



Goldfields Gas Pipeline

2025-29 Access Arrangement revision

*Summary for
customers*



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ACKNOWLEDGEMENT OF COUNTRY

At Goldfields Gas Transmission, we acknowledge the Traditional Owners and Custodians of country on which we operate.

We acknowledge their connections to land, sea, and community.

We pay our respects to Elders past and present and commit to working in a fair and ethical manner that respect First Nations peoples' rights and interests.



FOREWORD

We are pleased to submit our revised access arrangement to the Economic Regulatory Authority (ERA) for the Goldfields Gas Pipeline for the five-year period from 1 January 2025 to 31 December 2029.

We are focused on ensuring the Goldfields Gas Pipeline is a sustainable operation and can continue to deliver the reliable services that our valued Western Australian customers depend on every day.

We know that the role of gas within the energy system will evolve as we work towards emissions reduction. Gas will continue to be indispensable for costly-to-electrify energy applications. For this reason, many of our customers acknowledge the critical role gas will play in their own decarbonisation journeys.

Our customers have told us that reliability and security of supply was paramount. Furthermore, customers underscored the potential safety concerns and the substantial financial consequences associated with any interruptions to their operations and production.

As the custodians of this pipeline, we are entrusted with the crucial task of ensuring the reliability, affordability, and sustainability of this vital asset, both in the short and long term. In the following pages, we present our plans for the 2025-29 regulatory period, outlining key strategies and investment plans that will maintain safe, secure, and reliable service delivery while keeping costs in check.

We understand the impact increasing costs have on our customers, and the need to maintain tariffs as low as possible. Australia's current high interest rate and inflation environment has impacted the revenue and tariff outcomes for the covered Goldfields Gas Pipeline.

Acknowledging the high cost environment, our five-year plan is to invest in only what needs to be done to maintain safety, reliability, and security of services.

We invite our customers to read this information and provide your feedback to the ERA via their website at www.erawa.com.au or to us directly at:

Email: ggpaccess@apa.com.au

Thank you

Aidan Trend
General Manager Goldfields Gas Transmission



WHAT IS AN ACCESS ARRANGEMENT?

The GGP is subject to the regulatory arrangements in the National Gas Rules. About half of GGP is subject to full regulation, the other half to light regulation. Every five years, the GGT JV, as owner of GGP, is required to submit an access arrangement proposal for the covered portion of GGP (covered GGP) to the regulator for approval.

A proposed access arrangement is assessed by the regulator in accordance with the National Gas Law and National Gas Rules. The regulatory framework sets out a public consultation process, and the criteria for the regulator to assess the proposal. The criteria include that the prices for regulated services reflect the costs that would be incurred by an efficient and prudent pipeline operator. Access arrangements must align with the national gas objective: promoting efficient investment and operation for the long-term benefit of gas consumers.

A gas access arrangement, as defined by the National Gas Law, means an arrangement setting out terms and conditions for access to pipeline services provided by a fully regulated pipeline. It is essentially a set of rules that set out how third parties (like gas suppliers or large customers) can access pipeline services and use gas pipelines. It covers things like the services offered, the prices, and the terms and conditions for using these pipelines.

In the case of covered GGP, the access arrangement includes a single reference service – a firm transportation service. The information presented in this summary for customers document reflects our proposal to ensure that the GGP continues to provide a reliable, safe, and secure service for customers.

So, in summary, a gas access arrangement is like a rulebook to ensure fair and transparent third-party access to gas pipeline services.

In Western Australia, pipelines are regulated by the Economic Regulation Authority (ERA). GGT, as the service provider, will submit the proposed 2025-29 access arrangement by 1 January 2024.

The current arrangement runs until 31 December 2024, with a revised one planned for 1 January 2025 to 31 December 2029.



OVERVIEW OF THE GGP

The GGP is a transmission pipeline that extends from Yarraloola, in the Pilbara region of Western Australia, to Kalgoorlie, in the Goldfields-Esperance region. The 47-kilometre Newman lateral is also part of the GGP.

The 8-kilometre Wiluna lateral, and laterals to Mt Keith (8-kilometre), Leinster (5-kilometre) and Kalgoorlie Power Station (8-kilometre) are owned and operated by APA and interconnect with the GGP. The GGP also interconnects with the Eastern Goldfields Pipeline system at Leonora. In the south, the GGP connects with the Kalgoorlie to Kambalda Pipeline. The newly commissioned Northern Goldfields Interconnect pipeline commences at Ambania, approximately 50 kilometres east of Geraldton, and connects to the GGP, approximately 40 kilometres south of Leinster.



~21

Critical large customers



1

Town supplied (Kalgoorlie)



4

Depots supporting maintenance of the pipeline



~50%

Covered pipeline



~1,400km

Transmission pipeline (covered)



109TJ

Per day nameplate capacity (covered section)



39PJ

Gas transported each year



Source of map: Western Australia Gas Bulletin Board

Although the GGP services a small number of customers, it provides a critical service that is reliable and cost efficient enabling Western Australia to prosper. Ways that the GGP delivers value to customers and Western Australia more broadly are shown below.



Reliability and security – The GGP is a very reliable pipeline with high levels of reliability and security. Over the last 20 years, our customers have experienced minimal interruption to supply.



Nominations – Over the last three years 99.9 per cent of nominations have been delivered. There has only been one event where firm services were curtailed during the last three years and four events where non-firm services have been curtailed during the last five years.



Resilience – The GGP has been resilient to extreme weather events. To ensure customers can access a continuous supply even during extreme weather events, our employees manage line pack prior to cyclones to prevent outages and maintain services.



Growth and utilisation – We have continually increased capacity in the pipeline to meet the needs of our customers. Over the last 20 years there has been a 100 per cent increase in uncovered pipeline capacity. In addition, the GGP is well utilised with the pipeline delivering to fully contracted nameplate capacity.



