Australian Government

AUSTRALIAN ENERGY REGULATOR

Draft decision

Roma to Brisbane Pipeline gas access arrangement 2027 to 2032

(1 July 2027 to 30 June 2032)

Overview

November 2026

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Version	Date	Pages
1	26 November 2026	44

Invitation for submissions and next steps

In response to our draft decision, APT Petroleum Pipelines Pty Limited (APTPPL) can submit a revised proposal for its upcoming 2027–32 access arrangement by 29 January 2027.

Interested stakeholders are also invited to make submissions on our draft decision and APTPPL's revised proposal (once submitted) by Wednesday, 3 March 2027. Our final decision on APTPPL's access arrangement will be published by the end of April 2027.

Submissions and enquiries should be sent to: RBP2027@aer.gov.au.

Alternatively, submissions can be sent to:

General Manager, Network Expenditure
Australian Energy Regulator
GPO Box 1313
Canberra ACT 2601

Submissions should be in Microsoft Word or another text-readable document format.

We prefer that all submissions be publicly available to facilitate an informed and transparent consultative process. We will treat submissions as public documents unless otherwise requested.

Parties wishing to submit confidential information should:

1. clearly identify the information that is the subject of the confidential claim.
2. provide a non-confidential version of the submission in a form suitable for publication.

All non-confidential submissions will be published on our website.[1]

[1] See the AER Information Policy for further information.

List of attachments

This Overview forms part of our draft decision on the access arrangement that will apply from 1 July 2027 to 30 June 2032 (2027–32 period) for the Roma to Brisbane Pipeline (QLD)

It should be read with all parts of our draft decision, which includes the following documents:

- Attachment 1 – Capital base, Regulatory depreciation and Corporate income tax
- Attachment 2 – Capital expenditure
- Attachment 3 – Operating expenditure
- Attachment 4 – Cost pass throughs and non-tariff components
- Attachment 5 – Capital expenditure sharing scheme
- Attachment 6 – Efficiency carryover mechanism

Services covered by the access arrangement, reference tariff settings, and reference tariff variation mechanism are covered in this Overview only.

Executive summary

The Australian Energy Regulator (AER) is responsible for the economic regulation of gas transmission and distribution covered pipelines in all Australian jurisdictions except Western Australia. We exist to ensure energy consumers are better off, now and in the future. Consumers are at the heart of our work, and we focus on ensuring a secure, reliable, and affordable energy future for Australia as we transition to net zero emissions.

Regulated gas network businesses must periodically apply to us for a decision on the network charges recovered from their customers. Each business submits a proposed access arrangement, specifying the services it will provide, the forecasts for revenue and demand that will form the basis of tariffs for those services, and the other terms and conditions on which they will be provided.

On 1 July 2026, APT Petroleum Pipelines Pty Limited (APTPPL) (ACN 009 737 393) submitted an access arrangement proposal for the Roma to Brisbane Gas Pipeline (RBP) for the period 1 July 2027 to 30 June 2032 (2027–32 period). This is our draft decision on that proposal.[2]

The regulatory framework guides our decisions in the long-term interests of consumers

The National Gas Law (NGL) and National Gas Rules (NGR) provide the regulatory framework under which we assess proposed access arrangements. We must make our decision in a manner that will, or is likely to, contribute to achieving the National Gas Objective (NGO).[3] The NGO seeks efficient outcomes in terms of the price, quality, safety, reliability and security of gas supply that will benefit consumers in the long term.[4] The NGO also includes achieving targets for reducing Australia's greenhouse gas emissions.[5]

The central component of APTPPL's proposal is its forecast of the revenue it will need to recover from consumers over the 2027–32 period. We have assessed this by considering each element of its proposal, including capital expenditure (capex), operating expenditure (opex), forecast demand and tariff setting and variation mechanisms, to ensure that these elements comply with the NGL and NGR as well as promote the NGO.

Our draft decision would allow APTPPL to set gas network charges for the RBP which are expected to result in the recovery of $371.3 million ($ nominal, smoothed) in revenue from consumers in the 2027–32 period. This is $17.7 million (4.5%) less than APTPPL's proposal. It is $123.9 million (50.1%) higher than the revenue we approved for the RBP in the current period.[6]

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2 Our decision on an access arrangement proposal must be to either approve it in its entirety, or not at all. Our draft decision indicates whether we are prepared to approve the proposal as submitted and, if not, the nature of the amendments that are required to make the proposal acceptable to us.

3 NGL, s. 28(1)(a).

4 NGL, s. 23(a).

5 NGL, s. 23(b).

6 In real dollar terms the draft decision is $60.3 million or 21.2% higher compared to the approved revenue in the current period.

Market factors, specifically interest rates and inflation, are key factors driving higher revenues. In this draft decision we estimate 62% of the increase in revenue from period to period can be attributed to these factors that are outside of APTPPL's control.

The expected revenue APTPPL may recover from RBP consumers forms the transmission network component of retail gas bills, making up around 1.1% of a typical bill for residential consumers. Other key components of the bill include wholesale gas, distribution and retail costs.

Our draft decision does not include indicative bill impacts. We recognise that aspects of the draft decision, such as capex, may change in response to APTPPL's revised proposal. Accordingly, any indicative bill impacts estimated at this stage could differ from those presented in the final decision.

We are focused on efficient investment to deliver a safe, reliable and resilient network that meets consumer needs

The RBP is a 438-kilometre bi-directional transmission pipeline transporting natural gas between the Wallumbilla gas supply hub (near Roma) and Brisbane, and regional centres in between.

APTPPL proposed significant expenditure increases relative to the current period. APTPPL submitted that the RBP faces rising maintenance costs and investment needs as its assets age, while higher financing costs are increasing its revenue requirement. Our draft decision provides for prudent and efficient expenditure to maintain safe and reliable supply, while ensuring consumers pay no more than necessary.

Based on the information before us, we have reached a different assessment from APTPPL of the capex required to transport gas efficiently and maintain the safety and integrity of its services.

Our draft decision does not accept APTPPL's proposed forecast net capex of $88.5 million ($2026–27). Our alternative estimate of $43.1 million (51.3% reduction) provides for pipeline integrity works, targeted environmental remediation and the transition of customers from the DN250 to the DN400 pipeline. We recognise the need for these activities but have reduced capex where APTPPL has not provided sufficient information to demonstrate its prudency and efficiency.

We also assess APTPPL's historical capex on an ex-post basis to determine how much of its conforming capex can be included in the opening capital base. Our assessment covers 2021–22 and 2022–27 and ensures only prudent and efficient expenditure is included. Our draft decision finds $10.9 million ($2021–22) out of APTPPL's total $12.3 million actual capex as conforming capex, a reduction of 11.4%. For the 2022–27 period, our draft decision finds $47.4 million ($2026–27) out of APTPPL's total $69.7 million of actual capex is conforming capex. This is due to only including $5.9 million, as forecast in our 2022–27 final decision for the DN250 Security of Supply Project, as conforming capex. We are not satisfied that APTPPL's overspend of $22.1 million on the DN250 Security of Supply project meets the conforming capex criteria.

APTPPL's proposal and responses to our information requests have not demonstrated that the capex overspends in the current 2022–27 period and forecast capex reflect prudent and

efficient decisions. Its revised proposal must include further analysis and modelling to justify the proposed options and actions. Alternative estimates in our draft decision reflect the quality of information provided by APTPPL and we expect the revised proposal to provide further evidence supporting the scope and costs of its expenditure.

Through APTPPL's engagement, stakeholders sought to understand why the RBP tends to overspend its capex allowance, considering whether forecasting accuracy is an issue. Costs to maintain the network are rising, and APTPPL indicates it faces challenges in forecasting project costs because, unlike above-ground electricity assets, the extent and severity of damage to an underground pipeline cannot be fully determined until it is excavated.

Our draft decision accepts APTPPL's proposed total forecast opex of $140.2 million ($2026-27). Our alternative opex estimate of $137.4 million ($2026–27), including debt raising costs, is not materially different from APTPPL's total forecast opex proposal.

Our draft decision accepts APTPPL's demand forecast and proposed reference service and tariff structure, subject to minor amendments and tariff levels consistent with our revenue decision.

APTPPL should be incentivised to manage cost pressures without compromising performance

Our draft decision has considered whether applying the Capital Expenditure Sharing Scheme (CESS) to the RBP would improve the robustness of APTPPL's capex forecasting and encourage expenditure discipline.

Our draft decision is to apply the CESS to the RBP for the 2027–32 period. We recognise APTPPL did not propose a CESS but has discussed with its stakeholder reference group the option of applying the incentive scheme.

We observe that APTPPL has overspent its capex allowance in the past three access arrangements. This indicates that APTPPL often underestimates its forecasts. For example, as part of the 2022–27 access arrangement APTPPL forecast a cost of $5.9 million to decommission the DN250 pipeline and transition customers to the DN400 pipeline. However, this has increased to $44.4 million incurred over 2 access arrangement periods.[7]

On this issue, APTPPL submitted that its expenditure forecasts are conservative and it does not include contingency for unexpected events, accounting for the variability in RBP actual capex costs compared to forecasts.[8] APTPPL further submitted that the CESS would, in its view, penalise it for unforeseen events rather than promote efficiency.

While we note APTPPL's perspective, we consider applying the CESS to APTPPL would benefit consumers by encouraging more accurate forecasts of efficient expenditure and promoting spending discipline. It would also balance capex and opex incentives as the RBP is already subject to the Efficiency Carryover Mechanism (ECM) for opex.

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7 AER, *Final decision - RBP access arrangement 2022-27 - Capital expenditure model*, May 2022; APTPPL, *RBP – 2027–32 - Capex Model*, July 2026; AER analysis.

8 APTPPL, *RBP – 2027–32 - Overview of the Access Arrangement Proposal*, July 2026, pp. 12-13.

Supporting fair and efficient access to pipeline capacity through stakeholder engagement

Over the 2022–27 period, the RBP experienced lower than expected utilisation. However, APTPPL expects that increased Queensland gas demand from gas powered generation (GPG) will drive more demand for RBP capacity.[9]

To facilitate and manage access to the RBP for prospective users, APTPPL proposed reforms to its queuing arrangements. The queuing arrangements are required to ensure fair access to spare or developable pipeline capacity (or both), with clear priority rules so prospective users can identify their place in the queue. Queuing requirements must be sufficiently detailed to allow prospective users to understand the basis upon which an order of priority has been, or will be, determined, and allow them to determine their place in the queue.[10]

APTPPL submitted that it engaged with its stakeholder reference group, as well as holding one-on-one discussions with RBP customers. In doing so, it outlined proposed refinements to the potential queuing arrangements in the access arrangement to more efficiently manage congestion, facilitate new connections, and ensure prospective users are not unfairly disadvantaged. The proposed amendments to the queuing requirements are intended to be more practical and better reflect how access negotiations occur in practice, compared to the current arrangements.[11]

APTPPL submitted that its discussions with its customers and reference group indicated stakeholder support for the proposed amendments as being practical, with no concerns raised. We note that, while the proposed amendments to the queuing arrangements appear reasonable, APTPPL made late additions to its proposal that were not initially discussed with stakeholders.

We also note that prospective users may only become aware of capacity access issues when a queue forms. As the last queue for the RBP formed in 2018, prospective users may not have fully considered the proposed amendments to the queuing arrangements. We recognise APTPPL has sought to engage broadly with its users, and we received no submissions on the queuing requirements before our draft decision.[12]

APTPPL can use this further opportunity to seek stakeholder feedback so all prospective users can consider how the queuing arrangements could affect them. We will consider any submissions or feedback from existing and potential RBP users on APTPPL's proposed new access and queuing arrangements carefully in making our final decision on whether the changes are fair and reasonable.

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9 APTPPL, *RBP – 2027–32 - Overview of the Access Arrangement Proposal*, July 2026, pp.21 ,31.

10 NGR, r. 68D(5).

11 APTPPL, *RBP – 2027–32 - Overview of the Access Arrangement Proposal*, July 2026, pp.31-32.

12 We received only one confidential submission on the RBP proposal.

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1 Our draft decision

APTPPL's proposed access arrangement sets out the services it will provide in the 5 years from 1 July 2027 to 30 June 2032 (2027–32 period), the tariffs for those services, and the other terms and conditions on which they will be provided.

APTPPL has submitted an access arrangement proposal for the RBP that would allow it to set gas transmission charges resulting in the recovery of an expected $388.9 million ($ nominal, smoothed) in revenues from consumers from 1 July 2027 to 30 June 2032.

Our decision on an access arrangement proposal must be to either approve it in its entirety, or not at all. Our draft decision indicates whether we are prepared to approve the proposal as submitted and, if not, the nature of the amendments that are required to make the proposal acceptable to us.

Our draft decision is to not approve APTPPL's proposal and instead determines a total revenue of $371.3 million ($ nominal, smoothed). In this section, we briefly outline the key differences between our draft decision and APTPPL's proposal, and drivers of expected revenue in this draft decision.

1.1 Key differences between this draft decision and APTPPL's proposal

We determine a total building block revenue of $369.0 million ($nominal, unsmoothed) for APTPPL over the 2027–32 period.[13] This amount reflects our draft decision on the various building block costs and represents a decrease of $16.4 million (4.2%) relative to APTPPL's proposal of $385.4 million ($ nominal, unsmoothed).

