Speaker: APA Group CEO and Managing Director, Adam Watson

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Check against delivery

Queensland's energy security

Good afternoon everyone.

It's great to be here today among our customers, suppliers, government partners and industry peers.

Let me start by acknowledging the Jagera people and the Turrbal people, traditional custodians of the land on which I'm speaking. First Nations people have taken care of our lands and waterways for the past 60,000 years, and I recognise and pay my respects to their elders past and present.

It's an exciting time to be in the energy sector, and there is, perhaps, no better place for the private sector to be in Australia right now, than here in Queensland.

Last month, Queensland Treasurer David Janetzki stood right here, in this room, and said private sector investment needs to underpin Queensland's future energy system. And since then, the Queensland Government has started to do the necessary groundwork to ensure Queensland is ready and open for business.

APA welcomes this commitment and, as Australia's largest energy infrastructure company, we stand ready to leverage our diverse assets and market-leading capabilities, to help deliver on this vision for the future.

We know that sensible policy and stable regulatory environments are key to driving investment in the energy sector.

Industry and government must work together, in partnership, to deliver ongoing investment in energy infrastructure to ensure our sector can reduce emissions, minimise costs to consumers and industry, and support Australia's national energy security needs.

The topic of partnering between the private sector and government will be the focus of my remarks today, addressed by three main points:

First – I'll step you through APA's long and proud history here in Queensland, and the significant role we continue to play across the state.

Second – I'll cover the critical need for investment in new gas-powered generation infrastructure. APA has unique capabilities in this space, and we know investment is needed to accelerate the energy transition and bring more renewables into our energy system as coal is retired.

Third – I'll then talk about APA's essential role in supporting regional Queensland communities, such as the development of the North West Minerals Province, through our North West Power System.

But if there's one key point I want to leave you with today, it's this.

For as long as the Queensland Government continues to support private industry, APA will be here to support the Sunshine State's energy transition. As a company, like so many in this room, that must make choices about where it spends its capital, we will always allocate that capital where we know it will be best treated – and right now, Queensland is at the top of the list.

APA is a proud Australian company, with a long and continuing connection with Queensland — a state that has always been at the forefront of our nation's energy story.

Next month we mark APA's 25th anniversary of listing on the ASX. On 13 June, we'll be celebrating not just a significant corporate milestone, but decades of investment in critical energy infrastructure right across Australia.

Our roots go back to the 1800s, when AGL was established and first turned the lights on, with gas, in Sydney.

Fast forward to the year 2000 — APA was spun out of AGL, with just five pipelines and a handful of employees.

Two of these assets were here in Queensland — the Carpentaria Gas Pipeline, commissioned in 1998, and the Roma to Brisbane Pipeline, which was Queensland's first natural gas pipeline, built in 1969.

The image on the slide in front of you, is of Queensland Premier Joh Bjelke-Petersen opening the RBP in March 1969.

Another asset at listing was the Moomba to Sydney Pipeline, constructed in 1976, which remains a key gas transmission asset that transports Queensland gas to the southern states.

These assets, which all remain a vital part of our network today, laid the foundation for what has become one of the most extensive and critical energy infrastructure footprints in the country. In fact, our East Coast Gas Grid is almost unmatched in its size and scale at a global level.

We're proud to be an Australian listed company. Along with Queensland's Government Owned Corporations, we're one of a handful of locally owned energy infrastructure companies left in Australia.

Approximately 40 per cent of our owners are Australian retail shareholders, or 'mum and dad' investors. The remaining 60 per cent are institutional investors, including many of Australia's major superannuation funds, that invest money on behalf of working Australians.

APA listed in 2000 with a market cap of just under $500 million. Today, our market cap is around $11 billion. And we have delivered more than two decades of uninterrupted dividend growth for our shareholders, one of only two companies on the ASX that has done so.

In parallel, APA has grown significantly across Australia to now own and operate $26 billion of gas, electricity and power generation assets.