Economic enabler – The GGP is crucially important to the Western Australia economy. It delivers high economic value to its customers which enables Western Australia to prosper. More than 4,000 new jobs have been supported through new connections over the last five years.



Environment – Due to the construction of the pipeline being largely underground, there has minimal impact to the land and environment it traverses.



Safety – Safety is our number one priority. The GGP has a strong safety record amongst employees, contractors and the public.



High cost to serve environment – The GGP is located in some of the most remote parts of Australia which means there is a high cost to serve and, as a result, greater competition for alternatives. This is why efficiency of operations and affordability is at the forefront of decision making.



Transition to renewables – There is an ongoing need for GGP for reliable energy supply. The GGP supports and enables a faster transition to renewables by providing important peak generation when renewables are not available.

WHAT WE'RE PROPOSING

The GGP 2025-29 access arrangement proposal presents our five-year plan for the GGP. These plans have been formed with feedback gained from ongoing engagement with our customers. Our customers tell us that a safe and reliable gas transportation service is paramount to their needs. While usage of gas is expected to evolve in the future, we believe it will continue to play a crucial role for GGP customers, many who are working towards decarbonising their operations and facilities.

We recognise our customers operate in a high cost and competitive environment. Our plans invest in only what is needed to provide value to our customers during the 2025-29 access arrangement period.

The 2025-29 access arrangement proposal enables us to continue to provide what our customers demand – a reliable, safe, and secure gas transportation services. In the following pages, we present our plans, outlining key strategies and investment plans that will maintain safe, secure, and reliable service delivery while keeping costs in check.

Revenue and reference service tariffs

Proposed total revenue for the 2025-29 period is forecast to be \$348.6 million (real \$2023). This is an increase of \$123 million (54 per cent) in real terms compared to the approved total revenue for 2020-24. The proposed increases are primarily driven by higher interest rates compared to the previous period.

The total revenue is used to calculate the reference service tariff. The reference service tariff is structured into three parts and the changes from the 2024 regulator approved tariff to the proposed 2025 tariff is shows significant increases.

Component	Unit	2024 (ERA approved)	2025 (Proposed)	Variance
<i>Toll</i>	\$/GJ MDQ	0.127527	0.162241	27%
<i>Capacity reservation</i>	\$/GJ MDQ km	0.000773	0.001249	62%
<i>Throughput</i>	\$/GJ km	0.000208	0.000332	59%

Reference service

Of the services identified in GGT's December 2022 reference service proposal, we proposed to specify the firm transportation service as the single reference service on the GGP. The ERA accepted GGT's proposal.

The GGP 2025-29 access arrangement proposal results in the tariff for the firm transportation service for covered GGP. The tariff serves as an important benchmark for commercial negotiations.

Demand forecasts

The proposed demand forecasts for covered GGP include forecasts from Yarraloola receipt point and the receipt point from the recently commissioned NGI. The APA-owned NGI is a separate pipeline that connects into the GGP. The forecast capacity flowing from NGI to GGP has been treated as covered capacity. This has increased the demand forecasts for covered GGP in 2025-29 compared to forecasts 2020-24.

Operating expenditure

To ensure the ongoing provision of secure and dependable services to our customers, we propose operating expenditure of \$130.8 million for the 2025-29 period. This is \$19 million (17%) higher than actual and estimated operating expenditure in the current period.

The operating expenditure is for activities related to maintaining an ageing asset, increased expenditure on Information Technology, and a step up in cost related to new Security of Critical Infrastructure legislation.

Capital expenditure

Over 2025-29, the purpose of the GGP will remain the same: to provide a safe, reliable, and secure supply of energy to our larger mining and smaller end-use customers. We are proposing to invest of total of \$69.4 million for replacement and stay in business programs, Information Technology & Operational Technology (ITOT), and security of critical infrastructure programs.

A key internal driver is that GGP is now entering a new lifecycle phase as it approaches 30 years of age and many of its components are nearing the end of their useful life. Investment requirements are growing due to the increasingly complex external environment. Over the last five years we have seen significant cost increases and supply shortages, particularly in remote areas, greater focus on emissions reductions, heightened focus on cyber and physical security.

Depreciation & asset lives

GGT is proposing to retain the current accounting approach to determining depreciation. We are proposing to change the approach to calculating the asset lives by capping asset lives to the weighted average remaining life of the pipeline and laterals class. This will accelerate depreciation and is a modest change in recognition of the energy transition and the potential gradual shift away from fossil fuels to more renewable sources amongst GGP customers.

Uncertainty about future role of gas use has been recognised and acceptance of shortening asset lives to accelerate depreciation has featured in recent regulatory decisions.

Tariff variation – cost pass through events

Our operating environment can be unpredictable and events beyond our control can materially change our expenditure within a regulatory period. In recent years, we have observed unexpected events more frequently including natural disaster events, cyber security events, and volatility due to global events.

To mitigate these risks, we propose a wider range of cost pass through events for high cost events that could not have reasonably been forecast ahead of time.

Access and queuing

The access arrangement sets out procedures for customers seeking access to services provided by the covered GGP. We are proposing changes to streamline and simplify the provisions and ensure that they are fit for purpose for customers and better reflect a commercial environment.

Benefits to customers of the proposal

Our access arrangement proposal is consistent with the expenditure that a prudent organisation acting efficiently would incur. The benefits to customers are:



Affordability

Keeping the reference tariff as low as possible while maintaining safety, security, and reliability of the GGP.



Safety and integrity

Asset management is aligned to good industry practice to minimise risk to as low as reasonably practicable and provide safe, reliable, and secure services



Orderly transition

Starting to transition GGP tariffs early (to recoup efficient investment) to prevent future price shocks as energy sector transitions to lower carbon energy sources.



Security critical infrastructure

Maintaining system security by safeguarding critical infrastructure against threats in line with obligations under Security of Critical Infrastructure framework. We have done this in an efficient and proportionate way.