The main areas of difference between our draft decision and APTPPL's proposal include:

- lower opening capital base at 1 July 2027, which is $18.2 million (3.1%) lower than APTPPL's proposal. This is due to our reductions to APTPPL's conforming capex for the period of 2021–22 to 2024–25 and estimated capex for 2025–26 and 2026–27 (section 3.1)
- lower forecast capex, which is $45.3 million (51.3%) lower than APTPPL's proposal (section 3.4). Our alternative cost estimates are lower for several projects because we have insufficient information to justify APTPPL's proposed expenditure.
- lower revenue adjustments, driven by our draft decision to apply an ECM penalty payment instead of the ECM benefit in APTPPL's proposal (section 3.6).

Movements in market variables also contributed to different revenue outcomes in our draft decision compared to APTPPL's proposal. This includes our update of APTPPL's rate of return, which increased to 6.59% from APTPPL's placeholder estimate of 6.41%

[13] Our draft decision smoothed revenue is $371.3 million, which is $2.3 million higher than the unsmoothed revenue because smoothing defers some revenue recovery to later years of the period. While smoothed and unsmoothed revenues are equal in net present value terms, recovering a greater proportion of revenue in later years results in a higher nominal total revenue due to the impact of the time value of money.

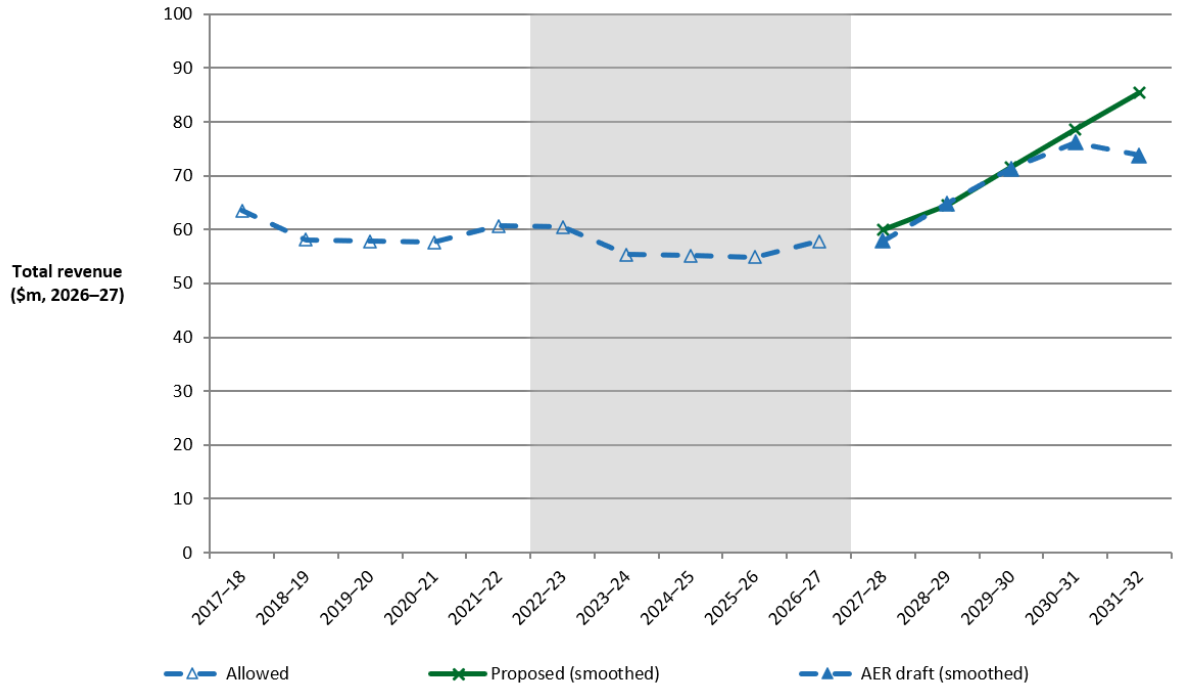
(section 3.2).[14] While we have made significant reductions to APTPPL's proposed forecast capex, the higher rate of return has offset some of the resulting reduction in the return on capital from the lower forecast capex.

1.2 What is driving revenue

Over time, inflation impacts the spending power of money. To compare revenue from one period to the next on a like-for-like basis, in this section we use 'real' values based on a common year ($2026–27) that have been adjusted for the impact of inflation instead of the nominal values above.

Where the assumptions in APTPPL's proposal would result in total smoothed real revenue that was $76.1 million (26.8%) higher than approved for the current period, the estimated impact of our draft decision is an increase of $60.3 million (21.2%). Figure 1 shows how real revenue would change over the next 5 years under this draft decision, compared to APTPPL's proposal.

Figure 1 Changes in RBP's regulated revenue over time ($million, 2026–27)



Source: AER analysis.

There are several reasons for this increase in revenue from the 2022–27 period. Figure 2 highlights the key drivers of the change between the expected real revenue approved for APTPPL's 2022–27 period and that approved in this draft decision for the 2027–32 period. Our draft decision provides for increases in the building blocks for:

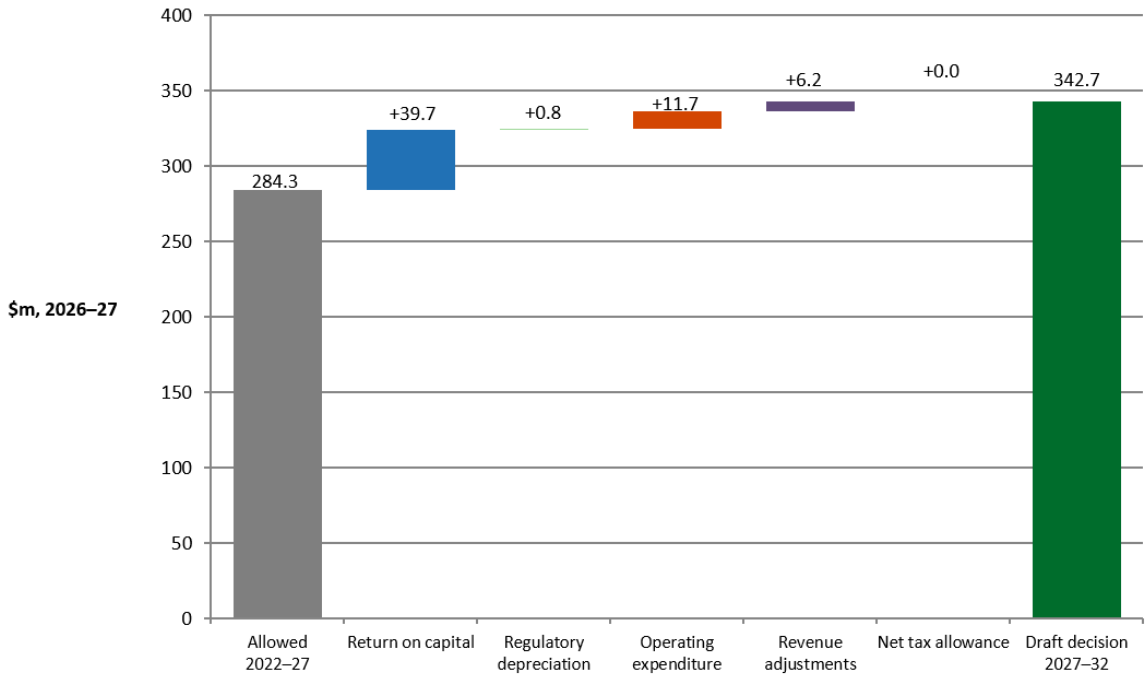
- return on capital, which is based on the opening capital base, forecast capex and rate of return. This is $39.7 million (26.3%) higher than the 2022–27 period. As shown in Figure

[14] These are rate of return figures for the first year of the access arrangement period; the rate of return will be updated annually, as discussed in section 3.2.

3, the RBP's capital base is projected to decline in real terms over the 2027–32 period. Forecast capex is lower than the actual capex incurred in the previous periods, in real $2026–27 terms. This is because of reduced capex expenditure in Group IT and DN250 Security of Supply Project. However, forecast rate of return in the 2027–32 period is higher than the 2022–27 period, more than offsetting the decrease in the return on capital as a result of a reduced capital asset base.

- forecast opex for the 2027–32 period is $11.7 million (9.1%) higher than the forecast approved for the 2022–27 period. This increase is because of higher than forecast actual opex in the 2022–27 period, creating a higher trend applying to the 2027–32 period. APTPPL has proposed no step changes or base year adjustments for the 2027–32 period.
- revenue adjustments for the 2027–32 period are $6.2 million (73.1%) higher than the RBP's 2022–27 access arrangement. This increase is largely due to significantly lower opex efficiency carryover mechanism penalties.
- return of capital (regulatory depreciation), which is $0.8 million (5.9%) higher than the 2022–27 period. This is primarily driven by lower weighted average remaining asset lives and lower standard asset lives for existing assets and forecast capex respectively, compared to the 2022–27 period.[15]

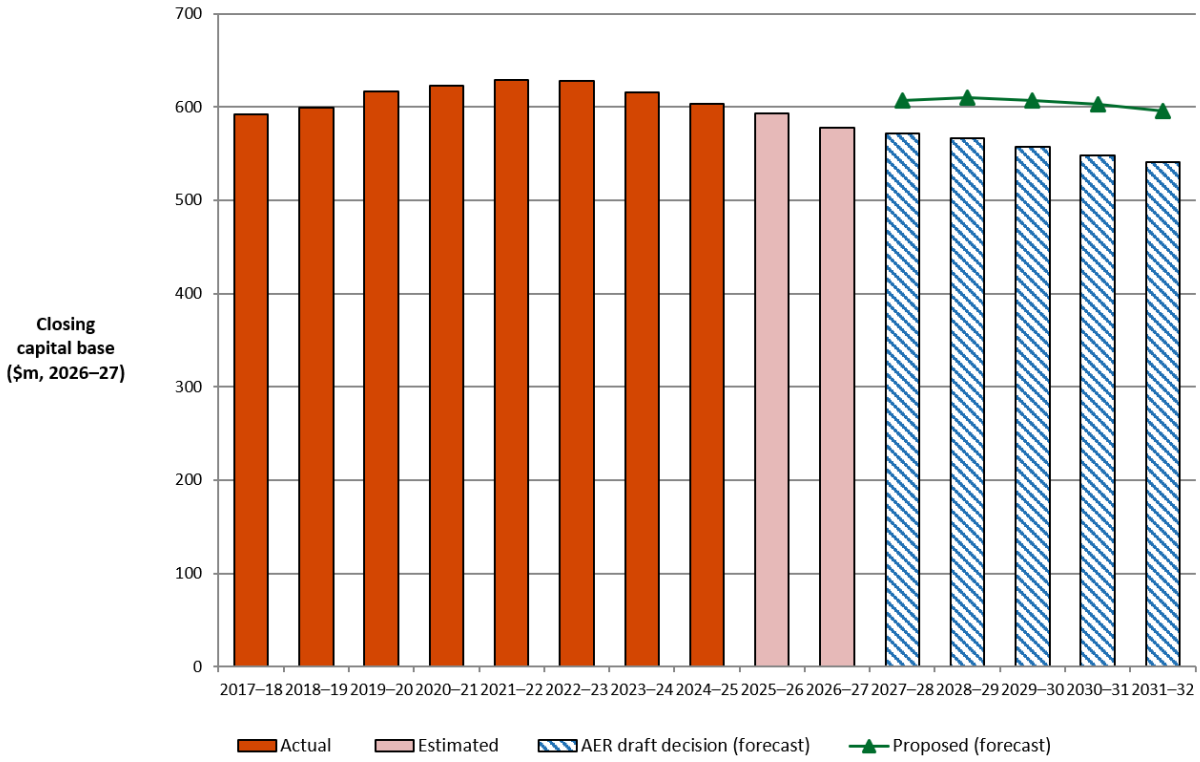
Figure 2 Changes in RBP's total revenue between 2022–27 period and 2027–32 period ($million, 2026–27 unsmoothed)



Source: AER analysis.

15 The weighted average remaining asset lives are used to calculate the straight-line depreciation of existing assets at the commencement of the 2027–32 period, while standard asset lives are used to calculate the straight-line depreciation of forecast capex for the 2027–32 period. All else being equal, lower weighted average remaining lives and standard lives increases the straight-line depreciation.

Figure 3 RBP's capital base over time ($million, 2026–27)



Source: AER analysis.

