APA
Australia's energy infrastructure partner

Access Arrangement Information

Amadeus Gas Pipeline: 2026–31 Access Arrangement Revision Proposal

30 June 2025

Contents

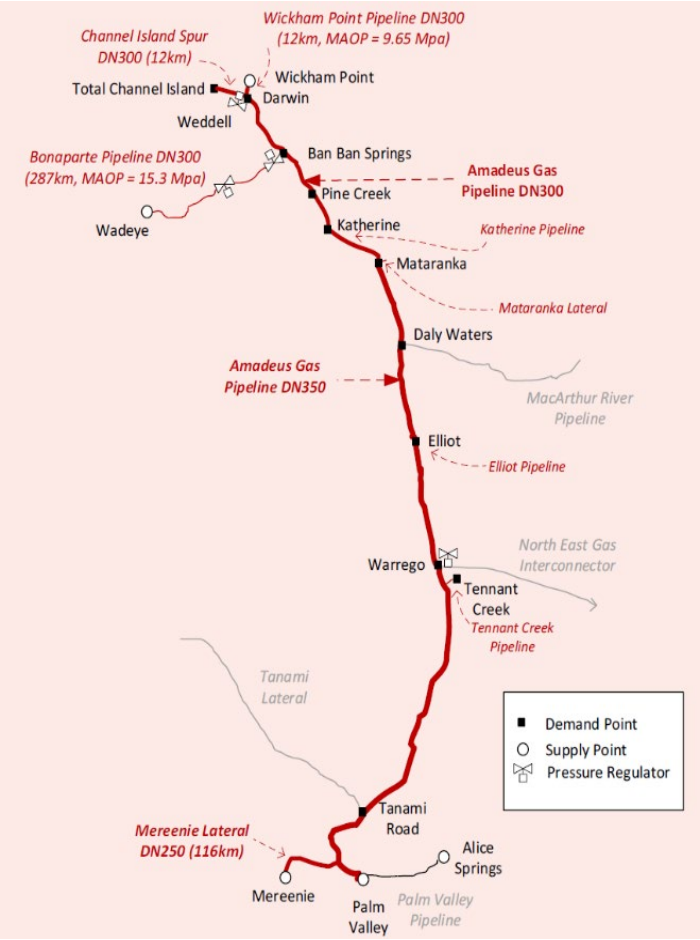
1. Introduction

The Amadeus Gas Pipeline (**AGP**) is a transmission pipeline that extends approximately 1,600 km from the gas fields in the Amadeus Basin in central Australia to Darwin[1].

The AGP transports natural gas to Darwin, Alice Springs and regional centres, principally to fuel electricity generation. It is bi-directional and interconnects with the Northern Gas Pipeline (**NGP**) at Warrego, near Tennant Creek. Gas can flow north from the Amadeus Basin to the NGP and on to Darwin but can also flow south, from Ban Ban Springs to the NGP.

The AGP is a scheme pipeline under the access regime of the National Gas Law (**NGL**) and the National Gas Rules (**NGR**) and has a full Access Arrangement in place regulated by the Australian Energy Regulator (**AER**).

APT Pipelines (NT) Pty Limited (ABN 40 075 733 336) (**Amadeus**), a wholly owned entity within the APA Group, is the covered pipeline service provider for the AGP.



1.1. Information requirements

The Access Arrangement revision proposal is comprised of three major documents:

— a revised Access Arrangement for 1 July 2026 to 30 June 2031 (**2026–31**);
— a revised Access Arrangement for 1 July 2026 to 30 June 2031 (changes tracked), and
— the Access Arrangement Information (**AAI**).

A fourth document, the Amadeus Gas Pipeline: 2026–31 Access Arrangement Overview has been submitted with the AGP Access Arrangement revision proposal and:

— describes the way in which the Access Arrangement revision proposal was developed in consultation with key stakeholders representing consumers and suppliers of natural gas and the local community; and
— summarises the revision proposal.

This document, the AAI, has been prepared, in accordance with s42 and s43(1) of the NGR to provide users and prospective users with sufficient information to understand the:

— background to the Access Arrangement revision proposal; and

[1] Specifically, AGP is the gas transmission pipelines specified in pipeline licences PL 4 and PL 18 issued under Part III of the Energy Pipelines Act 1981 (NT)

— basis and derivation of the various elements of the Access Arrangement revision proposal.

It also provides:

— the Access Arrangement information required under s72 of the NGR; and
— additional detailed information as requested by the AER through its Reset Regulatory Information Notice (**Reset RIN**) that was issued to Amadeus on the 1 April 2025[2].

All documents, including supporting documents and models, submitted as part of the AGP Access Arrangement revision proposal are tabled in Appendix B.

1.2. Basis of financial information

Unless otherwise stated, all information in the Access Arrangement revision proposal is provided in real 30 June 2026 dollars.

Past values have been recast to 30 June 2026 dollars using the Consumer Price Index (**CPI**), All Groups Weighted Average Eight Capital Cities for the June quarter, published by the Australian Bureau of Statistics.

Forecasts of CPI for 2024–25 and 2025–2026 has been made based on the forecast CPI change for the year to June 2026 as published by the Reserve Bank of Australia (**RBA**) in its February 2025 Statement on Monetary Policy.

The totals in some of the AAI tables may not add exactly due to rounding.

1.3. Financial models

Amadeus has used the following gas transmission versions of the AER financial models[3], namely the:

— Roll Forward Model (**RFM**) to calculate the opening capital base for the AGP at commencement of the Access Arrangement period (1 July 2026);
— RFM – Depreciation tracking module to determine the expected and forecast tax asset base and associated tax depreciation;
— Post-tax Revenue Model (**PTRM**) to calculate the estimated cost of corporate income tax (including adjustment for the value of imputation credits), total revenue, and the X-factors for the price path of the AGP reference tariffs; and
— AER operating expenditure (**opex**) model to calculate the opex forecast using a base step trend approach.

These models are provided as part of the Access Arrangement revision proposal as listed in Appendix B.

1.4. Service and Access information

A description of the AGP and additional detailed service and access information[4] is available on the APA Group website here.

[2] Under Division 4 of Part 1 of Chapter 2 of the NGL
[3] Published in April 2020 and amended in April 2021 under s75A and s75B of the NGR
[4] Specified in s101B(2)(h) of the NGR.

1.6. Key Assumptions

Key assumptions underpinning the Access Arrangement revision proposal are summarised below:

- Forecast regulatory cost of capital is derived from the application of the AER's 2022 Rate of Return Instrument.
- Forecast inflation is based on the AER's PTRM approach. It uses a geometric mean of forecast inflation to the mid-point of the RBA's target inflation band in the fifth year from the start of the forthcoming access arrangement period, at 2.5%.
- There is no expansion of the AGP included in the forthcoming Access Arrangement period. All capital expenditure (**capex**) is stay-in-business (**SIB**) capex designed to maintain the quality, reliability and security of supply based on current legislative and regulatory obligations.
- The costs of forecast capex projects are based on current experience and internal costs with similar projects, escalated by CPI.
- Opex is derived using the AER's base-step-trend approach using 2023–24 as the base year.
- The NGP is assumed to be fully operational over the access arrangement period;
- Depreciable asset lives have been drawn from the AER's RFM or calculated for new asset classes; and
- The net tax allowance is calculated using the AER's PTRM. The PTRM calculates a tax allowance based on assumption of accelerated tax depreciation for new assets and immediate tax expensing of relevant SIB capex.

2. Information for the earlier Access Arrangement period

2.1. Capital expenditure (capex)

Capex (by asset class), over the current access arrangement period from 1 July 2021 to 30 June 2026 (**2021–26**) is shown in Table 2-1. The expenditures from 2021–22 to 2023–24 are actual expenditures, whereas the capex shown for 2024–25 and 2025–26 are estimates based on current and planned expenditure.

Table 2-1: Capex by asset class: 2021–26

$m nominal	2021–22	2022–23	2023–24	2024–25e	2025–26e	Total
Pipelines	0.9	1.1	0.9	2.5	2.0	**7.4**
Compressors	–	–	–	–	–	**–**
Meter Stations	0.4	0.9	0.2	0.5	0.6	**2.6**
SCADA	0.4	0.5	0.1	-	-	**1.1**
O&M Facilities	1.2	1.4	0.6	1.5	1.2	**5.9**
Buildings	1.8	1.4	0.0	0.1	0.1	**3.4**
Land & Easement	–	–	–	–	–	**–**
Corporate IT	1.5	1.4	1.4	1.2	1.3	**6.8**
Leased Assets	0.1	0.2	3.6	0.2	0.3	**4.4**
Total	**6.3**	**7.0**	**6.9**	**6.0**	**5.5**	**31.6**

2.1.1. Conforming capex

Amadeus considers that the actual and estimated capex over the current access arrangement period is conforming capex because it is capex that:

— would be incurred by a prudent service provider acting efficiently, in accordance with accepted good industry practice, to achieve the lowest sustainable cost of providing services; and

— is justifiable against the criteria found in s79(2) of the NGR.

Specifically, the capex is necessary to maintain and improve the safety and integrity of services on the pipeline and ensure that the AGP complies with its regulatory obligations and requirements[5].

Amadeus has in place detailed capex governance processes to ensure that projects undertaken are prudent, efficient and in line with overall strategy. Prudent asset management involves reviewing expenditure requirements closer to delivery to take into consideration new information, changes in customer requirements and changes in circumstances.

Amadeus's asset management approach has complied, and continues to comply, with relevant Australian Standards and Codes and represents good industry practice.

Consequently, the capex in the current access arrangement period reflects what would be incurred by a prudent service provider acting efficiently.

[5] NGR, s79(2)(ii) and (iii)

2.1.2. Actual capex compared to AER allowance

In its May 2021 final decision on proposed revisions to the AGP Access Arrangement, the AER approved (gross) capex of $15.5 million (real, June 2021) as conforming capex for the current access arrangement period[6].

Amadeus is expecting to incur, during the current access arrangement period, actual capex of $31.6 million which is $12.8 million (68%) higher than the AER allowance. The capex approved by the AER, actual and estimated expenditures over the period and the differences in expenditure in nominal terms are summarised in the table below

Table 2-2: Capex 2021–26 compared to the AER allowance

$m nominal	2021–22	2022–23	2023–24	2024–25e	2025–26e	Total
Actual Capex						
Replacement	2.0	3.2	1.7	4.5	3.8	**15.3**
Expansion	–	–	–	–	–	**–**
Non-network[7]	4.2	3.8	5.1	1.5	1.7	**16.3**
Total	**6.3**	**7.0**	**6.9**	**6.0**	**5.5**	**31.6**
AER Allowance						
Replacement	1.7	1.8	2.2	1.9	1.6	**9.2**
Expansion	–	–	–	–	–	**–**
Non-network	2.1	1.5	1.6	2.0	2.4	**9.6**
Total	**3.8**	**3.3**	**3.8**	**3.9**	**3.9**	**18.8**
Variance						
Replacement	0.3	1.4	-0.5	2.5	2.2	**6.1**
Expansion	–	–	–	–	–	**–**
Non-network	2.1	2.2	3.5	-0.4	-0.7	**6.7**
Total	**2.5**	**3.7**	**3.0**	**2.1**	**1.5**	**12.8**

The principal driver for the variance in capex over the current access arrangement period has been the construction of a new Palmerston office/warehouse in the Northern Territory with the accompanying costs of relocation, construction, installation of Information Technology (IT) and the capitalisation of the new site lease. This has accounted for approximately $8 million from 2021–22 to 2023–24.

