

Overview of the 2027–32 Access Arrangement Proposal

Roma Brisbane Pipeline

1 July 2026





Acknowledgement of Country

At APA, we acknowledge the Traditional Owners and Custodians of the lands on which we live and work throughout Australia.

We acknowledge their connections to land, sea and community.

We pay our respects to their Elders past and present, and commit to ensuring APA operates in a fair and ethical manner that respects First Nations peoples' rights and interests.

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About this document

All dollars reported are Real 30 June 2027 unless otherwise stated. Totals may not add due to rounding.

We welcome customer and stakeholder views on this Overview document and the Access Arrangement as a whole.

Please share any feedback with us by emailing yoursay@apa.com.au.

Executive summary

We have prepared this Overview to support stakeholder engagement on the proposed 2027–32 Access Arrangement for the Roma Brisbane Pipeline (**RBP**). The Overview outlines APA's proposed revenue requirement, expenditure program, pricing approach and access terms for the period 1 July 2027 to 30 June 2032 and explains how stakeholder feedback has informed the Proposal.

The RBP, located in southern Queensland, transports gas to industrial customers, households and small businesses via distribution networks, and the increasingly important gas-powered generation (**GPG**) sector. While utilisation has been lower than expected in the current period, we expect the RBP to play a growing role in Queensland's energy transition as GPG demand increases over the next decade.

We have undertaken a fit-for-purpose stakeholder engagement program involving several stakeholders across formal meetings, surveys and workshops. Stakeholders identified reliability, affordability, and managing long-term customer risk as key priorities. In response, APA has:

- Refined its expenditure focus on safety and integrity
- Assessed alternative asset life scenarios
- Proposed targeted reforms to queuing arrangements, and
- Sought to balance tariff outcomes in light of a higher revenue requirement and lower forecast demand.

The Overview includes the following key elements:

- **Forecast smoothed revenue of \$359.9 million** for 2027–32, a **31% increase** on the current period, driven mainly by higher interest rates, inflation and increased investment required to safely operate an ageing pipeline.
- **Higher capital expenditure** focused on replacement and stay in business activities, including pipeline integrity programs, environmental remediation, asset upgrades and transition to the DN400 pipeline.
- Proposed capital expenditure for 2027–32 is forecast to be **\$18.0 million higher** than 2022–27, mainly driven by increasing pipeline integrity costs as the pipeline ages.

- **A proposed new asset class**, 'Integrity inspections', with a 10-year standard asset life, to reflect the cyclical nature of the ten-yearly in-line inspection program commencing from 1 July 2027.
- **Operating expenditure that remains broadly consistent with recent actuals**, with higher costs relative to the current allowance largely reflecting labour, IT, regulatory compliance and government fees. Operating expenditure has been forecast using the AER's preferred Base, Trend, Step methodology, with no step changes or category-specific forecasts applied.
- **Conservative demand forecasts**, with overall demand remaining below historical levels despite an expected increase in GPG demand.
- **Proposed refinements to queuing arrangements** to ensure the RBP can efficiently manage congestion, facilitate new connections, and ensure prospective users are not unfairly disadvantaged.
- **Continuation of the seven cost pass-through events** included in the 2022–27 Access Arrangement, with minor drafting changes to ensure consistent terminology and alignment with recent AER decisions. Based on recent history, we also propose a late change to include "epidemics" in the list of natural disaster event examples, to clarify that impacts on expenditure, not just asset losses, may fall within the event scope.
- The combination of a higher revenue requirement and lower forecast demand places **upward pressure on tariffs**. To address this upward pressure, APA proposes a price-smoothing approach under the Price Cap mechanism, phasing in real price increases over time to avoid a sharp first-year impact.

Throughout the engagement program there was a **recurring preference from stakeholders to shorten asset lives** to share the costs of recovery while there are still a large number of customers consuming gas. We did not have time to fully explore and discuss the outcomes of such a change ahead of finalising our Proposal, but we will **continue to examine this issue with stakeholders and present a final position** in our Revised Proposal to the AER.

We welcome feedback from customers and stakeholders on this Overview document and the Access Arrangement as a whole.

About the Roma Brisbane Pipeline

APA owns and operates the RBP through APT Petroleum Pipelines Pty Limited. The RBP plays a major role in energy supply and GPG in Southern Queensland. It currently receives gas from numerous receipt points and delivers gas to numerous delivery points including Brisbane and Toowoomba.

The RBP was commissioned in its original configuration in 1969. The pipeline was built from Wallumbilla to Bellbird Park and originally supplied the Brisbane area with gas from Surat Basin fields close to Roma.

Since that time, expansions have occurred and additional receipt and delivery points added, in response to market growth. Expenditure was undertaken in 2015 to allow bi-directional flows, with large quantities of gas now transported west to Wallumbilla. Each expansion was underpinned by negotiated contracts with third parties such as producers, power stations, gas utilities and major industrial customers. Additional coal seam methane field connections provide significant mid-line injections.

The RBP currently consists of a mainline, which is both compressed and looped, and four lateral pipelines:

- Peat and Scotia laterals, built in 2001 and 2003 respectively and totalling 145 km in length, connecting the RBP to coal seam methane gas sources near Peat and Scotia
- Swanbank Lateral, 8 km in length and built in 2001, feeding into the Swanbank Power Station, and
- Lytton Lateral, 6 km in length and built in 2010, supplying the Ampol Refinery.

The RBP also connects with the Queensland Gas Pipeline, which runs from the Wallumbilla gas hub to Rockhampton (via Gladstone).

The mainline is approximately 440 km long with 46 km of pipeline running through metropolitan Brisbane to Murarrie and Gibson Island. The metro section serves several distribution system offtakes.

The pipeline has seven compressors installed across six station sites, though only one compressor, at Dalby, remains in active operation.

Geographic location and route of the RBP



The principal sections of the RBP are listed below.

Section	Length (km)	Diameter (mm)
Wallumbilla to Brisbane	414	406
Wallumbilla to Brisbane	397	273
Metro section	46	219 – 406
Peat/Scotia Lateral	121	273
Lytton Lateral	6	219

Key facts and figures



984 km

pipelines
and laterals



167 TJ/d

eastern haul
capacity



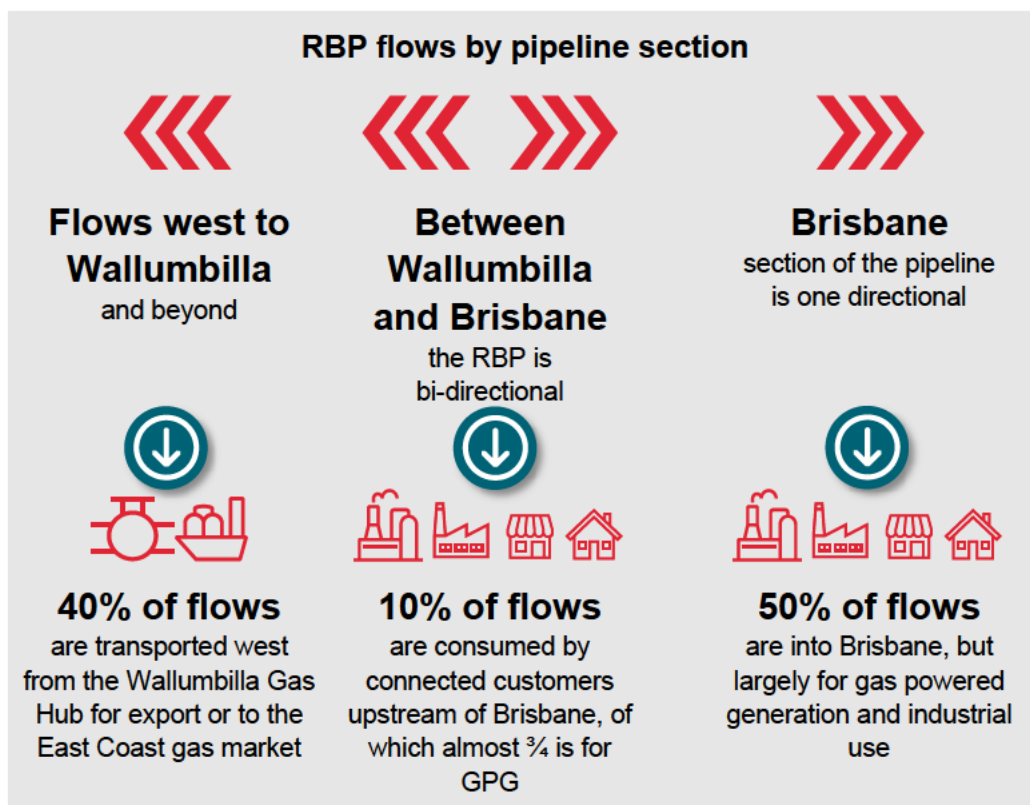
125 TJ/d

western haul
capacity



582 km

easement length



RBP customers and consumption



5

customers have
contracted Firm MDQ
to deliver gas to
Wallumbilla



40%

of RBP gas flows



5

GPG sites who use the
RBP to generate power



20%

of RBP gas flows



3

Directly contracted
industrial customers



5%

of RBP gas flows



5

Shippers

retailers who supply gas
to customers (either
directly or through
distribution networks)



35%

of RBP gas flows

Estimated 'end-use' customers

served by the distribution networks that connect
with the RBP



~30

industrial customers



~30%

of RBP gas flows



~200,000

residential & small
business customers



~5%

of RBP gas flows

Key highlights for 2022 to 2027 period

Capital expenditure

RBP is expecting to spend \$22.3 million (47%) more than the AER allowance of \$47.4 million for the period.



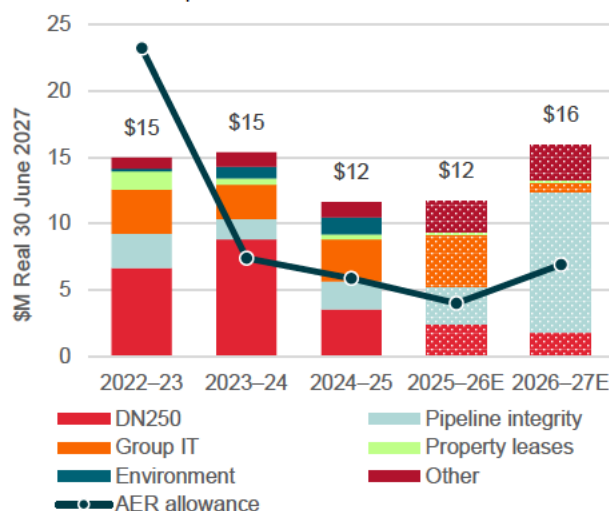
This is mainly due to delays in securing approvals, greater complexity and larger than expected increases in labour and material costs to complete the transition of customers from the DN250 to DN400 pipeline.



Unexpected urgent repairs to reinforce Gowrie Creek crossing after flooding caused significant erosion, exposing the pipe also made a small contribution to the overspend.

For more detail on actual capital expenditure, see the [Current period \(2022–27\) capital expenditure](#) section.

Actual and estimated capital expenditure
\$M Real 30 June 2027



Operating expenditure

Operating expenditure is expected to be \$12.8 million (10%) higher than the AER allowance of \$124.9 million over the period because of:



Higher than anticipated IT costs for cloud-based services and Security of Critical Infrastructure (SOCI) obligations.

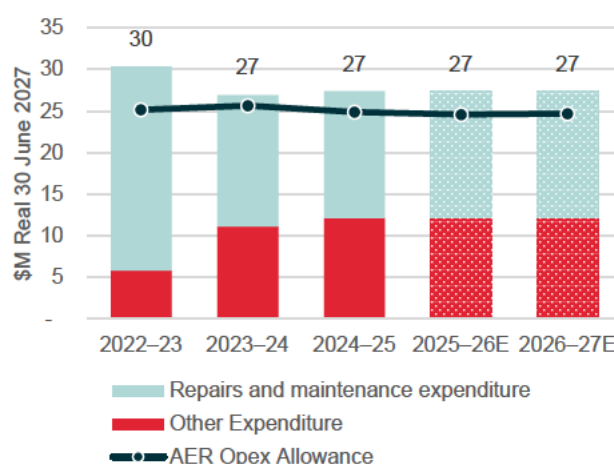


Higher direct and corporate labour costs related to contract labour and corporate activities, primarily related to SOCI requirements, and IT upgrades.