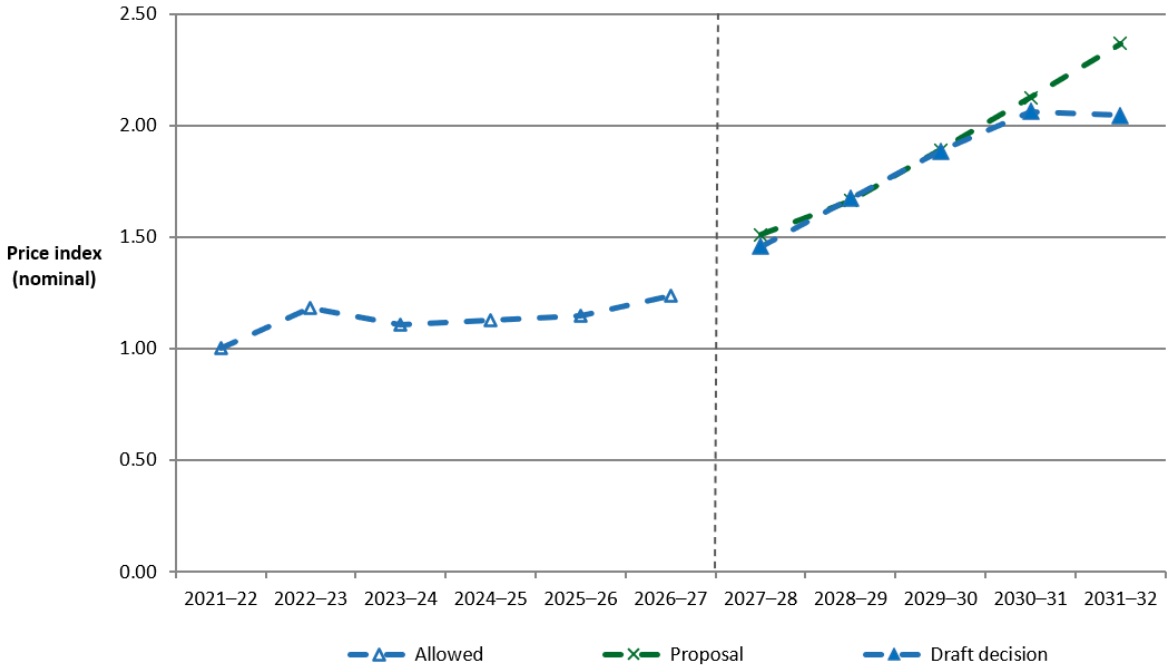
1.3 Expected impact of our draft decision on tariffs

We combine our forecast revenue requirement for APTPPL with forecast demand to determine its network tariffs. In simple terms, tariffs are determined by dividing cost (total revenue requirement) by total demand. This means that for the same level of demand, an increase in revenue will lead to an increase in tariffs.

The impact of higher revenue over the 2027–32 period is that this draft decision will increase APTPPL's tariffs relative to the current period. For illustrative purposes, we estimate the impact of this draft decision would be to increase tariffs by around 65.4% in nominal terms by 2031–32 compared to 2026–27 levels, or an average nominal increase of 10.6% per annum.

Figure 4 compares the tariff path for APTPPL's gas transportation reference services under this 2027−32 draft decision with that approved previously for the 2022–27 period, and with APTPPL's proposal. These are simple estimates only, calculated in aggregate rather than for individual tariff classes. Note also that while our decision establishes tariffs for year 1 (2027–28), tariffs for years 2 to 5 will be set via the annual reference tariff variation mechanism reflecting actual inflation, updated return on debt and any cost pass throughs.

Figure 4 Indicative reference tariff paths for APTPPL's reference services from 2027 to 2032 (Price index, nominal)



Source: AER analysis.

1.4 APTPPL's consumer engagement

Genuine consumer engagement is likely to result in better quality proposals that reflect consumers' preferences. It is an important input into our assessment, however, consumer support does not itself establish that the relevant requirements in the NGL and NGR have been satisfied. Addressing consumers' concerns and meeting the applicable regulatory requirements are both necessary to ensure the outcomes advance the long-term interests of consumers.

Overall, APTPPL's engagement has addressed the principles-based expectations set out in the Better Resets Handbook reasonably well.[16] APTPPL shows material improvement since its previous RBP access arrangement, and our assessment recognises the asset's smaller size and APTPPL's limited direct relationship with end-use consumers.

For the 2027–32 review, APTPPL began with a co-creation workshop and established a stakeholder reference group to inform and challenge the proposal.[17] APTPPL submitted this process provided a broad group of stakeholders with opportunities to help set the agenda, test assumptions and engage as partners in developing the RBP proposal.[18]

Feedback and our observations indicate an open, constructive and responsive process, supported by detailed minutes, action tracking and timely follow-up. APTPPL's evaluation

16 AER, *Better resets handbook – towards consumer-centric network proposals*, October 2026.

17 APTPPL, *RBP – 2027–32 - Attachment 08 - Engagement Summary Report,* p. 2. These groups brought together consumer advocates, shippers, producers, renewable energy proponents, generators, gas distributors, landholders, governments, gentailers, large customers and large customer advocates.

18 APTPPL, *RBP – 2027–32 - Attachment 08 - Engagement Summary Report,* p. 2.

recorded generally positive feedback. Participants considered the engagement was tailored to stakeholder reference group interests and focused on matters they could influence, with sufficient time to consider issues and opportunities to ask questions.[19]

APTPPL considered this feedback was evidence of respondents' positive experience of the engagement process, while acknowledging only 5 reference group participants responded to the evaluation survey.[20] Respondents also considered engagement had been proportionate to the size of the asset and the cost of engagement.[21]

Discussions began with stakeholders' desired outcomes, including reliability, affordability, and customer and community risk, and extended to proposal inputs such as expenditure, forecasting, governance and the CESS.[22] There was also focus on how the access arrangement balances risk between the business, customers and the community through areas like its demand forecasts, choice of regulatory form of control, treatment of asset stranding risk and application of prudent discounts.

APTPPL's proposal material provides a transparent account of the preferences and feedback raised through engagement and how it responded, including where views differed or concerns remained. This provides a useful line of sight between the engagement, the outcomes sought and the proposal. Nevertheless, participation was sometimes limited, with concerns that absent stakeholders could miss important aspects of the proposal [23]

Stakeholders also considered their ability to influence expenditure was constrained by the relatively small asset and its largely non-discretionary expenditure. [24] Engagement by APTPPL supported understanding, scrutiny, and assurance, rather than materially altering expenditure outcomes or assessing whether the proposed expenditure is prudent and efficient.[25] Stakeholders also sought a clearer comparison of actual and budgeted expenditure and analysis of how the CESS would operate for the pipeline.[26]

For the proposed queuing reforms, reference group members considered the changes appeared reasonable but recognised pipeline users were best placed to comment. APTPPL subsequently held one-on-one discussions with customers represented in the group and invited feedback from a wider group of stakeholders and noted it received no feedback or requests for discussions.[27]

How engagement influenced our draft decision

APTPPL's survey evaluation provides evidence of participants' views and overall provides confidence that APTPPL heard and responded to stakeholders, but less assurance that

19 APTPPL, *RBP – 2027–32 - Attachment 08 - Engagement Summary Report*, p. 17.
20 APTPPL, *RBP – 2027–32 - Attachment 08 - Engagement Summary Report*, p. 17.
21 APTPPL, *RBP – 2027–32 - Attachment 08 - Engagement Summary Report,* p. 15.
22 APTPPL, *RBP – 2027–32 - Attachment 08 - Engagement Summary Report,* pp. 2, 4.
23 APTPPL, *RBP – 2027–32 - Attachment 08 - Engagement Summary Report,* p. 14.
24 APTPPL, *RBP – 2027–32 - Attachment 08 - Engagement Summary Report*, p. 16.
25 APTPPL, *RBP – 2027–32 - Attachment 08 - Engagement Summary Report*, p. 16.
26 APTPPL, *RBP - 2027–32 - Overview of the Access Arrangement Proposal,* pp. 12-13.
27 APTPPL, *RBP – 2027–32 - Attachment 08 - Engagement Summary Report,* p. 13.

engagement materially influenced expenditure outcomes. This transparency provides confidence the proposal identifies the main preferences expressed through the engagement. Stakeholders' priorities also informed the focus of our assessment. Reliability and customer and community risk informed our consideration of the need for, and governance over APTPPL's expenditure program.

Affordability informed our consideration of forecast accuracy, the reasonableness of expenditure and how risk should be shared between APTPPL and consumers. Consistent with the affordability and risk-sharing concerns raised by stakeholders, our draft decision requires APTPPL to develop more robust expenditure forecasts and apply the CESS for the 2027–32 period. These requirements are intended to improve forecast discipline and provide a clearer sharing of expenditure risk between APTPPL and consumers.

APTPPL reported that no concerns with the revisions to its queuing arrangements were raised during this process. However, it acknowledged that late changes were made and that it will continue to seek feedback following our draft decision. Our draft decision recognises the general support for the proposed revisions. While we also consider the proposed changes seem reasonable, we want APTPPL to continue seeking feedback from its current and prospective users to address the late changes made and take all opportunities to engage on a process that will be set for the next 5-years of the access arrangement. [28]

[28] APTPPL, *RBP – 2027–32 - Attachment 08 - Engagement Summary Report,* p. 13.

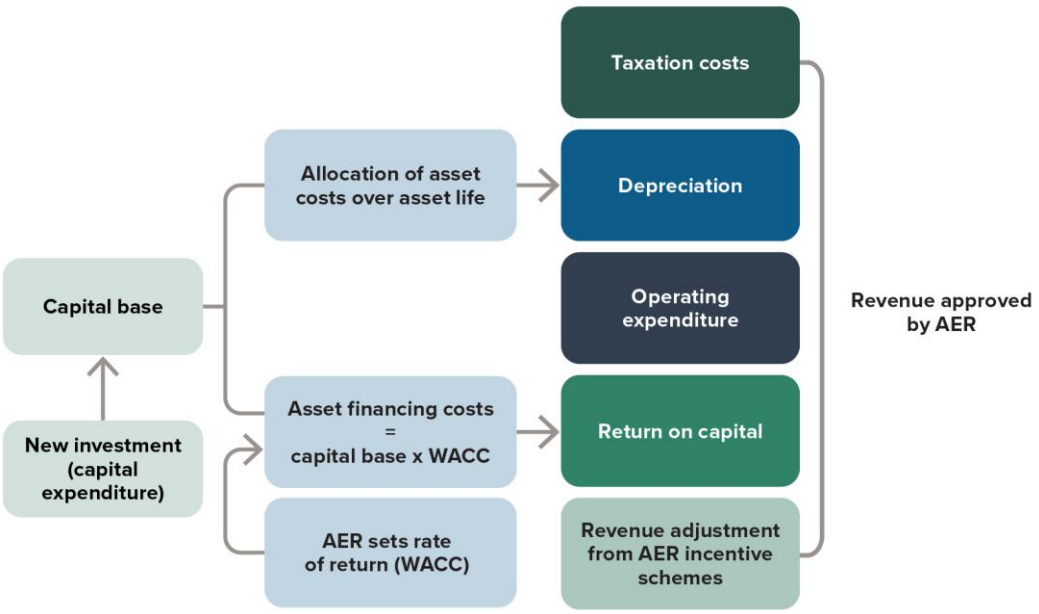
2 Total revenue requirements

The foundation of our regulatory approach is a benchmark incentive framework for setting revenues. Once regulated revenues are set for the 5-year period, a network that keeps its actual costs below the regulatory forecast of costs retains part of the benefit. Service providers have an incentive to become more efficient over time, as they retain part of the financial benefit from improved efficiency. Consumers also benefit when efficient costs are revealed, and a lower cost benchmark is set in subsequent access arrangement periods.

APTPPL's proposed revenue requirement, and our assessment of it under the NGL and NGR are based on 6 cost components or building blocks, illustrated in Figure 5:

- return on the capital base – to compensate investors for the opportunity cost of funds invested in this business
- depreciation of the capital base – or return of capital, to return the initial investment to investors over time
- capex – the capital costs and expenditure incurred in the provision of network services, which directly affects the size of the capital base and, therefore, the revenue generated from the return on capital and depreciation building blocks
- forecast opex – the operating, maintenance and other non-capital expenses, incurred in the provision of network services
- revenue increments/decrements resulting from the application of incentive schemes, such as the ECM and CESS
- estimated cost of corporate income tax.

Figure 5 The building block approach to determining total revenue



Source: AER.

2.1 Draft decision on total revenue

The total revenue requirement is a forecast of the efficient cost of providing gas transmission services over the access arrangement period. We determine annual revenue, and the total revenue requirement, in nominal terms that take expected future inflation into account. We use 5-year inflation expectations to convert revenues to nominal values.

Our draft decision on APTPPL's total revenue requirement is $371.3 million ($nominal, smoothed). This is a reduction of $17.7 million (4.5%) from APTPPL's proposal.

Table 1 AER's draft decision on APTPPL's smoothed total revenue and X factors for the 2027–32 period ($ million, nominal)

	2027–28	2028–29	2029–30	2030–31	2031–32	Total
Return on capital	38.1	39.4	40.9	42.7	44.4	205.5
Regulatory depreciation	1.3	2.4	3.5	4.6	3.1	15.0
Operating expenditure	28.6	29.4	30.2	31.0	31.8	150.9
Revenue adjustments	–2.2	2.7	–1.9	–0.9	0.0	–2.4
Net tax allowance	0.0	0.0	0.0	0.0	0.0	0.0
Total revenue - unsmoothed	65.8	73.8	72.7	77.4	79.3	369.0
Forecast revenue - smoothed	**59.3**	**68.1**	**76.7**	**83.9**	**83.3**	**371.3**
X factors [a]	–15.00%	–12.00%	–10.00%	–6.80%	3.17%	n/a

Source: AER analysis.
n/a: not applicable.
(a) Under the CPI–X form of control, a negative X factor is an increase in revenues in real terms. The X factor for 2027–28 reflects revenue change in real terms. Our decision establishes 2027–28 tariffs by dividing the 2027–28 revenue allocated to each tariff by demand for each tariff, rather than referencing a change from 2026–27 tariffs. The X factors for 2028–29 to 2031–32 will be revised to reflect the annual return on debt update.