Prudent

APA operations align with AS 2885 – The Standard for The Standard for Gas and Liquid Petroleum Pipelines. APA seeks to reduce risk to as low as reasonably practicable in a manner that balances cost and risk. We have carefully considered regulatory obligations and good industry practice in developing the access arrangement proposal. The proposal will allow GGP to operate in a safe way and ensure integrity and reliability of services for gas customers and consumers. Forecast capital and operating expenditure is underpinned by the principle of minimising risk to as low as reasonably practicable in line with good industry practice. The proposed expenditure is of a nature that a prudent service provider would incur.



Efficient

As part of APA Group, GGP benefits from economies of scale and scope compared to having to incur costs on a stand-alone basis. APA is ASX listed and subject to market scrutiny and greater discipline to minimise costs. This provides assurance that costs are efficient. Procurement of work for GGP will be done in alignment with APA procurement policy which will deliver best value for customers.

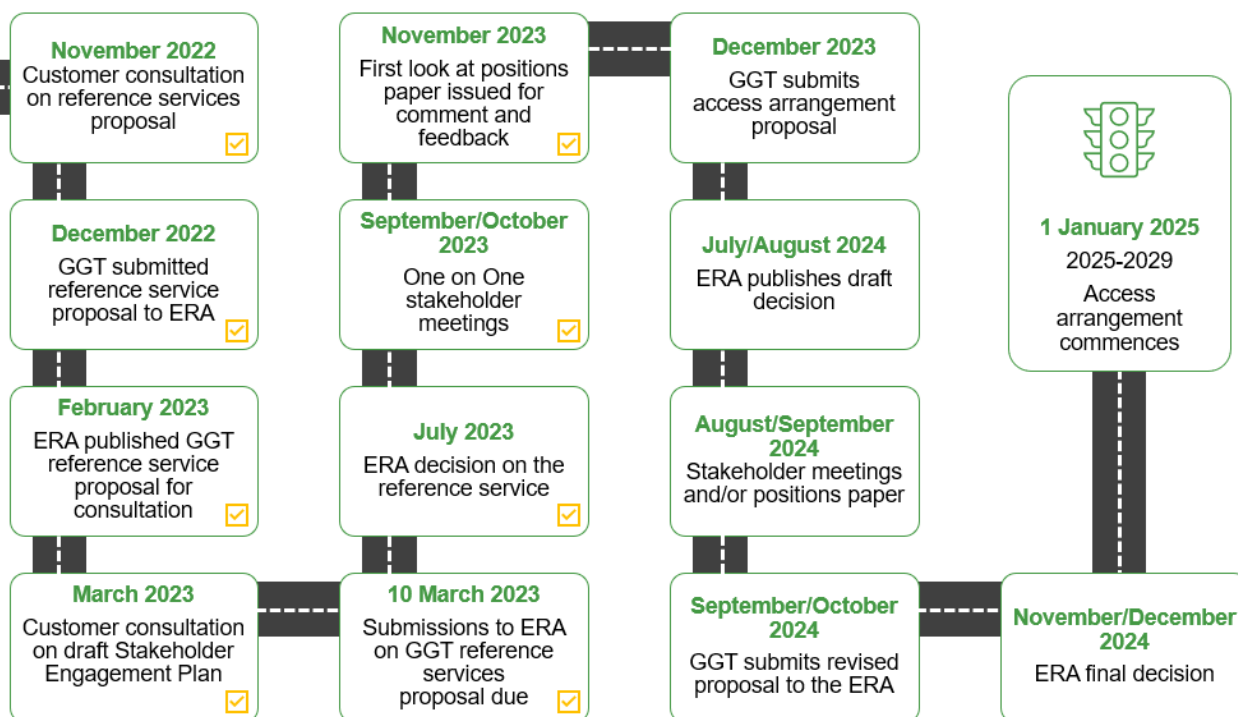
OUR ENGAGEMENT

In undertaking our engagement, we consulted with customers to understand their perspectives and ensure that their preferences help shape our 2025 to 2029 access arrangement. GGT maintains consistent and ongoing communication with our customers, facilitated by our dedicated account managers within the Commercial team who respond to their immediate needs and proactively engage with them.

We recognise our pivotal role in the energy supply chain and how our operations are crucial in delivering economic value to our customers and supporting the transition to renewable energy sources.

Our approach has centred on engaging individually with key customers in a confidential face to face environment, so we can better understand the value they attach to the GGP and their future energy supply plans. These interactions have played an instrumental role in shaping this revised 2025 to 2029 Access Arrangement.

Following the ERA's release of its draft decision, our intention is to reconnect with our customers, as outlined in the engagement roadmap below.





What we heard and how we responded



We have focused our engagement on priority issues where customers can have the greatest impact and where their opinion would genuinely influence and guide the access arrangement.

