APA
Australia's energy infrastructure partner

South West Pipeline Expansion Proposal - Addendum

Addendum to APA VTS Rule 80 Application
10 April 2026

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Summary

APA VTS Australia (Operations) Pty Limited (**APA VTS**) submits this Addendum to our 31 October application to the Australian Energy Regulator (**AER**) seeking an advance determination for approval to expand the South West Pipeline (**SWP**).

The Addendum sets out revisions to our October 2025 application that takes on board feedback in submissions made during the AER's public engagement on our Rule 80 application. Our revisions include a proposal to boost compressor reliability sought by AEMO. In addition, we are proposing to undertake early critical-path works for future looping options. This is in acknowledgement that stakeholders wanted to see potential longer term augmentation solutions.

Our revised Rule 80 application is seeking an additional $48.5 million in capital expenditure comprising:

- $1.7 million for a second compressor footprint at Stonehaven
- $16.0 million for early critical-path works associated with potential SWP looping
- $15.1 million for early critical-path works for potential looping of the Brooklyn Lara Pipeline (**BLP**)
- $15.7 million reflecting updated pricing for gas compressors.

We wish to point out that since our October 2025 application, the world-wide demand for gas compressors has increased. Several factors are driving this including the increase in energy demand caused by data centres. This increased demand has pushed up the price and the lead times for delivery of compressors. This makes delivery of the project time critical.

We stand firmly by our proposal, that the SWP compression-based option (Option 2) is the only augmentation option that can meet winter 2029 gas demand. Our revised proposal seeks additional capital expenditure for early compression works, and early critical-path works for a potential future looping option.

Our approach represents a prudent, least-regrets approach that preserves future expansion options. In doing so, our proposal meets the conforming capital expenditure criteria and promotes the long-term interests of consumers through secure, reliable and cost-effective gas supply, consistent with the National Gas Objective.

Background

On 31 October 2025, APA VTS applied to the AER under Rule 80 of the National Gas Rules for an advance determination on the prudency of capital expenditure to augment the SWP on the Victorian Transmission System (**VTS**).

The proposal to augment the SWP targets meeting winter 2029[1] system peak day requirements forecast by AEMO in the Victorian Gas Planning Report.[2] Our preferred option involved installing two compressor stations on the SWP at the cost of $195 million. This figure has since been revised to $211 million as discussed below.

The AER commenced a public consultation process including a public forum in December 2025 and invited interested stakeholders to make submissions on APA VTS's Rule 80 application for expansion of the SWP by Monday, 19 January 2026. The AER received eleven submissions (including one from APA VTS).

APA VTS is submitting this Addendum to our 31 October 2025 application following careful consideration of comments in the submissions and further engagement with key stakeholders.

[1] The October 2025 Rule 80 application targeted winter 2028. This has since been revised to winter 2029.

[2] AEMO 2025 Victorian Gas Planning Report and 2026 update. View here

Stakeholder engagement

This Addendum to the October 2025 Application proposes additions to the 31 October application to address matters raised in stakeholder submissions.