2.2 Revenue smoothing and tariffs

The RBP operates under a weighted average price cap as its tariff variation mechanism. A weighted average price cap is where the total revenue is divided by forecast demand for each tariff category. The average tariff for 2027–28 determined in our decision becomes the reference tariff which forms the starting point for adjusting the price path over the remaining years of the 2027–32 period under the CPI–X tariff variation mechanism.

As part of the annual reference tariff variation process, we combine the X factors we have determined in our decision with actual inflation to create reference tariffs for the coming year.

This means that the average prices paid by consumers, and therefore the revenues received by the network business, change with the X factor plus actual inflation.[29]

Our decision on APTPPL's proposal includes a determination of APTPPL's total building block revenue (unsmoothed revenue), and a smoothed revenue profile across the 2027–32 period.

By smoothing revenue, we aim to minimise price volatility between and within access arrangement periods by keeping the difference between smoothed and unsmoothed revenue in the final year of each period as close as possible, and to provide price signals across tariffs that reflect APTPPL's underlying, efficient costs of providing services. Our standard approach has been to keep a divergence of up to ±3% between the smoothed and unsmoothed revenues for the last year of the period if this can achieve smoother price changes across the access arrangement periods.

APTPPL's proposed smoothing profile provided an expected initial real revenue increase of 19.2% in 2027–28, followed by real increases of 7.4%, 10.9%, 9.8% and 8.8% for the remaining 4 years of the 2027–32 period respectively. The final year revenue difference is 16.9% and is well outside of our standard target range of ±3%.

Our draft decision determines lower unsmoothed revenues than that of APTPPL's proposal. We have smoothed the real increase in forecast revenues compared to the 2022–27 period to achieve a relatively stable price path over the 2027–32 period while reducing the final year revenue difference as much as possible to minimise price volatility at the start of the 2032–37 period. Consequently, we have relaxed our standard target range for the final year difference between the smoothed and unsmoothed revenues. In the present circumstances, we have determined that the final year revenue difference is 5%.

Our draft decision applies a smoothing profile with a 15% real revenue increase in 2027–28, lower than the APTPPL's proposal. This is followed by real increases of 12.0%, 10.0% and 6.8% for the next three years and a 3.2% real revenue reduction for the final year of the period.

We are satisfied that the draft decision tariff path strikes a reasonable balance between minimising the impact of revenue increases on year 1 tariffs and reducing price volatility within the 2027–32 period and at the start of the 2032–37 period.

The average annual tariffs in year 1 (2027–28) determined in our draft decision are 3.6% lower in nominal terms than that proposed by APTPPL, reflecting the smoothed revenue profile in our draft decision. This is not necessarily indicative of final decision tariffs, which will change again with our final decision on revenue and forecast demand. While our decision establishes tariffs for year 1 (2027–28) directly, tariffs for years 2 to 5 will be set as part of the annual reference tariff variation mechanism reflecting actual inflation, updated return on debt and any cost pass throughs.[30]

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29 Under the CPI–X form of control, a positive X factor represents a decrease in revenue (and, therefore, in price). Conversely, a negative X factor represents an increase in revenue (and, therefore, in price).

30 The annual reference tariff variation mechanism is discussed in section 5.3.

3 Key elements of our draft decision on revenue

The components of our draft decision include the building blocks we use to determine the total revenue requirement. The following sections summarise our revenue decision by building block. The attachments to this draft decision provide a more detailed explanation of our analysis and findings.

3.1 Capital base

The capital base roll forward accounts for the value of regulated assets for RBP's gas transmission network in Queensland over the access arrangement period. The opening capital base value for a regulatory year within the access arrangement period is rolled forward by indexing it for inflation, adding any conforming capex, and subtracting depreciation and other possible factors (for example, disposals).[31] Following this process, we arrive at a closing value of the capital base at the end of the relevant year. The opening value of the capital base is used to determine the return of capital (regulatory depreciation) and return on capital building blocks.

We determine an opening capital base value of $577.7 million ($ nominal) as at 1 July 2027 for RBP. This value is $18.2 million (3.1%) lower than APTPPL's proposed opening capital base of $595.9 million ($ nominal).[32] The reduction is due to the net impact of our input amendments in the roll forward model (RFM):

- Amending APTPPL's proposed conforming capex for the period of 2021–22 to 2024–25 and estimated capex for 2025–26 and 2026–27 to $55.7 million from a total of $77.8 million on an as-incurred basis.[33] This reduced the opening capital base value by $26.6 million.[34]
- Correcting the actual inflation rates proposed by APTPPL for 2022–23 to 2025–26. As the capital base must be maintained in real dollar terms by indexing for inflation, our draft decision replaced APTPPL's proposed March-to-March actual inflation rates with December-to-December actual inflation rates. This is because the actual inflation rate used in the capital base roll forward in the RFM must be consistent with the inflation rate used in annual tariff adjustments for the 2022–27 period, which is based on the December-to-December consumer price index (CPI). This increased the opening capital base value by $4.1 million.

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31 The term 'rolled forward' means the process of carrying over the value of the capital base from one regulatory year to the next.

32 APTPPL, *2027–32 Access Arrangement Proposal Roma Brisbane Pipeline, attachment, RBP – 2027–32 - RFM*, July 2026.

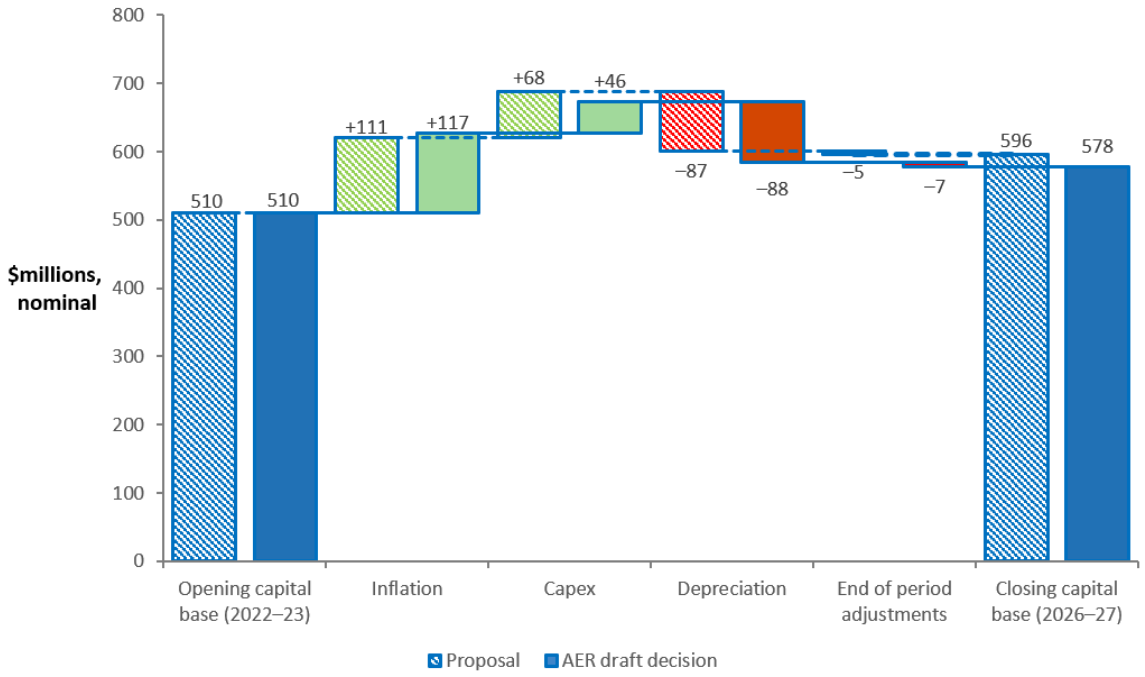
33 The conforming capex is calculated based on the gross capex net of asset disposals. Our draft decision amended both proposed gross capex and asset disposals. On an as-commissioned basis, our draft decision reduced the proposed capex to $70.2 million from $96.7 million over the period of 2021–22 to 2026–27.

34 Inclusive of the half-year WACC to account for the timing assumptions in the RFM.

- Updating the proposed estimated CPI for 2026–27 of 3.2% with the Reserve Bank of Australia's (RBA) forecast of 3.6% published in its August 2026 *Statement on Monetary Policy* to reflect the latest economic conditions.[35] This increased the opening capital base value by $2.3 million. The CPI input for 2026–27 will be updated for actual CPI, which will be published by the Australian Bureau of Statistics (ABS) before we make our final decision.

Figure 6 shows the key drivers of the change in APTPPL's capital base over the 2022–27 period in its proposal compared to our draft decision.

Figure 6 Key drivers of changes in the capital base over the 2022–27 period – proposal compared with AER's draft decision ($ million, nominal)



Source: AER analysis.
Note: Capex is net of disposals. It is inclusive of the half-year WACC to account for the timing assumptions in the RFM.

Figure 7 likewise shows the key drivers of the change in APTPPL's projected capital base over the 2027–32 period in its proposal compared to our draft decision. Our draft decision projects an increase of $32.2 million (5.6%) to the capital base by the end of the 2027–32 period compared to the $76.7 million (12.9%) increase in APTPPL's proposal.

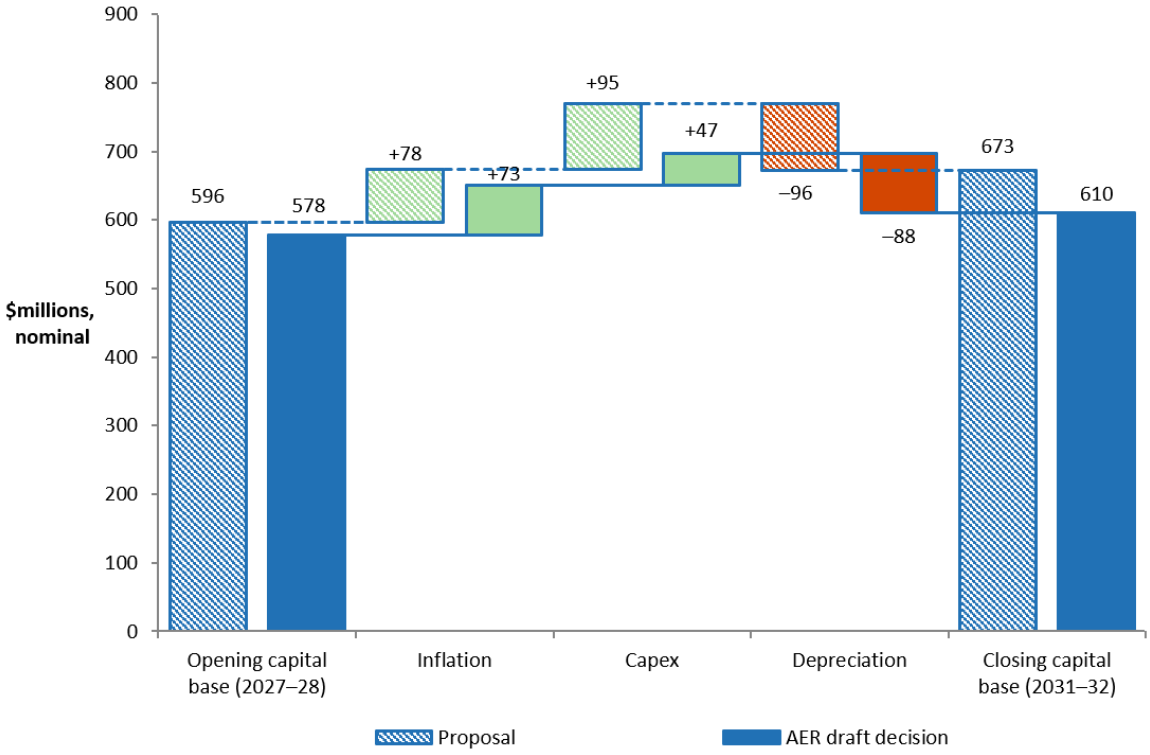
We have determined a projected closing capital base of $610.0 million ($ nominal) as at 30 June 2032, which is $62.7 million (9.3%) lower than APTPPL's proposed $672.7 million.

This lower value is mainly due to our draft decision to reduce the opening capital base as at 1 July 2027 and a reduction to APTPPL's forecast capex (discussed in section 3.4). This reduction is partially offset by our draft decision on a lower forecast depreciation (discussed in section 3.3).

35 RBA, *Statement on Monetary Policy, Table 3.1: Detailed Forecast Table*, August 2026, p. 59.

The reasons for our decision on APTPPL's capital base are discussed in Attachment 1 of this draft decision.

Figure 7 Key drivers of changes in the capital base over the 2027–32 period – proposal compared with AER's draft decision ($ million, nominal)



Source: AER analysis.
Note: Capex is net of disposals. It is inclusive of the half-year WACC to account for the timing assumptions in the PTRM.