An unexpected increase in the Queensland Government's Annual Fee from 2024–25.

Actual and estimated operating expenditure
\$M Real 30 June 2027



Pipeline usage



Several structural and behavioural changes have reduced gas demand and overall utilisation below expectation in the current period – namely uncertainty surrounding the energy transition has led to a decline in long-term capacity reservations and an increased use of shorter-term contracting (day ahead or month ahead) as customers seek greater flexibility to manage cost risks coupled with industrial closures, including the Gibson Island facility.



This trend is expected to reverse over the next decade as the role of GPG increases, beginning with CS Energy's Brigalow Peaking Power Plant, that is due to be operational in 2028. The planned Swanbank and Gatton GPG units will also use the RBP for their gas supply.

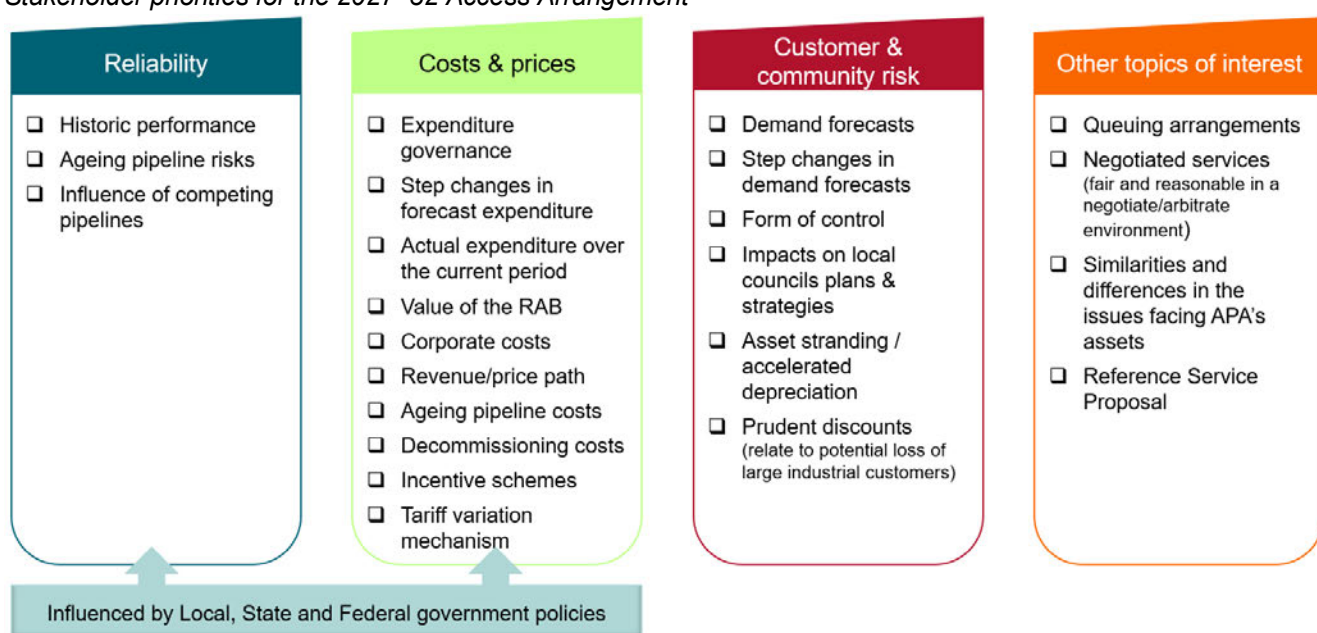
Our engagement for the 2027–32 Access Arrangement

The following pages provide a high-level summary of our engagement program and outcomes. A more fulsome description and summary can be found in the *Engagement Summary Report* that accompanies our Proposal.

Our engagement approach

To ensure our engagement program meets the priorities of our stakeholders, we invited over 60 individual stakeholders from more than 40 different organisations to participate in a Co-creation workshop in April 2025. Stakeholders' priorities were grouped into themes and topics and combined with the requirements of the AER's *Better Resets Handbook* to form a checklist for the engagement program.

Stakeholder priorities for the 2027–32 Access Arrangement



Representatives from 15 organisations expressed an interest in participating in regular engagement sessions to develop and shape the Access Arrangement. In line with the group's desires, our approach to engagement remained flexible, meaning the engagement plan and topics did alter to ensure areas of interest and all actions raised were responded to.

Engagement to date

To date we have held seven stakeholder meetings with this group and will reconnect following the release of the AER's Draft Decision. Three key topics for discussion at this next meeting are:

- The preferred RBP asset life – see the *Price outcomes of a shorter asset life* section
- Explaining our rationale for, and seeking feedback on, the late change to Access Arrangement wording regarding when contract renewals are considered to be spare capacity, and clarification that a contract renewal does not constitute a new access request – see the *Queueing arrangements* section, and
- Outlining the reasoning behind the proposal to include “epidemics” in the list of natural disaster cost pass through events and understanding stakeholder views on this inclusion – see the *Cost pass throughs* section.

A timeline of our stakeholder engagement interactions to date follows.

Timeline of stakeholder interactions and topics discussed to date

30 April 2025	Co-creation workshop	– Overview of the RBP – Identification of core issues and priorities – Agree evaluation and feedback loops
15 May 2025	Shared output from the co-creation workshop and a draft engagement plan	
4 June 2025	Stakeholder meeting 1	– Confirm engagement approach and plan – Overview of the regulatory framework, government policy context and operating context for the RBP – Understand whether changes are needed to the current reference services – Performance of RBP over the current period and future challenges and opportunities
20 June 2025	Shared the 'Draft Reference Service Proposal' for comments and feedback	
12 August 2025	Stakeholder meeting 2	– Expenditure governance – The risks and costs of an ageing pipeline and the impact of other nearby pipelines – Introduction to Access Arrangement terms and conditions – Overview of the building block approach and form of control
25 November 2025	Stakeholder meeting 3	– Explain the efficiency carryover mechanism – Outline stay-in-business capital expenditure programs – Future of the DN250 pipeline – Appetite to shorten asset lives – Appetite to reform the current queuing arrangements – Stakeholder survey questions and approach
10 February 2026	Stakeholder meeting 4	– Demand outlook and the impact on local government plans and strategies in light of the Queensland Energy Roadmap & Brigalow GPG – First look at operating expenditure and the output from the efficiency carryover mechanism – First look at capital expenditure, a proposed new 'Pipeline Integrity' asset class and why a Capital Expenditure Sharing Scheme should not apply to the RBP – Indicative revenue requirement and Regulatory Asset Base (RAB) and how different asset lives would impact revenue – Feedback on initial queuing arrangement changes
31 March 2026	Stakeholder meeting 5	– Corporate costs – Capital expenditure overspends and the impact of a potential Capital Expenditure Sharing Scheme – Updates to expenditure, the RAB, revenue requirement and APA's view of RBP's economic life – Demand forecasts, the preferred price path, prudent discounts, the tariff variation mechanism & rebateable services – Proposed changes to queueing arrangements – Review of the stakeholder survey questions

17 April 2026	Shared the 'Overview of the draft Access Arrangement' and the 'Draft Engagement Summary Report' with the wider group of RBP stakeholders for comments and feedback
29 April 2026	Stakeholder meeting 6 – Shared refinements to capital expenditure, operating expenditure and Efficiency Carryover Mechanism calculation since the group last met – Walked through and sought feedback on all matters included in the 'Overview of the draft Access Arrangement' – Shared the draft opening RAB result on 1 July 2027, the forecast RAB movements over the 2027–32 period and the forecast closing RAB value on 30 June 2032
12 May 2026	Stakeholder meeting 7 – Shared raw survey results and discussed outliers and comments to better understand the context to assist with accurately writing up the summary of the stakeholder survey results
5 June 2026	Shared the 'Draft summary of the stakeholder survey results' with the stakeholder group for comments and feedback
... on-going engagement to be confirmed following publication of the AER's draft decision	

What we heard and how we have responded

The table below is a summary of the key themes and topics raised by stakeholders. A more fulsome description of these queries and our responses can be found in the *Engagement Summary Report* that accompanies the Access Arrangement.

Priority	What we heard	How we have responded
Reliability 	Stakeholders wanted to know whether: – There are any other sections of pipeline using the same, now failing, pipeline coating as the DN250. – RBP programs face deliverability and price risk given competing infrastructure projects taking place in Queensland for the Olympics. – The RBP experiences competition from other nearby pipelines.	We explained: – There is 50km of DN300 pipeline in operation in Brisbane with the same type of coating. – Cost pressures are an issue, but our monthly governance process ensures continued prudence and project reprioritisation. – Producers in the Surat Basin can use the Darling Downs Pipeline as an alternative to the RBP, but we are the only pipeline that takes gas into Brisbane.

Priority	What we heard	How we have responded
Affordability 	Expenditure governance Stakeholders wanted to understand expenditure governance across APA and how RBP's actual expenditure for projects compares to budget.	We confirmed our expenditure governance processes are APA wide, with gateway teams established for each asset. We shared budget to actual data for projects completed in this period to demonstrate that most projects are completed within $\pm 20\%$ of their budget that is set when they secure funding as part of APA's annual cycle.
	Capital expenditure uncertainty Stakeholders wanted to understand how RBP handles unexpected events, for example if new instability were to emerge on the Toowoomba Range over the 2027–32 period.	We explained that contingent projects are not available under the gas framework. If instability were to emerge on the Range in the 2027–32 period, we will either conduct repairs and the expenditure will be subject to an ex-post review by the AER at the next reset period or, if the project can be deferred, the costs will form part of the expenditure discussions for the next reset (2032–37).
	Corporate costs Other than clarifying whether the corporate cost allocation methodology has been approved by the AER and whether the AER will assess the prudence and efficiency of RBP's share of the IT program, stakeholders raised no concerns with the proposed forecast of corporate costs.	We confirmed the cost allocation methodology is approved by the AER and the AER will assess the prudence and efficiency of all RBPs corporate costs. Our forecast corporate costs are expected to be significantly lower than in the 2022–27 period.
	Operating expenditure Other than wanting to understand the selection of the base year and to what extent natural disasters are covered by insurance, stakeholders raised no concerns with our operating expenditure forecast.	We explained we have adopted 2024–25 as the base year as this is the most recent audited data available at the time our Proposal will be lodged with the AER in June 2026 and confirmed the RBP is covered under APA Group insurance, no specific exclusions pertain and the standard \$2.5 million excess applies.
	Price path In the lead up to the Draft Overview, consumer advocates voiced a preference for continuous price increases and the avoidance of a large first-year price shock but indicated that RBP's customers would likely be best placed to comment. We subsequently targeted RBP customers for their price path preference and heard the following views: - One customer saw a higher uplift in the first year followed by no real price increases, as better supporting planning compared to a series of ongoing increases. - One customer thought equal X factors (the approach generally adopted by electricity networks) provided a suitable middle ground.	We are conscious of the fact that pricing preferences for contracted customers will necessarily be influenced by their contract timeframes and when they are due for renegotiation. As a result, and in line with our Draft Overview, we have targeted the same price rise in cents each year to avoid a sudden price shock in any year. We have presented a book end to this approach to highlight the reference service tariff outcome if prices were instead raised in the first year and then kept flat in real terms and we remain open to stakeholder views on a preferred price path.

