

customers.

We will deliver value to our customers and create responsive solutions to meet their needs by:

- Working together with customers to provide optimal energy market solutions.
- Providing market-leading flexible solutions to meet our customers' changing requirements.
- Ensuring the highest level of service reliability to enable customers to manage their operations.
- Strengthening our business relationships by seeking regular feedback to improve our services and customer experience.

FY2018 Performance

Growth

- Completion of the Emu Downs Solar Farm, Reedy Creek Wallumbilla Gas Pipeline, Mt Morgans Gas Pipeline and Yamarna Gas Pipeline.
- Progressed construction of the Darling Downs Solar Farm, Badgingarra Wind Farm, Yamarna Power Station, as well as the refurbishment of the Orbest Gas Processing Plant.
- Announced the extension of the Purchase Power Agreement with Alinta Energy from 12 years to 17 years for the 130 MW Badgingarra Wind Farm, along with the additional greenfield construction of the adjacent 17.5 MW Badgingarra Solar Farm.
- Customers entered into new flexible multi-asset contracts including a three-year contract with a major existing customer on the East Coast, expansion of existing multi-asset contracts in Western Australia and a one-year contract with Incitec Pivot to deliver gas 3,300km from the Northern Territory to Brisbane.
- Continued to connect new gas sources with market participants, including agreements entered into with AGL Energy to construct the Crib Point Pakenham Pipeline (subject to project FID by AGL).
- Continued distribution network growth with around 35,000 additional customer connections across Victoria, South Australia, Queensland and New South Wales on networks owned and/or operated by APA.

Customer Solutions

- Progressed implementation of Gas Market Reform Group (GMRG) rules, meeting information disclosure requirements on 31 January 2018 for east and central regions and on 19 June 2018 for Western Australia.
- Launched 'services refresh' and a new standard Gas Transportation Agreement framework across APA's transmission assets to better accommodate the market's needs for simplicity and flexibility of services.
- Introduced customer feedback surveys seeking feedback to improve services and customer experience.
- Foundational member of The Energy Charter initiative, which encompasses the whole energy supply chain to improve customer outcomes.

Actions for FY2019

Growth

- Progress construction and development of various energy infrastructure projects to meet agreed commissioning schedules including the Darling Downs Solar Farm, Badgingarra Wind and Solar Farms, Yamarna Power Station and the Orbest Gas Processing Plant.
- Continue to identify and capture opportunities that deliver flexible, responsive and sustainable solutions for our customers.
- Continue to work with customers to realise planned projects into committed projects to deliver projects in transmission, storage, power generation and gas processing sectors.

Customer Solutions

- Continue to offer flexible transportation and storage services and innovative solutions to meet our customers' diverse requirements across Australia.
- Continue to refine APA's Integrated Operations Centre, grid operations and customer management system to provide enhanced services and deliver reliable supply.
- Continue to implement Gas Market Reform Group rules – financial reporting, capacity trading and auction.
- Continue proactive engagement with customers and the development of feedback-led business improvement initiatives to improve services and customer experience.



Key Sustainability Risks

- Demand for gas – the volume of gas that is transported by APA is dependent on end user demand, which is influenced by the strength of the industry sectors that require gas to operate. The relative price of gas and its competitive position with other energy sources (such as electricity, coals, fuel oil, renewable sources) may change demand levels for services on APA's assets.

- Supply of gas – availability of competitively priced gas is essential for ongoing use of gas infrastructure assets.

- Operations – APA and our customers are exposed to a number of operational risks such as equipment failures or breakdowns, pipeline rupture, technology failures including sabotage or terrorism attack including cyber attack.

- Poor service delivery to customers impacting customer confidence.

Risk Management

- Long-term contractual agreements with strong counterparties underpin assets.
- Ability to provide flexible and innovative customer solutions.
- Complementary investments in gas storage and power generation and continued evaluation of emerging growth opportunities such as wind and solar farms and gas processing plants.
- Ongoing monitoring and market intelligence of domestic and global gas markets.

- Long-term agreements with strong counterparties underpinning APA's assets.
- Connect more gas resources with additional gas markets such as:
 - East Coast Grid provides flexibility for customers to manage their gas portfolios.
 - Working with new/emerging gas producers to bring new gas supply to market.
 - APA's Western Australian assets have become increasingly interconnected to deliver energy across longer distances to reach remote mining locations.
- Provide infrastructure connectivity/flexibility to existing and emerging gas markets.
- Flexible and innovative customer solutions.

- APA operates assets in accordance with all relevant regulations and standards, including robust maintenance and asset monitoring regimes.
- Management of urban encroachment and excavation activities close to APA infrastructure.
- An integrated approach to Emergency Response, Business Continuity and Crisis Management is applied across the business.
- Participation in anti-terrorist exercises and testing to provide effective emergency response systems to manage a potential cyber attack.

- Given the change in market dynamics, customers are seeking increased flexibility in their energy delivery. APA continually reviews its product and service suite and provides innovative and optimal solutions to our customers.
- APA has introduced customer surveys to seek feedback on areas to improve services and customer experience.

**New supplier prequalification program
~ safeguarding against supply chain risk**

APA relies on a multitude of suppliers' goods and services to help deliver connected, sustainable energy solutions to our customers. In FY2018, APA's procurement team introduced a supplier prequalification assessment and compliance program to manage elements of potential supply chain risk. The new process will measure and monitor each key supplier against critical prerequisites to protect APA from risks such as Health Safety and Environment (HSE) management policies, procedures and breaches, associated legal actions, insolvency events, child labour policies and prevention, equal opportunity, diversity and fair pay. An up-to-date database of key suppliers' policies and procedures will be maintained in a central repository. This will enable APA to assess financial, legal and insurance, HSE, quality management and supply chain risks. It will also confirm that the suppliers' operations are consistent with APA's core values - safe, trustworthy, adaptable, results and service.

The new supplier prequalification process will provide greater certainty and confidence to our customers and other stakeholders about the suppliers APA works with.



Melissa Ogden from APA's Infrastructure Procurement team running training for APA's new Supplier Pre-qualification (ASP) Program