



25 November 2020

ASX ANNOUNCEMENT

**APA Group (ASX: APA)**

## **APA FORMS WA GAS GRID WITH NEW NORTHERN GOLDFIELDS INTERCONNECT PIPELINE**

Leading Australian energy infrastructure business, APA Group (ASX: APA), today announced investment of up to \$460 million to construct a new 580 km, 12" pipeline in Western Australia to connect emerging gas fields in the Perth Basin to the resource rich Goldfields region, forming an interconnected WA Gas Grid.

The Northern Goldfields Interconnect (NGI) is expected to be operational around mid CY2022.

APA CEO and Managing Director, Rob Wheals, said "Having developed an interconnected gas grid on the East Coast that flexibly and seamlessly moves gas throughout eastern Australia, we are thrilled to now be creating one for Western Australia. By connecting existing pipelines, our investment decision to build the NGI will not only add capacity to the system but will also increase gas supply options for customers. This will open up new regions for development supporting thousands of jobs both during and post-construction.

"Our investment in the NGI will help stimulate significant economic development in Western Australia and has the potential to unlock hundreds of millions of dollars of investment in the Goldfields region, which is rich in gold, potash and battery minerals such as vanadium, nickel and rare earths.

"Importantly this \$460 million investment creates a platform for further growth for APA as more and more resources customers seek energy solutions, including renewables and battery storage underpinned by natural gas.

"APA is grateful for the support of the Western Australian Government for this vital project. We also acknowledge the important role that the Federal Government's recent asset depreciation tax initiatives, to incentivise and encourage investment in growth, played in supporting our final investment decision.

"As a leading Australian energy infrastructure business, we are pleased to be playing a central role in addressing our nation's energy needs and challenges, while supporting Australia's recovery from the economic impacts of COVID-19."

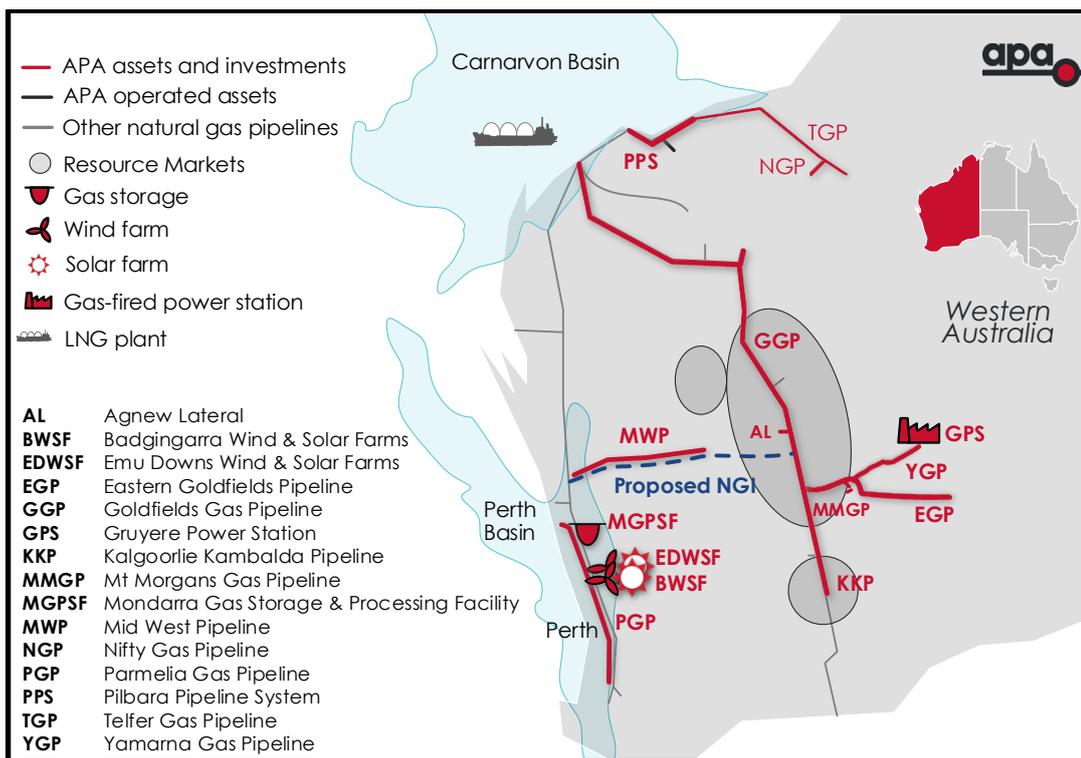
The NGI will connect to APA's Goldfields Gas Pipeline (GGP) which in turn connects to APA's Eastern Goldfields network – creating an interconnected APA gas pipeline system covering 2,690 kms from north to south and west to east.

Mr Wheals noted that over the past five years, APA had already expanded its gas pipeline system by almost 500 kms of pipelines servicing the eastern Goldfields region.

"Each time we have extended the system in this dynamic region, we receive more requests for connection from miners wanting a reliable and affordable energy source, complementing variable renewable energy sources such as solar and battery storage. The NGI responds to that market-driven demand, without the need for State or Federal Government subsidies."

Mr Wheals said investment in the NGI would deliver double the additional capacity (~80 TJ/day) to the Goldfields region compared with spending the same amount to expand the existing GGP. The GGP is currently fully contracted at ~202 TJ/day. Importantly, in addition to providing cost-effective capacity for customers today, the NGI also provides further scope to efficiently expand capacity as required.

The NGI project offers customers a more holistic solution with the additional significant benefits of greater basin-on-basin gas competition and supply security including access to the emerging Perth Basin gas resource and APA's gas storage and processing facility at Mondarra.



Mr Wheals said, "With the depth and mix of projects expected to be delivered in this region, we expect that the NGI will have a strong portfolio of long term contracts in place by the time construction is complete in mid-2022. This is a market we know well and have been operating in for a long time.

"The NGI is expected to be supported with an initial 25% of capacity identified subject to project commencement and we have identified significant additional demand that we believe will crystallise with APA's commitment to the project."

"The NGI solution is the optimal, most innovative and cost-effective solution to meet the needs of this region and APA is proud to support the growth of our customers and the state."

**Divestment of Mid West Pipeline**

As part of the NGI commitment, APA is working with Mid West Pipeline Joint Venture partner, Horizon Power to divest APA's 50% share in the Mid West Pipeline. This will be further advanced in the coming months. The transfer is not expected to have a material impact on the financial performance or operations of APA.

**Authorised for release by Nevenka Codevelle**

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### **About APA Group (APA)**

APA is a leading Australian energy infrastructure business, owning and/or operating around \$22 billion of energy infrastructure assets. Its gas transmission pipelines span every state and territory on mainland Australia, delivering approximately half of the nation's gas usage. APA has direct management and operational control over its assets and the majority of its investments. APA also holds ownership interests in a number of energy infrastructure enterprises including SEA Gas Pipeline, SEA Gas (Mortlake) Partnership, Energy Infrastructure Investments and GDI Allgas Gas Networks.

APT Pipelines Limited is a wholly owned subsidiary of Australian Pipeline Trust and is the borrowing entity of APA Group.

For more information visit APA's website, [apa.com.au](http://apa.com.au)