Priority	What we heard	How we have responded
Customer & community risk 	Redundant assets Stakeholders queried whether there are any stranded or redundant assets in the RAB.	We confirmed that there are no stranded or redundant assets in the RAB.
	New asset class Other than clarifying the treatment of historical integrity inspection costs and asking whether regulators had approved this sort of asset class for other assets, stakeholders raised no issues or concerns with the creation of a new 'Integrity inspections' asset class.	We explained the intent of the new asset class is to correct the treatment of costs going forward, rather than attempt to unwind historical decisions and responds to stakeholders' concerns regarding accelerating depreciation and that the asset class has been approved by two regulators for two different APA assets.
	Shortening asset lives Stakeholders thought there may be an argument to shorten some asset lives to account for the expected decline in gas demand, though they also appreciated that any material change would be difficult given there is no explicit Queensland government policy on phasing out gas. We were also asked to share the tariff outcomes of reducing the asset life to end in 2050 from the start of the 2027–32 period and the following 2032–37 period, as pushing out the change may lead to larger price shocks for customers in the future.	We agree there is uncertainty about RBP's lifetime, but we are confident gas will continue to have a role well beyond 2050. However, we are open to shortening asset lives to align with a 2050 end date if this is what stakeholders would like. Our Proposal includes a section on the <i>Price outcomes of a shorter asset life</i> and we are specifically seeking stakeholder views as to whether the asset life should be shortened for the start of the 2027–32 period. We will continue to engage with stakeholders on this matter and reflect their preference in our Revised Proposal.
	Demand Stakeholders wanted to understand how forecast utilisation and peak demand compares to historic utilisation and peak demand and how the 'Queensland Energy Roadmap' and the latest Australian Energy Market Operator's 2026 'Gas Statement of Opportunities' have been considered in our demand. Concerned that forecast GPG demand is deferred or does not eventuate, stakeholders suggested we include a section on the reference price sensitivity to demand in our Proposal	We shared that demand and utilisation in the current period have fallen short of expectations due to industrial closures and uncertainty surrounding the energy transition. In forecasting demand for 2027–32 we have undertaken a bottom-up build for each customer segment and considered the Queensland Energy Roadmap and the 2026 'Gas Statement of Opportunities'. The demand forecast in our Proposal has been amended from that presented in our Draft Overview, in light of an independent expert's assessment of the broader east coast gas market and the interaction with forecasts for electricity demand in the National Electricity Market. Our Proposal includes a section on the <i>Sensitivity of prices to demand forecasts</i> .
Customer & community risk	Form of control Stakeholders wanted to understand why a revenue cap or hybrid 'cap and collar' form of control is not appropriate for RBP, given such changes are being applied to gas distribution networks.	We have included a section on <i>Form of control</i> in our Proposal document to explain why a price cap is the most suitable form of control for the contract carriage nature of the RBP.
	Capital expenditure overspends Stakeholders wanted to understand why RBP tends to overspend its AER	We explained that our forecasts are conservative and contain no contingency for unexpected events. Much of our costs are driven by modelled rates of corrosion and an assumed number of digs with a

Priority	What we heard	How we have responded
	allowance, whether forecasting accuracy is an issue and what the implications of applying the Capital Expenditure Sharing Scheme (CESS) to RBP would be.	base level of defects and features. Unlike above ground assets, the variability in the degree and extent of damage to a pipeline cannot be fully determined until it is excavated. Applying the CESS to the current period's expenditure would lower the average annual reference price for 2027–32 by two cents, but this would only immediately flow through to the two contracts on the reference price as negotiated contract prices stand until the time of the next contract negotiation.
Other topics of interest 	Queueing arrangements After sharing shortfalls with the current queueing arrangement, stakeholders supported the need to make changes. After we presented our proposed changes, other than clarifying whether customers should pay to be in the queue, to avoid locking up capacity and asking whether Developable Capacity had ever been used in practice, consumer advocates thought the proposed changes seemed reasonable, but that RBP's customers would be best placed to comment. We subsequently held one-on-one discussions with RBP customers in our stakeholder group who thought the changes seemed pragmatic. We also requested feedback and offered the opportunity to discuss the implications of the proposed changes from a wider group of stakeholders when we published our Draft Overview documents but received no feedback or requests for discussions.	We have proposed alterations to ensure we can efficiently manage congestion, facilitate new connections, and that prospective users are not unfairly disadvantaged. Our discussions with customers indicate the proposed changes are practical and supported as no concerns have been raised. However, we have made a late addition that we have yet to discuss with stakeholders for two aspects not considered in the existing Access Arrangement wording – namely: • when the capacity of existing shipper contracts approaching renewal is to be considered spare capacity, and • to clarify that a contract renewal does not constitute a new access request. We will discuss this change with stakeholders and obtain their feedback ahead of submitting our Revised Proposal.
	Reference service Proposal Stakeholders raised no concerns regarding the proposal to revert to just one reference service – long term firm transportation for the 2027–32 period.	We have adjusted the 2027–32 Access Arrangement to refer to just one reference service – long term firm transportation.
	Negotiated services A stakeholder was keen to understand whether customers have found the process of asking for other pipeline services, and the prices offered, satisfactory. We specifically asked what other information stakeholders were after in relation to the Negotiated services priority, but no other issues or concerns were raised.	A customer responded that from their perspective, the firm service meets their business' need and, whilst they don't tend to utilise most other services, 'In-pipe trade' had proven helpful and useful.

Assessment of our engagement program

Evaluation throughout the engagement program

Stakeholder feedback was captured throughout the process through a short evaluation survey that was sent following each meeting. The evaluation survey allowed stakeholder participants to rate the quality and content of the session and provide comments on what was done well, what could be improved in future sessions as well as any topics that stakeholders were interested in exploring further. How APA had taken this feedback on board was shared with stakeholders as part of the introduction at the following stakeholder meeting.

32% Average response rate from meeting evaluation surveys

97% of ratings were Good or Excellent

Evaluation of the engagement program as a whole

Approach and methodology

Overall evaluation of the engagement program was captured by stakeholder reference group members completing a detailed survey – an approach the group agreed appropriately balanced efficiency and costs, compared to the alternative of writing their own detailed engagement report. The results will provide the AER with an assessment of the engagement program at a level appropriate to the size of the asset.

The survey questions were aligned to the requirements of the AER's *Better Resets Handbook*, as well as other topics the group agreed should be included, and resulted in a survey divided into seven themes. To ensure the survey results and the associated summary report were sufficiently comprehensive and robust:

- The group determined the survey questions and comment boxes to capture qualitative insights were included
- A meeting was held after the survey closed to provide stakeholders the opportunity to share any additional explanations or commentary and for APA to gather additional qualitative data and context to inform the summary write-up of the stakeholder survey results, and
- APA's summary of the stakeholder survey results was shared with the group for comments and feedback before being included in the Proposal.

Evaluation results

Five stakeholders completed the survey. Responses and comments indicated that stakeholders have a strong level of confidence in APA's engagement program, with consistent positive ratings across all key areas including accessibility, transparency, professionalism, and clarity of communication. Engagement was considered to be well-structured, inclusive and tailored to stakeholder interests, with high scores reflecting effective information sharing, responsiveness to feedback, and the involvement of relevant subject matter experts.

Ratings for the more technical and judgement-based areas such as capital expenditure, risk sharing, and aspects of price smoothing was more measured, with qualitative feedback indicating this reflected the inherent constraints associated with a relatively small asset, where much of the capital and operating expenditure is non-discretionary, rather than dissatisfaction with the engagement itself. Stakeholders considered the AER is best placed to assess the prudence and efficiency of overspends in the current period and the forecasts for the 2027-32 period.

Overall, the results demonstrate we delivered a credible, transparent and fit-for-purpose engagement program that supported stakeholder understanding, participation, and confidence in the development of the Access Arrangement. For more detail on the stakeholder survey results, see the *Engagement Summary Report*.

This industry-first survey approach was well received, enabling stakeholders to comment on the overall engagement program without undue burden. As a result, we intend to adopt the same approach for other regulated assets that APA operates.

Our proposed revenue requirement

The total smoothed proposed revenue for 2027–32 of \$359.9 million is \$84.1 million (31%) higher than the allowed revenue of \$275.8 million in the current regulatory period.

Total revenue requirement for the five-year period 2027–32

	\$196.5M		Return on capital RBP has used the AER's Rate of Return Instrument 2022 to calculate the Rate of Return. Based on the available data, the estimated nominal Weighted Average Cost of Capital for the financial year 2027–28 is 6.41%.
	\$17.2M		Regulatory depreciation Regulatory depreciation (return of capital) recovers a share of the outstanding cost of previous investments that RBP has made to ensure ongoing reliable operation.
	\$140.2M		Operating expenditure RBP's operating activities are focused on delivering safety, security and reliability for the pipeline. We have adopted the AER's preferred method for forecasting operating expenditure the 'Base, Trend, Step' method.
	\$3.9M		Revenue adjustments Revenue adjustments account for penalties and rewards earned though the efficiency carryover mechanism.
	\$ –		Net tax allowance Taxation is calculated based of forecast revenue, operating expenditure tax depreciation and tax rates.
	\$2.1M		Revenue smoothing Adjustment to smooth prices within the period and reduce price volatility in the following regulatory period.
	\$359.9M		Smoothed maximum allowed revenue (2027–32) The forecast of the revenue expected to be earned by RBP for the period.

Impacts of our Access Arrangement

			
\$72.0M	\$0.92/GJ/MDQ	11.0%	~1.1%
Average annual smoothed revenue for 2027–32	Indicative 2027–28 reference service tariff in real dollars	Average real per annum increase in reference prices from the 2026–27 price	Estimated portion of RBP price in an average Queensland residential customer's bill ¹

¹ Based on an average consumption of 7,238MJ/year and an average bill of \$693 and \$710 in the AGN and AllGas areas respectively from the AER's Annual Retail Markets Report 2023-24. We are unable to provide an estimated bill percentage for C&I customers or shippers.

Key drivers of the revenue increase compared to the current period:



Return on capital

\$49.7M

driven predominantly by higher interest rates and inflation



Capital expenditure

\$18.0M

additional capital expenditure than proposed in the previous period



Operating expenditure

\$15.3M

driven by a prudent and efficient operating cost forecast



Efficiency carryover mechanism

\$12.1M

a negligible penalty compared to last period's penalty

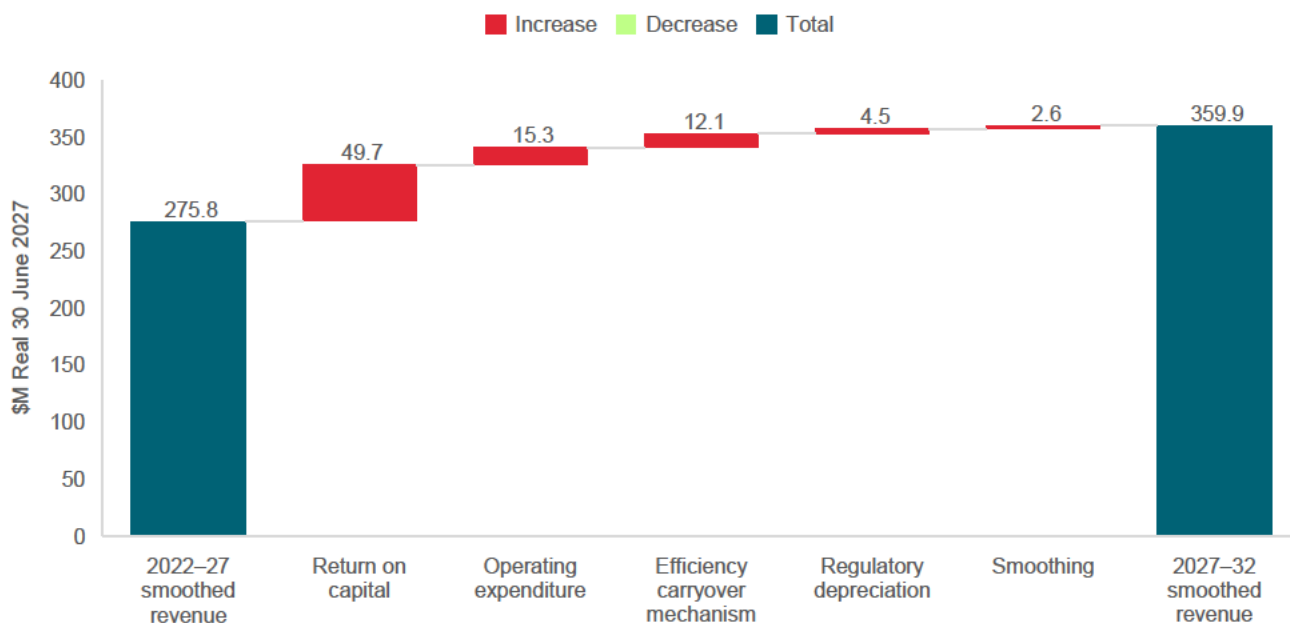


Regulatory depreciation

\$4.5M

driven by the 2022–27 decision to align standard asset lives to remaining asset lives at each reset for our longest-lived assets

Drivers of change in revenue between 2022–27 and 2027–32



Form of control

The RBP operates under a Price Cap form of control. Alternative forms of control are a Revenue Cap or a Hybrid – Cap & Collar, which many gas distribution networks are moving to. Below is an explanation of the alternative forms of control, how they operate alongside the contract carriage market and the expected customer outcomes, that highlight why a Price Cap remains the most appropriate form of control for the asset.

