



Australia's energy
infrastructure partner

Part 10 Financial reporting
Year ended 30 June 2025

Basis of preparation

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Contents

1. Introduction	7
1.1. Difference Between Scheme and Non-Scheme Pipelines	7
1.2. Pipeline specific information	8
1.3. Depreciation, Indexation considerations	11
1.4. Reporting basis and comparatives figures	12
2. Definitions, actual, estimated and materiality	13
2.1. Actual information	13
2.2. Estimated information	13
2.3. Materiality	14
3. Sources of information	15
3.1. Financial information	15
3.2. Non-financial information	15
3.3. Additional information on data sources	15
3.4. Demand information	16
4. Methodologies applied	17
4.1. Accounting standards	17
4.2. Cost allocation principles	18
4.3. Shared corporate expenditure allocation	19
4.4. Cost to services allocation	21
4.5. Access Arrangements Determination	21
4.6. Depreciation	21
4.7. Asset lives	22
4.8. Recovered Capital Method	22
4.9. Multi Asset Services Revenue Allocation	24
5. Related party transactions	25
5.1. Related party revenue	25
6. Reporting template	26
7. Explanatory “Financial summary” worksheet	27
7.1. Overview	27
7.2. Source of information	27
7.3. Methodology applied	27
7.4. Use of actual amounts	27
7.5. Assurance	27
7.6. Rounding	27

8. Explanatory “Data visualisation” Worksheet	28
8.1. Overview	28
8.2. Source of information	28
8.3. Methodology applied	28
8.4. Use of actual amounts	28
8.5. Assurance	28
9. Explanatory “Pricing benchmark summary” worksheet	29
9.1. Overview	29
9.2. Source of information	29
9.3. Methodology applied	29
9.4. Use of actual amounts	29
9.5. Assurance	29
10. Explanatory “1. Pipeline information” worksheet	30
10.1. Overview	30
10.2. Source of information	30
10.3. Additional information	30
10.4. Use of actual amounts	30
10.5. Assurance	30
11. Explanatory “2. Revenue and expenses” worksheet	31
11.1. Overview	31
11.2. Source of information	31
11.3. Methodology applied	31
11.4. Use of actual amounts	31
11.5. Assurance	31
11.6. Rounding	31
12. Explanatory “2.1 Profit & Loss statement by component” worksheet	32
12.1. Overview	32
12.2. Sources of information	33
12.3. Methodologies applied	33
12.4. Type of data	33
12.5. Related party transactions	34
12.6. Use of actual amounts	35
12.7. Assurance	35
13. Explanatory “2.2 Allocation to services” worksheet	36
13.1. Overview	36
13.2. Source of information	36
13.3. Methodology applied	36
13.4. Template issues	36
13.5. Use of actual amounts	36

13.6. Assurance	36
13.7. Rounding	36
14. Explanatory “2.3 Revenue contributions” worksheet	37
14.1. Overview	37
14.2. Source of information	37
14.3. Methodologies applied	37
14.4. Use of actual amounts	37
14.5. Assurance	37
14.6. Rounding	37
15. Explanatory “2.4 Indirect revenue” worksheet	38
15.1. Overview	38
15.2. Source of information	38
15.3. Methodologies applied	38
15.4. Use of actual amounts	38
15.5. Assurance	38
15.6. Rounding	38
16. Explanatory “2.5 Shared expenses” worksheet	39
16.1. Overview	39
16.2. Source of information	39
16.3. Methodologies applied	39
16.4. Use of actual amounts	39
16.5. Assurance	39
16.6. Rounding	39
17. Explanatory “3.1 Depreciated Book Value” worksheet	40
17.1. Overview	40
17.2. Source of information	40
17.3. Methodologies applied	40
17.4. Use of actual amounts	40
17.5. Assurance	40
17.6. Rounding	41
18. Explanatory “3.2 Regulatory Asset Base” worksheet	42
18.1. Overview	42
18.2. Source of information	42
18.3. Methodologies applied	42
18.4. Assurance	43
19. Explanatory “3.3 Asset useful life” worksheet	44
19.1. Overview	44
19.2. Source of information	44
19.3. Methodologies applied	44