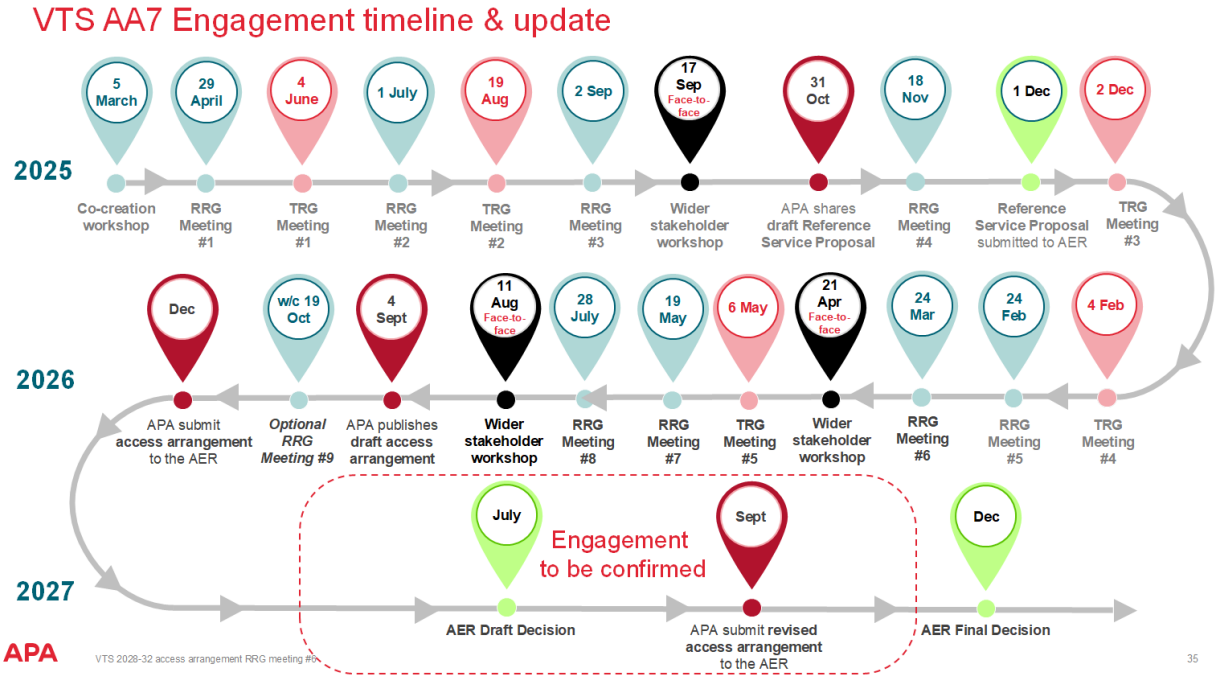
APA VTS has considered the submissions received from the AER in relation to APA VTS's Rule 80 application. While some stakeholders supported the proposed compression solution, there was also recognition of the need to consider longer term expansion options. The Victorian Government[3] requested that APA VTS further engage with AEMO to develop a revised proposal that has AEMO's support.

In response, APA VTS convened an independently facilitated workshop on 25 February 2026 with AEMO, the Victorian Department of Energy, Environment and Climate Action (**DEECA**), and the Energy Users Association of Australia (**EUAA**), with the AER attending as observers. The workshop focused on developing a shared understanding of the problem to be addressed for Victorian gas consumers, the relevant constraints and risks, and the range of potential expansion options.

Since that workshop, APA VTS and AEMO continued to collaborate on a prudent path forward including exploring sequencing options, timing of investment options, long-term impacts of a compression-only solution, address AEMO's reliability concerns, and align AEMO modelling assumptions including APA's East Coast Grid Stage 3 expansion.

The Addendum and our additional capital expenditure is the outcome of that engagement.

The Rule 80 application process is happening while we are revising the VTS access arrangement for the 2028-32 access arrangement period. APA VTS is committed to meaningful, ongoing stakeholder engagement to ensure decisions reflect the needs and views of customers and stakeholders. A comprehensive Stakeholder Engagement Plan has been developed in collaboration with stakeholders to guide the 2028–32 VTS access arrangement process. Dedicated forums have been established to support structured and transparent engagement. APA VTS has undertaken initial engagement with key stakeholders on the proposed SWP expansion and remains committed to ongoing consultation with VTS stakeholders.



[3] The Hon. Lily D'Ambrosio MP, Minister for Climate Action, Minister for Energy and Resources, Minister for State Electricity Commission submission to AER, 2 February 2026. View here

APA VTS has engaged on this matter with stakeholders involved in revising the VTS access arrangement. Stakeholders have expressed strong interest in the Rule 80 application, and sequencing of options being considered beyond winter 2029. We will continue to engage with VTS stakeholders on augmentation options.

While early action is needed to meet the 2029 shortfall, we will continue to engage collaboratively with VTS stakeholders to ensure the project supports Victoria's long-term energy reliability.

Clarification of timelines

In this Addendum, we wish to take the opportunity to revise timelines for the looping options set originally set out in the October 2025 application. The original and revised timelines for each of the options are shown in the following table.

	Rule 80 timeline – October 2025	Revised timeline– April 2026
Option 1 - 'Do Nothing'	N/A	N/A
Option 2 - Compression	Winter 2028	Winter 2029
Option 3 – Partial Looping (approx. 88km)	Winter 2029	Winter 2030
Option 4 – Full Looping (approx. 144km)	*'misses Winter 2029'*	Winter 2031

Currently, there are no decision-making timelines applying to an application under Rule 80. Our October 2025 application assumed that AER would make a final decision by February 2026 (within four months of the application).