	Price Cap	Revenue Cap	Hybrid – Cap & Collar
Who bears demand risk	RBP wears demand risk – if demand is lower than expected, RBP earns less revenue than expected and vice versa.	Customers wear demand risk – if demand is lower than expected, prices are increased and vice versa.	The network wears demand risk within the band (typically, $\pm 5\%$ of allowed revenue), but larger deviations are shared equally with customers.
Shipper outcomes	- Provides users with the ability to negotiate terms in a contract. - Delivers a more certain price path for shippers who pay the reference price for the duration of the Access Arrangement. - Shippers can lock in prices through contracts to align the price and service to their investment. - Aligns with the contract carriage model and the competitive gas market in which shippers operate. - Creates strong incentives for RBP to keep prices efficient to attract throughput.	- There is no scope to negotiate the nature of the service as revenue caps for transmission networks come with non-discrimination provisions to avoid distorting wholesale market competition. - Revenue true ups (from differences in actual and forecast demand) can lead to price volatility between years - Shippers would be unable to lock in prices or services, which increases their investment risk. - Not compatible with the contract carriage model and the competitive gas market in which shippers and producers operate. - Theoretically, assured revenue recovery reduces the incentive to respond to changing demand or user needs by adjusting tariffs, improving cost efficiency or offering services to stimulate demand.	- There is no scope to negotiate the nature of the service as hybrid controls on transmission networks come with non-discrimination provisions to avoid distorting wholesale market competition. - Revenue true-ups (from differences in actual and forecast demand) can lead to price volatility between years – though less extreme than under a revenue cap. - Would likely lead to 5-year contract terms to align with the Access Arrangement period. Shippers would be unable to lock in prices or services, which increases their investment risk. - Reduced alignment with the contract carriage model and the competitive gas market in which shippers and producers operate. - Theoretically, large changes in demand (beyond the cap and collar) dampen the incentive to respond to those changes by adjusting tariffs, improving cost efficiency or offering services to stimulate demand.
End-use customer outcomes	Delivers a more certain price path for direct connected customers and retailers to work with.	When demand is difficult to forecast, revenue true ups can lead to price volatility between years.	When demand is difficult to forecast, revenue true-ups can lead to price volatility between years – though less extreme than under a revenue cap.
Pipeline Investment	- Incremental demand pays for new capacity. - Prices for existing customers do not increase. - Pipeline owner has the investment risk.	- The AER would determine whether proposed augmentation is deemed to be prudent and efficient based on forecast data. - Prices for existing customers might increase. - Customer has the investment risk.	- The AER would determine whether proposed augmentation is deemed to be prudent and efficient based on forecast data. - Prices for existing customers might increase. - Customer has the investment risk.

The impact of revenue smoothing

Revenue smoothing aligns the net present value of the unsmoothed and smoothed revenue requirements to derive a revenue profile that delivers stakeholders' preferred price path over the regulatory period. Smoothing does not alter the total amount of revenue RBP is allowed to recover in present value terms, it just changes the timing of when revenue is received.

As RBP operates under a Price Cap form of control, the demand forecasts also play an important role in determining prices. In the absence of smoothing, the following factors would see the RBP reference price persistently increase over the period:

- The 2027–32 revenue requirement is larger than the current period, placing upward pressure on total smoothed revenue, particularly in the early years, and
- Forecast demand is lower than the current period's forecast and is not expected to grow, implying a higher starting price with limited ability to decline prices in later years.

To balance this upward pressure on starting prices and prices throughout the period, with the smaller downward pressure on prices over the forecast period, and deliver a price path aligned to stakeholders' preference, we have adjusted the X factors which has necessarily impacted the revenue smoothing adjustment. See the [Price smoothing](#) section for more detail.

Forecast opening Regulatory Asset Base

Our forecast opening RAB on 1 July 2027 is \$595.8 million.

Forecast opening RAB (partially as incurred) on 1 July 2027

\$M Real 30 June 2027	1 July 2027	Average remaining life (years)	Standard life (years)
Pipelines	532.5	44.8	44.8
Compressors	24.2	20.8	20.8
Regulators and meters	6.0	14.9	14.9*
Easements	24.0	n/a	n/a
Communications	-0.0	5.0	15.0
Capitalised AA costs	0.2	4.3	5.0
Group IT	6.6	4.1	5.0
SIB capex	2.5	4.0	5.0
Pipeline integrity**	–	10.0	10.0
Total	595.9		

* The standard life for 'Regulators and meters' was N/A in the 2022–27 final decision Post Tax Revenue Model. To ensure depreciation is correctly calculated for the 2027–32 period, we have had to assign an asset life to this asset class. See the ['Regulators and meters' standard asset life](#) section below.

** 'Pipeline integrity' is a new asset class proposed to begin from 1 July 2027 – see the [New asset class](#) section for more details.

‘Regulators and meters’ standard asset life

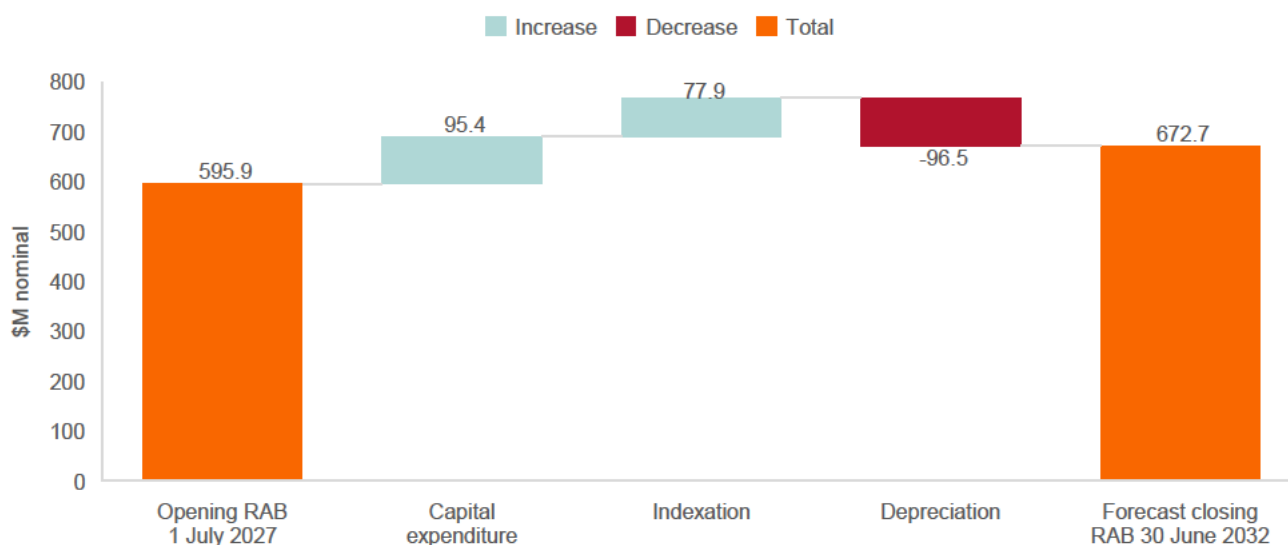
In the 2022–27 Access Arrangement period, APA proposed to reduce the standard asset life for the ‘Pipelines’, ‘Compressors’ and ‘Regulators and meters’ asset classes to equal their remaining asset life. Whilst the AER accepted this change for the ‘Pipelines’ and ‘Compressors’ asset classes, it was not accepted for the ‘Regulators and meters’ asset class as it did not contain any forecast capital expenditure over the 2022–27 period. As a result, the final decision Post Tax Revenue Model has N/A as the standard life.

To ensure depreciation for ‘Regulators and meters’ is correctly calculated in the 2027–32 PTRM, we have adjusted the standard life to equal its remaining asset life, as put forward in the last Access Arrangement Proposal. This approach aligns with our stakeholders’ preference for shortening the RBP’s asset life. In this respect, the 14.9 year life on 1 July 2027 is far more appropriate than the 40 year standard life previously applied to the asset class.

Forecast closing Regulatory Asset Base

At this stage, the RAB is expected to grow to \$672.7 million over the 2027–32 period, driven by the level of capital expenditure and higher inflation rates, however, we are still working with our stakeholder group to determine whether to shorten the life of the Pipelines asset class to fully recover its costs by 2050. Such a change would reduce the expected closing RAB on 30 June 2032. For more information, see the *Price outcomes if a shorter asset life was adopted* section.

Forecast RAB growth over the 2027–32 period in nominal dollars



Plan on a page

How our Proposal delivers on the priority issues highlighted by stakeholders:



Pipeline integrity

\$42.2M

To continue maintaining the pipeline at the desired electrical potential to prevent corrosion we plan to spend \$13.3 million replacing depleted anode beds, replacing transformer-rectifier units that have reached end of life, installing new cathodic protection systems where protection is inadequate and continuing the ongoing management of Alternating Current (AC) interference and cathodic protection monitoring.

We will spend of \$7.6 million undertaking 22 Safety digs (9 complex and 13 standard), \$10.2 million for 30 validation digs (12 complex and 18 standard), \$6.0 million on the 10 yearly In-line inspection of pipeline sections to ensure the pipe is clean, free from obstruction and to assess the wall thickness measurement, \$2.1 million upgrading a pig launcher/receiver at one location to improve safety and operability and \$2.9 million on an aerial survey of the entire pipeline length to identify any leakages.



Environment

\$10.4M

We will address the loss of cover and erosion caused by flooding at Gowrie Creek crossing to maintain the stability of the pipeline and address the current environmental threats before they escalate.



DN250

\$16.4M

We plan to spend \$7.0 million suspending the remaining sections of the DN250 and decommissioning the above ground facilities of the six legacy compressors, \$7.9 million replacing the DN250 supply path with the DN400 pipeline, enabling safe suspension of the DN250 from Riverview to Bellbird Park and \$1.4 million assessing and mitigating AC-induced corrosion risks along the DN250 pipeline between Oakey and Bellbird Park.



Gas instruments

\$3.9M

We will spend \$2.0 million to continue the progressive upgrade of flow computers and Remote Telemetry Units at 25 of the approximately 105 sites on the RBP to ensure sustained SCADA communication, reliable metering, and safe pipeline control operations, \$1.4 million replacing four gas chromatographs and two moisture analysers that are no longer supported by the manufacturer and \$0.4 million replacing two ageing turbine meters to lower lifecycle costs and improve measurement certainty.