3.2 Rate of return and value of imputation credits

The AER's 2022 Rate of Return Instrument (RORI) sets out the approach we will use to estimate the return on debt, the return on equity and the overall rate of return.[36]

The return each business is to receive on its capital base, known as the 'return on capital', is a key driver of proposed revenues. We calculate the regulated return on capital by applying a rate of return to the value of the capital base.

We estimate the rate of return by combining the returns of two sources of funds for investment: equity and debt. The allowed rate of return provides the business with a return on capital to service the interest rate on its loans and give a return on equity to investors.

The estimate of the rate of return is important for promoting efficient prices in the long-term interests of consumers. If the rate of return is set too low, the network business may not be able to attract sufficient funds to be able to make the required investments in the network and

[36] AER, *Rate of Return Instrument (Version 1.2),* March 2024.

reliability may decline. Conversely, if the rate of return is set too high, the network business may seek to spend too much, and consumers will pay inefficiently high prices.

We are required by the NGL and NGR to apply the RORI to estimate an allowed rate of return.[37] For this draft decision, we have applied the 2022 RORI.[38]

We recently published a draft 2026 RORI[39] and expect to make a final 2026 RORI in December 2026 which will apply in our final decision for RBP in April 2027. APTPPL has applied the 2022 RORI in its proposal and has accepted that the 2026 RORI will apply in our final decision.[40]

Our draft decision rate of return of 6.59% (nominal vanilla) is higher than the 6.41% placeholder in the proposal, reflecting increases in the return on debt and the risk-free rate.

Our calculated rate of return in Table 2 applies to the first regulatory year of the 2027–32 period. A different rate of return may apply for the remaining years of the period. This is because we will update the return on debt component of the rate of return each year, in accordance with the RORI, to use a 10-year trailing average portfolio return on debt that is rolled-forward each year. Hence, only 10% of the return on debt is calculated from the most recent averaging period, with 90% from prior periods.

Our draft decision accepts APTPPL's proposed risk-free rate[41] and debt averaging periods[42] for the RBP access arrangement because they are consistent with 2022 RORI.[43]

We specify these periods in confidential Appendix A, and they will be used to update the risk-free rate and return on debt in the final decision.[44]

Table 2 Draft decision on APTPPL's rate of return (nominal)

	AER's previous decision (2022–27)	APTPPL's proposal (2027–32)	AER's draft decision (2027–32)	Allowed return over the regulatory control period
Nominal risk-free rate	2.12%	5.04%	5.36% [a]	Constant (%)
Market risk premium	6.1%	6.2%	6.2%	Constant (%)

37 NGL, Chapter 2, Part 1, division 1A; NGR, Rule 87.

38 AER, *Rate of Return Instrument (Version 1.2),* March 2024

39 AER, Draft 2026 Rate of Return Instrument, May 2026.

40 APTPPL, *RBP - Overview of the 2027–32 Access Arrangement Proposal*, June 2026, p. 15; APTPPL, *RBP = Access Arrangement Proposal 2027–32 – Attachment 10 – Rate of Return*, June 2026 p. 2.

41 APTPPL, *RBP - Access Arrangement Proposal 2027–32 – Attachment 06 – Averaging periods – Confidential,* June 2026, p. 2.

42 APTPPL, *RBP - Access Arrangement Proposal 2027–32 – Attachment 06 – Averaging periods – Confidential,* June 2026, p. 2.

43 APTPPL, *RBP - AER, Rate of return Instrument (version 1.2),* March 2024, cl 7–8, pp 23–25.

44 AER, *Draft decision - Roma to Brisbane Pipeline access arrangement 2027–32 - Confidential Appendix A: Equity and debt averaging periods,* November 2026.

	AER's previous decision (2022–27)	APTPPL's proposal (2027–32)	AER's draft decision (2027–32)	Allowed return over the regulatory control period
Equity beta	0.6	0.6	0.6	Constant
Return on equity (nominal post-tax)	5.78%	8.76%	9.08%	Constant (%)
Return on debt (nominal pre-tax)	4.17% [c]	4.85%	4.93% [b]	Updated annually
Gearing	60%	60%	60%	Constant (60%)
Nominal vanilla WACC	4.82% [c]	6.41%	6.59%	Updated annually for return on debt
Expected inflation	2.65%	2.45%	2.45%	Constant (%)

Source: AER analysis; AER, *Final Decision – RBP access arrangement 2022 – 2027 – Attachment 3 – Rate of Return*, May 2022, p 5; APTPPL, *RBP, Access Arrangement Proposal 2027–32 – Attachment 10 – Rate of Return*, June 2026 p. 2.

Notes: (a) Calculated using a placeholder averaging period of 20 business days ending 30 September 2026, which will be updated for the final decision.
(b) Calculated using a placeholder averaging period of 20 business days ending 30 September 2026, which will be updated for the final decision.
(c) Applied to the first year of the 2022–27 access arrangement period.

Debt and equity raising costs

In addition to compensating for the required rate of return on debt and equity, we provide a benchmark allowance for the transaction costs associated with raising debt and equity. We include debt raising costs in the opex forecast because these are regular and ongoing costs which are likely to be incurred each time service providers refinance their debt. On the other hand, we include equity raising costs in the capex forecast because these costs are only incurred once during the access arrangement period and would be associated with funding the particular capital investments. Our approach to forecasting debt and equity raising costs is set out in more detail in our past determinations.[45] APTPPL has proposed to use our approach to estimate debt and equity raising costs for the RBP access arrangement.[46]

Our draft decision accepts APTPPL's proposed opex, including debt raising costs, as set out in section 3.5.

For equity raising costs, we have updated our estimate for the 2027–32 period based on the benchmark approach using updated inputs. This results in zero equity raising costs for RBP's 2027–32 period.

[45] For example, see: AER, *Final decision - Attachment 3 - Rate of Return - Directlink Electricity Transmission Determination 2025 to 2030*, September 2024, pp 4–6.

[46] APTPPL, *RBP - 2027–32 PTRM,* June 2026.

Imputation credits

Our draft decision applies a value of imputation credits (gamma) of 0.57 as set out in the 2022 RORI.[47] APTPPL also adopted this value in the RBP access arrangement proposal.[48]

Expected inflation

As set out in Table 3, our estimate of expected inflation is 2.45%. It is an estimate of the average annual rate of inflation expected over a five-year period based on the method set out in our 2020 inflation review. APTPPL also adopted our approach in the RBP access arrangement proposal.[49]

Table 3 Draft decision on APTPPL's forecast inflation (%)

	Year 1	Year 2	Year 3	Year 4	Year 5	Geometric average
Expected inflation	2.40%	2.43%	2.45%	2.48%	2.50%	2.45%

Source: AER Analysis; RBA, *Statement on Monetary Policy*, August 2026, Table 3.1: Detailed Forecast Table. See https://www.rba.gov.au/publications/smp/2026/aug/outlook.html#table-3-1

Our draft decision uses the RBA's August 2026 *Statement on Monetary Policy* which contains a CPI forecast for the year ending June 2028. This means the first year of the 2027–32 period is based on RBA forecasts and, thereafter, a linear glide path from year two to the mid-point of the RBA's inflation target band of 2.50% in year five.

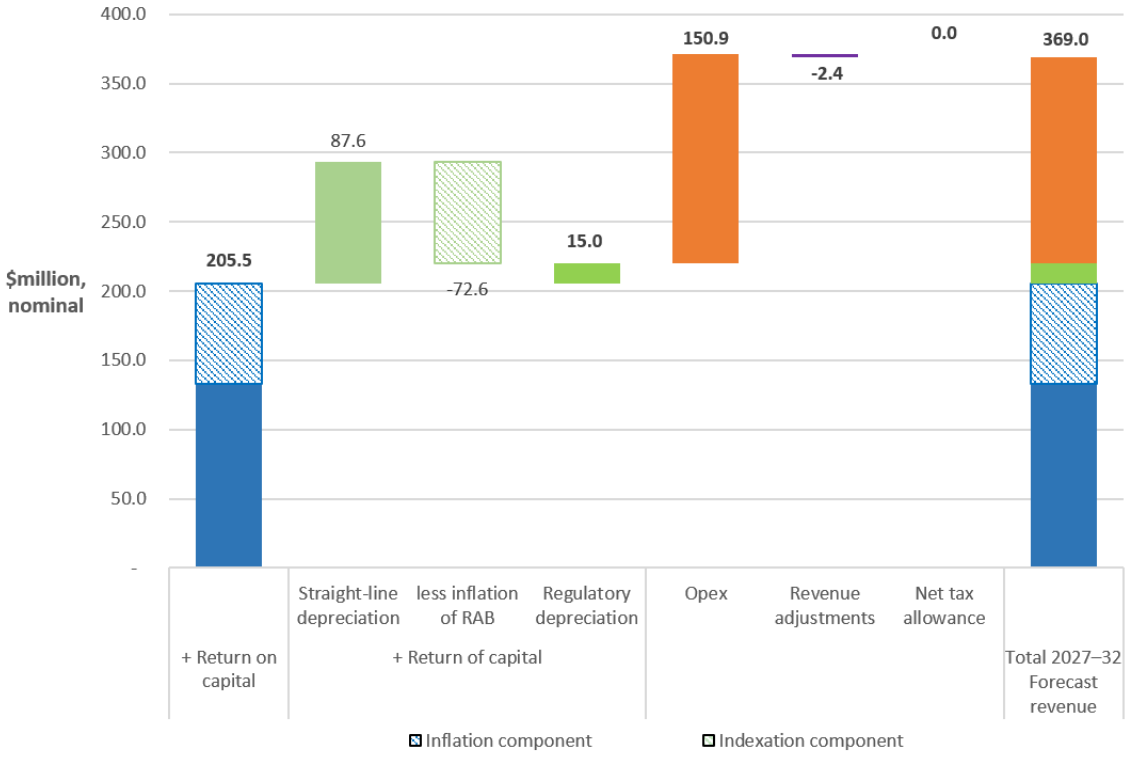
Figure 8 isolates the impact of expected inflation from other parts of our draft decision, to illustrate its effect on the return on capital and regulatory depreciation building blocks, and the total revenue allowance. Other elements held constant, lower expected inflation increases regulatory depreciation.

47 AER, *Rate of return Instrument (version 1.2),* March 2024, cl. 27.

48 RBP, *2027–32 PTRM,* July 2026.

49 RBP, *2027–32 PTRM,* July 2026.

Figure 8 Inflation components in draft decision revenue building blocks ($ million, nominal)



Source: AER analysis.

3.3 Regulatory depreciation (return of capital)

Regulatory depreciation is the amount provided so capital investors recover their investment over the economic life of the asset (return of capital). When determining the total revenue for APTPPL, we include an amount for the depreciation on the projected capital base.[50] Under the building block framework, regulatory depreciation consists of the net total of the straight-line depreciation less the indexation of the capital base.

This section sets out our draft decision on APTPPL's regulatory depreciation amount. It also presents our draft decision on the proposed depreciation schedules, including an assessment of the proposed standard and remaining asset lives used for calculating straight line depreciation.

We determine a regulatory depreciation amount of $15.0 million ($ nominal) for APTPPL for the 2027–32 period. APTPPL proposed a regulatory depreciation amount of $18.6 million ($ nominal) for RBP.[51] Our draft decision represents a reduction of $3.6 million (19.3%) from the proposed amount.

This reduction is primarily due to our draft decision to reduce APTPPL's proposed opening capital base as at 1 July 2027 (Section 3.1), forecast capex for RBP (Section 3.4) and our

50 NGR, r. 76(b).

51 APTPPL, *2027–32 Access Arrangement Proposal Roma Brisbane Pipeline, attachment, RBP - 2027–32 - PTRM*, July 2026.

draft decision to slightly increase APTPPL's proposed weighted average remaining lives for most of its asset classes used to calculate straight-line depreciation of its existing assets.[52]

The reasons for our decision on APTPPL's regulatory depreciation are discussed in Attachment 1 of this draft decision.

3.4 Capital expenditure

Capex refers to the capital costs and expenditure incurred in the provision of pipeline services. This investment mostly relates to assets with long lives. APTPPL recovers the costs of these assets through the return on capital and depreciation building blocks over their expected lives.

In this section, we outline our assessment of APTPPL's actual capex for 2021–22 and 2022–27 period for the RBP and its forecast capex for the 2027–32 period. Our assessment of actual capex informs the opening capital base, while our assessment of forecast capex informs the projected capital base.

3.4.1 Draft decision

Our draft decision is to not accept APTPPL's proposed forecast net capex of $88.5 million in the 2027–32 period. We propose an alternative forecast of $43.1 million ($2026–27), as shown in Table 4. This is a reduction of $45.3 million ($2026–27) or 51.3%.

We also propose to include $10.9 million ($2021-22) of conforming capex for 2021–22, rather than APTPPL's reported $12.3 million and $47.4 million ($2026–27) of conforming capex for the 2022–27 period.

3.4.2 APTPPL's proposal and our assessment

APTPPL initially proposed forecast capex of $87.8 million ($2026–27) for the 2027–32 period and subsequently updated its proposal to $88.5 million ($2026–27)). For historical conforming capex, APTPPL proposed $69.7 million ($2026–27)) for the 2022–27 period. Our draft decision assesses the prudency and efficiency of APTPPL's proposed forecast capex and actual capex over the current access arrangement period.