The indicative timeline for key milestones in AER decision-making process allowed for a public engagement process, draft decision by March-April, and final decision by June-July 2026 (8–9-month process).

We understand from our international preferred vendor that the demand for compressors has significantly increased. As a result, the lead times from lodging an order to delivery has increased.

The Option 2 compression equipment lead times are on a critical timeline. While APA VTS is engaging closely with preferred vendors, any advance decision to proceed with Option 2 from the AER will give more certainty on the winter 2029 delivery dates.

We have revised the timelines for Option 3 (Partial Looping) to winter 2030, and Option 4 (Full Looping) to winter 2031.This is shown in the above table.

The extended schedules are a result of detailed field assessment studies undertaken in November and December 2025. These investigations provided higher quality information regarding native vegetation, threatened species and threatened ecosystems. The findings indicated that the regulatory approvals pathway for both pipeline looping options would be more complex and time consuming than previously anticipated based on earlier desktop assessments alone.

Revised approach

APA VTS has sought to address matters raised by stakeholders during public consultation. APA VTS believes that targeted additional compression to enhance operational reliability, together with the early commencement of critical-path activities for a potential future looping option, represents a prudent and least-regrets approach.

Accordingly, the scope of works for revised application includes an additional $48.5 million of capital expenditure for:

- **Second compressor footprint at Stonehaven**
  Civil works for a pad and ancillary expandability provision for a second compressor at Stonehaven that will provide for future optionality should additional compressor reliability prove to be prudent for the market in the future. It is cost efficient to undertake these works in a consolidated manner during stage 1. The estimated cost of these works is $1.7 million.

- **Early commencement of SWP looping critical activities**
  Early commencement of critical-path activities for future potential looping of the SWP associated with the next phases of the Iona expansion. Key activities include negotiating options for temporary construction licences with all anticipated relevant landholders for the partial looping program, legal costs for the options, undertaking surveys, and Environment Protection and Biodiversity Conservation (**EPBC**) offset deposits.

  The estimated target capacity for this partial looping program is up to approximately 750 TJ/d from Port Campbell (Iona) and the costs estimated reflect an assumption as to the amount of looping required in addition to compression to achieve this capacity. The scope proposed in this application is for early works (access & approvals and high level design) and any further scope would be the subject of additional conditions such as a relevant supply project in the Port Campbell region (e.g. Iona expansion, Otway supply) achieving Final Investment Decision (**FID**) or a similar commitment level and other relevant approvals. The estimated cost of this activity is $16.0 million.

- **Early commencement of Brooklyn Lara Pipeline (BLP) Looping critical activities**
  Early commencement of critical-path activities for a potential looping of the BLP. The looping of the BLP would support a proposed Geelong-region LNG import terminal to have a supply-line into the Melbourne metro demand region that reduces as much as feasible back-out of Port Campbell region gas supply from accessing demand at the same time.

  Similar to the above SWP partial looping proposal, the scope proposed in this application is for early works (access & approvals and high-level design) and any further scope would be the subject of additional conditions such as a relevant terminal project achieving FID or a similar commitment level and other relevant approvals. This scope will have activities as noted above. The BLP has about half the number of anticipated landholder option negotiations as the partial SWP looping program but also includes an estimate for completing about 50% of Environment Effects Statement (**EES**) submission. The estimated cost of this activity is $15.1 million.

- **Revised cost of Option 2 compression**
  Revised pricing for compression equipment. At the time of preparing this Addendum, our best available estimate of the additional cost is $15.7 million. This updated estimate reflects APA's most recent engagement with the compression supplier and benchmarks against other live compression projects being progressed by APA utilising the same proposed compression unit type.

The revised scope is consistent with APA VTS's preferred approach of incremental and sequential investment in an environment of uncertain Victorian gas demand and supply. It enables capacity to be expanded in stages as required, rather than through upfront capital expenditure that may not be utilised.

Detailed costing estimates

Further information for these for these activities:

1. **Second compressor footprint at Stonehaven ($1.7m)**
    a. Includes additional civil costs for second compressor and aftercooler pad, underground services, future tie-in connection points and allowance for expandability for shared infrastructure.

