prices for other customers.

Reference Tariff Strategy

Westbound reference tariff

- Flat tariff no indexation

Eastbound reference tariff

- Set tariff to minimise year on year change

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Forecast Capital Expenditure



Forecast Capex



Year	2022/23	2023/24	2024/25	2025/26	2026/27	Total
Capex (\$m)	16.1	3.3	3.3	3.2	4.7	30.7

Previous Access arrangement forecast - \$65.4

Forecast major program

- Pipeline integrity program (\$10m)
- Information Technology (\$10m)
- Supply Security Project (\$4.8m)
- Liquids removal (\$1.0m)

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250mm pipeline



DN250 Pipeline



Pipeline condition assessment has revealed a significant number of features on the 250mm pipeline that runs between Wallumbilla and Bellbird Park

Significant expenditure to maintain 250mm at current pressures (more than \$7m/year)

There are customers who currently receive their gas from the 250mm pipeline.

APA is currently undertaking analysis of the future needs of the 250mm and the lowest cost solution. This analysis is in progress. The current project in the forecast on slide 13 assumes connecting customers on the 250mm into the 400mm pipeline and economic end of life for the 250mm in FY 2024.

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Building Block Revenue



Building block revenue



Year	2022/23	2023/24	2024/25	2025/26	2026/27
Revenue	37.8	39.9	42.0	42.8	44.1

The revenue above is building block revenue.

CPI will be updated with March 2021 figures (released April 28)

Forecast rate of return is lower.

Volumes are higher than forecast for last access arrangement

APA will merge the pipeline asset classes to avoid a steep rise in the reference tariff from depreciation associated with 250 mm pipeline.



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