This includes over 15,000 kilometres of gas transmission pipelines that move around half the nation's domestic gas, 692 megawatts of renewable energy and battery storage assets that power industry and remote communities and 884 megawatts of gas-fired power generation assets.

We also own and operate some of the nation's most critical electricity interconnectors, including Basslink, which connects the Tasmanian and Victorian AC grids.

This infrastructure helps deliver the reliable energy that keeps the lights on for homes, fuels Australian industry, and underpins thousands of jobs across the country. We're proud and passionate about the service we provide our customers and consumers.

We have an ambition to keep this growth momentum going, to support the energy transition, for the benefit of consumers and industry, our government partners, and our investors.

And Queensland continues to play a central role in our strategy.

Today, Queensland is APA's biggest region. It's our biggest source of revenue and it's our largest employment hub.

The role our assets and our people play for consumers, industry and the economy, is not lost on us.

APA's pipeline assets, such as the Roma to Brisbane Pipeline and the South West Queensland Pipeline, are essential for delivering gas to southern markets and supporting the State's LNG export market.

Locally, we own and operate some of Queensland's most critical regional power generation assets, including the Diamantina Power Station, Leichhardt Power Station, X41 Power Station and Thomson Power Station, which form part of the North West Power System. Through our role owning and operating these assets, we deliver energy security for this key Queensland growth region.

We applaud the Queensland Government's leadership in driving the energy transition and encouraging private sector investment.

Government-owned corporations like Powerlink, CS Energy, CleanCo and Stanwell have been leading the way — showing what's possible when the public and private sectors work together, in partnership, to deliver energy solutions that are bold and forward-looking.

Our focus for investment in the state is on three areas — the expansion of our East Coast Gas Grid; supporting the development of Queensland's gas fired power generators; and the development of renewable energy networks in the state's remote mining regions. I'll talk to each of these in a moment.

But before I do, let's discuss gas supply.

As Australia's energy transition slowly progresses, Queensland, increasingly, has a critical role to play in east coast energy security and gas supply.

Queensland is home to over 90 per cent of Australia's current 2P gas reserves, meaning the Sunshine State will be the engine room of east coast gas supply.

Which leads me to the debate about gas supply in Australia.

I'm going to address some misconceptions that still exist out there in our communities.

First, we do have enough gas in Australia, right under our feet, to meet the needs of our energy transition.

Second, with ongoing investment, we will also have enough transport and storage infrastructure to get that gas where it's needed. Pipeline capacity, for example, is not a current constraint, and will not be a constraint in the future. APA stands ready to partner in this effort, bringing private capital, deep energy expertise and a strong track record of infrastructure delivery success.

It's never been more important to get domestic gas from the northern basins to southern consumers. New gas supplies from the Bass Strait in the short-term, coupled with the delivery of new projects in northern gas basins such as the Surat here in Queensland and in the Beetaloo in the Northern Territory, will ensure Australian gas is available to power our economy and keep key Australian industries alive, up to and beyond the 2050s.

Not only can Australia's domestic gas industry comfortably meet domestic demand requirements - it can also support a thriving LNG export market, delivering significant economic benefits to Australia, and supporting our global trade partners with their own energy transitions, for decades to come.

Looking forward to new gas developments in Queensland and Australia more broadly, it will be critical to get the balance right — between ensuring reliable and affordable Australian gas supply is available for domestic users — and at the same time, ensuring we have a strong LNG export market.

So what's the business case for Queensland, when considering its role in the development of gas basins?

The economic benefit, which the gas industry delivers across Queensland and Australia, is enormous.

A recent KPMG report estimated that in 2021 and 2022, the Australian gas sector:

- Produced 6,362 petajoules of gas, making it the seventh-largest gas producer globally.
- Purchased $33 billion worth of goods and services from Australian businesses.
- Sold $39 billion worth of products and services to Australian businesses.
- Sold $7 billion worth of products and services to Australian households.
- Employed over 30,000 Full-time Equivalent workers – with around a quarter of these here in Queensland.
- And paid over $17 billion in taxes and royalty charges.