2. **Early commencement of SWP looping critical activities ($16.0m)**
    a. Readiness and submission for referral under the **EPBC** Act. This includes targeted field surveys and vegetation quality assessment and assumed deposit payments for offsets that APA would seek to procure prior to project FID to avoid future delays.
    b. Readiness and submission of pipeline licence application.
    c. Commencement of stakeholder, community and landowner engagement process encompassing negotiation with private landowners for detailed site assessments access and early negotiation for easement impacts from construction activities. This includes an assumption for option agreement negotiations for all anticipated landholders for temporary construction works.
    d. Preparation of the cultural heritage management plans. This includes engagement of the identified Registers Aboriginal Parties (**RAPs**), and detailed site assessment and field work for each RAP.

    Note: Further preliminary front end engineering design (**pre-FEED**) activities undertaken by APA post October 2025 Rule 80 submission has indicated the triggers for an EES referral threshold will not be realised. There is a risk of a third party referral (not included in build-up of estimate below).

3. **Early commencement of BLP Looping critical activities ($15.1m)**
    a. Readiness and submission for EPBC referral, including targeted field surveys and vegetation quality assessment.
    b. Readiness and submission for EES referral, plus an allowance for EES preparation following referral including Technical Reference Group meetings.
    c. Preparation of pipeline licence application.
    d. Commencement of stakeholder, community and landowner engagement process encompassing negotiation with private landowners for detailed site assessments access and early negotiation for easement impacts from construction activities. This includes an assumption for option agreement negotiations for all anticipated landholders for temporary construction works.
    e. Preparation of the cultural heritage management plans. This includes engagement of the identified RAPs, detailed site assessment, and field work for each RAP.

    Note: Previous works undertaken by APA have indicated the triggers for an EES referral threshold may be realised for this scope. This has been included in the cost estimate build-up.

4. **Revised cost of Option 2 compression ($15.7m)**
    a. In October 2025, APA VTS estimated cost of Option 2 (Compression) was $195 million based on procurement contracts entered into by APA January 2025 for a separate project.
    b. As part of the ongoing pre-FEED works post October 2025 submission, APA has reached out to preferred vendors for revalidation of pricing, including SWP specific budgetary quotes. The compressor package has seen price uplift during this period, reflective of the global demand for this equipment. This has also been tested against live compression projects that APA is undertaking elsewhere in Australia. The estimated increase from the original proposal is an additional $15.7 million for procurement of proposed compressors.

Detailed cost breakdowns are shown in the following table.

	Second compressor footprint at Stonehaven	SWP looping critical activities	BLP Looping critical activities	Additional funding for Option 2 - compressor procurement	Total
Project Management		1.0	0.8		**1.8**
Land & Approvals		13.6	12.9		**26.5**
Design	0.1	0.5	0.5		**1.1**
Procurement	0.2			15.0	**15.2**
Construction	1.3	0.2	0.2		**1.7**
Commissioning & Handover					
Corporate Overhead	0.1	0.7	0.7	0.7	**2.2**
Total ($m)	**1.7**	**16.0**	**15.1**	**15.7**	**48.5**
				Revised cost Option 2	
Total ($m) revised cost				**211**	

Indicative Schedule Summary – SWP Partial Looping and BLP Looping Access & Approvals Works

Indicative summary schedules for the access & approvals scope for which approval is sought under this addendum are reflected below. These schedules are for access & approvals work that will be undertaken during the current 2023-27 access arrangement period. These are early critical works that will facilitate potential looping of SWP and BLP.

APA VTS is preparing proposals for potential looping and other augmentation projects as part of the proposal for the 2028-32 (AA7) VTS access arrangement. Proposals for augmentation of the VTS will be topics for ongoing engagement and refinement through the VTS AA7 stakeholder engagement process. We are currently reviewing the 2026 VGPR and GSOO published by AEMO at the end of March which will provide new public information on demand and supply conditions in Victoria which will help inform our proposals.