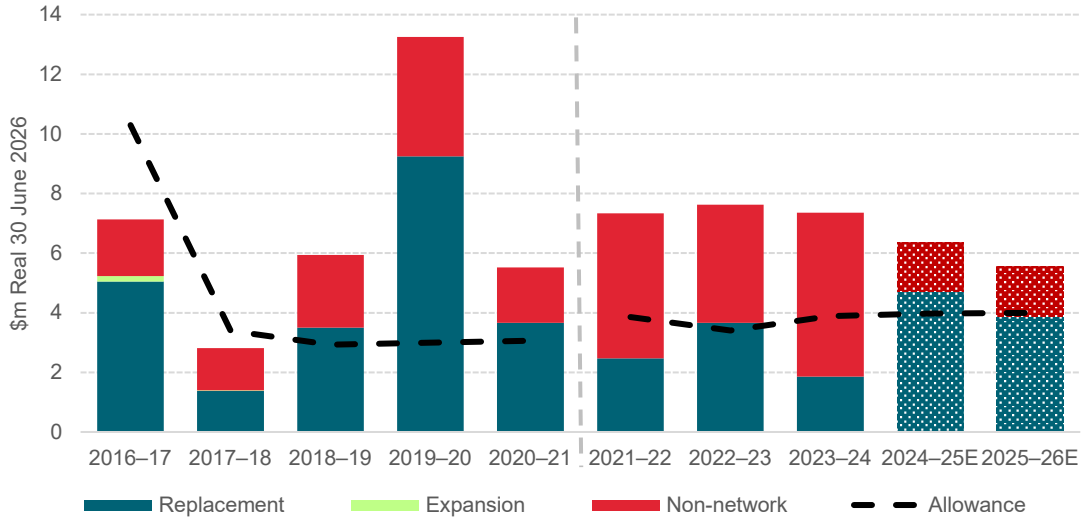
An additional driver of the variance in non-network capex has been a result of Amadeus allocation of shared corporate assets. These have increased over the period in line with APA's increased investment in Information Technology (**IT**) capability and well as the additional expenditure on IT and physical security due to new regulatory obligations.

These differences account for the increase in non-network capex in recent years as highlighted in Figure 2-1. The major drivers are explained in further detail below.

The variance in replacement capex has primarily been a result of increased spending on upgrading heat shrink sleeves on the AGP in 2022–23, 2024–25 and 2025–26.

[6] Asset disposals that were forecast were not deducted from gross capex.
[7] Non-network expenditure includes any expenditure allocated to the Capitalised Corporate Overheads category.

Figure 2-1: Earlier periods capex compared with AER allowance



Palmerston Northern Territory Facility

The construction of the new Palmerston office/warehouse has been completed and is a major reason for the variance in non-network capex in 2021–22 and 2022–23.

Amadeus previously highlighted to the AER[8] that it intended to relocate its Palmerston office to a new building, built to current standards for conditions in the Northern Territory, and located closer to the centre of Darwin, ensuring better access for staff, suppliers, and customers. Workshop facilities at the time were located at two different sites and have been consolidated on the site of the existing Palmerston office.

As well as the direct capex on the relocation, Amadeus has also capitalised and amortised the lease of the new site in its 2023–24 non-network capex. APA Group began accounting for leased assets in accordance with the requirements of Australian accounting standard AASB 16 from 2019–20.

Shared corporate support assets

The Federal Government's *Security of Critical Infrastructure* (**SoCI**) *Amendment Bill 2020* introduced an enhanced framework for protection of critical infrastructure against security risks. The details of the SoCI reforms were not known by Amadeus at the time the current Access Arrangement was approved.

The SoCI Act significantly expanded the scope of the legislation and governance rules requiring formally defined responsibilities and activities that support good risk practice and a greater awareness of threats and vulnerabilities to critical infrastructure assets. The intent of reforms is to drive an uplift in critical infrastructure resilience with penalty provisions assigned to certain obligations.

APA's Secure Energy Program is uplifting IT and physical security in line with the SoCI requirements and timeframes. APA's secure program commenced in 2022–23 and Amadeus is allocated a share of the Secure Energy Program's capital costs.

In conjunction with this program, APA Group has been transforming its IT environment across key technology areas. The IT transformation is in response to a combination of external factors including shifts to cloud-based computing and internal requirements to update ageing and obsolete legacy technology. These programs include a new Enterprise Resource Planning

[8] APA's Response to the AER Draft Decision, January 2021, found at IRS Report (aer.gov.au)

platform, a Technology Enablement Program, which includes establishing core capabilities and services in the cloud, and Grid Solutions, APA's hydrocarbon accounting system.

Amadeus is allocated a proportion of these shared capital costs which significantly increased non-network capex in 2022–23 and 2023–24.

2.1.3. Asset disposals

Amadeus disposes of assets which can make no future contribution to the provision of pipeline services because they have reached the end of their designated lives, or because they have prematurely failed. Where such assets are not redundant, they are disposed by sale or by scrapping.

When such assets are sold, the proceeds from sale are considered and subtracted from the capex in the corresponding asset class. These amounts are deducted when determining the opening capital base for the forthcoming access arrangement period. If assets are scrapped then there are no proceeds and no deduction is made.

Asset disposal amounts in the current access arrangement period are shown in Table 2-3 and have been deducted from the opening capital base for the next Access Arrangement period.

Table 2-3: 2021–26 asset disposals – as incurred

$m nominal	2021–22	2022–23	2023–24	2024–25e	2025–26e	Total
O&M Facilities	0.04	0.00	0.61	–	–	**0.65**
Total	**0.04**	**0.00**	**0.61**	**–**	**–**	**0.65**

2.2. Operating expenditure (opex)

Opex (by category), over the current access arrangement period is shown in Table 2-4. The opex from 2021–22 to 2023–24 are actuals with estimates shown for 2024–25 and 2025–26.

Annual expenditure relating to payroll adjustments is included in Table 2-4. During this period, APA Group identified unpaid obligations under its enterprise agreements which resulted in additional operating cost allocations to Amadeus.

This non-recurrent expenditure has been separately identified as it accounts for much of the variation in opex, relative to the AER allowance.

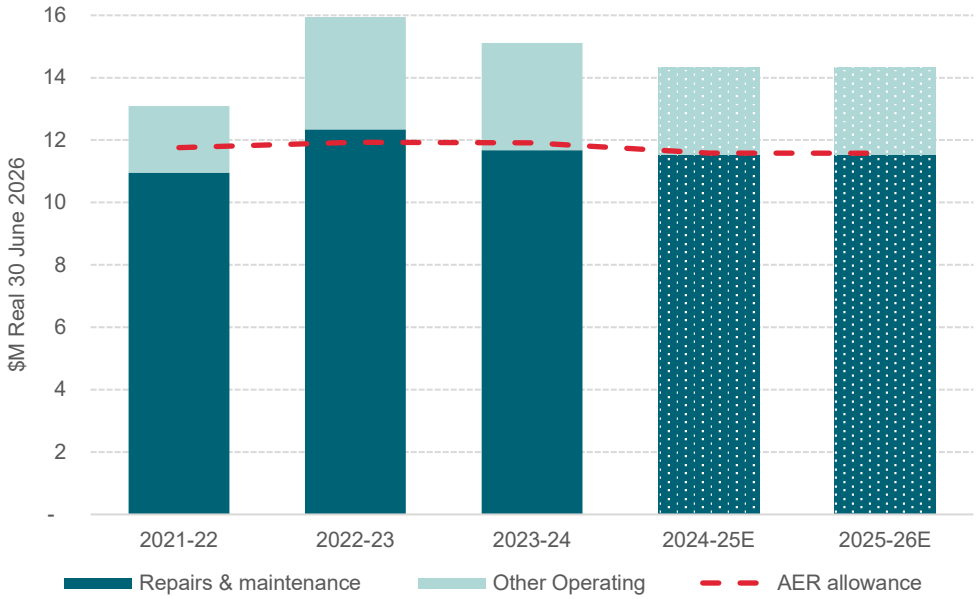
Table 2-4: Opex by category 2021–26

$m nominal	2021–22	2022–23	2023–24	2024–25e	2025–26e	Total
Repairs and Maintenance	9.0	11.0	10.8	10.9	11.3	**53.0**
Other Operating	1.8	3.2	3.2	2.6	2.7	**13.5**
Debt Raising Cost	0.1	0.1	0.1	0.1	0.1	**0.4**
Payroll Adjustment	1.7	0.8	0.2	–	–	**2.6**
In-line Inspections	0.4	0.6	0.2	0.4	0.5	**2.2**
Total	**13.0**	**15.6**	**14.5**	**14.1**	**14.6**	**71.8**

Expenditure for In-line inspections has also been separately identified in the table as it was forecast as a category specific cost in the current Access Arrangement and is therefore not a component of the base step trend and efficiency carryover mechanism that provides an incentive for Amadeus to operate efficiently.

Figure 2-2 compares the actual opex over the current access arrangement period with the AER's approved allowance, but excludes expenditure on debt raising costs, the in-line inspections and payroll adjustments that were applied from 2021–22 to 2023–24.

Figure 2-2: 2021–26 opex[9] compared to the AER allowance[10]



Amadeus' actual opex has consistently exceeded the approved AER allowance over the period. The principal reasons for this difference are:

— Amadeus' base step trend allowance being set below the level of opex that a prudent service provider would require to operate the AGP; and

— an increase in shared corporate expenditure over the period. APA's response to the SOCI Act through its Secure Energy Program and the transformation of its IT environment across key technology areas have significantly impacted operating costs during this period as well as the capex described above in section 2.1.2. Amadeus is allocated a proportion of the opex costs arising from the Secure Energy Program.

2.3. Pipeline usage over the earlier Access Arrangement period

Prior to January 2019, user requirements for capacity in the AGP were principally for power generation in the Northern Territory.

Gas flowed north from the gas receipt points at Palm Valley, Mereenie and Ban Ban Springs to Darwin, into the Channel Island Power Station, and into the Wickham Point Pipeline for transportation to the Weddell Power Station. These power stations supply electricity into the Darwin–Katherine transmission system.

Gas was also delivered from the AGP:

— to small power stations serving remote communities at Elliot and Tennant Creek; and

— into the Palm Valley to Alice Springs Pipeline for onwards transportation to Alice Springs, to be used for power generation and supplied into a small distribution system.

[9] Actual opex excludes payroll adjustments and in-line inspection expenditure.
[10] AER Allowance excludes in-line inspection expenditure, as a category specific forecast.

Gas flows changed with the interconnection of the NGP to the AGP at Warrego, about 1,000 km south of Darwin in January 2019. This enabled gas to flow into Queensland and, via other pipelines, into the East Coast gas market.

Gas received at Ban Ban Springs has consequently flowed both north to Darwin and south to Warrego and into the NGP. Gas from Central Australian producers has also been delivered into NGP as well as the southern part of the AGP, at Palm Valley and Mereenie. This was envisaged in the demand forecasts for the current Access Arrangement and was reflected in actual usage in 2021–22, 2022–23 and much of 2023–24.

However, the NGP was not in operation from March 2024 to March 2025 with gas flows only flowing north from the receipt points at Palm Valley, Mereenie and Ban Ban Springs to Darwin.

2.3.1. Minimum, maximum and average demand for each delivery point

Gas delivered into the AGP at Ban Ban Springs, which flows south, is used to meet the requirements of end-users at the following locations:

- Pine Creek: gas is delivered into power generation for supply of electricity to the local township and into the Darwin–Katherine transmission system
- Katherine: gas is delivered into power generation for supply of electricity to Katherine and into the Darwin–Katherine transmission system
- Daly Waters: gas is delivered into the McArthur River Gas Pipeline for transport to Glencore's zinc, lead and silver mining operations at McArthur River; and
- Elliot: gas is delivered into power generation for supply of electricity to the local township.

Gas flowing north into the AGP from Palm Valley and Mereenie is used to meet end-user requirements:

- on the Tanami Gas Pipeline: the Tanami Gas Pipeline interconnects with the AGP at Tanami Road and transports gas to gold mining operations in the Tanami Desert[11]; and
- at Tennant Creek: gas is delivered into power generation for supply of electricity to the local township and nearby mining operations.

Gas flowing north from Palm Valley must also meet the requirements of end users on the Palm Valley to Alice Springs Pipeline. This pipeline connects into the AGP approximately 2.9 km from the Palm Valley receipt point.

The minimum, maximum and average demand figures for each delivery point over the current access arrangement period, are shown in Table 2-5[12]. The demand figures for 2024–25 and 2025–26 are as estimated at April 2025.