Site equipment and upgrades

\$2.3M

We will spend \$1.2 million on earthing upgrades to ensure electrical installations comply with relevant Australian Standards and legislation and \$1.2 million painting above ground stations to improve their coating and corrosion protection.



Other stay-in-business and minor programs

\$5.7M

We expect to spend \$2.3 million to improve Ellengrove reliability, \$2.8 million for ad hoc minor stay in business projects that do not fall into the categories above, such as minor valve upgrades, when they fail or become obsolete and \$0.6 million for replacement equipment and tools.

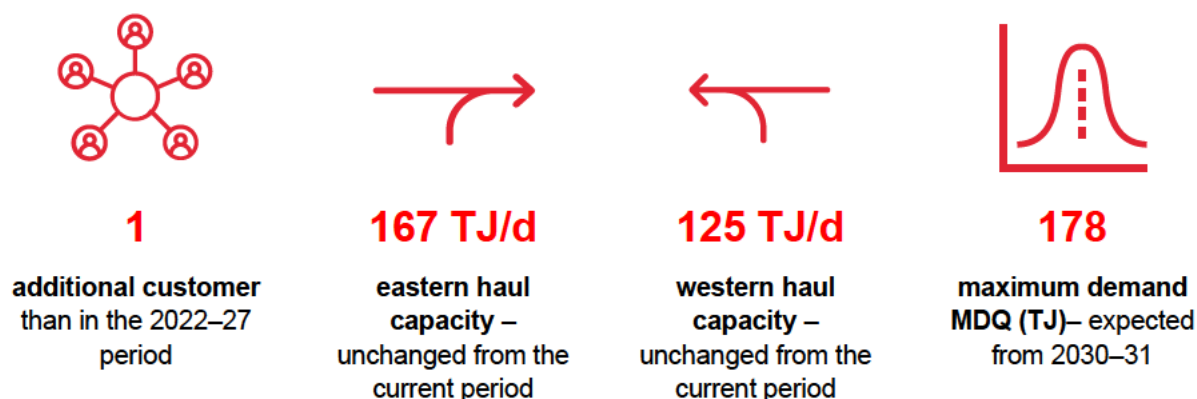


Leases, Group IT and Corporate costs

\$7.0M

Demand forecasts

Key data for RBP's forecast 2027–32 demand



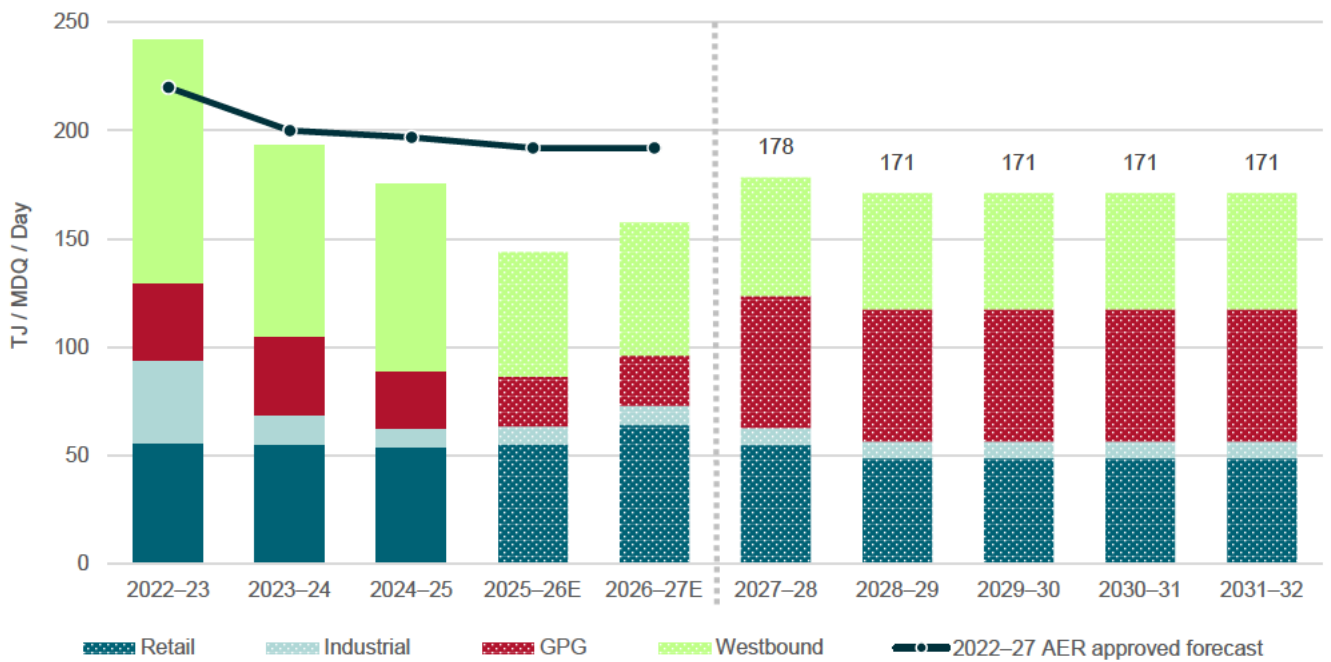
The RBP is not currently fully contracted and utilisation over the 2022–27 period has been lower than expected, particularly western haul. This is mostly attributed to government policy and regulatory uncertainty that is seeing customers manage their exposure to cost risk through a greater reliance on shorter-term contracting (within day, day ahead or month ahead) over long-term capacity reservation.

In forecasting demand for 2027–32 we have considered the Queensland Energy Roadmap and the Australian Energy Market Operator's 2026 'Gas Statement of Opportunities' in conjunction with a bottom-up build for each customer segment on the RBP and an independent expert's assessment of the broader east coast gas market and the interaction with forecasts for electricity demand in the National Electricity Market:

- **Eastbound – Retail shipper segment** – We reviewed existing contracts and assessed the probability of renewal in conjunction with historical daily usage over the last five years and the extent to which their MDQ was utilised. It is assumed that shippers will recontract closer to their average use given they have alternatives, such as trading, the day-ahead auction and shorter-term services, to meet their peak demand. This results in a relatively stable MDQ forecast through 2027–32, though with a step-down from demand in the current period.
- **Eastbound – Industrial segment** – Each large industrial customer's operations and market for their product was individually reviewed and their actual usage versus their current contracted MDQ was assessed to determine the likelihood of them recontracting and at what level. This results in a relatively stable MDQ forecast through 2027–32, with only a minor step-down from 2022–27 demand.
- **Westbound services** – Western haul demand has a history of volatility, driven by gas trading opportunities across the east coast gas market. Since publishing our Draft Overview, we have considered the future east coast gas market and how this may influence the level of demand for the RBP's westbound service. The demand forecast for the next regulatory period has been based on customers contracting for the service longer term and assumptions made on customers with a record for potential short-term contracting. This has flattened the western haul forecast compared to what was presented in the Draft Overview, with the MDQ profile also dropping compared to the 2022–27 period.
- **GPG** – GPG load and demand is driven by conditions in the electricity market rather than the price of gas or gas transportation. The contracts for current GPG customers have been forecast to be extended and one future firm contract to cater for a known GPG investment has also been included. This has flattened the forecast GPG demand compared to what was presented in our Draft Overview. Our approach aligns with current customer interest in connecting to the RBP and both the Queensland Energy Roadmap and the latest 'Gas Statement of Opportunities'.

Other than confirming that the latest 'Gas Statement of Opportunities' has been considered in the forecasts, our stakeholder group raised no concerns with our forecasting approach or the proposed demand profile.

Actual and forecast RBP demand by customer segment for 2027–32



Expenditure in detail

RBP adopts a conservative forecasting approach

Only project expenditure that is expected to be incurred at the time the Access Arrangement is being prepared can be included in the Proposal. This approach aligns with the National Gas Rules (**the Rules**) that requires forecasts and estimates to be “formed on a reasonable basis” and “represent the best possible assessment in the circumstances”. Given the Rules also require a primary information source to support any inferred, extrapolated, or derivative information used in forecasting, our RBP forecasts are conservative and **contain no contingency for unexpected events**.

Capital expenditure for gas transmission pipelines is project based. Whilst some expenditure categories appear across each period, their composition is significantly different depending on activity, location and complexity. This means that capital expenditure is not consistent across periods and this needs to be considered when comparing capital expenditure across time.

Even with APA’s extensive portfolio and experience building and operating gas transmission assets, the ability to accurately forecast costs for projects that *may eventuate* and the costs of projects that may be more than five years away from commencing at the time the Access Arrangement is prepared, is challenging. Much of this is because, unlike above ground electricity assets, many gas assets are not visible and the variability in the degree and extent of damage to a pipeline cannot be fully determined until it is excavated. In other cases, there is simply a lack of consistent data points to include the costs for potential unexpected events – for example, washouts that expose the pipeline or earth movements that strain the pipeline.

This generally leads to RBP overspending its capital expenditure relative to the allowance set by the AER in each Access Arrangement period. Importantly, however, the AER’s ex-post reviews have consistently found these overspends to be prudent and efficient and allowed their inclusion in the RAB – providing reassurance that overspends have been the result of unexpected events rather than inefficiency.

There are a range of other factors that should give stakeholders reassurance that RBP is not intentionally overspending and that any overspends are efficient:

- As a listed company, investors and security holders press APA to reduce costs to increase shareholder returns.
- As a contract carriage pipeline, reducing costs where possible will maximise returns more so than increases to the reference tariff.
- Capital allocation is limited and prioritised each year across APA’s asset portfolio, which means only well justified and necessary projects receive funding:
 - Each asset receives a share of the annual Board approved funding level and must prioritise and develop an achievable project list within its pool of funding – this can alter the capital expenditure profile put forward in the Access Arrangement.
 - Throughout the year, individual project funding is reviewed as part of on-going re-prioritisation across the APA portfolio. It is extremely rare for the overall pool of Board approved funding to change, so a project may be deferred, and its funds reallocated to another project, possibly on another APA asset, whose circumstances have changed. This can also alter the profile of capital expenditure from what was planned.
- The RBP is just one of numerous APA owned pipelines in the Queensland portfolio. Once each asset’s annual budget and works program is known, scheduling aims to deliver the approved portfolio of projects as efficiently as possible (by reducing stand-up and travel time) whilst also remaining flexible for weather events and emergency works.