The below schedules for early access & approval works in the 2023-27 access arrangement period are based on the following key commencement trigger dates:

- Submission of this Addendum by APA VTS to AER on 10 April 2026
- Final approval by AER of the Rule 80 application by June – July 2026 (current timetable). Noting we requested the AER expedite to final decision after it considers our revised proposal
- Estimated/target approval by APA Board in June 2026 – accordingly, the below schedules commence from June 2026.

The below access & approvals work and schedules are intended to ensure the scope can be delivered as expeditiously as possible to facilitate the SWP partial looping and BLP looping programs being delivered on timelines consistent with future potential supply project online dates.

The schedules are assumed to commence in June 2026, however this will be conditional on Rule 80 application approvals timing by the AER and APA Board approvals.

The AER's indicative timetable lists making a final decision on our Rule 80 application by June-July 2026. In early March, we requested that the AER pause the Rule SWP assessment process so we could revise our application to consider submissions made to our application, in particular, from AEMO and the Hon. Lily DiAmbrosio MP. And given that our proposed project was time critical to meet winter 2029 demand, we requested the AER consider expediting to final decision after it considers our revised proposal.

Following extensive engagement and information sharing, AEMO has acknowledged that APA VTS is the system planner and that we have determined that the compression-based option is the only option that can be delivered prior to winter 2029.

The ultimate target online dates for the full scope of SWP partial looping and BLP partial looping will be dependent on several triggers for relevant supply projects (e.g. final investment decisions or other similar levels of commitment) being achieved as well as VTS AA engagement, AER approval, APA Board Approval. This will enable other project scope items such as engineering and procurement to be undertaken.

Further project scope items may be either the subject of future Rule 80 application submissions and/or inclusion in the 2028-32 access arrangement proposal.

The VTS 2028-32 access arrangement proposal is due to the AER on 1 December 2026. Following public consultation and receipt of submissions in February 2027, the AER will make a draft decision in June 2027. We will submit a revised access arrangement proposal in August 2027. AER will call for a further round of submissions in September 2027. AER will publish its final decision in December 2027. The 2028-32 access arrangement will commence on 1 January 2028.

Indicative timelines

An example schedule is shown in Diagram 3 for SWP partial looping where the access & approvals. The schedule diagram 1 below is a subset of the overall schedule.

Diagram 1 – SWP Partial Looping Access & Approvals under this Rule 80 application

