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Roma Brisbane Pipeline

Access Arrangement Proposal
August 2021



Key drivers behind Roma Brisbane Pipeline's Access Arrangement



Aging Assets

- RBP DN250 is one of the oldest natural gas pipelines.



Competition Westbound

- Multiple pipelines from gas fields to Wallumbilla



Tariffs and Demand

- Large commercial businesses in Brisbane have closed.

Aging Assets

Roma Brisbane Pipeline DN250 pipeline was constructed in 1968. The life of the pipeline was set by the AER at 50 years

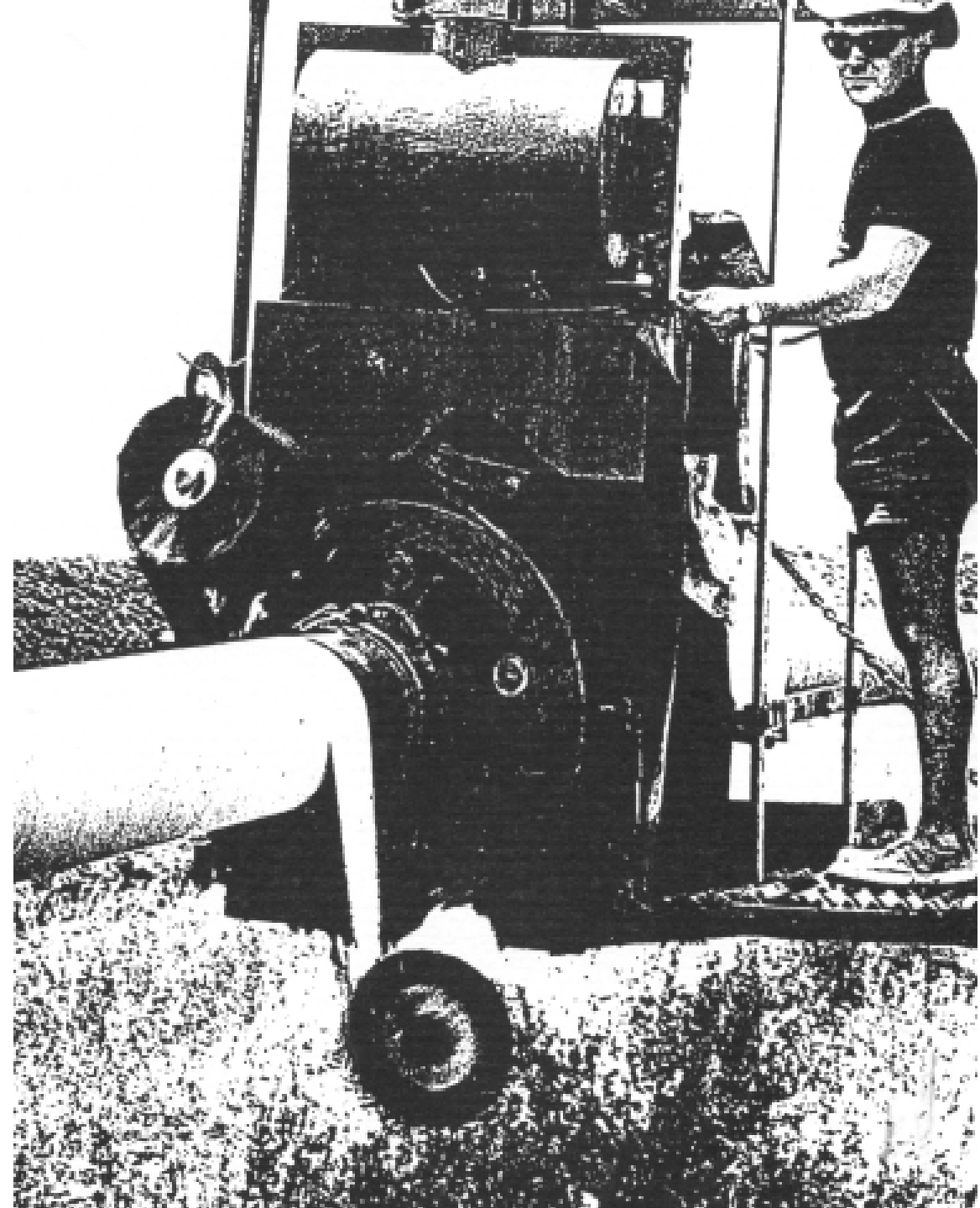
Current forecast DN250 end of service in FY 2024

- Customers directly connected to RBP will be connected to DN400 pipeline
- Cost of connecting customers to DN400 < cost of maintaining the DN250
- Based on forecasts around demand, operating pressure and capital expenditure
- DN250 will be fully depreciated in FY 2024
- Forecasting DN400 has spare capacity to supply this service

Roma Brisbane reduced tariff shock by combining “pipeline” asset classes.

DN250 crystalized conceptual flaw in AER’s models’ assumption of indefinitely growing asset lives.

- Roma Brisbane are adding forecast capex to the asset base based on remaining life – more realistic



Competition Westbound

Wallumbilla Hub is located at the western end of the Roma Brisbane Pipeline. Gas delivered at Wallumbilla is then distributed throughout Australia (excluding WA) and Gladstone for export.