Current period (2022–27) capital expenditure

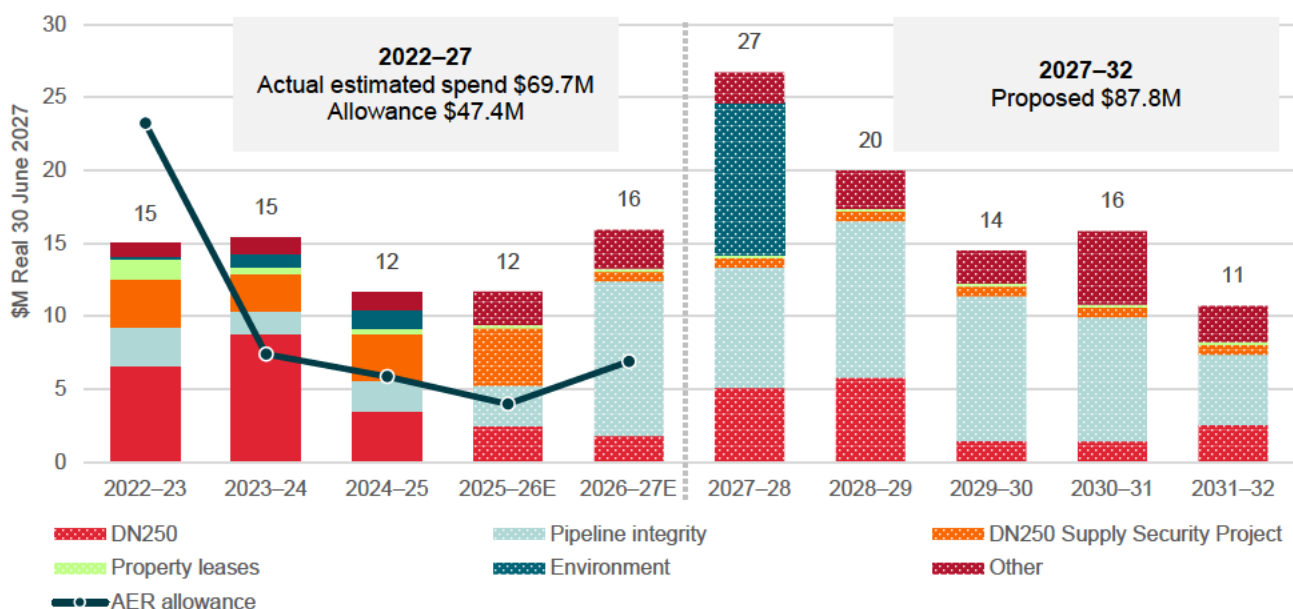
Despite forecasting an underspend of \$1.6 million on group IT over the current 2022–27 period, we are expecting to spend \$22.3 million more than the AER allowance of \$47.4 million. The main drivers of the expected overspend are:

- The **DN250 supply security and decommissioning** project. This program has been particularly challenging and is expected to cost \$22.1 million more than expected. APA had never undertaken a project of this unique scope – entailing the need to make significant changes to continue supply, whilst also suspending part of the pipeline. The forecast timeline did not envisage the delays experienced in securing land access and approvals, nor the complexity of the work. Forecast labour and material price increases were also underestimated. As the project nears completion, APA has developed a better understanding of the costs associated with safely suspending a pipeline and remediating above-ground assets.
- **Gowrie Creek crossing** pipeline – APA has been monitoring the pipeline since 2013. A series of severe weather events in 2022 again eroded the river bank, threatening the integrity of the pipeline. Temporary protection measures were installed, at a cost of \$2.0 million, to mitigate pipeline exposure ahead of the rectification works planned in the 2027–32 period.
- An unexpected \$0.5 million was spent resolving the **Bulimba Creek pipeline strain** to help reduce APA's fugitive emissions.

Proposed capital expenditure

Proposed capital expenditure for the 2027–32 Access Arrangement period is expected to be \$18.0 million higher than forecast spend in the 2022–27 period. This is mainly due to pipeline integrity costs, with the volume of dig ups increasing as the cyclical Inline Inspection program focuses on the older metro section of the pipeline, as well as the Gowrie Creek repair project and increases in forecast labour and contractor rates.

Comparison of capital expenditure between the 2022–27 and 2027–32 access periods



New asset class

We are proposing a new asset class, 'Pipeline integrity', with a 10-year standard life to capture costs driven by the cyclical 10 yearly In-line inspection program beginning from 1 July 2027. The 'Pipeline integrity' asset class will capture costs related to In-line inspections, the associated validation digs and RBP's share of the costs related to the Pipeline Integrity Management tool, that captures and records the inspection results.

Historically these costs have been captured in the ‘Pipelines’ asset class which has a 45-year standard and tax life. For simplicity, we are not proposing to extract the historical costs for these programs from the ‘Pipelines’ asset class.

We believe this approach more closely aligns cost recovery with the actual asset life as the results of each In-line inspection serve as a data point in the corrosion growth model that informs digs for the next Access Arrangement period. It also aligns with APA’s treatment for the Victorian Transmission System and the Goldfields Gas Pipeline. Importantly, it aligns with stakeholders’ concerns regarding the longevity of the pipeline and whether shorter asset lives should be considered. Further discussion and analysis on shortening asset lives can be found in the *Price outcomes of a shorter asset life* section.

Other than clarifying why historical integrity inspection related costs were not being extracted or written off from the ‘Pipelines’ asset class and confirming this sort of asset class had been approved by regulators for other assets, stakeholders raised no issues or concerns with the new asset class.

The average annual increase in revenue from creating this new asset class is \$0.6 million or 0.8%.

Capital expenditure by asset class

A breakdown of the proposed capital expenditure program by asset class is shown below.

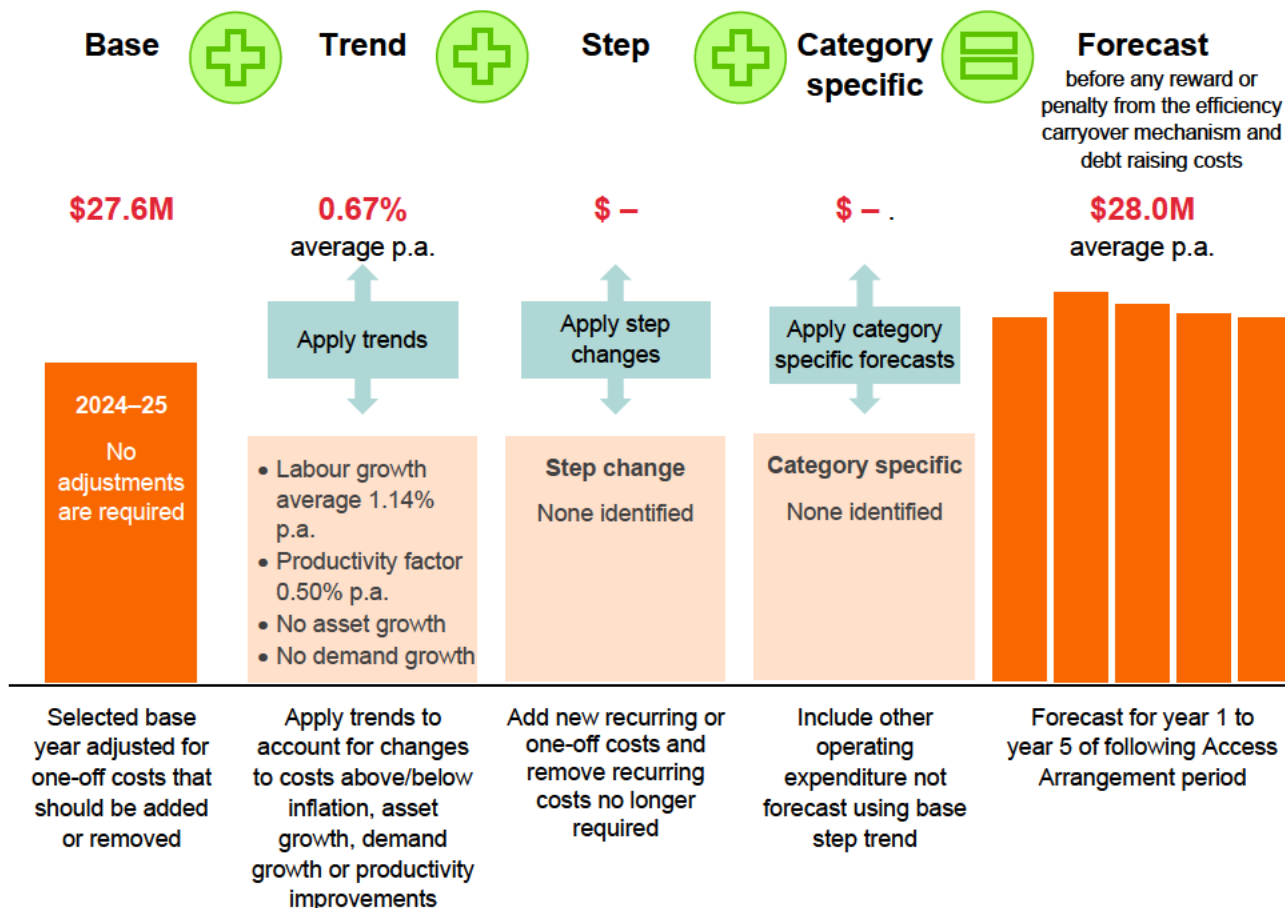
Proposed capital expenditure by asset class

\$M Real 30 June 2027	2027–28	2028–29	2029–30	2030–31	2031–32	Total
Pipelines	18.8	13.3	8.3	8.7	6.1	55.2
Compressors	0.2	0.3	0.2	0.2	0.2	1.3
Regulators and meters	0.9	0.9	0.7	0.6	0.8	3.9
Easements	-	-	-	-	-	-
Communications	-	-	-	-	-	-
Capitalised AA costs	-	-	0.1	0.5	0.1	0.6
Group IT	0.7	0.7	0.7	0.7	0.7	3.3
SIB capex	1.3	1.6	1.4	1.4	1.4	7.2
Integrity inspections	4.9	3.2	3.1	3.6	1.4	16.2
Total	26.7	20.0	14.5	15.8	10.7	87.8

Given there is no forecast expansion expenditure planned for the next period, all capital costs relate either to replacement or non-network expenditure.

Operating expenditure

We have used the AER's preferred method to forecast operating expenditure – the Base, Trend, Step method.



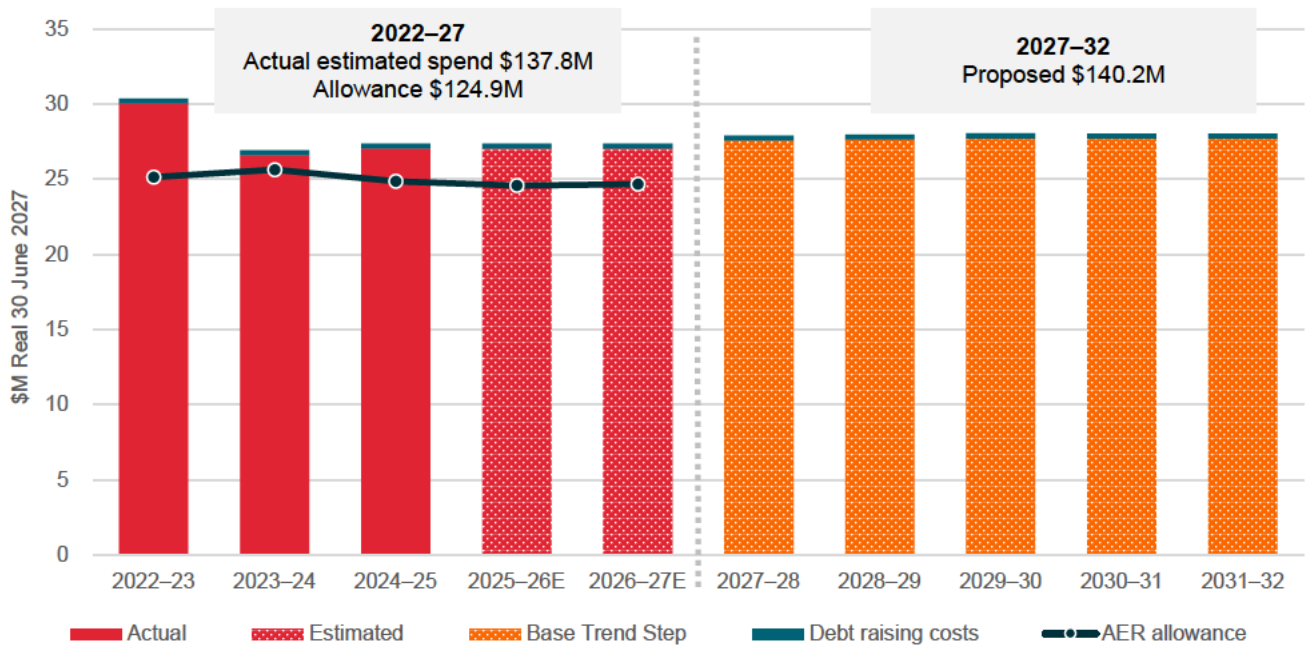
We have adopted 2024–25 as our base year as it is our most recent year of audited data. We have applied an average labour growth rate above the consumer price index of 1.14% using the 'Wage Price Index – forecast 1' rates from the AER's Draft Determination for the Amadeus Gas Pipeline. We have also applied an annual productivity factor of 0.5% consistent with the AER's recent determinations.