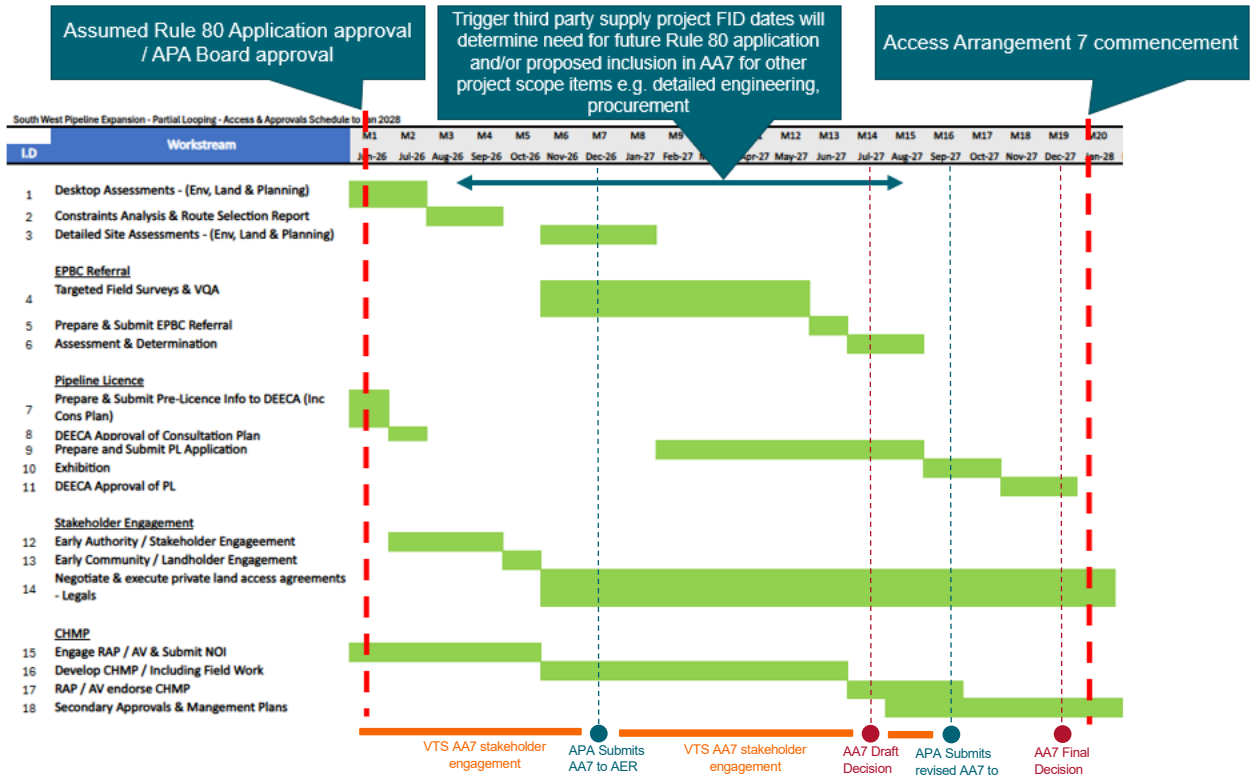


Diagram 2 – BLP Looping Access & Approvals under this Rule 80 application

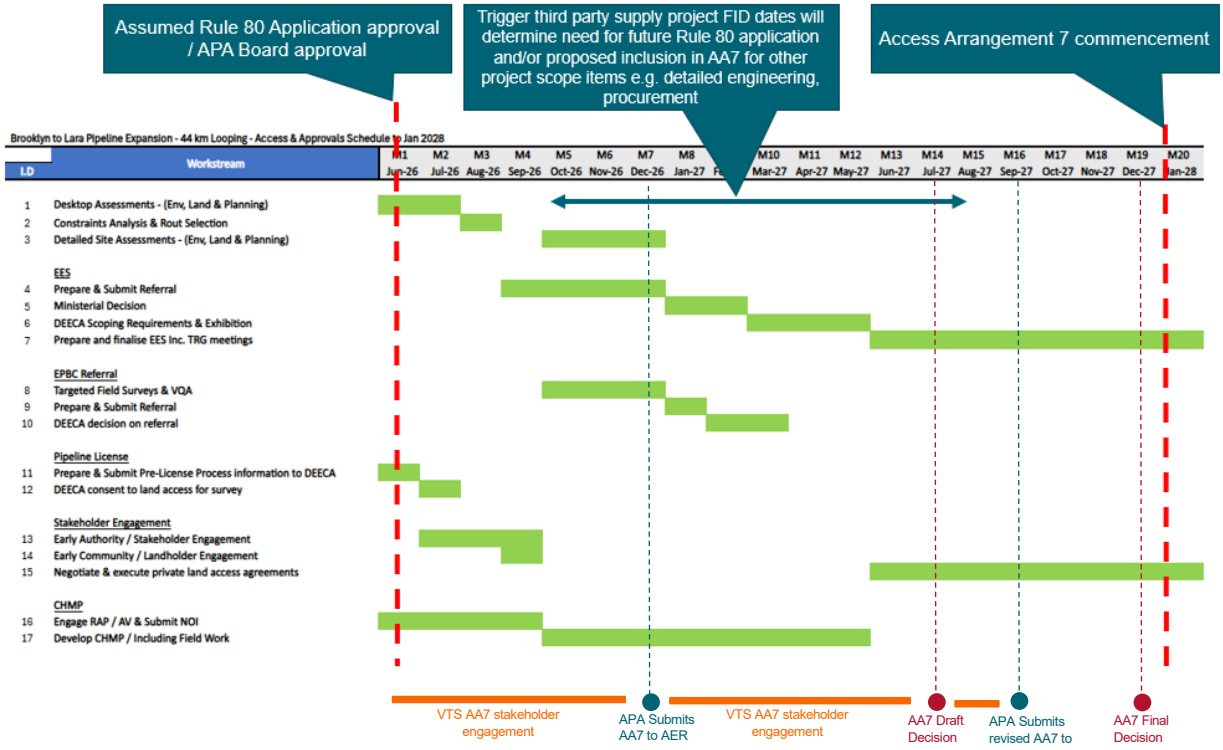
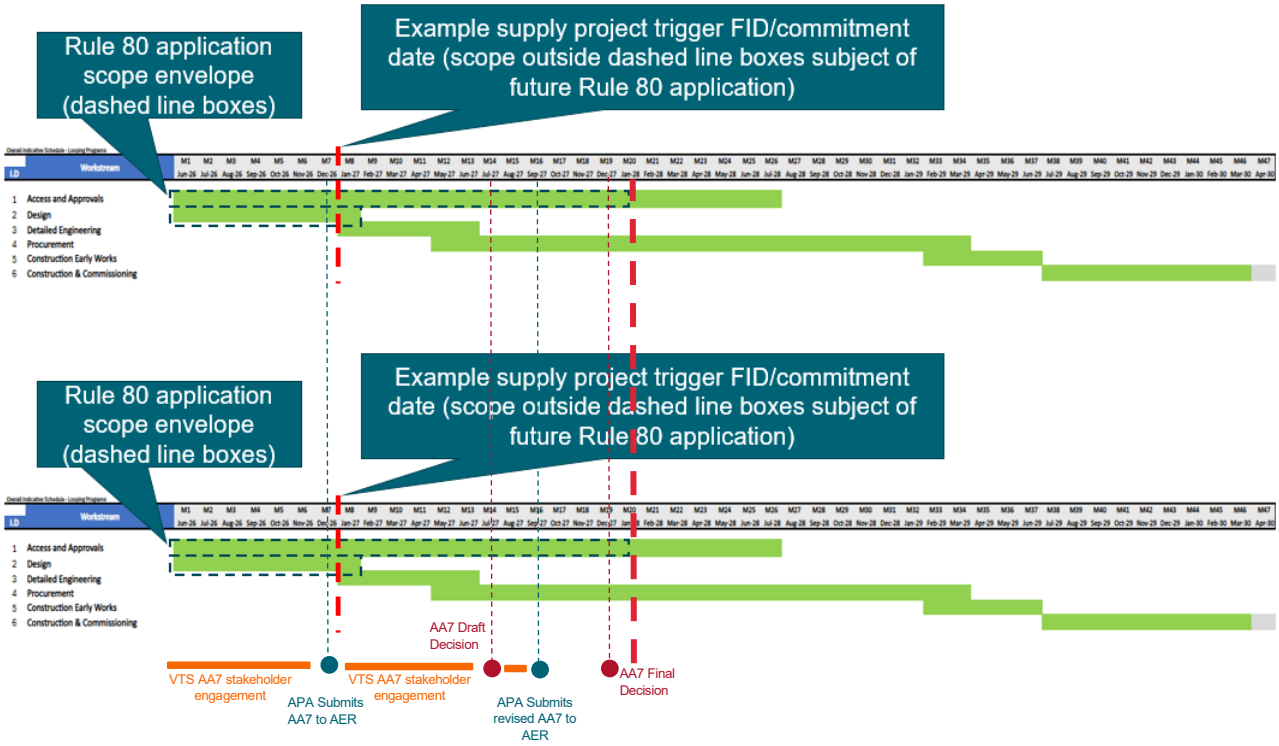


Diagram 3 – Potential full schedule for looping programs assuming supply project triggers achieved



Consistency with the National Gas Rules (NGR)

The revised expenditure satisfies the Rule 79 new capital expenditure criteria.

Prudence

The proposed expenditure is prudent as it directly addresses AEMO's operational reliability concerns associated with a compression-based expansion by providing for a second compressor footprint at Stonehaven. This mitigates reliability and operability risks while preserving flexibility for future expansion.

In addition, funding early commencement of critical-path activities for potential future looping is prudent given long lead times for approvals, land access and seasonal surveying, and reduces the risk of delivery delays for future projects.

Efficiency and least-cost outcomes

The expenditure represents a 'least regrets' approach. It is a targeted enhancement that improves system reliability and preserves future optionality without committing to larger, irreversible capital investment ahead of need. The approach avoids premature investment while maintaining the ability to respond efficiently to emerging supply and demand conditions.

National Gas Objective

By improving reliability, managing delivery risk and minimising costs while preserving future expansion options, the proposed incremental expenditure promotes the long-term interests of consumers through secure, reliable and cost-effective gas supply, consistent with the National Gas Objective.