[11] AGP gas deliveries into the Tanami Gas Pipeline commenced in February 2019.
[12] NGR s72(1)(a)(iii)(A)

Table 2-5: Minimum, maximum and average demands by delivery point

GJ/ day		2021–22	2022–23	2023–24	2024–25e	2025–26e
Darwin Channel Island	MIN	12,000	10,310	16,780	13,840	13,840
	MAX	39,600	37,570	34,570	34,570	34,570
	AVG	27,060	25,570	25,170	24,440	24,981
Darwin City Gate (distribution system)	MIN	10	–	–	–	–
	MAX	270	270	2,440	2,440	2,440
	AVG	80	60	100	330	330
Darwin City Gate (Wickham Point Pipeline)	MIN	–	–	–	–	–
	MAX	23,100	21,620	24,210	24,210	24,210
	AVG	13,130	7,620	5,440	1,390	15,314
Darwin Townend Road	MIN	–	90	–	–	–
	MAX	200	190	210	210	210
	AVG	150	170	160	160	160
Pine Creek	MIN	–	–	1,060	1,380	1,380
	MAX	6,090	6,140	6,070	6,110	6,110
	AVG	5,550	4,960	5,410	5,510	5,417
Katherine	MIN	–	–	–	–	–
	MAX	4,800	5,380	9,290	7,030	7,030
	AVG	290	1,040	1,600	2,100	1,226
Daly Waters	MIN	300	310	–	1,060	1,060
	MAX	10,440	10,030	12,430	10,170	10,170
	AVG	7,370	7,590	8,060	8,210	4,105
Elliot	MIN	40	–	–	–	–
	MAX	180	170	190	180	180
	AVG	120	100	100	130	130
Warrego (NGP)	MIN	–	–	–	–	–
	MAX	86,760	53,550	50,670	53,590	53,590
	AVG	45,450	21,410	13,370	8,130	20,292
Tennant Creek	MIN	420	520	320	710	710
	MAX	1,540	1,520	1,760	1,800	1,800
	AVG	870	1,060	1,160	1,330	1,330
Tanami Road	MIN	900	–	–	2,780	2,780
	MAX	8,080	13,000	10,000	11,000	11,000
	AVG	6,530	7,080	7,550	8,130	8,130
Palm Valley Interconnect (Alice Springs)	MIN	400	–	260	350	350
	MAX	6,580	15,650	7,630	8,220	8,220
	AVG	2,320	2,520	2,060	1,600	1,600
Total gas deliveries	**TJ**	**39,759**	**28,902**	**25,687**	**22,499**	**30,302**

2.3.2. User numbers at delivery points

The number of pipeline users at each delivery point over the current access arrangement period are presented below.

Table 2-6: Number of users at delivery points 2021–26

	2021–22	2022–23	2023–24	2024–25	2025–26e
Channel Island	1	1	1	1	1
Darwin City Gate	2	2	1	1	1
Wickham Point Pipeline	1	1	1	1	1
Townend Road	1	1	1	1	1
Pine Creek	2	2	1	1	1
Katherine	1	1	1	1	1
Daly Waters	2	2	2	2	1
Elliot	1	1	1	1	1
Warrego	3	3	3	3	3
Tennant Creek	1	1	1	1	1
Tanami Road	1	1	1	1	1
Palm Valley interconnect	1	1	1	1	1

2.3.3. Annual volumes and users of services

For services provided using the covered pipeline which are “other services”, the numbers of users of those services and the annual volumes of gas metered as having been transported by the AGP are shown in Table 2-7.

Table 2-7: Other services: users and annual volumes

	2021–22	2022–23	2023–24
Firm transportation			
Users (no.)	4	3	2
Annual volumes (TJs)	36,839	26,055	24,085
Interruptible transportation			
Users (no.)	3	2	1
Annual volumes (TJs)	2,056	558	18

3. Forecast Capex

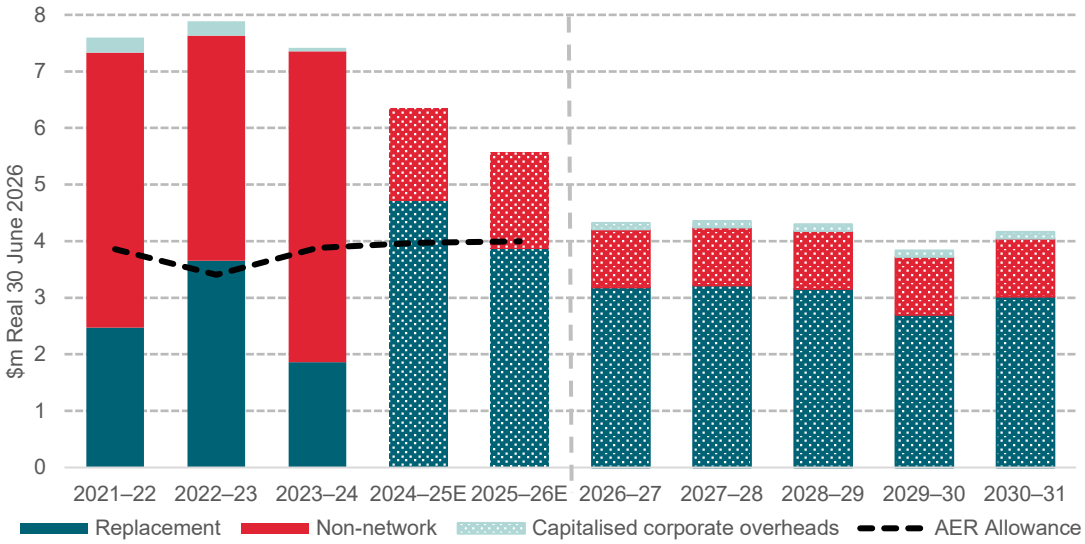
Amadeus' forecast capex for the Access Arrangement comprises expenditure on:

— asset replacements on the AGP;
— an allocation of APA's non-network corporate costs which include IT, leases on motor vehicles and corporate offices as well as any buildings directly attributable to Amadeus; and
— any capitalised corporate overheads on network capital expenditure.

There is no expansion capex included in the forecast for the period with total capex forecast at $20.9 million (real June $2026).

Figure 3-1 highlights the total forecast capex for the AGP compared with actual and estimated expenditure during the current access arrangement period, including the allowance previously approved by the AER.

Figure 3-1: Actual/estimated and proposed capex



As highlighted in the figure above, the total forecast capex for 2026–31 is significantly lower than the total capex expected to be incurred in the current access arrangement period.

However, it matches closely the capex allowance approved by the AER for 2021–26. In fact, Amadeus is forecasting a level of replacement capex that aligns with both the previous AER allowance and what is expected to be incurred over 2021–26. The large difference is driven by the significant non-network capex from 2021–26 which Amadeus has forecast to return to normal levels. The reasons for the non-network capex are explained in section 2.1.2.

3.1. Asset management

The requirements for asset replacement, and the costs expected to be incurred, are outputs from Amadeus's ongoing asset management planning.

In APA, asset management involves the identification and treatment of risks and opportunities and the allocation of APA's SIB capital budget over a 20-year window.

Capex projects are typically initiated using a process where physical and performance issues which threaten the safe and reliable operation of the assets are identified. Asset management plans are then developed and used to drive activities to meet or maintain the assets key objectives. Amadeus has identified 38 integrated business processes that ensure our assets are operated and maintained to maximise value in a safe, compliant and effective manner.

The AGP Lifecycle Plan presents a summary of the key aspects of management activities with respect to AGP and its associated laterals[13]. The plan is a collaborative document where process owners provide a snapshot of the performance of the asset and detail any necessary capex programs.

3.2. SIB Capital Projects

Amadeus considers replacement capex as capital expenditures on the pipeline itself as well as on the compressor, valves, metering, corrosion protection equipment and other facilities directly attached to the pipeline. It includes expenditure on the communications equipment and related software used to transfer data on the operating status of the pipeline, and on gas flows, to pipeline operators, and used to issue control instructions to remotely operated equipment located along the pipeline.

Replacement capex is required to ensure that existing levels of service to pipeline users can be maintained in the future. It includes expenditures to replace items of plant and equipment that have reached end-of-life, and expenditures to prolong the service lives of plant and equipment. Replacement expenditure also includes expenditures on the replacement of equipment required for continued operation which can no longer be maintained because components and technical expertise are no longer available from equipment manufacturers or suppliers.

The cost forecasts have been derived from the actual historical costs for similar projects. Amadeus can draw from a significant database of historical costs, from across the APA Group, including costs from original equipment manufacturers, and the costs of projects delivered by independent contractors.

The capital program comprises a number of relatively small-scale projects, so competitive tender processes have not been initiated for the purpose of deriving expenditure estimates. No contingency has been built into the forecasts, and no capex is forecast:

— to be funded by a party other than Amadeus; or

— rely on capital contributions.

When components are replaced, consideration is given to the maintenance requirements of the replacement components. However, without changes to the larger technical systems in which these components are parts, there is little scope to use the capital replacement process to materially reduce opex, or to avoid the capital cost associated with obsolescence or component failure by incurring additional maintenance opex.

Amadeus has not applied a materiality threshold for the provision of separate business cases. Instead, it has incorporated all planned network capex under the AGP Lifecycle Plan within business cases aggregated for each asset category. These categories and the forecast replacement capex over the period are shown in Table 3-1.

Table 3-1: Proposed 2026–31 replacement capex, by business case

$m real June 2026	2026–27	2027–28	2028–29	2029–30	2030–31	Total
Cathodic Protection	0.8	1.1	1.2	0.6	1.2	**5.0**
Facilities	1.0	0.7	0.5	0.7	0.4	**3.4**
Heat Shrink Sleeves	0.8	0.8	0.8	0.8	0.8	**4.1**
Other network expenditure	0.6	0.6	0.6	0.6	0.6	**2.8**
Total replacement	**3.2**	**3.2**	**3.2**	**2.7**	**3.0**	**15.3**

[13] *AGP – AAR 2026-31 – AGP Lifecycle Management Plan – June 2025*

A brief description of the nature of each capex project proposed by Amadeus is provided below but further detail including assessment of the likelihood and consequence consistent with APA's Risk Matrix can be found in the business cases[14] provided with the AGP Access Arrangement revision proposal.

3.2.1. Cathodic protection

Cathodic protection (**CP**) is a method used to prevent metal pipes, like those in gas pipelines, from corroding. Corrosion happens when metal reacts with the environment, which can cause pipes to weaken and eventually fail.

CP uses an electric current to maintain the pipeline at the desired electrical potential and connects the pipeline to a sacrificial metal that corrodes instead of the steel pipe. CP can slow the corrosion process down to negligible rates. CP ensures the pipeline remains strong and safe over time, preventing leaks or bursts that could result in capacity derating, safety issues and/or environmental damage.

Amadeus focuses on improving its CP system through several major elements:

— new CP sites;
— ground bed replacements; and
— replacement of obsolete CP units.

It is also planning to use satellite technology to improve the surveying of the effectiveness of the CP system.

New CP sites

As the pipeline coating slowly deteriorates with time, the protective CP current required to protect the pipeline increases, to a point where the current CP units do not have sufficient capacity to supply. CP surveys are carried out along the pipeline to identify locations of poor protection and additional CP units are installed to restore full protection at those points.

For the AGP it has been found that one additional CP site per year is a reasonable anticipation of the power requirement necessary to maintain the protective current.

Additional sites require the negotiation of additional sub-leases, which are at times difficult to obtain. To ensure that the annual additional requirement is achievable, the future requirements for the pipeline are assessed and typically five new sub-leases enter negotiation at a time. This process is planned for 2030–31 to ensure leases are in place for the new CP sites planned for the next Access Arrangement period.

CP ground bed replacements

A CP ground bed provides an electrical link between the anodes and the pipeline but are gradually consumed and require replacement. This is monitored throughout their life as the degradation is driven by usage not time. This enables regeneration of the site in a timely manner.

Given the number of CP sites on the AGP, it is anticipated that one site requires a ground bed replacement every two years to maintain the system. This has been budgeted for the 2026–31 period. However, ongoing monitoring may identify an increased requirement as the number of CP units that are in service increases.

[14] *AGP – AAR 2026-31 – Business Case – Cathodic Protection – June 2025*
AGP – AAR 2026-31 – Business Case – Heat Shrink Sleeves – June 2025
AGP – AAR 2026-31 – Business Case – Facilities – June 2025
AGP – AAR 2026-31 – Business Case – Other Capex – June 2025

CP unit upgrades

The CP units are effectively smart transformers that respond to the protection level on the pipeline. These units work continuously and have a finite life. A number of current units are outdated with spare parts difficult or impossible to obtain. Amadeus proactively replaces obsolete CP units prior to them failing, based either upon condition assessment or opportunistically when carrying out other electrical upgrades at a specific site. The typical annual installation rate is one to two units per year.