Base Trend Step calculation of operating expenditure by year

\$M Real 30 June 2027	2027–28	2028–29	2029–30	2030–31	2031–32	Total
Adjusted 2024–25 base year	27.6	27.6	27.6	27.6	27.6	137.9
Price growth	0.1	0.3	0.6	0.7	0.9	2.7
Productivity	(0.1)	(0.3)	(0.4)	(0.6)	(0.7)	(2.1)
Step changes	–	–	–	–	–	–
Category specific	–	–	–	–	–	–
Total	27.6	27.6	27.7	27.8	27.8	138.5
Debt raising costs	0.3	0.3	0.3	0.3	0.3	1.7
Total operating expenditure	27.9	28.0	28.1	28.1	28.2	140.2

Stakeholders raised no concerns with the proposed level of operating expenditure as it is consistent with the current period's expenditure (see chart below) and includes no step changes or category specific adjustments.

Actual and proposed operating expenditure



Wallumbilla Gas Hub



Pricing

Price smoothing

The RBP operates under a Price Cap mechanism – this means forecast demand is considered in setting the X factor that will be applied to the reference price in each year to deliver the forecast revenue requirement. To calculate the X factor, the revenue requirement is divided by the total forecast MDQ demand, regardless of whether a customer pays the reference price or a negotiated price.

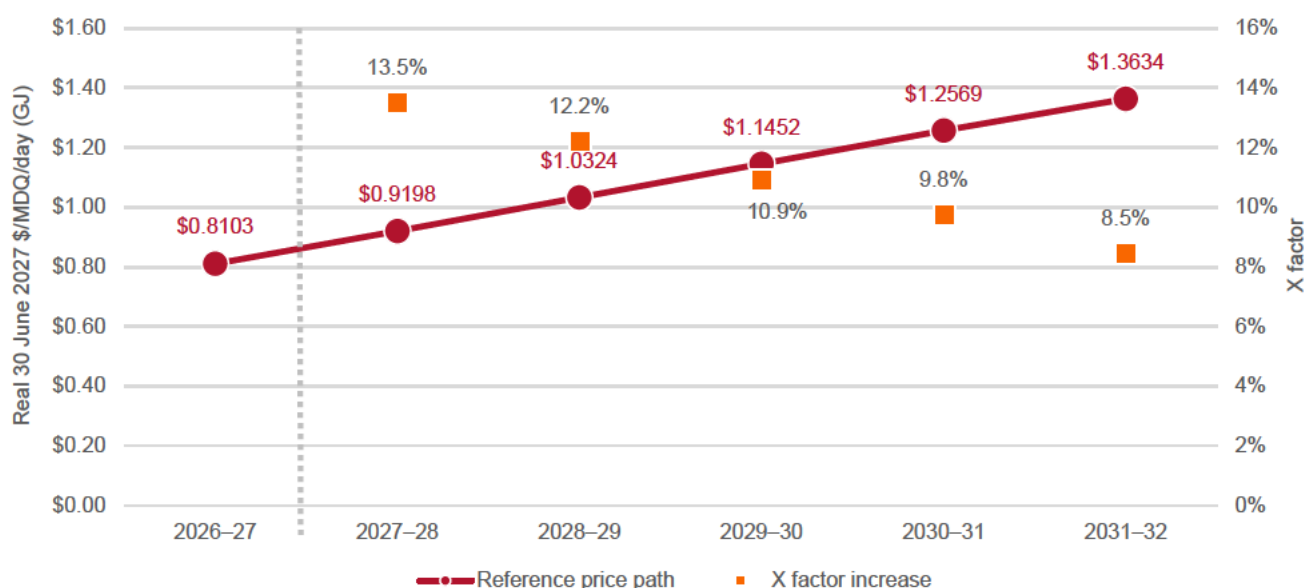
As mentioned in *The impact of revenue smoothing* section, the combination of the significantly higher revenue requirement, driven mainly by the increase in interest rates compared to last period, and reduced forecast demand are driving a substantial increase to reference prices for the 2027–32 period. The reference price impacts RBP customers in different ways. Some customers hold more than one contract with the RBP – each serving a different purpose. Currently, two customers have a contract that is tied to the reference price. All other services and contracts are on negotiated terms and conditions, that are influenced by the reference price in place at the time of each contract negotiation.

In light of this upward pressure on prices, we asked our stakeholder group and RBP customers for their preferred approach to price smoothing and heard:

- Consumer advocates thought continuous price increases and the avoidance of a large first-year price shock would be better, but indicated that RBP's customers would likely be best placed to comment
- One customer thought a higher uplift in the first year followed by no real price increases would better support planning compared to a series of ongoing increases
- One customer thought equal X factors (the approach generally adopted by electricity networks) provided a suitable middle ground.

Given the price path preference of our negotiated contract customers will be influenced by their contract timeframe, at this stage we have chosen to maintain the pricing approach put forward in our Draft Overview – with X factors that seek to have the real reference tariff increase by a similar number of cents each year.

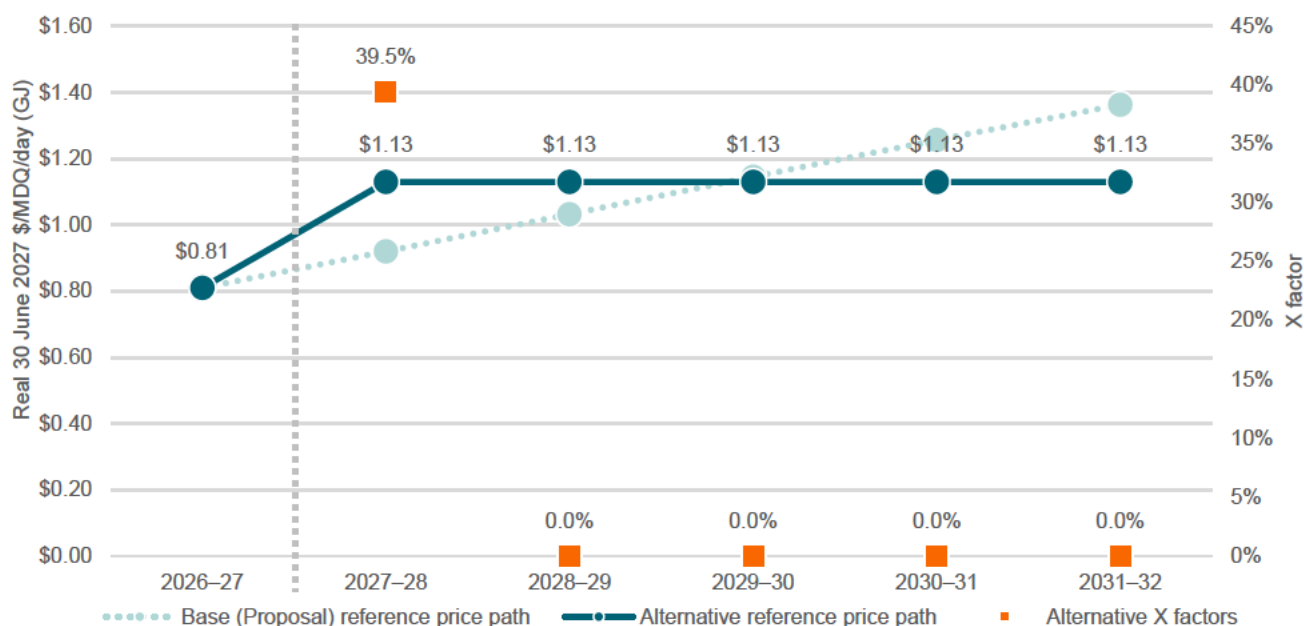
Proposed reference service X factors and prices



Alternative price path

We remain open to altering the price path for our Revised Proposal. To assist stakeholders in understanding the range of pricing alternatives, the figure below contrasts the proposed approach with the book end where prices are instead raised in the first year and then kept flat in real terms.

Proposed reference price compared to the alternative where prices are raised in the first year and then kept flat in real terms



Sensitivity of prices to demand forecasts

As outlined in the *Demand forecasts* section, the energy transition has created uncertainty regarding RBP's demand forecasts. As a result, our stakeholder group thought it would be helpful to understand the potential impact of demand uncertainty on the proposed reference price if, for example, GPG demand is slower to come on line than currently expected. The chart below indicates how the proposed reference price may be impacted by a 5% or 10% higher or lower change in our demand forecast between now and when our Access Arrangement is finalised.

Reference price sensitivity to a 5% and 10% change in forecast demand ahead of Access Arrangement finalisation



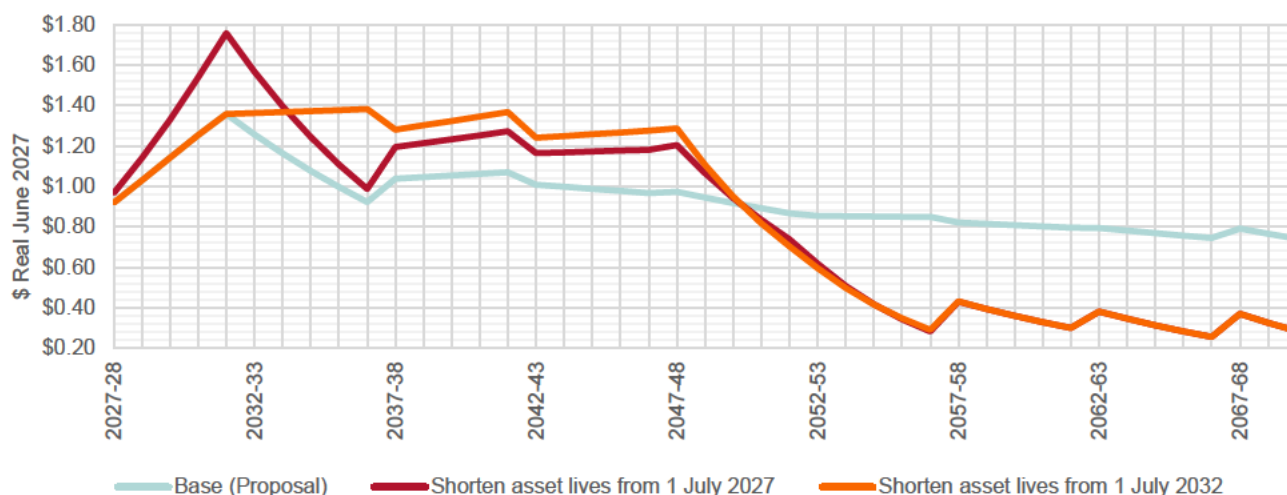
However, once the AER has determined our Access Arrangement, variations in demand from what was forecast will only impact the amount of revenue RBP receives, not the reference price. This is because, as outlined in the *Form of control* section, RBP carries the demand risk under the Price cap control mechanism.

Price outcomes of a shorter asset life

Despite the lack of a Queensland government net zero carbon target date, there has been a recurring preference from stakeholders to shorten asset lives to share the costs of recovery while there are still a large number of customers consuming gas. We did not have time to fully explore and discuss the outcomes of such a change ahead of finalising our Proposal, but **we will continue to examine this issue with stakeholders and determine a final position ahead of submitting our Revised Proposal to the AER.**

Our stakeholder group was keen to understand how the reference price compares if asset lives are adjusted to ensure the full write-down of the RAB by 2050 from both the start of the 2027–32 Access Arrangement period and the following 2032–37 period. The outcomes of this analysis are shown below².

Indicative reference price paths if asset lives are shortened to allow for full write-down by 2050 compared to the Base (Proposal) – for more detail regarding this analysis, see the Capital Expenditure attachment



Shortening asset lives from 1 July 2027 will see average annual prices...

In 2027–32 ▲ 20.7 cents compared to the Proposal (Base scenario)	Between 2032–50 ▲ 17.1 cents compared to the Base scenario	Between 2050–72 ▼ 41.0 cents compared to the Base scenario
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Shortening asset lives from 1 July 2032 will see average annual prices...