APTPPL's proposed forecast capex for the RBP in the 2027–32 period is largely based on a bottom up forecast of projects such as pipeline integrity management works, the decommissioning of the DN250 pipeline and transfer of affected customers to the DN400 pipeline (DN250 Security of Supply project) and environmental works at Gowrie Creek.

Our assessment of APTPPL's proposed forecast capex for the RBP identified shortcomings in the supporting information for several projects, APTPPL provided insufficient information on options analysis, project scope, cost estimates and other supplementary evidence to support the prudency and efficiency of proposed expenditure. We made information requests to APTPPL seeking to obtain the additional information necessary to assess the prudency and efficiency of its proposed expenditure, but information gaps remain.

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[52] The weighted average remaining life for an asset class is a key input used to calculate the straight-line depreciation of existing assets. All else being equal, a higher weighted average remaining life will reduce the annual straight-line depreciation of an asset.

We expect APTPPL's revised proposal to address these gaps and provide clear, robust and verifiable evidence demonstrating that its proposed expenditure meets the applicable capex criteria, including the prudency of the proposed scope and the efficiency of its cost estimates.

Where information gaps remain, our draft decision uses alternative estimates for proposed capital expenditure that we have based on our assessment of the information available.

Table 4 Alternative forecast capex for the 2027–32 period ($ million, $2026–27)

Category	Proposed 2027–32 capex	AER alternative estimate	Difference between proposed and alternative estimate	% contribution of category to draft decision
Pipeline integrity	42.6	17.8	-24.8	41.2%
DN250 security of supply project	16.6	6.6	-10.0	15.3%
Environmental works	10.4	3.6	-6.7	8.4%
Other capex	14.8	6.6	-8.2	15.3%
Group IT	3.3	3.0	-0.3	7.0%
Corporate overheads	0.8	5.8	5.0	13.5%
Gross Total	**88.5**	**43.4**	**-45.0**	**100%**
Less Disposals	0.0	0.0	0.0	0.0
Modelling adjustments	-	0.3	0.3	0.0
Net Total	**88.5**	**43.1**	**-45.3**	**100%**

Source: APTPPL, *RBP – 2027–32 - Capex Model*, October 2026; AER analysis.
Note: Other categories have no forecast expenditure. Totals may not add due to rounding

Drivers of the alternative estimates

The main drivers of the differences between APTPPL's proposed capex forecast and our alternative estimate of the forecast capex for the 2027–32 period are:

- An alternative estimate of $17.8 million for pipeline integrity works compared to $42.6 million proposed by the APTPPL. While we consider these types of works are broadly prudent in nature for pipeline safety, APTPPL has not provided sufficient information to support the prudency and/or efficiency of its proposed program. Our alternative estimate includes substituting APTPPL's forecast of cathodic protection expenditure with a bottom-up estimate and forecast of validation and safety critical digs with costs based on current period expenditure.
- An alternative estimate of $5.8 million for capitalised overheads, compared to the $8.0 million proposed. APTPPL's proposal derives mainly from a 9% overhead rate applied to the direct project costs, while our alternative estimate is based on average historical overhead expenditure. We consider the historical average is a better estimate

because corporate overheads are not necessarily proportionate to project expenditure, and costs not directly attributable to capex project delivery are likely to be operating expenditure. Further, we have reallocated overheads to a separate category, whereas APTPPL included these overheads in the direct costs of other drivers.

- An alternative estimate of $3.6 million for the Gowrie Creek remediation project/environmental works, based on APTPPL's Option 2 targeted remediation approach, rather than its preferred Option 3 horizontal directional drilling (HDD) solution, estimated at $10.4 million. Option 2 provides a lower-cost approach to addressing the identified issue and we consider the uncertainties associated with the required approvals for Option 2 do not justify using Option 3 as the basis of the forecast.
- An alternative estimate of $6.6 million, for the decommissioning of the DN250 pipeline and transferring affected customers to the DN400 pipeline. This is $10.0 million (60.2%) below the $16.6 million proposed by APTPPL. While we consider the decommissioning of the DN250 and transferring affected customers to the DN400 is necessary to maintain safe and reliable supply, APTPPL has not sufficiently demonstrated the efficiency of its proposed Phase 2a and Phase 3 costs. We have excluded Phase 2a due to uncertainty about its scope, costs and associated obligations, and reduced Phase 3 costs to account for unsupported project management margins and cost rounding.
- We have excluded proposed expenditure of $5.6 million for the Ellengrove Reliability project, earthing upgrades and ControlWave Micro upgrades, as APTPPL has not sufficiently demonstrated that the expenditure is prudent and efficient.
- We have reduced the forecast cost for the Kogan Scraper Station upgrade from $0.2 million to $15,000 to reflect our assessment of efficient costs.

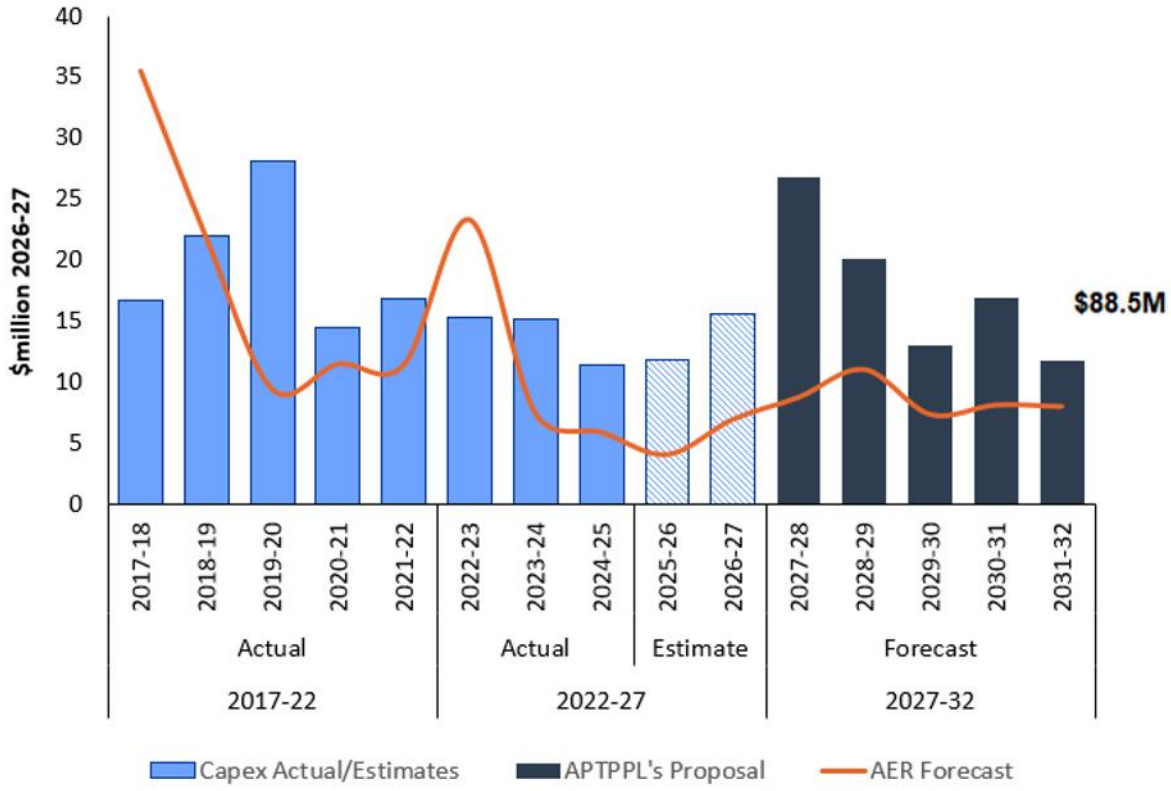
3.4.2.1 Conforming Capex for the 2021–22 period

We propose to include $10.9 million ($2021-22) of conforming capex for 2021–22. This excludes expenditure associated with the Dalby Unit 2 C50 compressor project, pending further evidence that the expenditure was prudent and efficient.

3.4.2.2 Conforming Capex for the 2022–27 period

We propose to include $47.4 million ($2026-27) of conforming capex for the 2022–27 period. Our assessment of prudent and efficient actual capex reflects an adjustment of $22.1 million for DN250 Security of Supply expenditure. While transitioning customers from the DN250 pipeline is required, the information provided does not sufficiently establish the prudency and efficiency of the additional expenditure, beyond what was included in the 2022–27 forecast, incurred by APTPPL. In particular, we cannot verify whether the additional works and delays to the project and the resulting cost impacts were reasonable.

Figure 9 RBP historical and forecast capex ($2026–27, million)



Source: AER, *APTPPL gas transmission – 2021–22 RoD update – PTRM,* May 2021, AER, *RBP access arrangement 2022–27 - PTRM - 2026–27 Return on debt update - March 2026,* RBP, *2027–32 – PTRM,* July 2026, AER, *Final decision - RBP access arrangement 2022–27 - Roll-forward model,* May 2022, RBP, *2027–32 – RFM,* July 2026; and AER analysis.

3.5 Operating expenditure

Opex is the forecast of operating, maintenance and other non-capital expenses incurred in the provision of pipeline services. Forecast opex is one of the building blocks we use to determine APTPPL's total regulated revenue requirement.

Our draft decision is to accept APTPPL's proposed total forecast opex for the RBP of $140.2 million ($2026–27), including debt raising costs.[53] Our lower alternative estimate of $137.4 million is not materially different ($2.8 million, or 2.0% lower) from APTPPL's total forecast opex proposal.

Table 5 sets out APTPPL's opex proposal, which we accept, and our alternative estimate, and the differences between these forecasts.

[53] APTPPL, *RBP – 2027–32 - Opex Model*, July 2026.

Table 5 Comparison of the RBP's opex proposal and our alternative opex estimate ($2026–27)

	APTPPL's proposal	AER alternative estimate	Difference
Based on reported opex in 2024–25	**138.7**	**137.8**	**–1.0 (-0.7%)**
Efficiency adjustment	–	–	–
Base year non-recurrent efficiency gains	–	–	–
Base year adjustments	–	–	–
2024–25 to 2026–27 increment	**–0.9**	**–1.0**	**–0.1 (11.1%)**
Remove category specific forecasts	**–**	**–1.7**	**–1.7**
Trend: Output growth	–	–	–
Trend: Price growth	2.6	2.5	–0.1 (-3.8%)
Trend: Productivity growth	–2.0	–2.0	0.0 (-1.5%)
Total trend	0.6	0.5	-0.1 (-16.7%)
Step changes	–	–	–
Category specific forecasts	–	–	–
Total opex, excluding debt raising costs	**138.5**	**135.7**	**–2.8 (-2.0%)**
Debt raising costs	1.7	1.7	-0.0 (-0.4%)
Total opex, including debt raising costs	**140.2**	**137.4**	**–2.8 (-2.0%)**

Source: APA, *RBP – 2027–32 - Opex Model*, July 2026; AER analysis.
Note: Numbers may not add up to total due to rounding. Differences of '0.0' and '–0.0' represent small variances and '–' represents no variance.

The key differences between APTPPL's proposed opex forecast and our alternative estimate are that we:

- have corrected multiple, non-material input issues in its model. For example, for total forecast opex for the 2022–27 period, it has used total opex net of debt raising costs, rather than inclusive of debt raising costs.[54]
- substituted APTPPL's wage price index (WPI) forecast, as we consider its proposed forecast was outdated. Further, we have averaged WPI forecast against our most recent Deloitte Access Economics forecast of Australian Utilities WPI for 2027–31.
- applied more recent inflation forecasts from the RBA.[55]

[54] We raised these issues with APTPPL in IR007. APTPPL attempted to address issues in its response, but certain issues remained. We provide more detail in our opex attachment.

[55] RBA, *Statement on Monetary Policy*, August 2026.