Gas delivered at Wallumbilla is mostly sourced from gas fields along the Roma Brisbane pipeline such as the Surat Basin.

Multiple Pipelines send gas from the Surat Basin including the Darling Downs Pipeline (DDP) owned by Jemena.

Some current users on the RBP are able to use either the RBP or DDP (early estimate 20% of westbound volumes)
“Competitive Customers”

To avoid giving RBP either an unfair advantage or disadvantage we have proposed tariffs for the “Competitive Customers” the same as the DDP.



Tariffs and Demand

Over recent years a number of large customers in and near Brisbane have closed and long term contracted volumes have fallen.

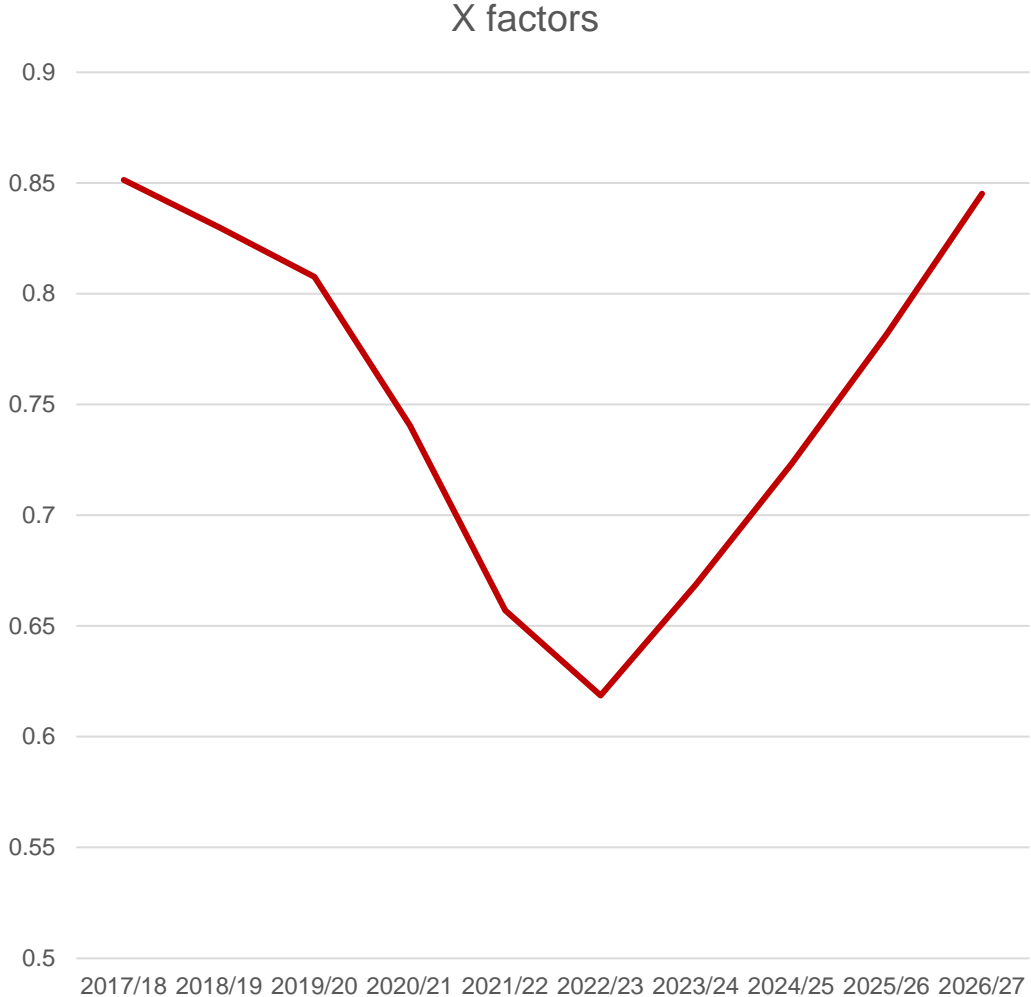
In 2016 Roma Brisbane made the RBP capable of flowing gas to Wallumbilla as well as Brisbane. These contracts are driven by gas market considerations and are variable.

Gas fired generation is driven by differentials between gas and wholesale electricity prices. This makes contracted demand by Swanbank and Oakey variable

As long-term stable contracts expire, they are being replaced by more contractual variability

Current approach to tariffs is to minimise gap between building blocks and smoothed tariff in first year this has led to a real tariff profile set out (right).

Roma Brisbane will be consulting further on the tariff profiles



APA's further consultation with stakeholder reference group

Consultation One (mid September)

Update of forecast revenues

- Finalisation of forecast for Group IT expenditure
- Finalise portion of westbound competitive customers
- Update historic capital expenditure
- Update forecast capital expenditure to reflect latest information

Consultation Two (end of September)

Tariff strategy for this Access Arrangement and beyond

APA welcomes any questions or comments on any matter raised today

Please contact:

Mark Allen

Regulatory Manager

Ph: (02) 9275 0010

Mob: 0429 073 145

Email: mark.allen@apa.com.au

For further information

Mark Allen

Manager Regulatory

M: +61 429 073 145

E: mark.allen@apa.com.au

www.apa.com.au

apa