Put simply, ongoing gas developments in Queensland will significantly benefit the local economy through jobs and spending.

Queensland also has a significant role to play to maintain social licence across the gas sector.

The gas sector won't maintain public and political support to expand and grow, unless we can deliver reliable and affordable gas to support Australian consumers and business. Reliable and affordable gas is central to a strong economy. Queensland has reliable and affordable gas.

In contrast, if we have to, say, import LNG to Australia's east coast, which is a bizarre proposition for a country so flush with gas, we will see significantly higher domestic gas prices, and subject our supply chains to energy security risks.

This will erode the trust and reputation of the domestic gas sector among government and consumers.

APA has been an active voice in the debate about the potential impacts of LNG imports. We've been active because we strongly believe importing gas will have a detrimental effect on Australia's energy security and our economy.

The facts on LNG import pricing speak for themselves.

Over the most recent Australian summer and winter months, the Asian LNG spot price was between 50 and 80 per cent higher than the Federal Government's $12 per gigajoule cap on wholesale gas prices.

Let me be clear, these are not APA's numbers. This is market data and the prices actually paid in the Asian spot market. And these prices exclude the cost of processing LNG, terminal fees and additional transport costs.

Yes, there may be days here and there where LNG imports could match domestic gas prices, depending on the global demand and supply equation for LNG on the day – but we all know, on average, that LNG imports will be more expensive than domestic gas – they have to be, and it's the average price of gas that determines whether industry, who will pay the higher prices, chooses to stay open for business in Australia or not.

Put simply, if Australia relies on imported LNG, it will set the price of gas for domestic users, leading to untenably high gas prices for Australian industry and households. The whole reason we have a $12 price cap, is because the government had to intervene when the inherent volatility of global LNG trade led to Australia's LNG exports setting the price for domestic gas at unsustainably sky-high levels. I hope you can see the irony!

We also know that higher gas prices have a significant flow-on impact to electricity prices, given the wholesale electricity price is set by the most expansive power station, putting further pressure on key sectors of our economy.

Take the UK as an example, where they turned off their domestic gas industry and became reliant on imported LNG. The UK now has, consistently, the most expensive electricity in Europe and one of the most expensive globally.

This is why unlocking new gas supplies here in Queensland is so critical to the long-term success of the Australian economy. The Federal Government's Future Gas Strategy makes it clear that "natural gas is needed through to 2050 and beyond", so we must all work together to develop the domestic gas sector, to deliver mutually beneficial outcomes for our industry and energy consumers.

I'm going to pay credit to Senex for a moment – an organisation which has shown tremendous resilience in its pursuit to bring more domestic gas to market. Senex's Atlas East project has recently commenced production, supporting Senex's overall target of producing 60 PJs of gas annually, or more than 10 per cent of Australia's annual domestic gas requirements. The Atlas Project is literally keeping the lights on for thousands of households on the east coast, and has helped keep industry going, in Queensland and in southern markets.

I'm sure the Senex team will be the first to acknowledge that they couldn't have achieved this on their own. It required a partnering approach with government and the support of key industry players. APA was proud to play a small role in delivering the gas transport capacity and infrastructure connection required to support the Atlas East expansion, bringing new gas supply to the domestic market via APA's East Coast Gas Grid.

The benefits that Senex has brought to our industry and the economy is why APA continues to back producers and LNG exporters, such as Santos, Shell, Origin and ConocoPhillips, who continue to build a strong Queensland gas sector. Through their ongoing investment, we can keep the energy system strong, support local jobs, and underpin economic growth across Queensland and beyond.