Priority Issue	What we heard	How we responded
 <p>Understanding of Access Arrangements</p>	<p>At the outset of our customer interviews, we delivered a brief introduction regarding the GGP and explained the process for developing an access arrangement. Most interviewed customers already possessed a certain level of comprehension regarding the access arrangement process, and as a result, they did not require additional information.</p> <p>Additionally, a subset of customers expressed minimal concerns about the access arrangement process, primarily because they had negotiated service agreements in place.</p>	<p>Customers with limited understanding of the access arrangement process received additional clarification and explanation.</p> <p>We are committed to maintaining ongoing engagement with all customers throughout the access arrangement process and will ensure updates are provided as needed.</p>
 <p>Reliability</p>	<p>When asked what is most important to customers when thinking about the services GGP provides to their business, reliability and security of supply emerged as the most important priority.</p> <p>All customers interviewed stressed the importance of reliability and security. Several customers mentioned that while they have limited backup diesel generation capacity, their production processes come to a halt without access to gas.</p> <p>Furthermore, customers underscored the potential safety concerns and the substantial financial consequences associated with any interruptions to their operations and production.</p> <p>One customer highlighted the significance of timely notification in the event of a supply interruption, as it plays a pivotal role in their preparations to prevent facility damage. Another customer noted reputational impacts.</p>	<p>GGT recognises the utmost significance that customers attribute to the reliability and security of gas supply.</p> <p>To maintain the current levels of reliability and performance of the pipeline, we propose a continuation of 'stay in business' capital expenditure programs, for example:</p> <ul style="list-style-type: none"> • In line inspections (\$13 million) • Wiluna emissions reduction (\$4 million) • Turbine overhauls (\$2 million) <p>Stay in business investment to ensure continued reliable operation of the GGP amounts to \$53 million over the upcoming period.</p>
 <p>Tariffs</p>	<p>One customer queried whether there will be a Maximum Hourly Quantity (MHQ) product included in the upcoming access arrangement.</p>	<p>Due to the evolving landscape of renewable energy, MHQ products and services are most effectively addressed on a case-by-case basis. This allows for a more tailored approach, enabling individual renewable and usage profiles to directly influence the service or option that best suits the customer's needs.</p>

Priority Issue	What we heard	How we responded
 <p>Decarbonisation</p>	<p>Around half of the interviewed customers expressed distinct decarbonisation goals, although there was variation in both their level and timing.</p> <p>To meet these objectives, customers are exploring or actively implementing renewable energy sources like wind, solar, and battery technologies.</p> <p>Furthermore, some are investigating the enhancement of their operations by electrifying key industrial processes with a view to reducing emissions.</p> <p>As a result, customers are anticipating potentially lower consumption of gas overall but increased capacity requirements and higher MHQ.</p> <p>Most interviewed customers noted the indispensable role of natural gas in current or future decarbonisation strategies.</p> <p>Due to their remote locations and the primary emphasis on renewables in these strategies, gas firming becomes crucial. This is because renewables alone may not be cost-effective or dependable enough to sustain their current operations and production.</p>	<p>The role of gas within the energy system will evolve as we work towards emissions reduction.</p> <p>Gas will continue to be indispensable for costly-to-electrify energy applications.¹ For this reason, many of our customers acknowledge the critical role gas will play in their own decarbonisation journeys.</p> <p>Based on the insights gathered from our customers, we anticipate that capacity demanded will remain consistent.</p> <p>At GGT, we are committed to supporting our customers at various stages of their decarbonisation journey by ensuring safe, reliable, and secure gas transportation services.</p> <p>We do not foresee a need for capacity expansion in the short term and, as a result, have not proposed any expansion programs.</p> <p>To proactively prevent future price shocks as the energy sector reduces emissions, we propose to commence an orderly transition by capping asset lives to the life of the main pipeline. This is to accelerate depreciation of the pipeline.</p> <p>We may consider changing the tariff structure in the subsequent access arrangement period (2030 to 2034), if the growing impact of renewables alters how the pipeline is utilised.</p> <p>It's important to note that the GGP is subject to the Federal Government's Safeguard Mechanism, discussed below.</p>

¹ [The Role of Gas Infrastructure in Australia's Energy Transition, June 2023](#) considers the potential role for gas infrastructure in supporting the transition of the Australian energy system to net-zero emissions. The report was commissioned by AGIG, APA Group and Jemena and authored by Boston Consulting Group.

Priority Issue	What we heard	How we responded
 <p>Safeguard Mechanism</p>	<p>During our customer interviews, we provided an overview of the Safeguard Mechanism and its potential implications for the GGP.</p> <p>One customer expressed interest in gaining a deeper understanding of how the GGP aligns with the Safeguard Mechanism and how it is applied across both the covered and uncovered sections.</p>	<p>The Safeguard Mechanism places an obligation on us to achieve emissions reduction targets on the GGP.</p> <p>Programs to reduce emissions include Wiluna emissions reduction, leak detection and repair.</p> <p>In October, the government advised of updates to the definition of production variables. We have considered the implications and anticipate we may need to buy carbon credits. Our preliminary estimate is this will cost about \$3.5 million for covered GGP.</p> <p>This estimate constitutes about 60 per cent of the total expenditure allocated to covered GGP portion in accordance with the regulatory cost allocation method.</p>
 <p>Critical Infrastructure</p>	<p>During discussions with customers regarding the new Security of Critical Infrastructure (SoCI) legislation, which has required us to upgrade both cyber and physical security, we inquired about the significance of security to their operations and the potential repercussions should there be a disruption in gas supply.</p> <p>Without exception, all customers underscored the critical importance of a secure supply of gas. Some customers did mention they had backup options, typically in the form of diesel generators.</p> <p>However, they pointed out that relying on diesel was costly, offered limited capacity, and represented a suboptimal energy supply solution.</p> <p>Most customers unequivocally stated that any interruption in gas supply would result in a halt in production, with immediate and substantial financial repercussions for their businesses, for some running into millions of dollars per day.</p> <p>Customers also noted potential safety implications discussed further below.</p>	<p>GGP is now subject to the new obligations mandated by SoCI legislation, leading to an increase in investment in cyber and physical security.</p> <p>Beyond these obligations, customers have strongly emphasised the critical importance of a secure gas supply.</p> <p>In response to both these new obligations and customer feedback we are increasing expenditure on physical security at key sites. GGP will be allocated a share of corporate-wide cyber program costs to meet obligations and protect pipeline services.</p> <p>This investment is not only essential for fulfilling our SoCI obligations but also serves to protect the pipeline and the services it provides against potential heightened risks from cyberattacks, trespass, and more recently, environmental activists.</p>