CP satellite data logger upgrades

The manual surveys of CP test points, the results of which identify locations of poor protection and are used to inform CP replacement expenditure, are currently carried out on an annual basis.

Amadeus is proposing to install satellite data loggers at 101 existing CP test points along the AGP. These will provide year-round data on the effectiveness of the CP system in all seasons. The use of satellite technology will also mean that the manual CP surveys will only be required every five years.

3.2.2. Facilities expenditure

Facilities include electrical, instrumentation and mechanical components of the pipeline system, including the compounds in which the equipment sits. The facilities capital programs are necessary to maintain the reliability, safety and integrity of the AGP and are identified through routine inspections or performance data and undertaken as planned refurbishment programs.

The facilities assets scheduled for replacement in the Access Arrangement period are:

- Hazardous area equipment;
- Remote terminal units (**RTU**);
- Batteries and battery chargers;
- Mainline valve actuators, and
- General compound improvements

Hazardous area equipment upgrades

Most pipeline sites have hazardous area rated equipment which requires inspection in accordance with AS/NZS 60079.17. Amadeus began a campaign in 2021–22 that focussed on upgrading several critical sites identified as having known aged degradation of equipment requiring upgrades to meet standard. Further sites have been scoped for required upgrade over the Access Arrangement period.

RTU replacement

RTUs are a microprocessor-controlled device that serve as the interface between field equipment and the Supervisory Control and Data Acquisition (**SCADA**) system. There are currently 39 RTUs along the AGP and the telemetry data they transmit is critical for the automated control and monitoring of the pipeline facilities.

A typical design life for a remote terminal unit is between 10 to 15 years. A number of units have been identified as requiring replacement due to poor condition and obsolescence.

Battery charger and battery replacements

An uninterruptible power supply is critical to the control, monitoring and cathodic protection of the pipeline. A battery and charger system along with power from a mains connection or solar panels provides electrical power for the meters, RTUs and CP sites on the pipeline. In the

absence of an uninterruptible power supply, critical sites cannot be monitored or controlled remotely via SCADA.

The batteries and battery chargers on the AGP have been assessed and a number are scheduled to be proactively replaced based on type, age and condition. Six to eight battery sites and two to three chargers are proposed to be replaced each year of the 2026–31 period.

Mainline valve actuator upgrade program

Mainline valves are installed on all pipelines to provide the option of pipeline isolation during times of emergency and are a standard item for pipeline safety. The valves are operated by actuators and there are 20 mainline valves installed on the AGP alongside scraper stations and at critical mid-sections. They can be operated locally or remotely via SCADA.

Due to obsolescence, Amadeus has been in a program to replace all the actuators on the AGP, at a rate of about two per year, prior to them creating maintenance and reliability issues. Further actuator replacements are planned over the Access Arrangement period.

Compound improvements

Compounds exist along the AGP and encompass fencing, grounds and huts to protect pipeline equipment. Typically, expenditure is required to upgrade fencing, repair erosion damage, repair roofs and paint huts at the various compounds along the pipeline.

Given their importance to protecting the assets that drive the safe and reliable operation of the pipeline, replacing any damaged items reduces the potential for the deterioration and failure of other assets.

3.2.3. Heat shrink sleeves

The heat shrink sleeves applied across the field welds when the AGP was constructed were intended to seal the pipeline from the environments. There are about 84,000 heat shrink sleeves along the length of the AGP.

Many heat shrink sleeves have failed due to the quality of application, end-of-life or ground movement which has allowed for the slow but steady growth of corrosion.

Data from In-line Inspections and Direct Current Voltage Gradients inspections (DCVG) is used to pinpoint the locations of corrosion and subsequent corrosion growth analysis identifies when the capacity of the pipeline would be impacted because of corrosion. This enables the development of the ideal repair schedule.

Over recent years, 15 to 20 corrosion repairs are carried out annually and it proposed to maintain this level of repair.

3.2.4. Other network expenditure

Other network capital expenditure focuses on two aspects:

— Major capitalisable maintenance, which relates to other activities that extend the life of assets. Predominantly, this expenditure is for the four yearly inspections of pressure vessels at metering stations as conducted by certified external parties; and
— Miscellaneous capital expenditure for minor plant and equipment purchased throughout the period in response to condition or age. This funding pool facilitates efficient replacement of those minor capital assets.

3.4. Non-network capex

Non-network or non-system capex is expenditure on assets which are not part of the pipeline or the facilities directly connected to the pipeline. This capex is an allocation of APA Group's assets (corporate assets) which support the operations of the APA Group pipelines and other businesses. They comprise:

— IT capability relating to the development and enhancement of finance systems, human resource systems, asset management and communication systems; and
— assets relating to motor vehicles and corporate premises.

For regulatory purposes, APA Group consistently allocates corporate assets to its portfolio of assets, on a revenue share basis. That is, the revenue earned by AGP relative to the total revenue of all of APA Group's assets. APA Group applies this approach consistently for all assets, including other regulated assets.

Amadeus has forecast non-network capex over the access arrangement period primarily based on historic annual costs, given the underlying consistency of expenditure on:

— shared corporate leases on corporate properties;
— shared leases on motor vehicles (**MV**); and
— directly attributable building costs for Amadeus.

The historical averages represents the best forecast for the 2026–31 period.

However, as shown in section 2.1.2, APA Group has had increased investment in IT in recent years to increase capability and meet new regulatory obligations. This includes improvements to Operational Technology (OT) which focuses on the physical devices used for communicating, monitoring, and controlling equipment.

This has meant that recent capex on ITOT is not a good indicator of the future spend. Instead, Amadeus has used APA Group's current planned expenditure on ITOT projects in 2026–27 and allocated a proportion to the AGP based on the projected revenue share allocation. Amadeus considers the level of capital expenditure in 2026–27 to be standard and conservative. Currently, this is the best annual forecast for the forthcoming access arrangement period and has been projected to remain constant in real terms.

Table 3-2: Proposed 2026–31 non-network capex

$m real June 2026	2026–27	2027–28	2028–29	2029–30	2030–31	Total
Leases (MVs & Corp offices)	0.3	0.3	0.3	0.3	0.3	**1.3**
Amadeus Buildings (NT)	0.1	0.1	0.1	0.1	0.1	**0.5**
Corporate (IT/OT)	0.7	0.7	0.7	0.7	0.7	**3.3**
Total	**1.0**	**1.0**	**1.0**	**1.0**	**1.0**	**5.1**

3.5. Forecast capitalised corporate overheads

Corporate overheads are a part of the capex cost of an asset and relates to the corporate support and management services provided by APA Group that cannot be directly identified and allocated to a specific capex purpose.

Capitalised corporate overhead costs typically include those for executive management, legal and secretariat, human resources, finance, and other corporate head office activities or departments. Certain capex made at corporate level within APA Group are allocated across operating businesses within the Group based on a revenue basis.

These allocations to the AGP are usually a minor component of capex and Amadeus has forecast them based on the average over the latest period from 2021-–22 to 2023–24.

Table 3-3: Proposed 2026–31 capitalised corporate overheads forecast

$m real June 2026	2026–27	2027–28	2028–29	2029–30	2030–31	Total
Corporate overheads	**0.1**	**0.1**	**0.1**	**0.1**	**0.1**	**0.6**

3.6. Forecast total capex

The forecast of conforming capex by driver and asset class for the 2026–31 Access Arrangement is shown in the following tables.

Table 3-4: Proposed 2026–31 capex by driver

$m real June 2026	2026–27	2027–28	2028–29	2029–30	2030–31	Total
Replacement	3.2	3.2	3.2	2.7	3.0	**15.3**
Expansion	–	–	–	–	–	**–**
Non-network	1.0	1.0	1.0	1.0	1.0	**5.1**
Corporate overheads	0.1	0.1	0.1	0.1	0.1	**0.6**
Total	**4.3**	**4.3**	**4.3**	**3.8**	**4.1**	**20.9**

All replacement capex and corporate overheads is allocated across the appropriate network asset classes and is therefore reflected in expenditure on Pipelines, Compressors, Meter Stations, SCADA or O&M facilities.

The non-network capex is reflected in the non-network asset classes, namely Buildings, Land and Easements, Corporate Assets (IT) and Leased Assets post 2021.

Table 3-5: Proposed 2026–31 capex by asset class

$m real June 2026	2026–27	2027–28	2028–29	2029–30	2030–31	Total
Pipelines	1.6	1.9	2.1	1.4	2.0	**9.1**
Compressors	–	–	–	–	–	**–**
Meter Stations	0.5	0.7	0.4	0.7	0.3	**2.7**
SCADA	–	–	–	–	–	**–**
O&M Facilities	1.3	0.8	0.9	0.8	0.9	**4.6**
Buildings	0.1	0.1	0.1	0.1	0.1	**0.5**
Land and Easement	–	–	–	–	–	**–**
Corporate Assets (IT)	0.7	0.7	0.7	0.7	0.7	**3.3**
Leased assets	–	–	–	–	–	**–**
Leased assets post 2021	0.2	0.2	0.2	0.2	0.2	**0.9**
Total	**4.3**	**4.3**	**4.3**	**3.8**	**4.1**	**20.9**

3.7. Forecast asset disposals

From time to time, Amadeus sells items of obsolete plant and equipment, including IT and telecommunications equipment, motor vehicles, items of mobile plant (principally trucks and trailers), and tools.

Amounts received from these sales vary from year to year depending on the items offered for sale, the state of those items, and conditions in the market for second hand plant and equipment. In 2023–24, reported asset disposals were significant due to accounting for the termination of a long-term lease.

When that year is excluded, annual asset disposals (reported in the roll forward models) have averaged $0.12 million over the last 12 years. This historical average of asset disposal values represents the best forecast for the period 2026–31.

Assets disposals are all typically disposals from within the asset class O&M Facilities. They are minor items of plant and equipment, so that disposals as decommissioned are the same as disposals as incurred.

Table 3-6: Forecast asset disposals 2026–31

$m real June 2026	2026–27	2027–28	2028–29	2029–30	2030–31	Total
O&M Facilities	0.1	0.1	0.1	0.1	0.1	**0.6**
Total	**0.1**	**0.1**	**0.1**	**0.1**	**0.1**	**0.6**

3.8. Immediate expensing

Forecast capex at the project level was reviewed and projects with expenditures which had previously been allowed as immediate expensing for tax purposes were identified. These projects are restricted to repair and minor part replacement activities and include replacement of CP units, heat shrink sleeves and battery and battery charger replacements.

Forecast capex on these projects were taken as forecasts of immediate expensing capex for the 2026–31 Access Arrangement and were used in the PTRM.

The forecast of immediate expensing capex is summarised in Table 3-7.

Table 3-7: Proposed 2026–31 immediate expensing capex

$m real June 2026	2026–27	2027–28	2028–29	2029–30	2030–31	Total
Pipelines	0.9	0.8	0.8	0.9	0.9	**4.2**
Meter Stations	0.1	0.1	0.1	0.1	0.1	**0.4**
O&M Facilities	0.4	–	–	–	–	**0.4**
Total	**1.4**	**0.9**	**0.9**	**0.9**	**1.0**	**5.1**

4. Regulatory Depreciation

Depreciation calculations for the regulated asset base for the 2021–26 Access Arrangement use forecast straight-line depreciation for the period and can be found in the RFM.

In projecting the capital base forward over the forthcoming access arrangement period, regulatory depreciation has been calculated using the straight-line method (based on weighted average remaining life) embedded in the PTRM. The projected capital base is discussed in section 5.

The standard and remaining asset lives used to calculate regulatory depreciation are based on outputs from the 2021–26 RFM, although adjustments have been made to:

— Separate IT assets from the 'O&M Facilities' asset class and determine the remaining asset lives for both classes. More information on this change can be found in section 5.1.

— Appropriately account for additions and disposals to leased assets into the future.

  The existing 'Leased assets' class does not have either an approved standard life or tax life. This means additions to the asset class over the 2021–26 period and into the future would not depreciate.

  To resolve this issue, a new 'Leased assets post 2021' asset class has been created with a 15-year standard life and tax life, and a weighted average remaining life and tax life based on additions over the 2021–26 period. Additions from 2021–22 and into the future will be captured in this asset class. This change impacts the opening regulatory asset base outlined in section 5.1.1.

