

APA's Infrastructure connecting Australia's energy future.



Presentation by Mick McCormack, Managing Director & CEO
To the RBC Capital Markets Global Infrastructure Forum

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energy. connected.



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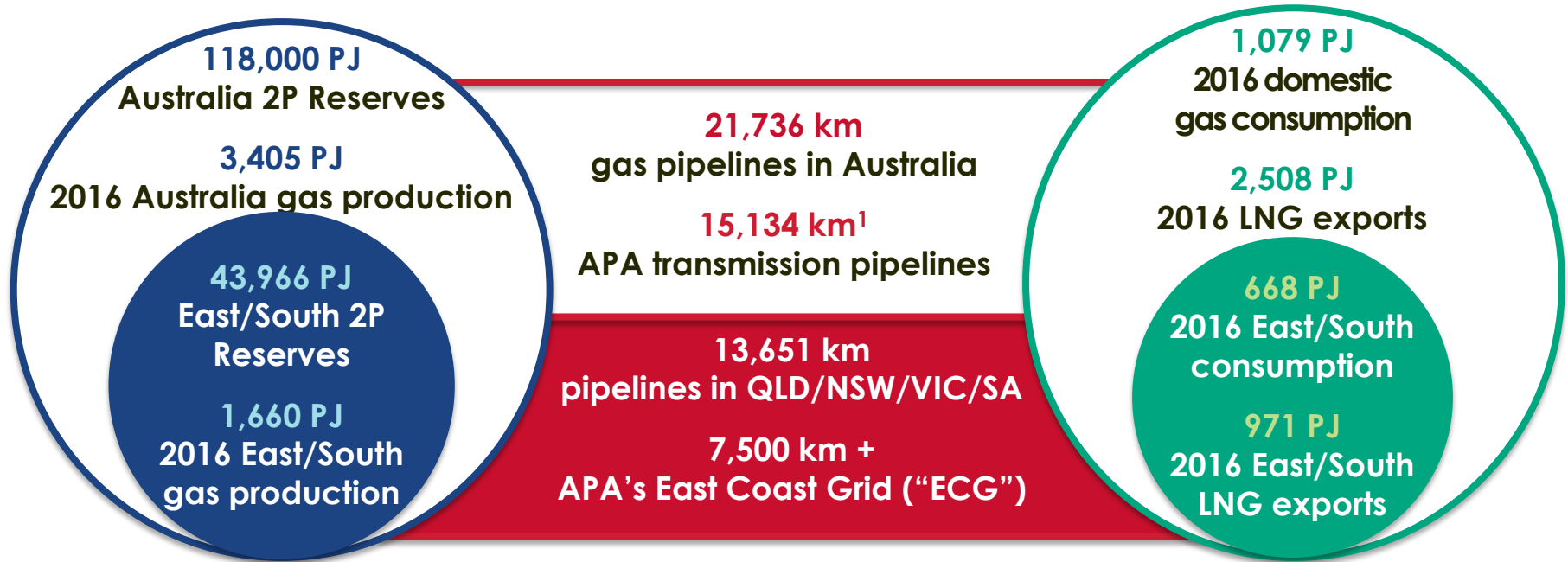
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supply, demand, price

- Australia has:
 - Ample gas reserves to satisfy both domestic and export demand
 - Pipeline infrastructure exists to bring gas to market and get it to where it needs to go
- Issue is one of price
 - Days of cheap gas are behind us
 - Price reflective of export prices, higher production costs
- Priority needs to be on putting downward pressure on gas price by increasing supply



Source: EnergyQuest, Energy Quarterly March 2017, AER State of the Energy December 2015, Company data