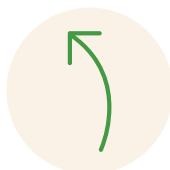
Priority Issue	What we heard	How we responded
 <p>Affordability</p>	<p>Although reliability was of paramount importance for all customers, a subset of customers also noted that affordability of the service was also a priority.</p> <p>A few customers expressed the challenges they encounter when balancing the volatility of gas and commodity prices and the remaining operational life of their facilities against the economic feasibility of investing in renewables as part of decarbonisation strategies.</p> <p>As a consequence of relying on renewables and the evolving role of gas firming in the future, one customer noted that the pipeline will need to support a higher maximum hourly quantity while transporting less gas overall.</p> <p>Another customer expressed concern that increases to reference service tariffs arising from the revised access arrangement might also affect negotiated tariffs.</p>	<p>We understand the impact increasing costs have on our customers, and the need to maintain tariffs as low as possible.</p> <p>Australia’s current high interest rate and inflation environment has impacted the revenue and tariff outcomes for covered GGP. Interest rates and inflation are key inputs into the calculation of revenue allowances and tariffs for the reference service.</p> <p>The proposed increases in reference service tariffs in the 2025 to 2029 access arrangement are primarily driven by higher interest rates with a lesser amount related to increases in operating expenditure essential for the pipeline’s reliability, safety, and security.</p> <p>Like other pipeline operators we have large, fixed costs. This means that even though not everyone is using the pipeline all the time, we still must provide and maintain it so that it is ready whenever needed.</p> <p>We continually work on enhancing our operational efficiency to ensure cost increases are minimised.</p>
 <p>Safety</p>	<p>Multiple customers raised concerns about potential safety repercussions resulting from a disruption in their gas supply, which include:</p> <ul style="list-style-type: none"> • The potential shutdown of underground ventilation systems, with backup supply only offering sufficient ventilation for worker escape. • The risk of damage to critical equipment and the impact on the integrity of the equipment. • The unexpected shutdown of equipment utilised in mining and processing operations. 	<p>Safety is a core value at GGT. We consider safety as the critical first step in how we operate our business in a way that ensures business integrity.</p> <p>At GGT, safety means we focus on managing the personal safety of our staff and contractors as a priority. This also means the safe management and operation of our assets for public safety.</p> <p>Asset management is aligned to good industry practice to minimise risk to as low as reasonably practicable and provide safe, reliable, and secure services.</p> <p>As discussed above, we propose to invest \$53 million in stay in business capital expenditure programs to ensure the continued safe and reliable operation of the GGP.</p>

PLAN ON A PAGE



Replacement programs

\$53 million of capital expenditure will fund replacement (stay in business) programs so the reliability and performance of the GGP is maintained.



Expansion programs

There are no significant expansion programs forecast for the GGP during the 2025 to 2029 period.



Information technology, operational technology (ITOT) and cyber

About \$5 million of capital expenditure and an additional \$2 million of operating expenditure will fund ITOT transformation driven by a combination of external factors with shifts to cloud-based computing and internal factors driving the need to update ageing and obsolete legacy technology.



Asset lives

To proactively prevent future price shocks as the energy sector reduces emissions, we propose to cap asset lives to no more than the weighted average remaining life of the pipeline. This will facilitate an orderly energy transition and help smooth out future prices.



Security of critical infrastructure (SoCI)

SoCI has introduced new regulatory obligations that require critical power, water and communications network to be protected from cyber-attacks and other threats. SoCI related programs will allow compliance with these new obligations and enhance ongoing security for customers.



Safeguard mechanism

GGP is captured under the Safeguard Mechanism so is obligated to reduce carbon emissions. To meet obligations, we forecast capital expenditure of about \$4 million and operating expenditure of \$3.5 million for carbon credits.



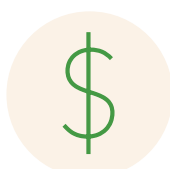
Operating expenditure

Covers inspection, maintenance and business support and is necessary for the proper functioning of the pipeline. We forecast opex of \$131 million over the five-year regulatory period or an average of \$26 million per year.



Changing demand profiles

In line with customer insights, we expect demand for capacity to remain constant on the GGP to support reliability as customers shift to more renewable sources.



Tariffs

For the 2025-29 period we propose to maintain existing tariff structures. However, as customers decarbonise their operations, we will consider the tariff structures for the 2030-34 access arrangement period.

DELIVERING VALUE TO CUSTOMERS

Our customers place high importance on a reliable, safe, and secure gas supply, not only in the present but also for the foreseeable future. Although the usage of gas is expected to evolve in the future, it is likely to continue playing a crucial role as our customers work towards decarbonising their operations and facilities.

Recognising that our customers operate in a high cost environment we will continue to provide value to our customers during the 2025-29 access arrangement period. GGP proposes to provide safe and reliable service by doing the following:

