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Roma Brisbane Pipeline Stakeholder Engagement Group

June 2021

The background features several large, white, abstract geometric shapes. On the left, there is a shape resembling a stylized 'A' or a house-like structure. To its right, a large, diagonal white shape extends from the bottom left towards the top right, creating a sense of movement and depth.

Acknowledgement of Country

In the spirit of reconciliation, we would like to begin by paying respect to the Traditional Owners of the land on which we meet today and their continuing connection to land, waters and community.

We pay our respect to Traditional Owners, their cultures, and to their elders past and present



Agenda

Reference Tariff

- X factors affect on forward prices

Major Components of proposal

- DN250
- Forecast Capital Expenditure
- Demand
- Operating Expenditure

Stakeholder feedback



Reference Tariff

Reference Tariffs

Real Eastbound Reference tariffs

FY22	FY23	FY24	FY25	FY26	FY27
0.5802	0.5698	0.5596	0.5496	0.5398	0.5302

Nominal Eastbound Reference tariffs

FY22	FY23	FY24	FY25	FY26	FY27
0.5802	0.5812	0.5822	0.5832	0.5842	0.5852

Alternate eastbound reference tariff paths

Roma Brisbane has smoothed tariff changes across the entire period.

There are alternative approaches that are consistent with the national gas rules.

The Financial Year 2022 reference tariff is 0.5802

AER's PTRM approach

FY23	FY24	FY25	FY26	FY27
3.8	10.3	10.3	10.3	10.3
0.5693	0.5211	0.4769	0.4365	0.3995

Capital expenditure

1968 250mm pipeline

Pipeline has operated beyond original life expectancy

Current analysis indicates that keeping it in service has a higher cost than alternatives.

Access arrangement proposal based on connecting customers to parallel pipeline and removing 250mm from service

Alternatives still being explored Stakeholders and AER will be updated

Behaviour of DN250 standard asset lives = remaining asset lives



Forecast Capital expenditure

A substantial reduction in capital expenditure compared to the current access arrangement

Historic vs Forecast Capital expenditure

Capex (\$m FY22)	Year 1	Year 2	Year 3	Year 4	Year 5	Total
Current AA capex	13.3	18.7	22.4	11.6	16.3	82.4
Forecast AA	14.1	3.3	2.6	2.5	4.1	26.7
Forecast as percent of actual						32%

Demand

Demand Segments

ACIL Allen forecast used for Westbound and Gas Powered Generation

GPG is the average consumption as forecast by ACIL Allen

ACIL Allen forecast consistent with AEMO assumptions

Eastbound based on Financial Year 2020 contracted demand

Demand in Financial Year 2020 was approximately 290TJ/Day MDQ

Component	FY23	FY24	FY25	FY26	FY27
Westbound	85	80	70	65	65
GPG	6	4	4	5	7
Eastbound	174	172	171	171	171
Total	265	256	244	241	243

Operating expenditure

Operating expenditure

Change to accounting standard means that future IT expenditure will be treated as operating expenditure

The proposal includes Group IT expenditure based on the historic average. This has been split between capital and operating expenditure forecast.

We are currently looking at the forecast expenditure for Group IT to derive a more accurate

Cost	FY23	FY24	FY25	FY26	FY27
Controllable Costs	15.9	16.0	16.0	16.1	16.3
Uncontrollable Costs	0.9	0.9	0.9	0.9	0.9
Total	16.8	16.9	17.0	17.1	17.2

Capital expenditure

Stakeholder Feedback

Stakeholder Feedback is reflected in the access arrangement in the following ways:

- Minimal adjustment to the terms and conditions in the access arrangement document
- Minimising tariff impacts:
 - Smooth tariff changes
 - “Original Pipeline” merged with the “Pipelines” asset class mitigated tariff shock from end of life of DN250
 - Setting westbound tariff in a competition neutral price
- Rebateable services included in proposal



Thank you

APA thanks all participants in stakeholder engagement group for their time and contributions to the Access Arrangement proposal



For further information

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