Separately, in our capex decision, we have not included certain items in our capex forecasts, as we consider these costs are opex in nature. These include access arrangement preparation costs, protective station painting, and certain activities classified as capitalised corporate expenditure. We provide our reasoning in our capex attachment.[56]

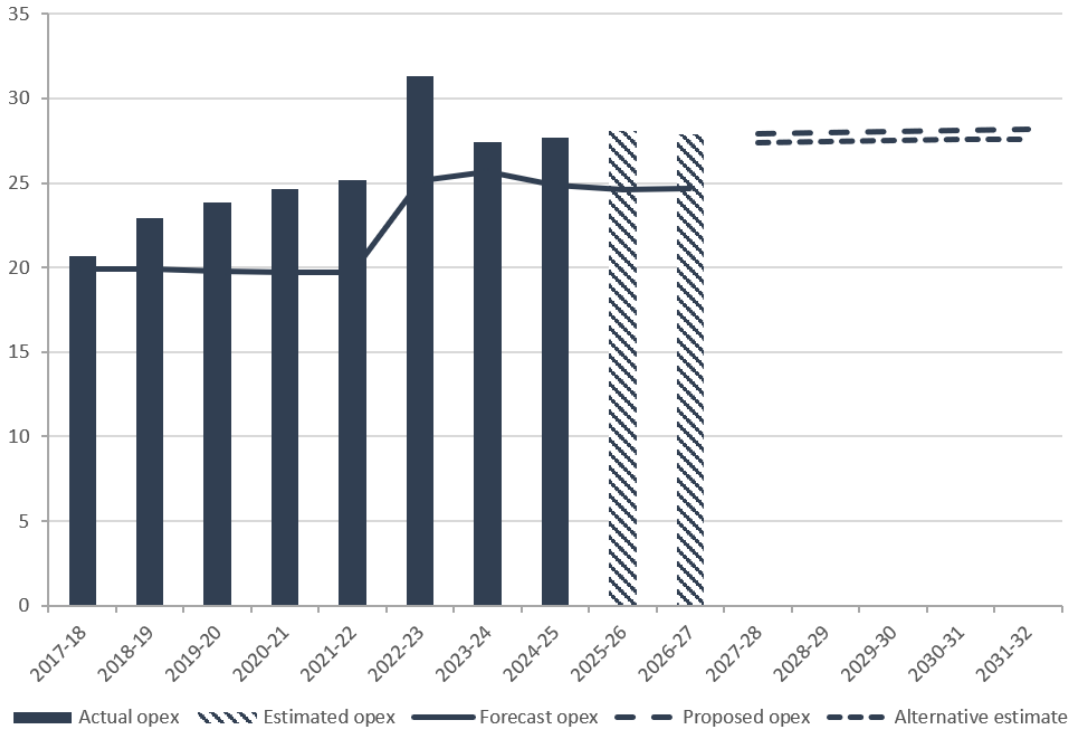
Although we have removed these activities from our capex forecast, we have not made additions to our opex forecast alternative estimate. We consider the opex forecast is sufficient as a total to accommodate these activities.

Our draft decision, which is to accept APTPPL's proposed total opex forecast, is:

- $11.7 million (9.1%) higher than the opex forecast we approved in our final decision for the 2022–27 regulatory control period
- $2.1 million (1.5%) lower than APTPPL's actual (and estimated) opex for the RBP in the 2022–27 regulatory control period.

In Figure 10 we compare our alternative estimate of opex to APTPPL's proposal for the next access arrangement period. We also show the forecasts we approved for the last 2 access arrangement periods and APTPPL's actual and estimated opex over these periods.

Figure 10 RBP's historical and forecast opex ($2026–27)



Source: APTPPL, *RBP – 2027–32 - Reset RIN - workbook 1 – Forecast*, July 2026; APTPPL, *Roma to Brisbane Pipeline 2013–19 - Annual Reporting RIN – Templates,* December 2020; APTPPL, *Roma to Brisbane Pipeline 2019–20 - Annual Reporting RIN - Templates*, December 2020; APTPPL, *Roma to Brisbane Pipeline 2020–21 - Annual Reporting RIN - Templates*, February 2022; APTPPL, *Roma to Brisbane (RBP) 2022–23 - Annual reporting RIN - Templates*, November 2023; APTPPL, *Roma to*

[56] See AER, *Draft decision - RBP access arrangement 2027–32 - Attachment 2- Capital expenditure*, November 2026

Brisbane (RBP) 2023–24 - Annual reporting RIN - Templates, December 2024; APTPPL, *Roma to Brisbane (RBP) 2024–25 - Annual Information Order*, December 2025; AER, *APTPPL gas transmission – 2021–22 RoD update – PTRM*, May 2021; AER, *RBP access arrangement 2022–27 - PTRM - 2026–27 Return on debt update*, March 2026; AER analysis.

3.6 Revenue adjustments

Our calculation of total revenue for APTPPL's RBP includes adjustments under the opex ECM. We currently do not apply the CESS, which would make adjustments based on capex performance, to the RBP. However, our draft decision is to apply the CESS in the 2027–32 period. These mechanisms provide a continuous incentive for APTPPL to pursue efficiency improvements in opex and capex and provide for a fair sharing of these between APTPPL and the RBP's users.

3.6.1 Capital Expenditure Sharing Scheme (CESS)

The overarching objective of the CESS is to provide network businesses with an incentive to undertake efficient capex during a regulatory control period. It achieves this by rewarding businesses that outperform their capex allowance and penalising those that spend more than their capex allowance. The CESS also provides a mechanism to share efficiency gains and losses between network businesses and network users.

Our draft decision is to apply a CESS to the RBP in the 2027–32 period.

The RBP has not had a CESS in place to date. APTPPL proposed that the CESS should not apply to the RBP in the 2027–32 period.[57]

Whilst the CESS is applied to gas distribution businesses, it has not been previously applied to gas transmission businesses. We consider there are strong reasons to apply a CESS to the RBP:

- The CESS is an important ex-ante measure to incentivise efficient capital expenditure by encouraging disciplined spending by network businesses.
- A CESS would encourage greater forecasting accuracy. Consequently, this will allow the AER to have more confidence in the cost estimates we assess as part of our capex review processes.
- The RBP is already subject to the ECM opex incentive mechanism. The lack of a capex incentive mechanism may encourage APTPPL to capitalise expenditure on the RBP to maximise ECM rewards.

We have considered applying a CESS to a gas transmission pipeline once before. In the final decision for the Amadeus Gas Pipeline access arrangement for the 2026-31 period, we ultimately decided not to apply the CESS to the Amadeus Gas Pipeline. Given the pipeline's small capex program and it being a remote network with extreme seasonal variations, we did not consider a CESS was suitable for the pipeline in the 2026–31 period.[58] These reasons were specific to Amadeus Gas Pipeline and are not applicable to the RBP.

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57 APTPPL, *RBP – 2027–32 - Attachment 01 - Capital Expenditure*, July 2026, p. 9.

58 AER, *Final decision - Amadeus Gas Pipeline access arrangement 2026–31*, May 2026, pp. 34-35.

In coming to the draft decision to apply CESS to the RBP for the 2027–32 period, we considered the reasons set out by APTPPL for not applying a CESS[59]. APTPPL submitted the following:

- The CESS would not have a noticeable incentive effect. It stated 91% of revenue on the RBP comes from negotiated contracts, which are not directly impacted by CESS outcomes. Only 9% of revenue on the RBP comes from reference service tariffs, which would be directly impacted by CESS outcomes.
- The CESS would penalise it for unforeseen events rather than cost inefficiency. APTPPL considers its forecasts are conservative and contain no contingency for unexpected events.

We do not find these arguments compelling for the following reasons:

- The CESS would have an incentive effect. While CESS outcomes only directly impact a small portion of revenue from the RBP, it is still substantial enough to provide an additional incentive for APTPPL. Further, reference service tariffs serve as an anchor point for contract prices during negotiation. CESS outcomes would therefore have an indirect impact on negotiated contract prices.
- The CESS would not unfairly penalise APTPPL for unexpected events. Capex should be forecast on a P50 basis, where overspends are just as likely as underspends at the project level. For example, even if APTPPL does not know the condition of its assets before excavation, asset condition could be better than expected, not just worse. APTPPL may need to spend less money than it forecast. Further, if APTPPL is forced to undertake projects that it genuinely cannot foresee and cannot be managed within the capex forecast, the NGR provides ways to avoid unfair CESS penalties (such as through seeking a variation).

Any CESS must be defined from the bottom-up in the gas access arrangement. Our preference is for the CESS we have applied to gas distribution businesses to be the version applied to the RBP. The CESS applying to gas distribution networks is based on the most contemporary CESS guidelines, with the addition of integrity and performance metrics based on data reported in its annual RINs. We invite APTPPL to propose integrity and performance metrics in its revised proposal for the RBP.

We direct APTPPL to Evoenergy's and AGN (SA)'s 2026–31 access arrangements. These are examples of how to include the most recent CESS guidelines in an access arrangement alongside integrity and performance metrics. APTPPL may also propose alternative forms of the CESS in its revised proposal, if it considers an alternative form more appropriate to its circumstances.

3.6.2 Efficiency carryover mechanism (ECM)

An ECM is intended to provide a continuous incentive for service providers to pursue efficiency improvements in opex and provide for a fair sharing of these between service

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59 APTPPL, *2027–32 - Overview of the Access Arrangement Proposal*, July 2026, pp. 12-13; APTPPL, *2027--32 - Attachment 08 - Engagement Summary Report*, 1 July 2026, p. 12; APTPPL, *2027–32 - Attachment 01 - Capital Expenditure*, 1 July 2026, p. 9; APTPPL, *response to IR03*, August 2026; APTPPL, *response to IR04*, August 2026; APTPPL, *response to IR11*, August 2026.

providers and network users. This section sets out our draft decision on the ECM carryover amounts accrued over the 2022–27 period for APTPPL, and the ECM that we will apply in the 2027–32 period.

Our draft decision includes a revenue adjustment of negative $2.3 million from application of the ECM in the 2022-27 period. This represents a reduction of $6.1 million from APTPPL's proposed carryover amount of positive $3.9 million.[60] The difference between our ECM alternative estimate and APTPPL's arises because we have corrected multiple input issues. For example, APTPPL's CPI series was based in December, when it should be based in June. The draft decision requires APTPPL to include our updated inputs in its revised proposal. We also approve of APTPPL's proposal that the ECM continue to apply in the 2027–32 period.[61]

3.7 Corporate income tax

Our determination of the total revenue requirement includes the estimated cost of corporate income tax for the 2027–32 period. Under the post-tax framework, this amount is calculated as part of the building blocks assessment using our post-tax revenue model. Our adjustments to the return on capital (sections 3.1, 3.2 and 3.4), and the regulatory depreciation (section 3.3) building blocks affect revenues, which in turn impacts the tax calculation.

We determine an estimated cost of corporate income tax of zero for RBP over the 2027–32 period, consistent with APTPPL's proposal. This is because we expect APTPPL to incur a forecast tax loss in each year of the 2027–32 period for RBP.[62] We have determined that $5.3 million ($ nominal) in tax losses as at 30 June 2032 will be carried forward to the 2032–37 period where it can be used to offset future tax liabilities. The forecast tax loss arises mainly because of the carry forward of APTPPL's accumulated tax losses at 30 June 2027.

The reasons for our decision on APTPPL's estimated cost of corporate income tax are discussed in Attachment 1 of this draft decision.

60 APTPPL, *RBP – 2027–32 – ECM*, July 2026.

61 APTPPL, *RBP – 2027–32 - Overview of the Access Arrangement Proposal*, July 2026, p. 33.

62 A forecast tax loss occurs when the forecast taxable income is lower than the forecast tax expense. In this event no tax is payable. Any residual amount of tax loss will be carried forward to future access arrangement periods to offset future tax liabilities until the tax loss is fully exhausted.

4 Forecast demand

This chapter sets out our assessment of the demand forecasts for APTPPL's RBP for the 2027–32 period.

Demand is an important input into the derivation of APTPPL's reference tariffs. Under a weighted average price cap, tariffs are determined by dividing cost (as reflected in forecast revenue) by total demand (TJ/day). This means that a decrease in forecast demand has the effect of increasing tariffs, and vice versa. Forecast demand may also affect the forecasts for opex and capex (new connections), which inform our decision on the total revenue requirement. The NGR require forecasts and estimates (including the demand forecast) to be arrived at on a reasonable basis and to represent the best forecast or estimate possible in the circumstances.[63]

Our draft decision accepts APTPPL's demand forecast for the RBP for the 2027–32 period. Based on the information before us, we are satisfied that the demand forecast of 292 TJ/day for the long-term firm service was arrived at on a reasonable basis and represents the best forecast possible in the circumstances. In its proposal, APTPPL's forecasting methodology incorporated currently contracted shippers and future customers with contracts near finalisation. It then assessed the likelihood of renewing and adjusted for expiring contracts and reduced demand for each shipper.

As APTPPL's forecast is consistent with its current capacity, expansion of the network is not necessary. As a result, we are not required to assess any augmentation capital expenditure. Excluding GPGs, we observed an overall decline in demand, reflecting current trends forecast by AEMO.[64]

We sought further clarification on APTPPL's calculations for its current shippers that were expected to have a fall in demand and the overall basis for its forecast. APTPPL's response indicated that the changes were reflective of actual delivered capacity and highlighted where additional capacity may be required. We are satisfied by APTPPL's response and consider the forecast is reasonable based on the current information available.

We are also aware that the Federal Government's Gas Reservation Scheme will commence in the upcoming regulatory period.[65] The impact of this scheme on demand will be considered in our assessment of the revised proposal. APTPPL currently views its impact on the demand forecast as negligible but will continue to monitor that impact.[66]

As contractual discussions are ongoing, we acknowledge that the forecasts may change in the revised proposal. We also consider that APTPPL should take into account any potential impact the Federal Government's Gas Reservation Scheme will have on its demand forecast and the revised proposal.

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63 NGR r 74.

64 AEMO, *Gas Statement of Opportunities*, March 2026.

65 https://www.dcceew.gov.au/energy/markets/gas-markets/gas-market-review-reforms.

66 APTPPL, *Response to Demand Forecast Question on Gas Reservation*, November 2026.

5 Reference services, tariffs and the tariff variation mechanism

This section outlines our assessment of the services covered by the access arrangement, the reference tariffs and the reference tariff variation mechanism proposed by APTPPL, against the requirements of the NGR.

APTPPL's reference services are the services we directly regulate by setting reference tariffs for those services. Services which are not reference services are not regulated in the same way. The single reference tariff, plus expected demand for the service, reflects our assessment of the revenue required by APTPPL to safely and reliably provide the reference service (see section 2: Total revenue requirements).