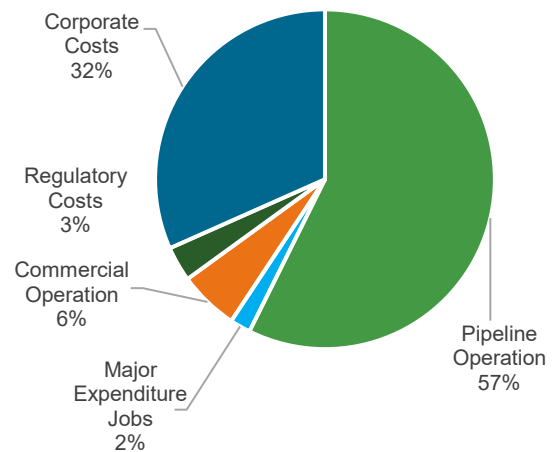
- Maintain reliability of the GGP, which our customers tell us is paramount. This will primarily be achieved by replacing obsolete, unsupported components which have limited or no spare parts availability. We are forecasting an increase to replace obsolete gas engine alternators (which power our compressor stations) and key equipment at our mainline line valves and offtake stations.
- Maintain the integrity of the pipeline by conducting an inline inspection to identify, monitor and rectify defects and prevent a catastrophic pipeline failure. As these inspections occur on a 10-yearly interval this represents a relative increase compared to previous period expenditure.
- Maintain the safety and security of the pipeline by addressing physical security risks across the pipeline including remediating site fencing, installing electronic access systems, and upgrading closed-circuit television facilities.
- Maintain the performance of rotating plant by undertaking overhauls to optimise performance and reduce lifecycle operating costs.
- Minimise Safeguard Mechanism costs and support the achievement of emission reduction targets by changing the way we operate compressors and installing dry gas seals at Wiluna compressor station. This represents an uplift in capex where no emissions focussed work has previously been undertaken.
- ITOT is necessary to support everyday business functions and technical operations of pipelines and services they provide. Modernising ITOT systems, such as Enterprise Resource Planning and Grid Solutions will enable better delivery of services to customers.
- Maintain investment required to meet the requirements of the Security of Critical Infrastructure Act 2018 (the SoCI Act). Investment on cyber and physical security is necessary to address threats to critical infrastructure like the GGP and maintain secure and reliable services for customers.
- Ensuring a smooth energy transition through proactively prevent future price shocks as the energy sector reduces emissions. We propose to cap asset lives to no more than the weighted average remaining life of the pipeline. This will facilitate an orderly energy transition by helping to smooth out future prices.

EXPENDITURE

Operating expenditure

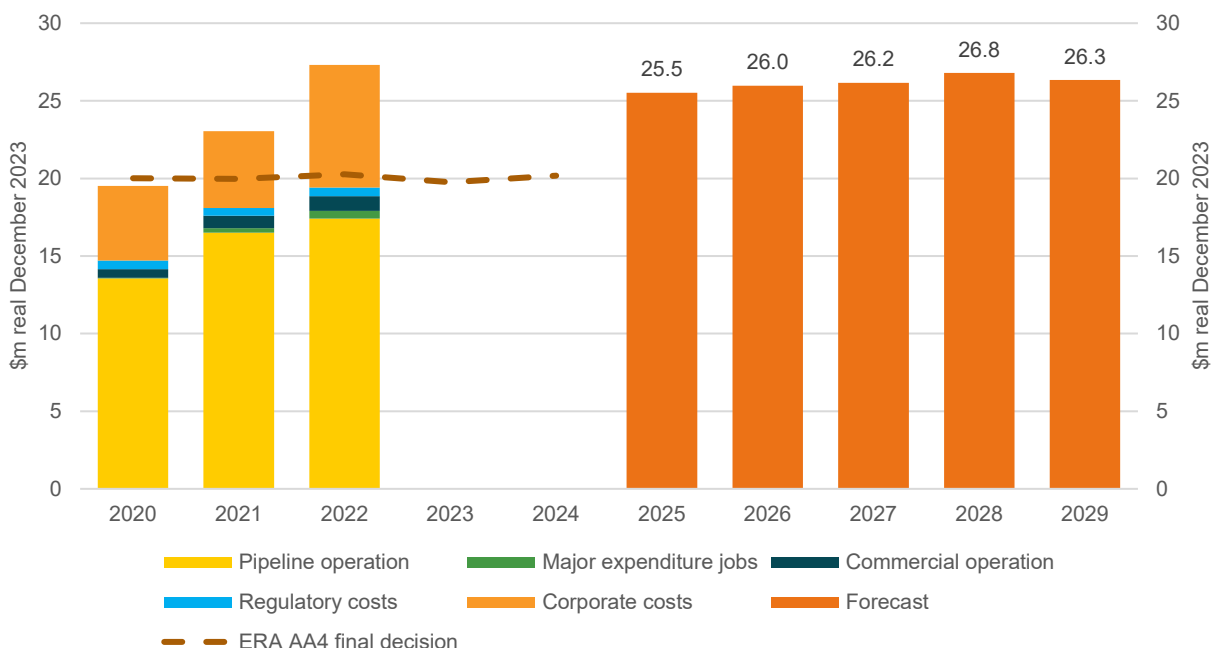
Our operating expenses are distributed across five key categories. The largest portion is allocated to pipeline operations, encompassing essential daily activities like engineering, field services, administration, and management.

Corporate expenses encompass various functions and services provided by APA, including information technology, SoCI compliance, legal, finance, and other corporate activities. GGP share of these costs is determined through an allocation methodology designed to equitably distribute expenses across all of APA's assets.



Pipeline operations and corporate costs collectively make up 89 per cent of our total forecast operating expenditure for the 2025 to 2029 period.

To ensure the ongoing provision of secure and dependable services to our customers, we propose operating expenditure of about \$130.8 million for the 2025-29 period. This is \$19 million (17%) higher than actual and estimated operating expenditure in the current period. And represents about a 30% increase compared to the operating expenditure allowed by the ERA in the 2020-24 period. This increase can be attributed to rising labour costs related to the maintenance of ageing assets, increased corporate expenses, primarily driven by information technology, and the necessary expenditure to meet new legislative requirements, such as SoCI.