The table below summarises the proposed standard tax and asset lives by asset class and highlights the change to the asset classes and lives approved in the 2021–26 Access Arrangement.

Table 4-1: Proposed standard and tax lives by asset class

Asset class	Approved in 2021–26 Access Arrangement		Proposed for 2026–31 Access Arrangement	
	Standard life (years)	Tax life (years)	Standard life (years)	Tax life (years)
Pipelines	80	20	80	20
Compressors	30	20	30	20
Meter Stations	50	20	50	20
SCADA	15	15	15	15
O&M Facilities	10	10	10	10
Buildings	40	40	40	40
Land and Easement	n/a	n/a	n/a	n/a
Corporate Assets (IT)	n/a	n/a	**5**	**4**
Leased assets	n/a	n/a	n/a	n/a
Leased assets post 2021	–	–	**15**	**15**

A summary of the 2026–31 depreciation by asset class is shown below. Detailed calculations can be found in the PTRM.

Table 4-2: Proposed 2026–31 straight-line depreciation

$m real June 2026	2026–27	2027–28	2028–29	2029–30	2030–31	Total
Pipelines	1.9	2.0	2.0	2.0	2.0	**9.9**
Compressors	0.5	0.5	0.5	0.5	0.5	**2.4**
Meter Stations	0.7	0.7	0.7	0.7	0.8	**3.7**
SCADA	0.0	0.0	0.0	0.0	0.0	**0.1**
O&M Facilities	1.4	1.5	1.6	1.7	1.7	**7.8**
Buildings	0.2	0.2	0.2	0.2	0.2	**1.2**
Land and Easement	–	–	–	–	–	**–**
Corporate Assets (IT)	1.5	1.7	1.8	0.7	0.5	**6.3**
Leased assets	0.5	0.5	0.5	0.5	0.5	**2.3**
Leased assets post 2021	0.6	0.7	0.7	0.7	0.7	**3.3**
Total	**7.4**	**7.7**	**8.0**	**7.0**	**7.0**	**37.0**

In calculating regulatory depreciation for 2026–31, the straight-line depreciation amount has been reduced by the amount of inflation on the opening capital base. A summary of the resulting calculation is shown below.

Table 4-3: Proposed 2026–31 regulatory depreciation

$m, Nominal	2026–27	2027–28	2028–29	2029–30	2030–31	Total
Straight-line depreciation	7.6	8.1	8.6	7.8	7.9	**40.0**
Less indexation	4.4	4.4	4.4	4.4	4.4	**22.0**
Regulatory depreciation	**3.2**	**3.7**	**4.2**	**3.4**	**3.5**	**18.1**

5. Capital Base

5.1. Opening capital base

In accordance with section 77(2) of the NGR, the 1 July 2026 capital base is calculated by rolling forward the capital base in the current Access Arrangement using the RFM.

The key steps for Amadeus are:

— using the values from the AER's 2021 Final Decision as the opening capital base;
— adding conforming capex over the period to the capital base;
— subtracting regulatory depreciation for the period using the indexed straight-line method calculated in the AER's RFM;
— adjustments to account for the difference between estimated and actual capex in the final year of the prior Access Arrangement period, as well as any benefit or penalty associated with that difference; and
— removing the value of any asset disposals.

The roll forward of the AGP capital base for the 2021–2026 period is shown below.

Table 5-1:Roll forward of the AGP capital base (partially as incurred)

$m, Nominal	2021–22	2022–23	2023–24	2024–25e	2025–26e
Opening capital base	127.6	134.1	147.3	154.5	158.8
Net capex	6.4	7.4	6.5	6.2	5.6
Regulatory depreciation	0.1	5.8	0.7	-1.9	-0.1
Adjustments for 2020–21 actual capex	–	–	–	–	-0.2
Closing capital base	**134.1**	**147.3**	**154.5**	**158.8**	**164.2**

5.1.1. Adjustments to the 2025–26 capital base

Amadeus is proposing final year adjustments to move IT assets, currently reported within 'O&M Facilities' asset class, to their own asset class titled 'Corporate Assets (IT)'. A standard life of five years and a tax life of four years is proposed for this new asset class, which broadly aligns with APA's financial and tax reporting lives for these assets as well as recent AER Access Arrangement decisions[15].

This adjustment does not change the capital base value as at 30 June 2026 but does change the amount of depreciation in the 2026–31 period.

Given APA's investment in IT assets over the last five years (see section 2), separation of IT related assets from the O&M Facilities asset class is sensible as:

— the O&M Facilities asset class has a 10-year standard and tax life which is not representative of IT assets;
— IT assets would comprise almost 40% of O&M Facilities as at 30 June 2026; and
— moving the short-lived IT assets to their own asset class will ensure the efficient recovery of associated costs from customers.

[15] MultiNet Gas 2023–28, Australian Gas Networks (Victoria and Albury 2023–28, AusNet Services 2023–28, Australian Gas Networks (SA) 2021–26, and Jemena Gas Networks (NSW) 2020–25

Amadeus has calculated the portion of the 'O&M Facilities' class that relates to IT assets and included the changes in the 'Forecast Final Year (2025–26) Asset Adjustments' section of the RFM input sheet.

A new asset class called 'Leased Assets post 2021' has also been created to accurately account for lease additions over the 2021–26 period and into the future (see section 4).

5.2. Projected capital base

Forecast asset values and lives at 30 June 2026 (see RFM calculations in section 5.1) form the opening capital base for the 2026–31 period. The capital base is then rolled forward using forecasts for the following components:

- conforming capex is added to the opening capital base;
- adjustments are made for capital contributions, speculative capex and the re-use of redundant assets as necessary;
- regulatory depreciation, calculated using the AER's indexed straight line method in the PTRM, is subtracted from the capital base, and
- asset disposals are also removed from the capital base.

There are no asset disposals or redundancies forecast for the 2026–31 Access Arrangement period.

AGP's projected capital base over the access arrangement period is calculated using the PTRM and summarised below.

Table 5-2: Proposed 2026–31 capital base

$m nominal	2026–27	2027–28	2028–29	2029–30	2030–31
Opening capital base	164.2	165.3	166.1	166.5	167.3
Net capex	4.4	4.5	4.6	4.2	4.7
Regulatory depreciation	-3.2	-3.7	-4.2	-3.4	-3.5
Adjustments	–	–	–	–	–
Closing capital base	**165.3**	**166.1**	**166.5**	**167.3**	**168.5**

6. Demand – Forecast pipeline capacity and utilisation

Amadeus has prepared a forecast of pipeline capacity and utilisation of pipeline capacity for the Access Arrangement as required under the NGR.

As a gas transmission pipeline, users' demand for services is for pipeline capacity through the provision of firm transportation service. The demand for the transportation and delivery of annual volumes of gas largely depends on users' decisions with regards to their contracted capacities.

The basis on which the AGP demand forecasts have been derived is summarised below, but further detail is provided in the supporting report *AGP – AAR 2026-31 – Forecast demand and utilisation of pipeline services - June 2025.*

6.1. Forecast methodology

Local demand for gas volumes in the Northern Territory has not changed markedly and the requirements for capacity and the use of that capacity to transport gas are stable. These can be forecast with some confidence.

Demand forecasting for the AGP is derived directly from contractual and historical data. The forecasts are largely based on trends in demand and volumes over the current access arrangement period. The use of time series extending over more than 12 months takes account of any seasonal patterns in the demand data.

When forecasting demand, complex modelling and calibration have not been required to produce the forecasts as they:

— are derived directly from contractual and historical data;
— do not apply any weather normalisation when forecasting demand; and
— take account of seasonal patterns by using time series extending over more than 12 months.

Key assumptions behind the demand forecasts for the AGP are:

— no new capacity for firm transportation service is planned during the period 2026–31;
— local demand is not expected to change significantly, although the delivery of gas to the Daly Waters delivery point is expected to end prior to the Access Arrangement period;
— the use of firm transportation service for the transportation of gas for power generation under pre-existing agreements will continue;
— the NGP is assumed to be in operation for the Access Arrangement period and pre-existing agreements for the firm transportation of gas to Warrego, for delivery to the NGP and transportation into the East Coast gas market will continue;
— the capacity available for firm transportation service will remain fully contracted but the interruptible transportation service is available to be utilised for the transportation of gas to Warrego for delivery into the NGP; and
— a new receipt point will commence operation with the Sturt Plateau Pipeline connected to the AGP[16] for the Access Arrangement period.

If a new user requires firm service, the capacity of the AGP will have to be expanded to provide that service. There is interest in capacity, primarily for transportation to the NGP, but market participants are waiting for greater clarity around volumes and timings of potential gas supplies from the Beetaloo Basin.

There has been no long-term commitment to support pipeline expansion. Until there is clarity around future increased demand for firm services, Amadeus cannot provide an expansion plan

[16] There is also the potential for Daly Waters to become a receipt point during the access arrangement period.

for the AGP. Consequently, this Access Arrangement revision proposal does not include any proposal for expansion of the capacity of the AGP during the access arrangement period.

In these circumstances, the costs of the AGP are the largely fixed costs of providing the existing capacity. The costs are not dependent on the volume of gas transported and delivered so these demand forecasts provide context for, but do not explicitly determine, forecasts of capex and opex.

6.2. Forecast customer numbers

Customer numbers are forecast to be largely unchanged in the access arrangement period. There may be opportunity for additional customers to utilise interruptible services, but these have not been included in the forecast.

Table 6-1: Forecast 2026–31 customer numbers

	2026–27	2027–28	2028–29	2029–30	2030–31
Customers	**3**	**3**	**3**	**3**	**3**

6.3. Forecast pipeline capacity

The nameplate rating of the AGP is its maximum daily capacity to provide firm transportation service under the pipeline's normal operating conditions. Under the operating conditions in effect since interconnection with the NGP, the maximum daily capacity of the AGP to provide firm transportation service has been set at 165.0 TJ/d.[17]

The capacity constraint of 104 TJ/d flowing into the AGP at Ban Ban Springs combined with the maximum capacity for gas transportation north from Tylers Pass to Warrego of 61TJ/d was the basis for this nameplate rating.

With new gas supplies flowing into the AGP with the interconnection of the Sturt Plateau Pipeline, some of the supply constraints on the AGP have been mitigated. However, the nameplate capacity of the AGP is modelled by using typical peak demands as the basis for forecast load distribution. The NGP offtake point at Warrego has become the point on the pipeline where nameplate capacity is determined as the pipeline is constrained by:

— local demand being largely unchanged at around 75 TJ/d with no further gas deliveries at Daly Waters; and

— the deemed capacity of the NGP set at 90 TJ/d.

As a result, the nameplate rating of the AGP remains at 165.0 TJ/d under the pipeline's normal operating conditions.

6.4. Capacity for firm transportation service

The AGP's nameplate capacity may be 165.0 TJ/d, but the utilisation of this capacity is constrained by capacity at the delivery point into the NGP at Warrego.

Users with pre-existing agreements make maximum use of the capacity available for firm transportation service at the Ban Ban Springs receipt point (104 TJ/d) and can use up to a maximum of 50.4 TJ/d to transport gas south, to Warrego. If users with pre-existing agreements use 104 TJ/d for transportation from Ban Ban Springs, they have capacity to flow 41.0 TJ/d north, from Palm Valley and Mereenie. Users with pre-existing agreements can therefore transport up to 91.4 TJ/d to Warrego and into the NGP.

[17] https://www.aemo.com.au/energy-systems/gas/gas-bulletin-board-gbb/data-portal.

Given the capacity of the NGP is reported to be 90.0 TJ/d.[18], the aggregate receipt point capacity of 145.0 TJ/d in pre-existing agreements effectively uses all the capacity available for the provision of firm transportation service on the AGP.

None of these agreements is expected to terminate during the access arrangement period, and Amadeus expects the capacity to remain fully contracted. Consequently, Amadeus has forecast the demand for capacity for firm service continues to be 145.0 TJ/d, in each year of the Access Arrangement.

Table 6-2: Firm service capacity forecast 2026–31

TJ/day	2026–27	2027–28	2028–29	2029–30	2030–31
Firm capacity	**145**	**145**	**145**	**145**	**145**

6.5. Capacity available for interruptible service

Interruptible service can be made available using any unused part of the AGP capacity which has been contracted to users with pre-existing agreements. That capacity can be made available to other users subject to recognition of rights, in the pre-existing agreements, for gas to be scheduled ahead of gas scheduled for others.