APTPPL's single reference tariff is adjusted annually by the application of a weighted average price cap formula.

Our draft decision on APTPPL's total revenue requirement is set out in the executive summary to this draft decision.

5.1 Services covered by the access arrangement

The RBP access arrangement must identify the pipeline, describe the pipeline services it offers and specify the pipeline services APTPPL proposes to be reference services, having regard to the reference service factors.[67] For each reference service, including services ancillary to the reference services, the access arrangement must specify the reference tariffs and the terms and conditions on which these services will be provided.[68]

APTPPL is to provide access to its reference services on the terms set out in the RBP access arrangement but may negotiate alternative terms and prices with users. APTPPL may also offer other non-reference services (negotiated services) which are not subject to regulation under the access arrangement. We may be called upon to determine the tariff and other conditions of access to services if an access dispute arises.[69]

Our draft decision is to accept the reference service proposal by APTPPL for RBP over the 2027–32 period.

5.1.1 APTPPL's proposal and our assessment

APTPPL proposed to maintain its one current reference service for the RBP, the firm transportation reference service. APTPPL's reference service proposal for the RBP is consistent with our final decision on the reference service proposal it submitted in July 2025, as required under the NGR.[70]

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67 NGR, rr. 48(1)(a)-(c) and 47A(15).

68 NGR, r. 48(1)(d).

69 NGL, Chapter 5.

70 NGR, r. 48(1)(b). See also *AER Final Decision - Roma to Brisbane Pipeline reference service proposal 2027–32* - 14 November 2025.

At that time, we assessed the RBP proposal against the NGR requirements, including the reference service factors. We consulted publicly and received one submission from the Energy Users Association of Australia that was supportive of the proposal.

Our assessment approach is to identify the covered pipeline[71] that is providing these services and any additions or expansions that have occurred during the current 2022–27 period. A full access arrangement must also specify the pipeline services APTPPL proposes as reference services having regard to the reference service factors.[72] We have considered the views that stakeholders submitted regarding APTPPL's proposed reference service for the 2027–32 period.

5.1.2 Reasons for draft decision

We have previously assessed and approved APTPPL's reference service proposal, submitted in July 2025. Our 2025 assessment incorporated a stakeholder consultation process including publishing APTPPL's proposal and calling for submissions.

The reasons for our acceptance of APTPPL's reference service proposal are set out in our November 2025 reference service proposal decision.[73]

In our reference service decision, we determined there is insufficient demand for an interruptible service and any other services to be classified as reference services, as there is spare capacity on the pipeline.

5.2 Reference tariff setting

This section outlines our draft decision on the structure and levels of the RBP reference tariffs (reference tariff setting). Reference tariff setting requires APTPPL to explain how it allocates revenues and costs between RBP reference services and other services, and how it determines different tariffs.

Our draft decision is to accept APTPPL's proposed structure of one reference tariff for the 2027–32 period. We are satisfied the proposed structure of the reference tariff complies with the requirements of the NGR.[74] However, the quantum of the proposed reference tariffs must be amended to reflect our assessment of the building block proposal set out in this draft decision.

While our draft decision is to approve APTPPL's proposed structure for its firm transportation reference service tariff, a number of minor amendments are required to ensure APTPPL's updates to the years, tables and the prices across the Access Arrangement document have been consistently updated at all relevant locations. These minor amendments are listed in section 6 - Revisions.

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71 A covered pipeline means a pipeline that is regulated under the NGL and NGR. In that respect, it is 'covered by regulation.'

72 NGR, r. 48(1)(c).

73 *AER Final Decision - Roma to Brisbane Pipeline reference service proposal 2027–32* - November 2025

74 NGR, rr. 93, 95.

5.2.1 APTPPL's proposal and our assessment

APTPPL proposed no changes to the reference tariff and the proposed pricing approach, whereby all costs are allocated to the firm transportation service.

The current access arrangement for the RBP has two separate firm transportation tariffs, the eastbound tariff and the westbound tariff. APTPPL proposed moving to a single firm transportation tariff for the 2027–32 access arrangement.

APTPPL also proposed a continuation of its current approach to rebateable services for the RBP. APTPPL will rebate a portion (70%) of revenue it earns from rebateable services to shippers on the RBP who are taking the reference service during the financial year.

In its RBP annual tariff variation notice, APTPPL will report the revenues from the RBP it has earned (during the prior calendar year) for the following rebateable services and the 70% portion rebated:

- park and loan services (provided on either a firm or interruptible basis)
- in-pipe trading services
- capacity trading services.

In an access arrangement a service provider is required to specify, for each reference service, the reference tariff and proposed approach to setting the reference tariff. [75] This is done by:

- explaining how revenues and costs are allocated, including the relationship between costs and tariffs[76]
- defining the tariff classes[77]
- comparing the revenue to be raised by each reference tariff with the cost of providing each individual reference service[78]
- explaining and describing any pricing principles it employed.[79]

Our assessment of the structure of reference tariffs takes into account the revenue and pricing principles.[80]

Following our assessment of the proposed reference tariff, if we decide to not accept it, we must determine the initial (in this case, 2027–28) reference tariff to apply for the reference service. In our assessment of the proposed reference tariff, we reviewed the RBP 2027–32

75 NGR, rr. 48(1)(d)(i), 72(1)(j).
76 NGR, rr. 72(1)(j)(i), 93(1)–(2).
77 NGR, r. 94(1)–(2).
78 NGR, r. 94(3).
79 NGR, r. 72(1)(j)(ii).
80 NGL, ss. 24(2)–(7).

information and proposal.[81] We have not received any submissions relating to these issues during our consultation on APTPPL's proposal.[82]

5.2.2 Reasons for draft decision

Our draft decision is to accept APTPPL's proposed tariff structure because we are satisfied the proposed structure of the reference tariff complies with the requirements of the NGR.

The tariff structure is consistent with that applied in the current access arrangement for the 2022–27 period. However, the quantum of the proposed initial reference tariff must be amended to reflect our draft decision on APTPPL's building block proposal.

We consider the removal of eastbound and westbound distinction is acceptable. The pricing and other treatment of the two tariffs has been identical over the current access arrangement period and so the split into two services serves no purpose.

5.3 Reference tariff variation mechanism

This section sets out our consideration of the reference tariff variation mechanism, including cost pass through arrangements, proposed by APTPPL for RBP. The reference tariff variation mechanism:

- permits building block revenues to be recovered smoothly over the access arrangement period subject to any differences between forecast and actual demand
- accounts for actual inflation
- accommodates other reference tariff adjustments that may be required, such as for an approved cost pass through event
- sets administrative procedures for the approval of any proposed changes to reference tariffs—that is, updating tariffs each year.

The cost pass through mechanism allows us to vary reference tariffs following the occurrence of a specified event, which materially increases or decreases the cost of providing the reference service.

The inclusion of a pass through mechanism recognises a service provider can face risks beyond its control, which may have a material impact on costs.

Our draft decision is to not accept APTPPL's proposed reference tariff variation mechanism for the 2027–32 access arrangement period, and to require that APTPPL in its revised proposal amend the CPI text in the scheduled reference tariff variation mechanism to the following:

- If the ABS ceases to publish the quarterly CPI index, CPI will mean an alternative index that the AER determines is the best available replacement.

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81 APTPPL, *RBP – 2027–32 - Overview of the Access Arrangement Proposal*, p. 31, July 2026.

82 NGR, r. 59.

5.3.1 APTPPL's proposal and our assessment

The reference tariff variation mechanism in APTPPL's proposal allows annual variation of the reference tariff for:

- actual inflation
- a change in the rate of return on debt (as required by the RORI)
- a material increase in costs attributable to one or more of a small number of specified events (including regulatory change, tax change, terrorism and natural disaster)
- rebateable services revenue.

APTPPL proposed retaining this mechanism from its current 2022−27 period. It can be applied, essentially unchanged, to vary the firm service reference tariff.

Our assessment approach for APTPPL's proposed reference tariff variation mechanism had regard to each of the factors specified by the NGR,[83] and their implications for gas consumers, potential users, APTPPL and other stakeholders. In doing so, we took into account the nature and scope of pipeline reference services to which reference tariffs are applicable. Our assessment also included a comparison of:

- the proposed reference tariff variation mechanism with those in the current access arrangement
- consistency with other recent gas access arrangement decisions (and electricity determinations under the NER)
- consistency in APTPPL's approach across the provision of similar services. We assessed the potential impact of the proposal for meeting the NGO, and the revenue and pricing principles.

5.3.2 Reasons for draft decision

We consider a minor amendment is needed to the description of CPI to apply the same amendments we have made to other businesses' access arrangements in recent reviews.

These amendments were prompted by our review of the description after the ABS's recent changes to include a monthly CPI index in addition to the quarterly CPI index.

We are otherwise satisfied with APTPPL's proposal to maintain the tariff variation mechanism that is consistent with the current access arrangement period.

5.4 Cost pass through mechanism

Our draft decision is to accept the nominated cost pass through events APTPPL proposed for the 2027–32 access arrangement period, subject to some amendments to align the definitions with the wording of our recent determinations. These events are:

- Regulatory change event

[83] NGR, r. 97(3).

- Service standard event
- Tax change event
- Terrorism event
- Insurer credit risk event
- Insurance coverage event
- Natural disaster event.

5.5 Non-tariff components

Our decision on APTPPL's proposed access arrangement includes an assessment of a range of non-tariff components that go to the commercial relationships between APTPPL and its retailers and other network users.

Our draft decision is to approve some, but not all the amendments that APTPPL has proposed to its access arrangement for the 2027–32 period.

APTPPL's terms and conditions, extension and expansion, and capacity trading requirements and proposed approach to changing users' receipt or delivery points are substantively unchanged from those approved for the current 2022–27 period. We consider these requirements remain otherwise appropriate.

APTPPL also proposed minor drafting amendments to reflect recent regulatory developments and current terminology, ensure consistency with the approved reference services, and improve clarity. These amendments do not otherwise affect the appropriateness of the relevant requirements.

The most significant proposed amendments concern the queuing requirements for the RBP. Although queues for spare capacity on the RBP are uncommon, any process for determining priority between prospective users must be clear, fair and transparent to be consistent with the requirements in the NGR.

APTPPL engaged its stakeholders in developing its 2027–32 proposal. We consider the proposed queuing requirements appear reasonable and note there has been stakeholder support. However, APTPPL has indicated that late additions were not initially discussed with stakeholders as part of their engagement. We expect APTPPL to seek further feedback from stakeholders following our draft decision on the proposed refinements, so both existing and prospective users are able to consider whether the changes to its queuing requirements allow for fair and equal access to pipeline capacity.

Our draft decision approves APTPPL's proposed review submission date of 1 July 2031 and revision commencement date of 1 July 2032. However, if the Australian Energy Market Commission's *Gas Networks in Transition* final determination due in December 2026 retains proposed access arrangement review periods, APTPPL should consider bringing forward its review submission date to account for this.

Our draft decision on APTPPL's non-tariff components is discussed in Attachment 4.

6 Revisions

As outlined in this draft decision Overview and attachments, we require the following revisions to be made to make the access arrangement acceptable.

Table 6 APTPPL's draft decision revisions

Section	Proposed revision
3.2	No revisions required.
4	Update the demand section to include reference to the Gas Reservation Scheme and its possible implications.
5.2	Minor amendments to APTPPL's access arrangement: • Update 'RT'_{2023}' to 'RT'_{2028}' (section 4.5.1, p15) • Update the quantum of the proposed reference tariffs to reflect our assessment of the building block proposal set out in this draft decision (noting that in the proposed access arrangement, 'RT'_{2028} = \$0.6260' should have been updated to 'RT'_{2028} = \$0.9424' (section 4.5.1, p15) • Update the Table 'Forecast X factors' from current access arrangement period years to the 2027–32 regulatory years (Schedule 1, section 1, p36), • Update the reference to '1 July 2022' to '1 July 2027' (Note 2, Schedule 1, section 1, p36).
5.3	Amend reference to CPI (section 4.5.1, p 15): • If the ABS ceases to publish the quarterly CPI index, CPI will mean an alternative index that the AER determines is the best available replacement.

Note: The following components do not have associated attachments, and the revisions are contained within the Overview. For all other components, revisions are outlined in the relevant attachment.

Glossary

Term	Definition
ABS	Australian Bureau of Statistics
AEMO	Australian Energy Market Operator
AER	Australian Energy Regulator
AGN (SA)	Australian Gas Networks (South Australia)
APTPPL	APT Petroleum Pipelines Pty Limited
capex	capital expenditure
CESS	Capital Expenditure Sharing Scheme
CPI	consumer price index
ECM	Efficiency Carryover Mechanism
GPG	gas-powered generation
HDD	horizontal directional drilling
NER	National Electricity Rules
NGO	National Gas Objective
NGL	National Gas Law
NGR	National Gas Rules
opex	operating expenditure
PTRM	post-tax revenue model
RBA	Reserve Bank of Australia
RBP	Roma to Brisbane Pipeline
RFM	roll forward model
RIN	Regulatory Information Notice
RORI	Rate of Return Instrument
SMP	Statement on Monetary Policy
WACC	weighted average cost of capital
WPI	wage price index