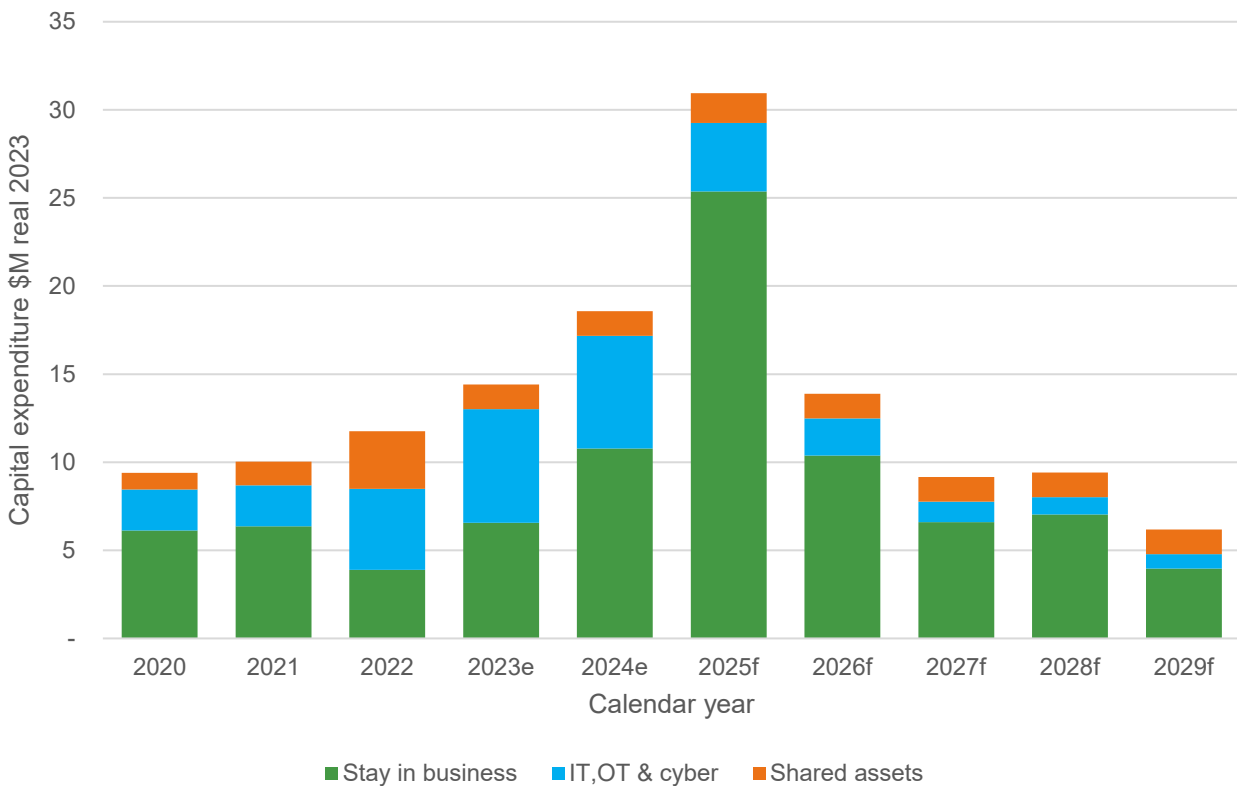
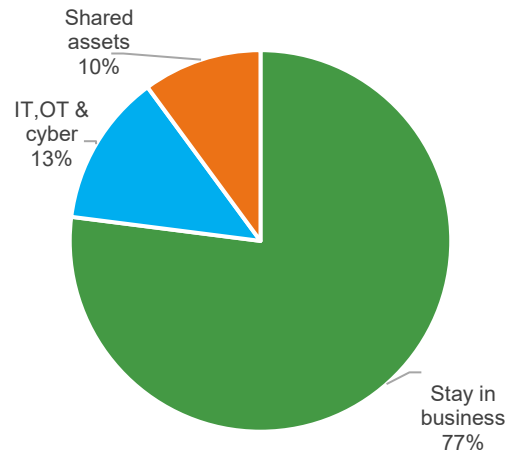
Capital expenditure

Our capital expenditure is distributed across three key categories. The largest portion is allocated to stay in business capital expenditure which relates to the ongoing investment needed for the GGP to continue to operate safely, reliably, and efficiently.

This includes major asset replacement and maintenance programs as well as our significant in-line inspection program scheduled to occur in 2025. Stay in business investments make up 77 per cent of our total forecast capital expenditure for the 2025 to 2029 period.














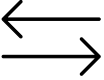
ITOT together with cyber costs accounts for 13 per cent of our proposed capital expenditure program. The balance is related to shared corporate costs.

To ensure the GGP continues to provide reliable, safe, and secure provision of gas, we propose capital expenditure of about \$69.3 million for the 2025-29 period. This is in line with actual and estimated capital expenditure in the current period.



REVENUE AND TARIFFS

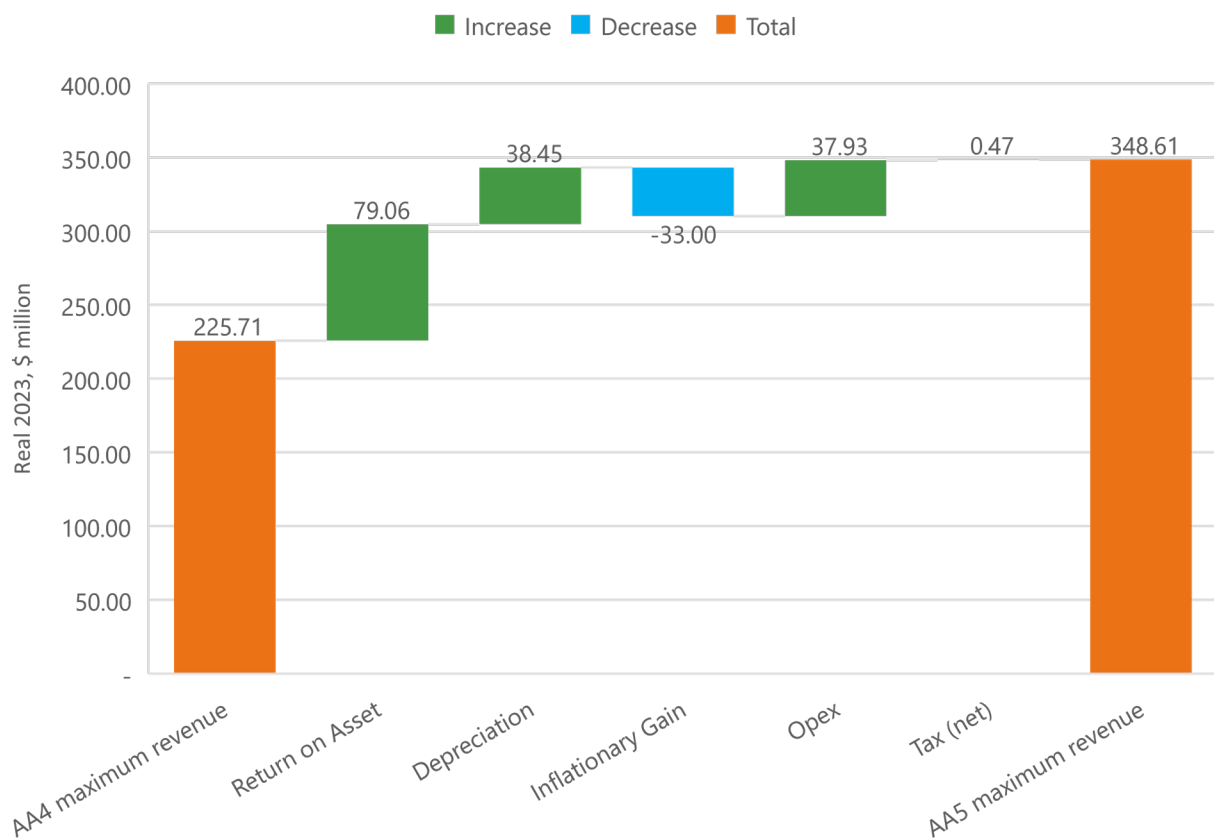
The revenue that GGT needs to maintain a reliable and secure pipeline for the 2025-29 period is set out below. The increase in total revenue (based on the building block approach) compared to the 2020-24 period is predominantly influenced by higher interest rates and inflation, discussed further below.