Note 1: Total pipelines owned and/or operated by APA

East Coast Gas Grid - managing volatility and volume



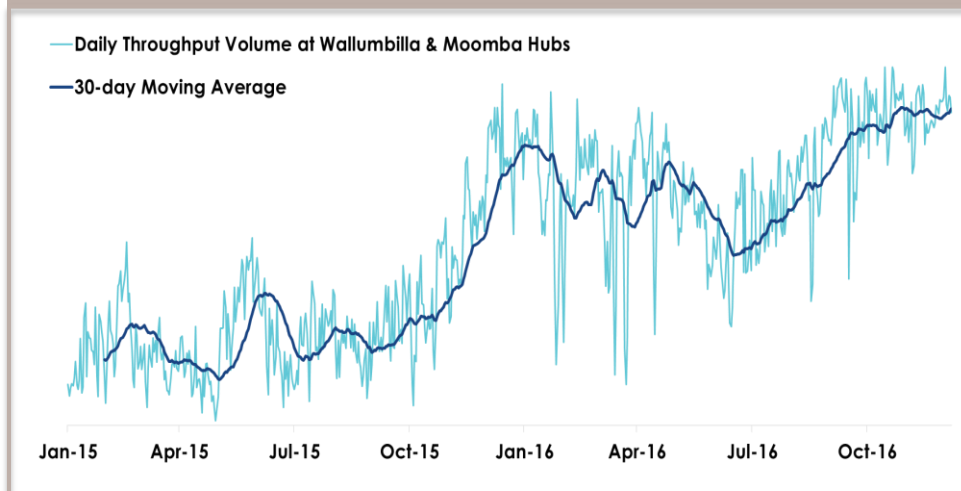
- Allows larger swings in demand and supply, given a larger 'vessel' to absorb volatility
- Can act as efficient storage for gas-fired power stations
- Stimulates new production & demand by connecting gas to market(s)
- What would have happened if the Grid was not there?
 - LNG ramp up gas would not have been available as cheap gas in southern markets
 - SA blackout would have been worse with NSW/VIC also potentially affected

The Brattle Group Study 2016

Efficiency benefits of the East Coast Grid to the market of:

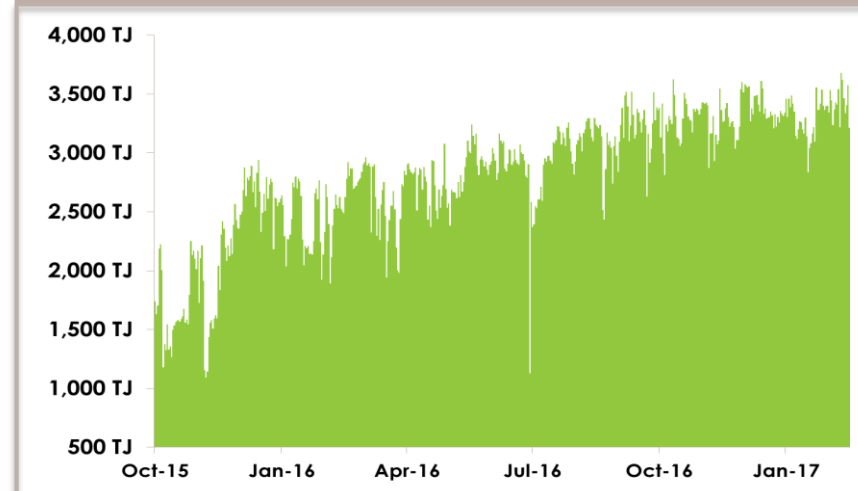
- **\$120-\$150m since 2012;**
and
- **\$15-32m p.a. going forward**

Daily throughput & volatility at Wallumbilla & Moomba Hubs



Source: APA, Gas Bulletin Board

Gladstone export gas pipeline volumes

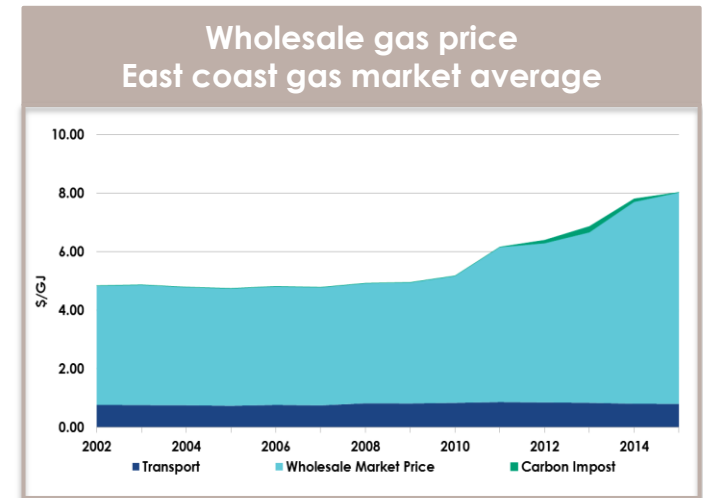


Source: Gas Bulletin Board

investment & innovation in infrastructure essential



- Various reviews on the gas market:
 - APA supportive of Vertigan review recommendations as accepted by COAG for increased transparency, pricing principles and commercial arbitration
 - APA already publishes indicative tariffs and terms on its website, and contracts enable capacity trading
 - APA remains actively engaged in implementation
- Pipeline tariffs:
 - have not increased in real terms in over 12 years
 - have supported investment in infrastructure and creation of market critical East Coast Gas Grid
 - often an outworking of competitive bid processes
- Greater transparency required across the supply chain including production
- Need for National Energy Policy