The role of governments in this equation is simple – to support investment in new gas supply and transport infrastructure, we need government to take a considered, longer-term approach to domestic gas policy, and ensure policy and regulatory frameworks are stable and predictable. And we need to be able to move now. We need policy that supports the needs of both our domestic economy, and recognises that most of these gas fields can't produce at the scale needed to keep domestic prices low, without the ability to also export LNG to global markets.

I strongly believe we can find a balance to ensure everyone's a winner.

With that context in mind, growing global demand for natural gas is driving the need to develop new gas fields and increase capacity on our East Coast Gas Grid.

This strong demand has given APA the confidence to announce our East Coast Gas Grid expansion plan – to increase north to south transport capacity by about 25 per cent – as well as the delivery of new southern markets storage, to support the growing demand for gas powered generation.

With the support of our customers, we're proposing to add capacity every year, for five years – building on our long track record of investing and increasing capacity in the grid.

And this expansion of course means that Queensland gas will be critical to meet gas demand up and down the east coast.

The map on the slide above shows how these investments come together in a staged way. We're trying to ensure costs are minimised by only bringing supply to market as demand requires.

In short, APA can deliver the required transport and storage infrastructure along the East Coast to meet demand, and ongoing investment in Queensland gas fields will be key to this.

Our east coast plan also links to the emerging potential of the Beetaloo Basin in the Northern Territory – another government open for private sector investment.

The Northern Territory government estimates there are over 200,000 petajoules of gas in the Beetaloo, which could be used to support both Australia's domestic requirements, as well as export markets, into 2050 and beyond.

APA has set out a clear long-term plan to ensure the necessary transport infrastructure is in place to support gas from the Beetaloo Basin — unlocking new domestic supply that will be transported through Queensland.

And the Beetaloo won't just support domestic gas needs – it will also boost Queensland's LNG export market. It makes a lot of sense to send Beetaloo gas down south, to our South West Queensland Pipeline, so LNG exporters can utilise Queensland's existing LNG pipelines, processing facilities and ports, to export Beetaloo gas to their global trading partners.

Having now addressed how ongoing gas development in Queensland is critical to domestic supply and LNG exports, I'll now turn to the role of gas fired power generation.

As I said earlier, future Australian gas demand is robust, up to and beyond 2050, and this has been strengthened by the role gas-powered generation, or GPG, is expected to play to maintain security of supply for our electricity system.

GPG's main role will be to complement renewables as we replace our coal fired power generators.

We're seeing forecasts for new GPG of anywhere between 13 to 20 gigawatts being required over the next decade, to support our East Coast electricity system, or the NEM.

As more renewable generation comes online, we'll need more gas-powered generation to step in when the sun doesn't shine, and the wind doesn't blow. We all know that gas-powered generators can be turned on and off quickly, they're reliable, efficient, and they're low cost.

GPG not only provides the back-up generation to fill the gaps created by wind and solar, but it's also necessary to provide spinning reserves to stabilise our electricity market. These spinning reserves are required to address the lack of inertial that's inherent in solar farms and wind farms, that currently exists today, in our coal fired power generators.

We've seen a decade of underinvestment in new GPG projects along the east coast — a gap that now needs urgent attention. APA's east coast gas grid expansion includes a proposed investment in gas storage infrastructure to help close this gap. And we welcome Treasurer Janetzki's recent comments acknowledging the need for more GPG in Queensland.

Queensland is a natural location for new GPG assets. Queensland has extensive gas reserves, a strong pipeline network, a strong electricity network, energy expertise, and stable policy and regulatory settings.

We see APA's role in GPG as being three-fold.

First, we can transport gas to the generators – that is, partnering with customers to build the pipeline infrastructure required to connect the generators to the gas transmission assets.

Second, we can partner with customers to deliver gas storage facilities, which are needed to ensure the generators have enough gas, when needed.

Case in point is here in Queensland – where we're working with CS Energy on new gas pipeline infrastructure to connect the proposed Brigalow Peaking Power Plant to APA's Roma Brisbane Pipeline. When completed, this infrastructure will ensure the Brigalow power station has the gas it needs to provide firming capacity for peak electricity demand periods, complementing variable wind and solar energy in the state.