	\$158.5M	<div style="display: flex; align-items: center;">  <div> <p>Return on capital</p> <p>Based on the available data, the estimated regulated Weighted Average Cost of Capital (WACC) for the calendar year 2025 is 7.41%.</p> </div> </div>
	\$101.2M	<div style="display: flex; align-items: center;">  <div> <p>Regulatory depreciation</p> <p>Regulatory depreciation (return of capital) recovers the outstanding cost of previous investments that GGP has made to ensure ongoing reliable operation.</p> </div> </div>
	\$55.2M	<div style="display: flex; align-items: center;">  <div> <p>Inflationary gain</p> <p>Adjustment to avoid double-counting of inflation when nominal WACC is applied to nominal value of the asset base. The inflationary gain is forecast to be negative.</p> </div> </div>
	\$130.8M	<div style="display: flex; align-items: center;">  <div> <p>Operating expenditure</p> <p>GGP's operating activities are focused on continuing to deliver safe, secure, and reliable services.</p> </div> </div>
	\$13.2M	<div style="display: flex; align-items: center;">  <div> <p>Tax allowance</p> <p>Tax is calculated by applying the statutory income tax rate and allowed imputation credits to estimated taxable income.</p> </div> </div>
	\$348.6M	<div style="display: flex; align-items: center;">  <div> <p>Building block revenue (2025-29)</p> <p>The maximum revenue is a forecast of the revenue proposed to be earned by GGP for the period.</p> </div> </div>
	\$225.7M	<div style="display: flex; align-items: center;">  <div> <p>Building block revenue (2020-24)</p> <p>The revenue allowed for the current regulatory period, which is 35% below the proposed revenue for 2025-29.</p> </div> </div>

Total revenue

Under our proposal, total revenue for the 2025-29 period will increase by \$123 million (54 per cent) compared to the approved total revenue for 2020-24. We acknowledge that this is a significant increase. We have reviewed proposed programs and projects to minimise the impact on the reference tariff.

The increase in total revenue proposed is mainly driven by both higher interest rates and higher operating costs. Interest rates are an important input into the calculation of the return on capital, where inflation drives inputs in the calculation of regulated revenue under the building block approach set out in the regulatory framework.



The increase in revenue, to a lesser extent, is also because of additional operating expenditure and a small amount of revenue related to investments that will increase the reliability and security of the pipeline.

Reference service tariff

In accordance with the National Gas Rules, we calculate reference service tariffs by dividing the maximum allowed revenue by the forecast capacity and throughput volumes.

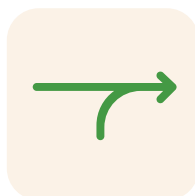
Given that most of our customers are on negotiated tariffs, for ease of calculation, we simplify the process by assuming that all covered capacity on the GGP is on the reference tariff when determining reference service tariffs.

For 2025-2029 we are proposing to retain the three-part reference tariff structure which comprises:



Toll

Price per GJ of contracted capacity (MDQ) referred to as the toll component



Capacity reservation

Price per GJ MDQ kilometre referred to as the capacity reservation component



Throughput

Price per GJ kilometre referred to as the throughput component

This structure helps ensure that the costs involved in providing pipeline services are allocated to individual customers at different locations along the GGP in a fair and equitable way. To calculate each component of the reference tariff, the present value of the building block revenue is allocated to each component in a way that reflects the underlying costs.²

The ERA approved 2024 tariff and the proposed 2025 are shown in the following table (note these are in real terms).

Component	Unit	2024 (ERA approved)	2025 (Proposed)	Variance
<i>Toll</i>	\$/GJ MDQ	0.127527	0.162241	27%
<i>Capacity reservation</i>	\$/GJ MDQ km	0.000773	0.001249	62%
<i>Throughput</i>	\$/GJ km	0.000208	0.000332	59%

If interest rates and inflation had remained more in line with historical levels, the changes in the tariff components would have been a 6 per cent decrease in the toll charge and increases of 20 per cent in the capacity reservation charge and 17 per cent in the throughput charge.

These increases do not apply to customers on negotiated arrangements.

² The present value is lower than future value to account for the time value of money.

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