Source: Gas Price Trends Report, large industrial customer data, Feb 2016, Oakley Greenwood, commissioned for the Department of Industry, Innovation and Science

APA promotes pricing transparency

indicative transmission tariffs

The following table outlines the indicative tariffs for Firm transportation capacity on APA's transmission pipelines. Other services may be available. For further information please contact our Commercial team (contact details below).

Transmission Pipeline	Indicative Firm Charges (\$/GJ of MDQ)
Roma Brisbane Pipeline	\$0.6596/GJ (Reference Service) plus Throughput Charge of \$0.0442/GJ \$0.9641/GJ (non-Reference Service)
Berayndale Wullumbilla Pipeline	\$0.23/GJ
South West Queensland Pipeline	\$1.16/GJ
Carpentaria Gas Pipeline	\$1.32/GJ
Moomba Sydney Pipeline	\$0.98/GJ plus Throughput Charge of \$0.05/GJ

Source: <https://www.apa.com.au/our-services/gas-transmission/indicative-transmission-tariffs/>

APA's investments since 2000

- **\$2.5bn+** organic growth capex
- **~\$10bn** acquisition of complementary assets
- **\$150m+** in IT & asset management systems

partnering with producers to bring gas to market

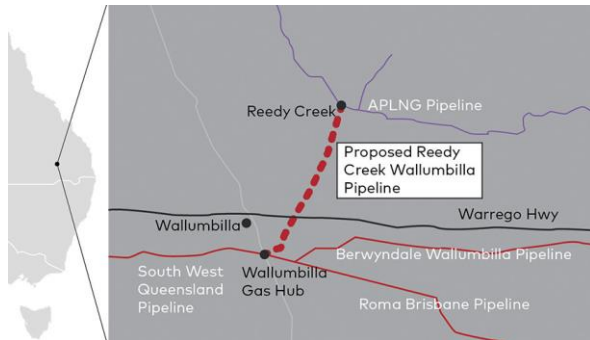


Reedy Creek Wallumbilla Pipeline

QLD

Project description:

- 50km, 300TJ/day bi-directional pipeline
- \$80m cost
- Commissioning expected mid 2018
- 20 year contract with Australia Pacific LNG



Domestic gas implications:

- APLNG able to participate flexibly and fully in Australia's dynamic gas market
- APLNG's 2P reserves: 13,852PJ*

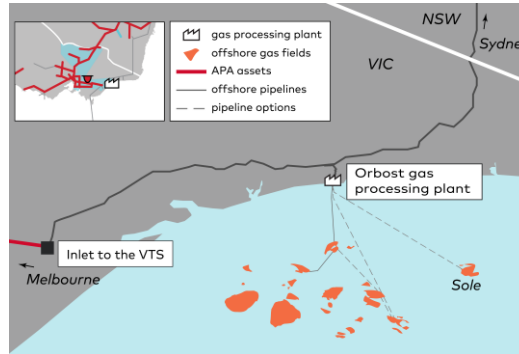
Source: EnergyQuest, Energy Quarterly March 2017

Orbost Gas Processing Plant

VIC

Project description:

- Acquire, expand and upgrade the plant (non-binding HoA)
- Circa \$250m cost
- Term contract with Cooper Energy to process gas from their Sole Gas Project



Domestic gas implications:

- Sole Gas Project expected to produce ~25PJ pa, with 20PJ pa contracted to AGL, EA, Alinta and O-I
- Cooper's 2C gas resources in the Gippsland at ~390PJ

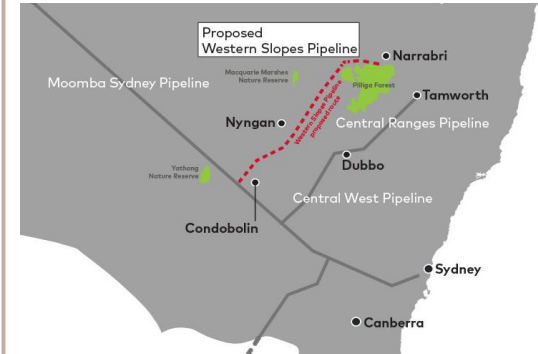
Source: Company data

Western Slopes Pipeline

NSW

Project description:

- 450km, 200TJ/day pipeline
- ~\$500m cost
- Preliminary Environmental Assessment process commenced

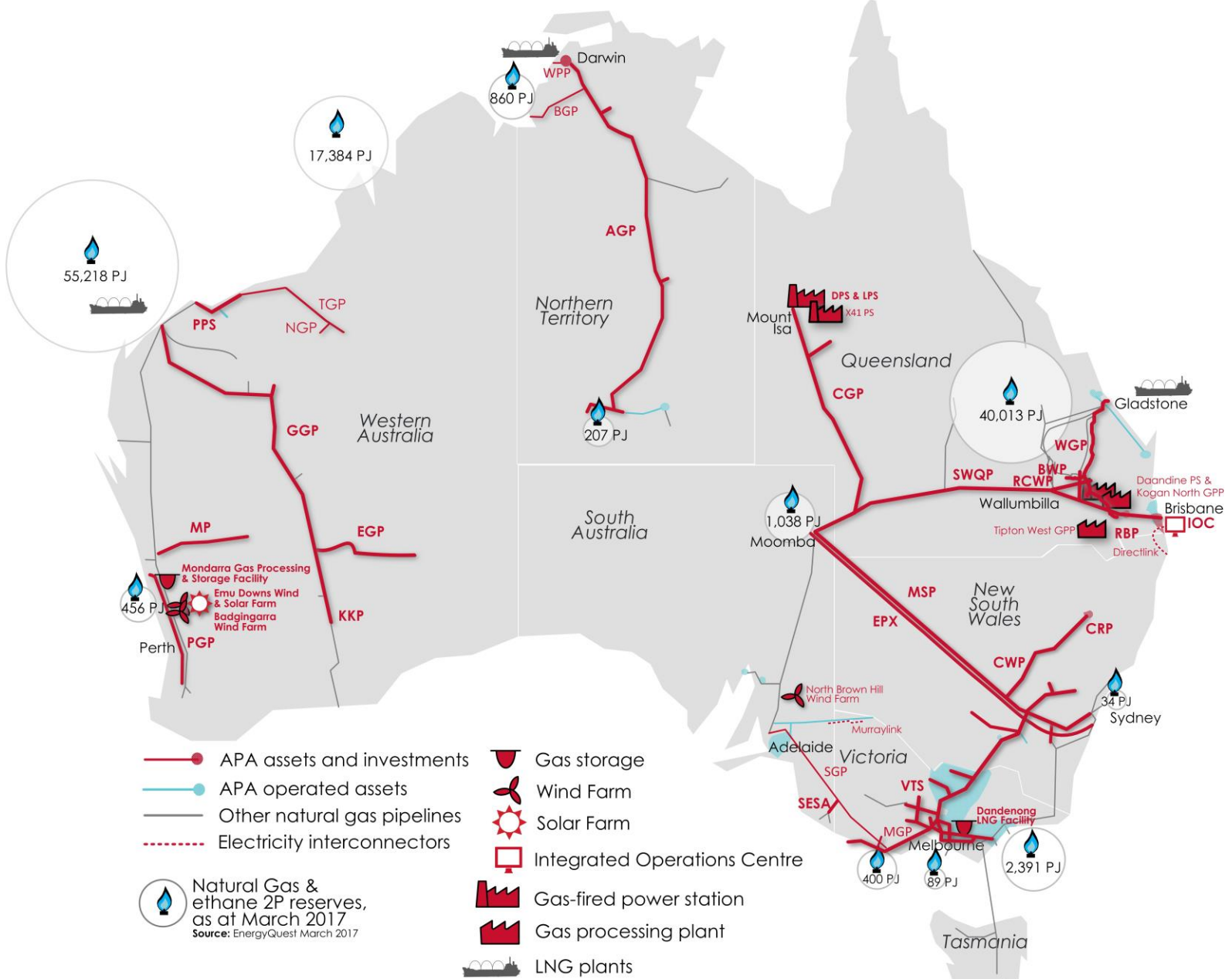


Domestic gas implications:

- Santos estimates the Narrabri Project could supply up to half of the natural gas used in NSW

Source: Western Slopes Pipeline factsheet, APA

APA's uniquely integrated energy assets



For further information contact:

Yoko Kosugi

Head of Investor Relations

Tel: +61 2 9693 0049

E-mail: yoko.kosugi@apa.com.au

Or visit the APA website at:

www.apa.com.au