For the setting of proposed reference tariffs, Amadeus has forecast demand for pipeline capacity for the provision of firm service equal to 145 TJ/d. As a result of this demand for firm pipeline capacity, Amadeus estimates around 33 TJ/d of capacity is potentially accessible for the provision of interruptible service.

Capacity may be available for this service, but the quantity will vary day by day and this limits the demand for that service as potential end-users are unlikely to be able to adapt their operations to the uncertainty in gas supply.

In the previous Access Arrangement period, Amadeus allowed for 15 TJ/d of interruptible transportation services but there was no take-up of this service over the period.

Amadeus has little information on demand for interruptible service during the access arrangement period so the volume of interruptible service which might be taken up by prospective users is inherently difficult to forecast. Amadeus has chosen to continue to allow for 15 TJ/d for interruptible services.

Table 6-3: Forecast demand for interruptible service 2026–31

TJ/day	2026–27	2027–28	2028–29	2029–30	2030–31
Interruptible service	**15**	**15**	**15**	**15**	**15**

6.6. Forecast demand at each delivery point

Table 6-4 highlights the forecasts for minimum, maximum and average demand at each delivery point from 2026–31. These forecasts are also provided in the worksheet *N1. Demand* of the workbook *AGP 2026-31 – Reset RIN – Workbook 1 – Forecast*.

[18] https://jemena.com.au/about/newsroom/media-release/2018/northern-gas-pipeline-construction-complete

Table 6-4: Forecast 2026–31 minimum, maximum and average demands, by delivery point

TJ/day		2026–27	2027–28	2028–29	2029–30	2030–31
Darwin Channel Island	MIN	13,840	13,840	13,840	13,840	13,840
	MAX	34,570	34,570	34,570	34,570	34,570
	AVG	24,793	24,607	24,422	24,238	24,056
Darwin City Gate (distribution system)	MIN	–	–	–	–	–
	MAX	2,440	2,440	2,440	2,440	2,440
	AVG	330	330	330	330	330
Darwin City Gate (Wickham Point Pipeline)	MIN	–	–	–	–	–
	MAX	42,370	42,370	42,370	42,370	42,370
	AVG	15,314	15,314	15,314	15,314	15,314
Darwin Townend Road	MIN	–	–	–	–	–
	MAX	210	210	210	210	210
	AVG	160	160	160	160	160
Pine Creek	MIN	1,380	1,380	1,380	1,380	1,380
	MAX	6,110	6,110	6,110	6,110	6,110
	AVG	5,423	5,423	5,423	5,423	5,423
Katherine	MIN	–	–	–	–	–
	MAX	7,030	7,030	7,030	7,030	7,030
	AVG	1,226	1,226	1,226	1,226	1,226
Daly Waters	MIN	–	–	–	–	–
	MAX	–	–	–	–	–
	AVG	–	–	–	–	–
Elliot	MIN	–	–	–	–	–
	MAX	180	180	180	180	180
	AVG	130	130	130	130	130
Warrego (NGP)	MIN	–	–	–	–	–
	MAX	90,000	90,000	90,000	90,000	90,000
	AVG	66,212	86,398	86,583	86,766	86,949
Tennant Creek	MIN	710	710	710	710	710
	MAX	1,800	1,800	1,800	1,800	1,800
	AVG	1,330	1,330	1,330	1,330	1,330
Tanami Road	MIN	2,780	2,780	2,780	2,780	2,780
	MAX	11,000	11,000	11,000	11,000	11,000
	AVG	8,130	8,130	8,130	8,130	8,130
Palm Valley Interconnect (Alice Springs)	MIN	350	350	350	350	350
	MAX	8,220	8,220	8,220	8,220	8,220
	AVG	1,600	1,600	1,600	1,600	1,600

7. Forecast opex

Amadeus has forecast opex for the Access Arrangement using the AER's preferred base, step and trend methodology.

When applying the base, step and trend methodology, Amadeus has:

- used 2023–24 as the base year for total opex cost;
- removed from the base year total cost any opex which is non-recurrent;
- removed from the base year total cost any opex that is a category specific forecast;
- trended the recurrent base year cost forwards across the access arrangement period by applying a series of indices to reflect the expected increase in costs;
- considered whether any step changes are appropriate for the forecast years; and
- added to the trended forecast of opex the category specific forecast expenditure. In this instance, Amadeus has individually forecast In-line inspection costs.

Amadeus's application of the base, step and trend methodology is set out in the model *AGP – AAR 2026–31 – Opex Model – June 2025* submitted as part of this 2026–31 Access Arrangement revision proposal.

7.1. Base year

Amadeus has used a revealed cost method – the base, step and trend method – to forecast total opex for the 2026-31 Access Arrangement revision proposal.

The costs of operating the AGP are the fixed costs of providing the existing capacity. They do not vary with the volume of gas transported and delivered and its operating costs are primarily the costs of scheduled preventative maintenance routines. In this circumstance, the base, step and trend method provides a reasonable forecast of opex.

Amadeus has chosen 2023–24 as the base year as it:

- is the most recent financial year with completed financial accounts;
- is most reflective of current conditions and will best reflect the actual costs of operating and maintaining the AGP; and
- it reflects a 'revealed cost' approach as preferred by the AER.

Using the revealed cost methodology for a base year is especially relevant given the asset's small size and the limited and consistent nature of its opex. Amadeus reported total opex for the AGP in the 2023–24 base year as $15.6 million (real, June 2026).

7.2. Adjustments to base year

The revealed cost methodology requires the base year to be analysed for any adjustments required for efficient increases or decreases in expenditure (step and scope changes).

Amadeus has reviewed the actual expenditure for 2023–24 and make the following adjustments to the base year to reflect expectations for the forecast opex. These adjustments are removing:

- In-line inspections costs as they are forecast separately;
- debt raising costs as they are determined separately in the PTRM;
- expenditure related to payroll adjustments (one-off costs); and
- non-recurrent expenditure on significant technology projects undertaken by APA in that year.

These items are described in more detail below. The base year revealed cost following these adjustments falls to $14.5 million.

7.2.1. In-line inspection costs:

Amadeus has forecast In-line inspection costs as a category specific forecast (section 7.6.1). As a result, the In-line inspection costs for 2023–24 ($0.2 million) are removed from the base year when applying the base, step and trend method.

7.2.2. Payroll adjustment

APA Group has conducted historical payroll reviews which identified that certain employees were not paid in full compliance with obligations under APA's enterprise agreements. As a result of the reviews, additional non-recurrent costs were recognised and allocated to APA Group assets, including the AGP, during 2021–22 to 2023–24. These costs ($0.2 million) have been removed from the base year.

7.2.3. Information technology projects

APA Group allocates corporate costs across its operating assets. The allocation is based on the revenue share of each asset. Revenue allocation means that corporate costs attributable to a particular asset can vary from year to year depending on the financial performance of group assets. There are, however, efficiency gains to Amadeus from being part of a larger corporate group.

These costs are forecast using the base, step and trend method along with all other opex. This is usually appropriate and will capture the typical non-recurrent annual expenditure as well as any increases in corporate costs that are recurrent due to new regulatory obligations, such as the advent of the SOCI *Act.*

However, APA's corporate costs in 2023–24 included significant expenditure on large IT projects with APA reporting technology transformation costs of $84 million[19]. This is estimated to include $53 million on projects that were non-recurrent and atypical when compared to the standard annual IT expenditure, such as expected in 2024-25.

Amadeus believes this expenditure should be excluded from its opex forecast and has therefore removed costs from the base year that reflects AGP's share of these IT projects (a reduction of $0.7 million).

7.3. Step changes

Amadeus believes the adjusted base year appropriately reflects the efficient, recurrent operating costs for the AGP. No step-changes have been identified or applied in the access arrangement period.

7.4. Output growth

When using the base, step and trend method to forecast opex, Amadeus has not included any driver for output growth.

Pipeline capacity is not forecast to change, and there is no plan to extend or expand the AGP in the access arrangement period. Although an additional gas receipt point is planned, this will not impact the available capacity on the pipeline.

In these circumstances, the operating costs of the AGP are principally the costs of operating and maintaining the existing assets which comprise the pipeline.

Amadeus has not included any output growth driver when forecasting opex and has not needed to account for economies of scale.

[19] APA Group, *Annual Report 2023-24*, p 108.

7.5. Real price change

Amadeus has used a forecast of real labour price change when forecasting opex for the forthcoming access arrangement period but has relied on CPI changes to reflect non-labour price changes.

From 2020–21 to 2023–24, Amadeus has reported the proportion of labour costs in total opex to average 70%. A forecast of real labour price change has consequently been applied to 70% of base year opex.

Amadeus has used a national forecast of wage price index (**WPI**) inflation prepared by BIS Oxford Economics[20] to set the real labour price change.

BIS Oxford Economics noted that:

— stronger wage growth is expected to resume as stronger economic and employment growth returns from 2028; and

— the Australian All Industries WPI growth will remain high and, with CPI inflation easing, there will be growth in real wages from 2025–26 to 2029–30 averaging around 1.15% per annum.

Amadeus has applied the annual forecast of real labour price changes show in Table 7-1 when forecasting opex for the forthcoming access arrangement period.

Table 7-1: Real Labour Cost Escalation Forecasts

% change	2026–27	2027–28	2028–29	2029–30	2030–31
Electricity, Gas & Water WPI	**1.10**	**0.90**	**1.20**	**1.30**	**1.15**[21]

7.5.1. Productivity change

Amadeus has applied an annual forecast change in productivity of 0.50% in previous access arrangement periods. This was derived from the AER's final decision on *Forecasting productivity growth for electricity distributors*[22] that recommended a forecast of 0.50% per year as an appropriate opex productivity growth factor for electricity distributors.

In the absence of specific productivity forecasts for gas transmission, Amadeus has again used this forecast of 0.50%.

7.6. Category specific forecasts

Amadeus has included one category specific forecast in its estimate of total opex for the forthcoming access arrangement period, namely In-line inspection expenditure.

7.6.1. In-line inspection costs

In-line inspection of the AGP is a major activity that is carried out on a cycle of 10 years (with one section inspected every 7 years because the soil conditions are more conducive to pipeline corrosion).

The annual costs can vary markedly over the 10-year cycle (see Figure 7-1) as it is dependent on the number of sections that fall within a given year, as required under the preventative maintenance cycle. Consequently, Amadeus has relied on a category specific forecast for in-line inspection expenditure.

[20] *Labour Escalation Costs – Basslink Forecasts to 2029/30*, prepared by BIS Oxford Economics for APA, May 2023.
[21] in 2030-31, Amadeus has used an average real labour escalation based on the forecasts from 2026-30.
[22] AER, *Final decision paper Forecasting productivity growth for electricity distributor*s. March 2019

In-line inspection of the AGP is an activity in accordance with a pipeline integrity management plan which derives from Part 3 of AS 2885, the Australian standard for the operation and maintenance of gas and petroleum pipelines.

The In-line inspection requires using a remotely controlled inspection tool (an “intelligent pig”), which is run through the pipeline to collect data on its internal condition, and on the thickness of the pipe (allowing the identification of damaging sites of corrosion and metal loss).

Excavations are undertaken after an in-line inspection to both validate the results of the inspection process and allow for identified defects in the pipe and protective coating to be repaired.

