

Attachment 9.15

IT Transition Further Information KPMG Report Australian Gas Networks IT Transition Costs

Revised Final Plan 2026/27 – 2030/31
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Australian Gas Networks IT Transition Costs

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KPMG have indicated within this report the sources of the information provided. We have not sought to independently verify those sources unless otherwise noted within the report.

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This report is solely for the purpose set out in the Scope Section and for AGN's information, and is not to be used for any purpose not contemplated in the engagement letter or to be distributed to any third party without KPMG's prior written consent.

This report has been prepared at the request of AGN in accordance with the terms of KPMG's engagement letter 12 January 2026. Other than our responsibility to AGN, neither KPMG nor any member or employee of KPMG undertakes responsibility arising in any way from reliance placed by a third party on this report. Any reliance placed is that party's sole responsibility.

1. Introduction

Purpose

The purpose of this report is to provide a perspective with regards to the planned transition of IT/OT systems and data to Australian Gas Network's (AGN) control (IT/OT assets) previously provided by APA Group (APA) under an Operations & Maintenance Agreement (O&M Agreement).

Background and context to the O&M Agreement

APA provided operations and management services (including field services, finance, engineering and IT) to AGN under an O&M Agreement commencing in 2007. A large component of the O&M Agreement related to the IT infrastructure, applications, management, maintenance and support functions which support the AGN business.

In December 2025, APA announced the completion of the strategic decision to exit the provision of these services going forward. APA announced it would provide post-handover services under transitional arrangements for a period of up to 18 months (unless extended by up to six months).¹

As a direct result of APA no longer providing these services, there is a need for AGN to transition the IT/OT assets from the APA environment for business continuity and ongoing service provision.

IT transition options and cost estimates to bring the IT/OT assets to AGN have been developed to determine a preferred approach for IT transition at the conclusion of this agreement on 30 June 2027.

KPMG's relevant experience with AGN

KPMG has supported AGN with advisory services relating to the provision of services by APA and the potential IT/OT transition program since 2021. Over this period, we have supported several relevant analyses, including:

- Review of various matters related to the services provided to AGN by APA under the O&M Agreement.
- IT/OT transition options analysis, operating model and program delivery design, and internal AGN business case development.
- IT/OT transition high-level planning to execute the migration of AGN IT services from APA.
- IT sourcing advice (ad-hoc).

Throughout the course of these engagements, KPMG has involved various subject matter experts from the following disciplines:

- The Energy and Gas sectors;
- Technology strategy and post-merger integration;
- Sourcing and procurement;
- Technical accounting; and
- Cyber Security, including regarding the Security of Critical Infrastructure (SOCI) Act.

¹ [APA completes divestment of gas distribution operations and maintenance entities](#), accessed 12/01/2026.

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We have drawn on the experience and perspectives of our partners and staff involved throughout the engagements above to provide the following points of view for the AER's consideration regarding the costs associated with IT Transition from APA:

1. AGN will incur unavoidable costs to transition the IT/OT assets currently within the APA environment given APA will no longer provide these services.
2. Transitioning the IT/OT assets currently within the APA environment to AGN is prudent, given the opportunity to:
 - A. Uplift cyber security posture and compliance with the SOCI Act by taking control and management of IT/OT assets.
 - B. Improve the cost profile for AGN over time by consolidating and rationalising IT/OT assets.
 - C. Improve customer outcomes by transitioning IT/OT assets to AGN to enable more direct control of the delivery of these services.

2. Context for Treatment of Costs

AGN will incur unavoidable costs to transition the IT/OT assets currently within the APA environment

The IT/OT assets have been managed by APA under the O&M Agreement and are within the APA IT environment. Given the discontinuation of O&M services by APA, there is a need to transition the IT/OT assets from the APA environment for business continuity and ongoing service provision. Our view is that this transition, either to AGN or to an alternative third party provider, and the associated costs are unavoidable for AGN.

Based on KPMG's knowledge of the AGN assets under management and of the Australian outsourced provider market for the gas sector, we believe there may be a few credible partners that have the capability to both operate the AGN gas infrastructure as well as provide supporting IT/OT services. This would incur significant upfront investment and costs which would need to be passed on.

A transition of the IT/OT assets to within the control of AGN is viewed as a practical risk-considered approach, given AGIG's existing experience and capabilities in operating distribution assets and technologies.

Transitioning IT/OT assets currently within the APA environment to AGN is prudent, given the opportunity to:

A. Uplift cyber security posture and compliance with the SOCI Act, from having control and management of IT/OT assets

As the AER would be aware, the responsible entity for critical infrastructure assets must be able to demonstrate it can identify, prevent, mitigate and respond across hazards and meet reporting / assurance requirements. That naturally favours operating models with strong control over OT/IT. Meeting increased security practices at meaningful maturity requires increased control over endpoint management, patching cadence, admin privilege controls, central logging and incident response workflows.

Accordingly, the transition costs associated with establishing control of IT/OT assets are not discretionary enhancements. They are necessary and unavoidable to maintain compliance with SOCI obligations following a fundamental change in the operating environment. The transition of IT/OT assets to AGN will provide greater direct visibility and control over cyber security infrastructure, governance and processes. This will enable AGN to better to identify, protect against and respond to cyber threats.

This visibility and control will further support improved accuracy and timeliness of updates for assets submitted to the *Register of Critical Infrastructure Assets* and AGN's associated *Critical Infrastructure Risk Management Program* (CIRMP).

B. Improve the cost profile for AGN over time by rationalising IT/OT assets

The transition of IT/OT assets to AGN will provide management with greater autonomy in decision-making over expenditure on AGN's technology landscape, and business case modelling conducted by AGN identifies numerous long-term opportunities to reduce AGN technology spend following the transition. It is expected, therefore, that AGN will have the ability to rationalise and consolidate IT/OT assets following the transition.

For example, within applications, 'Option 2' in the AGN IT Transition Business Case to lift/shift and merge anticipates a significant reduction in the number of applications following the initial Transition interim state, with potential Opex synergies. While 'Option 1' explored within the AGN IT Transition Business Case may be considered lower cost for the purpose of the Transition Project, this lift/shift option does not provide this opportunity. Under 'Option 1', duplicate applications with similar capabilities may incur a higher BAU operating costs (including application licencing and product support) over time.

C. Improve customer outcomes by transitioning IT/OT assets to AGN to enable more direct control of the delivery of these services

As part of the IT Transition, applications which form the basis for the customer experience – enterprise asset management system, metering and billing system, call centre, field mobility and full retail contestability (FRC) gateway – will be transitioned to the AGN IT environment and directly accessible to staff. Previously controlled by APA, direct access to and control of these systems would provide AGN with greater control of the end customer experience and the ability to improve customer outcomes. For example, direct control will provide AGN with improved line of sight over service performance and service quality metrics, and improve customer responsiveness, tightening the customer feedback loop.

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