Another relevant example is the Kurri Kurri Lateral Pipeline and Storage project, which is close to completion, in New South Wales for the Federal Government's Snowy Hydro. That's a purpose-built asset, designed to store gas for the Hunter Power Project. It's a practical solution to the challenge of providing flexible gas supply in a market increasingly reliant on intermittent renewable energy sources.

Projects like the Kurri Kurri Lateral are great examples of what APA does best: working in step with government priorities, delivering nation-building infrastructure, and solving real energy challenges with practical, fit-for-purpose solutions. In simple terms, we tailor solutions for our customers.

APA's third role in GPG, is to be the owner, operator and developer of the power generation assets themselves, building on the extensive experience we have across the country.

I'll bring APA's capabilities in this space to life with an overview of what we do in Mount Isa here in Queensland.

APA is proud of the role we play in Mount Isa, powering homes and business and supporting growth across key parts of the North West Minerals Province.

We've invested more than $1 billion to power North-West Queensland. Our assets, such as the Diamantina Power Facility, with over 300 megawatts of gas capacity and the 100-megawatt Dugald River Solar Farm, are successfully supplying the local grid's energy needs. Through our role owning and operating these assets, we deliver energy security for this key Queensland growth region.

We're doing so through hybrid energy solutions – that is, renewables, firmed by an efficient combined cycle gas fired power station.

Our Dugald River Solar Farm, one of Australia's largest remote grid solar farms, was opened in 2024, and plays a key role in the hybrid network. Its 184,000 panels cover an area 65 times the size of the Gabba playing surface. With a capital investment of $150 million, it has the capacity to power approximately 90,000 homes.

And this is just the beginning of what we hope to deliver locally in the region.

For a further $1 billion investment, we could deliver around half of the region's electricity from renewables, firmed by APA's existing gas fired power station, supporting the region with lower emissions, reliable and cost-effective energy.

I acknowledge CopperString is the topic of much debate, as an alternative to developing renewables locally in Mount Isa. I don't intend to weigh into the debate here, except to say that the Queensland Government's review of the Hughenden to Mount Isa section shows the state government is taking a considered approach to infrastructure investment, particularly given rising costs and the need to ensure value for Queensland taxpayers.

Regardless of the decision made about CopperString, at APA, we want to continue playing a constructive role — providing government, communities and stakeholders with credible options as they consider complex projects and long-term energy planning. That means delivering alternative, more affordable ways to power regional Queensland.

In closing:

APA is proud of the role we play in Queensland - a state that is front and centre in securing Australia's energy future.

We stand ready to work with the Queensland government to deliver the investment needed to ensure a reliable, affordable and lower emissions energy system.

The gas sector must continue to strike the right balance between a strong export market and ensuring that our domestic economy has affordable gas available to underpin our economic success and ensure energy security. APA's East Coast Gas Grid expansion plans will enable Queensland to continue to play its role in preventing gas shortfalls and keeping energy reliable and affordable for all Australians.

Queensland is also well positioned to lead the next wave of gas-powered generation projects, providing the energy we need to firm renewables and support the transition away from coal.

And in Queensland's most remote regions, we have the opportunity to deliver new local power generation projects to support growth.

But for all of this to become a reality, we must work together as an industry to deliver the best solutions.

Strong partnerships between government and private sector operators such as APA, will be critical to a successful energy transition.

We remain confident that the Queensland Government is getting the balance right, attracting the necessary expertise and investment to deliver what's needed. They've taken heed of Citigroup's former long serving CEO, Walter Wriston, who famously said…"capital goes where it is welcome and stays where it is well treated".

If we get this right, it will pave the way for a successful energy transition.

Thank you to Sally Levis and the Queensland Energy Club team for having me here today and we look forward to continuing to play a key role in securing Australia's energy future.