In 2027–32 no change compared to the Proposal (Base scenario)	Between 2032–50 ▲ 25.9 cents compared to the Base scenario	Between 2050–72 ▼ 41.44 cents compared to the Base scenario
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If asset lives are shortened from 1 July 2027, the difference in average annual prices compared to shortening from 1 July 2032 is...

In 2027–32 ▲ 20.7 cents	Between 2032–50 ▼ 8.7 cents	Between 2050–72 ▲ 0.3 cents
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² The key assumptions underlying this analysis are: 2032 WACC forecast carried forward -6.3%, annual inflation of 2.5%, future capital expenditure based on the average spend for 2027–32 excluding DN250 related expenditure, 2031–32 operating expenditure held flat in real terms into the future, no impacts from incentive schemes and the demand profile is held flat at the 2031–32 level.

Other matters

Reference service

Prior to the 1 July 2022, there was just one reference service on the RBP– long-term firm transportation. This was altered to two reference services, an eastbound firm service and a westbound firm service, in the 2022–27 Access Arrangement, with the intention of being able to offer a different price for each service, however by the end of the 2022–27 AER determination process, the two services were set at the same price.

In the interests of simplicity, we are proposing to revert to offering just one reference service – long term firm transportation for the 2027–32 period. This was accepted by the AER in its November 2025 Final Decision on the Reference Service Proposal.

Queueing arrangements

Whilst queues on the RBP have been rare, the last was back in 2018, the expected increase in future Queensland gas demand from GPG, highlighted in the Queensland Government’s Energy Roadmap, may lead to a future need for a queue. To ensure RBP can efficiently facilitate and manage any queue and to ensure prospective users of the pipeline are not unfairly disadvantaged, we are proposing some refinements to queueing arrangements.

An overview of these proposed changes is shown – new definitions are *italicised*, and some terminology has been simplified. We recommend that interested parties review the complete wording in the proposed Access Arrangement.

Proposed changes to queueing arrangements

Current process and shortfalls	Proposed process and improvements
1. Align pipeline access with what happens in reality and remove the current circularity around gaining access	
 To gain pipeline access, a user must complete and send a Schedule 6B form.  However, form completion rarely occurs as most users gain access through a series of discussions that can take place over many years.	 Modify wording to reflect reality – direct users to contact RBP to discuss access, noting that access can still be requested by completing a Schedule 6B form.  The wording in the Access Arrangement will also be modified to remove the current circularity around pipeline access.
2. Clarify how existing transportation agreements impact spare capacity and access	
 This aspect is not considered in the existing wording of the Access Arrangement.  Could lead to inadvertent outcomes for existing users depending on when their transportation agreement is due for renewal.	 Clarify that RBP may request whether an existing user intends to extend their transportation agreement within 24 months of expiry.  If an existing user intends to extend their transportation agreement, the capacity is not considered to be spare capacity and the extension does not constitute a new access request.  If an existing user does not intend to extend their transportation agreement, or does not respond, the capacity may be considered spare capacity.
3. Reduce complexity by having just one queue that informs any potential Developable Capacity	
 A user must register their interest to be in both an Existing Capacity Queue and a Developable Capacity Queue.  This duplicates effort and does not recognise that users have no visibility of access requests that inform the plausibility of pursuing a Developable Capacity option.	- Where a prospective user submits a Schedule 6B form OR when they are considered to have expressed a genuine interest in continuing access discussions but are not yet in a position to commit to a contract, they will be added to a <i>Register of Interest in Capacity</i>. - A <i>Capacity Queue</i> will only form when the requested capacity in the <i>Register of Interest in Capacity</i> exceeds the available spare capacity of the RBP Pipeline.  Given RBP has visibility of the <i>Capacity Queue</i> , it is best placed to determine whether an open season for Developable Capacity is an option.  Management of the <i>Register of Interest in Capacity</i> makes use of existing compliance systems, reducing administrative burden.

Current process and shortfalls	Proposed process and improvements
4. Some users will be prioritised when a Capacity Queue is formed and in an open season for Developable Capacity	
The date a Schedule 6B form is received determines queue priority³.  This does not consider the reality that it can take a prospective user years of negotiations to be able to sign an access contract (for example where capital infrastructure works are required). As a result, a brand-new access request can be prioritised over other users who may be well-advanced in securing upstream and downstream contracts.	Users in the <i>Register of Interest in Capacity</i> that have either: - Executed an Early Works Agreement with RBP will be deemed to have completed a Schedule 6B form on the date their Early Works Agreement was executed - Previously submitted a Schedule 6B form will be automatically added to the <i>Capacity Queue</i> in the date order their Schedule 6B form was (deemed to be) received. Similarly, if an open season for Developable Capacity is called, all users in the <i>Capacity Queue</i> will be automatically added to the <i>Register of Expressions of Interest</i>⁴ (in Developable Capacity) and their priority order from the <i>Capacity Queue</i> transfers across to the <i>Register of Expressions of Interest</i>. All other Schedule 6B forms received will be prioritised in the manner outlined in the current queuing arrangements.  Recognises that early works discussions can take 12–18 months and will not see advanced projects lose their priority to new requests.
5. The Schedule 6B form will require the signature of a Responsible Officer, rather than the Chief Executive Officer	
The Schedule 6B form currently requires sign-off by the Chief Executive Officer.  This inadvertently favours small users with minimal governance layers.	 Requiring sign-off by a <i>Responsible Officer</i> levels the playing field between small startups and large businesses or government entities in seeking approval to submit a Schedule 6B form.
6. Refine wording to limit the offer of any capacity only to users who can benefit from it	
Existing Capacity must be offered to every user in the priority order of the Existing Capacity Queue even when the spare capacity does not meet the user's requirements.  This slows down the process as each user in the queue is progressively offered the capacity and each has 10 days to respond.	Altering the wording to allow the offer of any available capacity to the first user in the <i>Capacity Queue</i> where the capacity available satisfies the user's request will:  Align with the approach adopted for Developable Capacity  Ensure capacity is offered only to users who can benefit from it, and  Avoid unnecessary delays. For example, if capacity is available for western haul, and positions 1 to 3 in the queue are for eastern haul, the capacity can be first offered to the user in position 4.
7. Add wording to clarify when a queue ends and how users are notified	
The wording and explanation as to when a queue ends and how users are notified of such a circumstance is missing from the Access Arrangement.  This implies that once a queue is formed, it never ends.	Add wording to clarify that when the requested capacity in the <i>Register of Interest in Capacity</i> no longer exceeds the available spare capacity of the RBP Pipeline RBP must notify all users in the <i>Capacity Queue</i> that the queue has been disbanded.  This clarifies the process for users – when a queue is disbanded and how customers are notified of such an event.

Whilst item 2: “Clarify how existing transportation agreements impact spare capacity and access”, in the table above, is a late addition that we will discuss with stakeholders ahead of submitting our Revised Proposal, all the other proposed changes were seen as pragmatic and raised no concerns.

³ Generally, there are some instances where this is not the case, for example a request for a reference service is prioritised over a request for a similar service at a lower price.

⁴ Unless the user advises RBP otherwise.

Cost pass throughs

The regulatory framework recognises that unpredictable events may occur and, so, allows for increases or reductions arising from material unforeseen events to be reflected in the revenue requirement as a cost pass through.

RBP will monitor ongoing activity to identify any material changes that relate to cost pass through categories.

Seven cost pass through events were included in the 2022–27 Access Arrangement and we propose these same events remain in place for 2027–32. We are proposing minor changes to the associated wording in the Access Arrangement to apply consistent terminology and alignment with recent AER decisions.

Proposed cost pass throughs for the 2027–32 period



Expand natural disaster event examples

Based on our experience from the Covid pandemic, we are proposing "epidemics" be included in the list of natural disaster event examples. Whilst the list is not considered to be exhaustive, the current examples imply asset losses, rather than impacts on expenditure arising from natural disasters.

This was a late change that we have not yet had the chance to discuss with our stakeholder group. We intend to engage on this topic ahead of submitting our Revised Proposal, any welcome any feedback from stakeholders on this topic.

Efficiency carryover mechanism

The efficiency carryover mechanism was applied to RBP during the 2022–27 Access Arrangement period and will continue to apply in the 2027–32 period. The outcome from the 2022–27 period is reflected in the 'Revenue Adjustments' line of the 2027–32 revenue requirement.



How does it work?

The efficiency carryover mechanism provides financial rewards for pipelines whose operating expenditure becomes more efficient and financial penalties for those that become less efficient.



How do customers benefit?

Rewards and penalties are shared with customers and, over time, customers benefit from improved efficiency through lower operating expenditure and regulated prices.



Our proposed outcome for 2027–32

\$3.9 million reward

for the 2027–32 Access Arrangement period due to the five year carry forward of the year-to-year incremental difference between actual operating expenditure and the AER allowance in the 2022–27 period.

Risks and benefits of our Access Arrangement

Benefits for customers



Continued safety & reliability

Our proposed investment will maintain the reliability and security of the RBP, even as it ages, providing customers with continued access to a reliable and safe source of gas for their needs.

Reliability was a key priority for our stakeholders.



Longevity of the RBP

The Queensland Energy Roadmap sees gas having a key role in the energy transition, with GPG demand set to rise.

This provides some certainty for customers and communities and may create opportunities to increase the capacity of the RBP in the future.



Improvements to queuing

Our proposed refinements to the queuing arrangements in the Access Arrangement will improve efficiency and ensure prospective users, who are well advanced in securing pipeline access, are not unfairly disadvantaged.



Improved visual amenity

Our proposed refinements to the queuing arrangements in the Access Arrangement will improve efficiency and ensure prospective users, who are well advanced in securing pipeline access, are not unfairly disadvantaged.

Risks for customers



Affordability

A higher return on capital and an increase in the Regulated Asset Base is substantially increasing the revenue requirement when compared to the last Access Arrangement period.

When coupled with lower forecast demand, this is increasing the reference price by 68% in real terms by the end of the period, compared to the 2026–27 price.



Unforeseen costs

Our expenditure forecasts are conservative, and the regulatory framework does not allow contingent projects to be proposed for gas networks.

Unexpected events or higher than expected decay, failures or costs could lead to higher expenditure that may be passed through to customers.



Demand

Even with an expected increase in GPG demand by the end of the period, our demand forecast is lower than the present period.

If demand forecasts end up being higher than expected, the reference service tariff will have been set higher than necessary.



Government policy

Changes in state or federal government policies that:

- Reduce the role of gas in the energy transition could impact APA's appetite to invest in the RBP, limiting the pipeline's longevity.
- Impose additional obligations on RBP could increase costs that may be passed through to customers.



Incentives for reliability

There is no reliability linked incentive scheme for gas transmission networks. This is because gas supply is rarely interrupted on gas transmission pipelines. Firm transportation contracts provide an obligation on the pipeline operator to ensure that supply is provided.

Glossary

Term	Meaning
2022–27	The current Access Arrangement period beginning 1 July 2022 and ending on 30 June 2027
2027–32	The Access Arrangement period beginning 1 July 2027 and ending on 30 June 2032
AC	Alternating current
AER	Australian Energy Regulator
CESS	Capital Expenditure Sharing Scheme
Draft Overview	The ‘Overview of the draft 2027–32 Access Arrangement’ and the ‘Draft Engagement Summary Report’ published on 17 April 2026 for stakeholder review and feedback
GJ	Gigajoule
GJ/day	Gigajoules per day
GPG	Gas powered generation
IT	Information technology
Km	Kilometres
M	Millions of dollars
mm	millimetres
MDQ	Maximum daily quantity
NGL	National Gas Law
NGR	National Gas Rules
Overview	This document that presents an overview of the 2027–32 RBP Access Arrangement proposal
PJ	Petajoule
Proposal	The suite of documents that comprise the 2027–32 Access Arrangement proposal
RAB	Regulated Asset Base
RBP	Roma Brisbane Pipeline
SOCI Act	Security of Critical Infrastructure Act
the Rules	The National Gas Rules
TJ	Terajoule