This process is critical to maintaining the integrity of a gas transmission pipeline and ensuring:

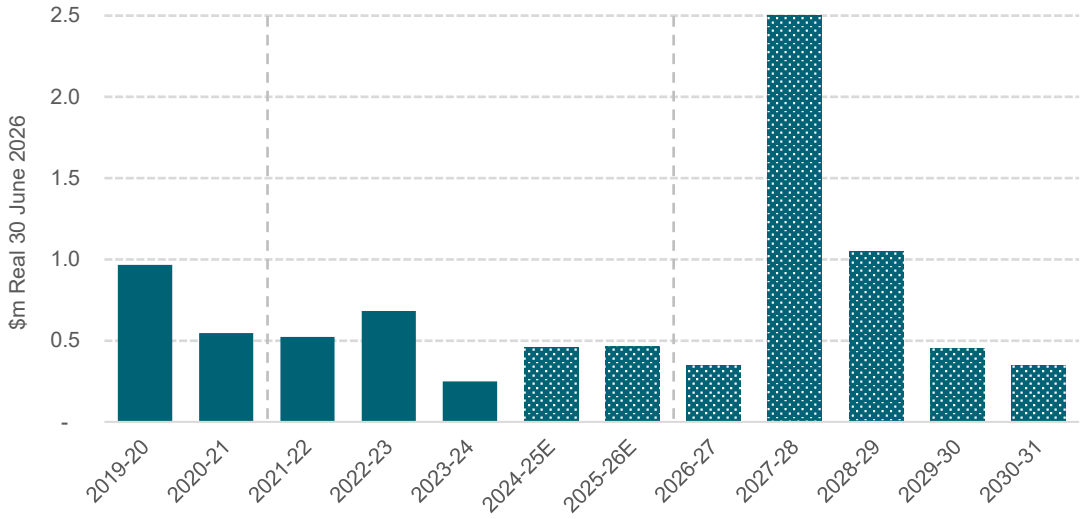
— continued pipeline operation at high pressures to sustain the pipeline capacity;
— the safety of employees; and
— the safety of public in the vicinity of the pipeline.

Inspections of different sections of the AGP are grouped by geography or pipe diameter and performed in different years defined by historical sequencing. This leads to higher opex in the years when a significant number of sections of the AGP are to be inspected.

The AGP has seven sections of DN350 pipe, and it is more efficient to inspect all these sections at the one time. This will take place in 2027–28 which is why the forecast inspection costs are higher in that year than in the previous eight years.

In other years, the current cycle will only call for in-line inspection of one or two sections of the AGP and associated verification dig-ups.

Figure 7-1: Actual and forecast In-line inspection costs ($m real June 2026)



In-line inspection of a gas transmission pipeline, and analysis of the inspection data, are technically complex activities. They are carried out by a small number of specialist firms, which operate in a global market.

Amadeus has estimated the costs for in-line inspection from the historical costs of inspections recently carried out by these specialist firms on APA Group assets. The forecast cost of excavations, undertaken in conjunction with the in-line inspection, are included in the forecast of in-line inspection costs. Amadeus has also estimated these costs based on recent experiences while taking into account the inspection locations and potential for defects.

In-line inspection costs were included as category specific forecasts in the current AGP Access Arrangement to ensure these costs were excluded from the efficiency carryover mechanism.

7.7. Opex forecast

Amadeus' forecast opex over the Access Arrangement, derived using the AER's opex model (see *AGP – AAR 2026–31 – Opex Model – June 2025*), is shown in Table 7-2.

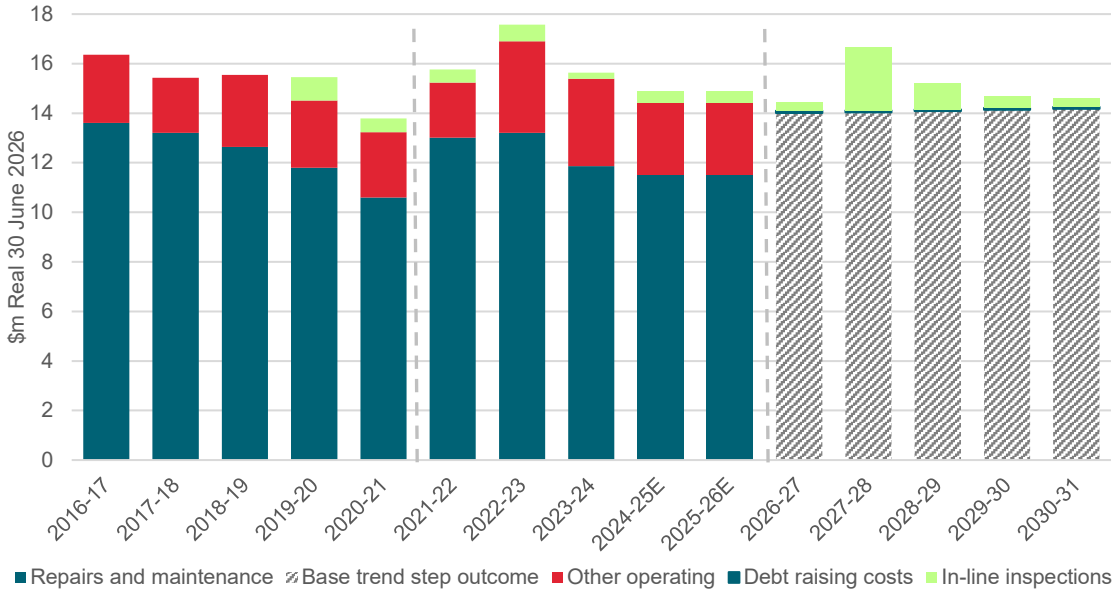
Table 7-2: Proposed 2026–31 opex

$m real June 2026	2026–27	2027–28	2028–29	2029–30	2030–31	Total
Operating and maintenance	14.0	14.0	14.1	14.1	14.2	**70.4**
In-line inspections	0.4	2.6	1.1	0.5	0.4	**4.8**
Debt raising costs	0.1	0.1	0.1	0.1	0.1	**0.4**
Total	**14.4**	**16.7**	**15.2**	**14.7**	**14.6**	**75.6**

A comparison of the forecast opex over the Access Arrangement period with actual opex over previous years is shown in real terms in Figure 7-2.

This highlights that Amadeus's forecast is consistent with historic operation and maintenance expenditure.

Figure 7-2: Historic actual/estimated and proposed opex



8. Rate of return

Amadeus has applied the AER's 2022 Rate of Return Instrument[23] when determining the allowed rate of return for each regulatory year of the Access Arrangement.

8.1. Rate of return

The rate of return is to be a nominal 'vanilla' weighted average of a rate of return on equity and a rate of return on debt:

$$k_t = k^e \times (1 - G) + k_t^d \times G$$

where:

k_t = rate of return in regulatory year t;

k^e = rate of return on equity for the Access Arrangement period;

k_t^d = rate of return on debt for regulatory year t; and

G = the gearing ratio of 0.6.

8.2. Indicative rate of return on equity

In accordance with clause 4 of the 2022 Rate of Return Instrument, Amadeus has calculated the rate of return on equity component (k^e) of the rate of return using the asset pricing model:

$$k^e = k^f + \beta \times MRP$$

where:

kf = risk free rate of return for the Access Arrangement period;

β = allowed equity beta of 0.6; and

MRP = the market risk premium set at 6.2% per annum.

Amadeus has estimated the risk free rate of return (k^f) as a simple average of the yields on Australian Government Securities with terms to maturity of 10 years over a placeholder averaging period.[24] The estimate of the risk free rate is 4.48%.

Using these values, and the asset pricing model of clause 4 of the Rate of Return Instrument, the indicative rate of return on equity is 8.20%.

Table 8-1: Rate of return on equity

Component		Value
Risk free rate	k^f	4.48%
Beta	β	0.60
Market risk premium	MRP	6.20%
Rate of return on equity	**$k^e = k^f + \beta$ x MRP**	**8.20%**

[23] AER, 2022 Rate of return Instrument (version 1.2), March 2024
[24] 20 business days ending 19 February 2025

8.3. Indicative rate of return on debt

The return on debt in regulatory year t of the access arrangement period (k_t^d) is to be a trailing average of rates of return on debt for a period of 10 years.

Amadeus has calculated the trailing average for each year of the Access Arrangement, which is to be the allowed rate of return on debt until that allowed rate is updated.[25]

Amadeus has calculated the on-the-day rate of return on debt using data for the placeholder averaging period to be 5.90%.[26] This placeholder value has been used to update the trailing average for each year of the Access Arrangement.

Table 8-2: Trailing average return on debt

Regulatory year	On-the-day rate	Trailing average
2016-17	5.56%	5.56%
2017-18	5.09%	5.52%
2018-19	4.50%	5.41%
2019-20	4.26%	5.28%
2020-21	2.85%	5.01%
2021-22	2.39%	4.69%
2022-23	4.00%	4.54%
2023-24	6.34%	4.61%
2024-25	5.83%	4.64%
2025-26	5.83%	4.67%
2026-27	**5.90%**	**4.70%**
2027-28	**5.90%**	**4.78%**
2028-29	**5.90%**	**4.92%**
2029-30	**5.90%**	**5.08%**
2030-31	**5.90%**	**5.39%**

The trailing average is updated over the subsequent years of the access arrangement period with actual on-the-day rates, so the rate of return on debt will vary from Table 8-2.

8.4. Indicative rate of return

Amadeus has provided the indicative rate of return for each year of the Access Arrangement in Table 8-3.

Table 8-3: Indicative 2026–31 rate of return

Parameter	Formula	2026–27	2027–28	2028–29	2029–30	2030–31
Return on equity	k^e	8.20%	8.20%	8.20%	8.20%	8.20%
Return on debt	k^d	4.70%	4.78%	4.92%	5.08%	5.39%
Gearing ratio	G	60%	60%	60%	60%	60%
Rate of return	**$k = k^e \times (1–G) + k^d \times G$**	**6.10%**	**6.15%**	**6.23%**	**6.33%**	**6.51%**

[25] See s10 to s22 of the AER 2022 Rate of Return Instrument
[26] 20 business days ending 19 February 2025 and using Bloomberg yield curves only.

9. Corporate income tax

An estimate of the cost of corporate income tax, adjusted for the value of imputation credits available to certain classes of equity investors, has been included in the total revenue.

Section 87A of the NGR requires that the estimated cost of corporate income tax (**ETCt**) in each regulatory year of an Access Arrangement period be estimated in accordance with the formula:

$ETC_t = (ETI_t \times R_t)(1 - \gamma)$,

where:

ETI_t = an estimate of the taxable income for regulatory year t that would be earned by a benchmark efficient entity as a result of the provision of reference services if such an entity, rather than the service provider, operated the business of the service provider;

R_t = is the expected statutory income tax rate for that regulatory year t; and

γ = is the allowed imputation credits for the regulatory year.

Amadeus has calculated the estimated cost of corporate income tax during the access arrangement period using the PTRM[27] attached to this regulatory proposal. The model returns the estimated cost of tax and net tax allowance in each year of the Access Arrangement, as shown in Table 9-1.

The net tax allowance is the estimated cost of tax less the value of allowed imputation credits. Those credits have been valued at 57% of the cost of tax, in accordance with the AER's December 2022 Rate of Return Instrument[28].

Table 9-1: Estimated 2026–31 corporate income tax and net tax allowance

$m nominal	2026–27	2027–28	2028–29	2029–30	2030–31	Total
Tax payable	-	0.0	1.3	0.9	0.9	**3.1**
Value of imputation credits	-	-0.0	-0.7	-0.5	-0.5	**-1.8**
Net tax allowance	**-**	**0.0**	**0.6**	**0.4**	**0.4**	**1.3**

[27] In accordance with s87A of the NGR
[28] See clause 27

10. Incentive mechanism

Amadeus has applied the efficiency carryover mechanism of section 8 of the AGP Access Arrangement to calculate the allowances for efficiency gains, and decrements for efficiency losses, for the access arrangement period.

These efficiency gains and losses, and how they are allocated accordingly in the total revenue of each year of the forthcoming access arrangement period, are summarised in Table 10-1.

Table 10-1: Estimated 2026–31 efficiency gains and losses

$m nominal	2026–27	2027–28	2028–29	2029–30	2030–31	Total
Efficiency gains/ losses	**- 4.8**	**- 2.0**	**1.2**	**-**	**- 0.7**	**-6.3**

10.1. Other incentive mechanisms

There are no other incentive mechanisms in the current Access Arrangement and Amadeus is not proposing additional incentive mechanisms for the 2026–31 period.

11. Revenue

11.1. Total and smoothed proposed revenue

Total proposed annual revenue and its components for the AGP Access Arrangement are summarised in Table 11-1. It also shows the smoothed total revenue (which has present value equal to the present value of the total revenue using the allowed rate of return as the discount rate), and the X-factors which effect the smoothing. The smoothed total revenue and the X-factors are calculated using the PTRM.

Table 11-1: Proposed 2026–31 revenue requirement and X-factors

$m, Nominal	2026–27	2027–28	2028–29	2029–30	2030–31	Total
Return on capital	10.0	10.2	10.4	10.5	10.9	**52.0**
Regulatory depreciation	3.2	3.7	4.2	3.4	3.5	**18.1**
Forecast opex	14.8	17.6	16.4	16.3	16.6	**81.8**
Efficiency gains/ losses	-4.8	-2.0	1.2	–	-0.7	**- 6.3**
Corporate Tax	–	0.0	0.6	0.4	0.4	**1.3**
Revenue requirement	**23.3**	**29.5**	**32.8**	**30.5**	**30.7**	**146.8**
Smoothed revenue	**27.7**	**28.5**	**29.2**	**30.0**	**30.8**	**146.2**
X-factors (%)	-17.1%	0.0%	0.0%	0.0%	0.0%	

The components of total revenue for the earlier and forthcoming access arrangement periods are compared in Figure 11-1.

Figure 11-1: AGP regulated revenue requirement: 2021–22 to 2030–31

12. Approach to tariff setting

In the Access Arrangement, Amadeus will offer reference services for:

— Firm Transportation; and
— Interruptible Transportation.

Each of these reference services have an applicable reference tariff.

12.1. Reference tariff structure

Amadeus proposes retaining the existing structures of the firm and interruptible reference service tariffs, namely:

— for the firm service, a $/GJ of contracted capacity per day for transportation between any receipt point and any delivery point on the pipeline; and
— for the interruptible service, $/GJ for the volume of gas transported between any receipt point and any delivery point on the pipeline.

The costs of providing services on the AGP are the fixed costs of investment in the pipeline and operating and maintenance costs, which do not vary with the volume of gas transported. Consequently, these costs are appropriately allocated to users based on:

— the capacity they contract for firm service provision through the GJ of maximum daily quantity (**MDQ**); and
— the volume of interruptible service they use through the $/GJ charge.

A description of the methodology used to set the reference tariffs for the firm and interruptible services, and a demonstration of the relationship between costs and the tariffs is provided in section 12.4.

12.2. Total revenue allocation

The NGR requires the allocation of the total revenue between reference and other services in the ratio in which costs are allocated between reference and other services[29].

The tariff for a transmission pipeline reference service must also be designed to generate from each reference service, the portion of total revenue referable to that reference service[30]. The portion of total revenue referable to a particular reference service is determined by:

— the costs directly attributable to each reference service being allocated to that service; and
— any other costs attributable to reference services to be allocated between them on a basis (which must be consistent with the revenue and pricing principles) determined or approved by the AER.

It is difficult to apply this methodology for the AGP as services provided under pre-existing agreements use all capacity available for the provision of firm transportation (and a small amount of the capacity available for interruptible service).

With no capacity available for the provision of the firm service reference service, no total revenue can be allocated to that service, and no reference tariff can be determined.

To provide users and prospective users an appropriate price for the firm reference service, the firm service reference tariff for the AGP is calculated by assuming that all the capacity used to provide the firm transportation services of pre-existing agreements is capacity which would otherwise have been used for the firm service reference service.

[29] NGR s93
[30] NGR s95

Users with pre-existing agreements for firm transportation service have maximum transportation capacity of 145.0 TJ/d while demand for interruptible services is forecast at 15.0 TJ/d for the access arrangement period.

Therefore, Amadeus has allocated total revenue between the maximum quantity of firm transportation service available under these pre-existing agreements, and volume of forecast interruptible service. All the total revenue has been attributed to the provision of the reference services.

Similarly, all costs are allocated by volume to the reference services with no cost directly attributable to either the firm service or the interruptible service. In this way, costs are allocated in a way which provides Amadeus with a reasonable opportunity to recover the efficient costs expected to be incurred in providing the firm service and the interruptible reference services.

This approach was accepted in previous AGP Access Arrangements and Amadeus has retained this approach for the Access Arrangement revision proposal.

Note, Amadeus has not proposed for any services to be treated as a rebateable service in the Access Arrangement revision proposal.

12.3. Reference tariff variation mechanism

The reference tariff variation mechanism in the AGP Access Arrangement allows for annual variation of the reference tariff for:

- Inflation,
- a change in the rate of return on debt[31], and
- material increases in cost attributable to one of the seven types of cost pass through events specified in section 4.7 of the Access Arrangement (including regulatory change, tax change, terrorism and natural disaster).

This mechanism can be applied annually to vary both the firm service reference tariff and the interruptible service reference tariff.

12.4. Reference tariffs

In setting the reference tariffs Amadeus follows the following methodology:

- smoothed total revenue (from the PTRM) is allocated between the firm service reference service and the interruptible service reference based on the demand forecast;
- the existing firm service tariff structure ($/GJ MDQ) and interruptible service ($/GJ of gas delivered) is retained;
- the firm service reference tariffs in the first year of the access arrangement period is the portion of smoothed total revenue divided by the total firm service capacity (145 TJ/d);
- the interruptible service reference tariff in the first year of the access arrangement period is the portion of smoothed total revenue allocated to the service divided by the average forecast quantity of interruptible service (15 TJ/d);
- over the Access Arrangement, the firm and interruptible service tariffs follow a CPI–X price path using forecast CPI, the X factors calculated by the PTRM, and the tariffs forecast for the final year of the current Access Arrangement period; and
- forecast revenue from the firm service and interruptible service reference tariffs over the access arrangement period have a total present value that equivalent to the total present value of the revenue derived in the PTRM[32].

[31] AER 2022 Rate of Return Instrument
[32] Shown in *AGP – AAR 2026–31 – Tariff Model – June 2025*

The proposed reference tariffs for the AGP are shown in Table 12-1.

Table 12-1: Proposed 2026–31 reference tariffs

Nominal	2025–26	2026–27	2027–28	2028–29	2029–30	2030–31
Firm ($/GJ/day)	0.3951	0.4750	0.4876	0.5006	0.5138	0.5274
Interruptible ($/GJ)	0.3951	0.4750	0.4876	0.5006	0.5138	0.5274

The firm service and interruptible service reference tariffs are the same value. However, they have a substantially different impact when taking the firm service load factor of approximately 70% into account.

This load factor results in the interruptible tariff being provided at a discount of around 30% per GJ of gas delivered when compared with the costs of the firm reference service.

13. Other Access Arrangement provisions

13.1. Service terms and conditions

The terms and conditions for the firm and interruptible transportation services are set out in Schedule 3 and sections 2.3 and 2.4 of the AGP Access Arrangement revision proposal.

Amadeus has proposed some minor changes to the terms and conditions, but they remain materially unchanged from the current Access Arrangement.

Amadeus's proposed Access Arrangement changes comprise:

— an update to incorporate an additional receipt point on the AGP;
— minor drafting amendments to accommodate changes to the NGL and NGR;
— changes to the Gas Specification outlined in Appendix A; and
— administrative amendments to update cross references to sections of the Access Arrangement and dates.

13.2. Cost pass throughs

Section 4.7 of the Access Arrangement details the cost pass through arrangements for seven types of Cost Pass Through Events. Each of these events is broadly defined, and determination of the related increase or decrease in costs from any one event requires detailed examination of the specific circumstances of the event.

Proposed changes have been made to the wording in this section of the Access Arrangement to:

— align the definitions for Cost Pass Through Events and the Materiality Threshold with recent AER Determinations and Draft Decisions;
— use consistent terminology for 'Reference Service' and 'Cost Pass Through Event'; and
— correct minor errors in language.

Administration of the AGP Access Arrangement is the responsibility of the Economic Regulatory and External Policy team within APA's Strategy and Corporate Affairs Group. Members of the team meet at least once every week to review and discuss regulatory matters.

Should events occur that either increase or decrease costs for the AGP, they would be identified by the Regulatory team who would alert the AER. Detailed data analysis would then be undertaken to confirm the costs and assess materiality against the Materiality Threshold definition, found in section 4.7.3 of the Access Arrangement. Where the event is material, AER approval for the cost pass through would be sought.

There is no proposed change to the cost Materiality Threshold of 1% – this aligns with the current Access Arrangement and recent AER Determinations and Draft Decisions. The existing and proposed Materiality Threshold definitions are shown below:

Existing definition	Proposed definition
For the purpose of any defined Cost Pass-through Event, an event is considered to materially increase or materially decrease costs where that event has an impact of one percent of the smoothed forecast revenue specified in the Access Arrangement information, in the years of the Access Arrangement period that the costs are incurred.	For the purpose of any defined Cost Pass Through Event, an event is considered to materially increase or materially decrease costs where the costs incurred, or likely to be incurred, in any financial year of the Access Arrangement Period, as a result of that event, has an impact that exceeds one percent of the Total Transportation Reference Service Revenue for that financial year approved by the AER.

Appendix A: Glossary

Term	Meaning
2021–26	The earlier Access Arrangement period that runs from 1 July 2021 to 30 June 2026
2026–31	The proposed Access Arrangement period that runs from 1 July 2026 to 30 June 2031
AAI	Access Arrangement Information
AGP	Amadeus Gas Pipeline
AEMO	Australian Energy Market Operator
AER	Australian Energy Regulator
Amadeus	APT Pipelines (NT) Pty Limited
Capex	Capital Expenditure
CP	Cathodic protection
CPI	Consumer Price Index, All Groups Weighted Average Eight Capital Cities
ETCt	Estimated cost of corporate income tax in each regulatory year
ETIt	Estimate of the taxable income for regulatory year t
GJ	Gigajoule
GJ/day	Gigajoule per day
IT	Information Technology
MDQ	Maximum Daily Quantity
NGL	National Gas Law
NGP	Northern Gas Pipeline
NGR	National Gas Rules
Opex	Operating expenditure
PTRM	Post-Tax Revenue Model
RBA	Reserve Bank of Australia
Reset RIN	Reset Regulatory Information Notice
RFM	Roll-Forward Model
RTU	Remote Terminal Unit
SCADA	Supervisory Control and Data Acquisition
SIB	Stay-in-business capital expenditure
SoCI	Security of Critical Infrastructure
TJ	Terajoule
TJ/d	Terajoule per day
WPI	Wage Price Index

Appendix B: Listing of Access Arrangement revision proposal documents

Revised Access Arrangement	
1	AGP – AAR 2026–31 – Access Arrangement Overview – June 2025
2	AGP – AAR 2026–31 – Access Arrangement (Clean) – June 2025
3	AGP – AAR 2026–31 – Access Arrangement (Tracked) – June 2025
4	AGP – AAR 2026–31 – Access Arrangement Information – June 2025
5	AGP – AAR 2026–31 – Engagement Summary Report – June 2025
Models	
6	AGP – AAR 2026–31 – Post-Tax Revenue Model (PTRM) – June 2025
7	AGP – AAR 2026–31 – Roll Forward Model (RFM) – June 2025
8	AGP – AAR 2026–31 – Depreciation Module – June 2025
9	AGP – AAR 2026–31 – Opex Model – June 2025
10	AGP – AAR 2026–31 – Capex Model – June 2025
11	AGP – AAR 2026–31 – Tariff Model – June 2025
12	AGP – AAR 2026–31 – Rate of Return – June 2025
Supporting Information	
13	AGP – AAR 2026-31 – Confidentiality Claims - June 2025
14	AGP – AAR 2026-31 – Forecast demand and utilisation – June 2025
15	AGP – AAR 2026-31 – Lifecycle Management Plan – June 2025
16	AGP – AAR 2026-31 – Business Case – Cathodic Protection – June 2025
17	AGP – AAR 2026-31 – Business Case – Heat Shrink Sleeves – June 2025
18	AGP – AAR 2026-31 – Business Case – Facilities – June 2025
19	AGP – AAR 2026-31 – Business Case – Other Capex – June 2025
20	AGP – AAR 2026-31 – Averaging Periods – June 2025 – Confidential
Reset RIN	
21	Reset RIN Response
22	AGP 2026-31 – Reset RIN – Workbook 1 – Forecast
23	AGP 2026-31 – Reset RIN – Workbook 2 – Historical
24	AGP 2026-31 – Reset RIN – Workbook 3 – Efficiency Carryover Mechanism
25	Attachment 1 Basis of Preparation
26	Attachment 2 Cost Allocation Methodology
27	Attachment 3 Audit Opinion – Public
28	Attachment 3.1 Audit Opinion – Confidential

29	Attachment 4 Director's Certification – Public
30	Attachment 4.1 Director's Certification – Confidential
31	Attachment 5 Statutory Declaration – Public
32	Attachment 5.1 Statutory Declaration – Confidential