19.4. Use of actual amounts	44
19.5. Assurance	44
20. Explanatory “3.4 Asset impairment” worksheet	45
20.1. Overview	45
20.2. Source of information	45
20.3. Methodologies applied	45
20.4. Use of actual amounts	45
20.5. Assurance	45
21. Explanatory “3.5 Depreciation amortisation” worksheet	46
21.1. Overview	46
21.2. Source of information	46
21.3. Methodologies applied	46
21.4. Use of actual amounts	46
21.5. Assurance	46
21.6. Rounding	47
22. Explanatory “3.6 Shared supporting assets” worksheet	48
22.1. Overview	48
22.2. Sources of information	48
22.3. Methodologies applied	48
22.4. Use of actual amounts	48
22.5. Assurance	48
22.6. Rounding	48
23. Explanatory “4. Recovered Capital” worksheet	49
23.1. Overview	49
23.2. Source of information	49
23.3. RCM	49
23.4. Alternative asset valuation	52
23.5. Reconciliation of asset valuation methods	56
23.6. Assurance	56
24. Explanatory “4.1 Pipelines capex” worksheet	57
24.1. Overview	57
24.2. Source of information	57
24.3. Methodologies applied	57
24.4. Use of actual amounts	58
24.5. Assurance	58
24.6. Rounding	58
25. Explanatory “5. Historical demand” worksheet	59
25.1. Overview	59
25.2. Source of information	59

25.3. Methodologies applied	59
25.4. Use of actual amounts	59
25.5. Assurance	59
26. Explanatory “6. Pricing template” worksheet	60
26.1. Overview	60
26.2. Source of information	60
26.3. Methodologies	60
26.4. Use of actual amounts	60
26.5. Assurance	60

1. Introduction

Gas pipelines in Australia are governed by the National Gas Law (NGL) and the National Gas Rules (NGR), with regulation by the Australian Energy Regulator (AER) and the Economic Regulation Authority of Western Australia (ERA).

On 2 March 2023, amendments to the NGL and NGR were proclaimed, applying to all states and territories, with the exception of Western Australia. These amendments have introduced new regulatory requirements under Part 10 of the NGR for service providers of gas pipelines.

In October 2023, the AER published the Pipeline Information Disclosure Guidelines (PIDG). This PIDG, required under Part 10 of the NGR, provides service providers of scheme and non-scheme pipelines, instructions on the information they must publish as part of the reporting template.

The PIDG requires service providers to publish a basis of preparation document, to support the content of the reporting template.

This document serves as the basis of preparation for the following, scheme and non-scheme pipelines, subject to part 10 of the NGR.

Pipeline	Service provider	Pipeline type
Berwyndale Wallumbilla Pipeline	APT Pipelines Investments (BWP) Pty Ltd	Non-scheme
Carpentaria Gas Pipeline	APT Pipelines (QLD) Pty Limited	Non-scheme
Central West Pipeline	APT Pipelines (NSW) Pty Limited	Non-scheme
Moomba Sydney Pipeline	East Australian Pipeline Pty Ltd	Non-scheme
South West Queensland Pipeline	APA (SWQP) Pty Ltd	Non-scheme
South East South Australia Pipeline	APT Pipelines (SA) Pty Ltd	Non-scheme
Reedy Creek Wallumbilla Pipeline	APA Reedy Creek Wallumbilla Pty Limited	Non-scheme
Wallumbilla Gladstone Pipeline	APA WGP Pty Ltd	Non-scheme
Amadeus Gas Pipeline	APT Pipelines (NT) Pty Limited	Scheme
Roma Brisbane Pipeline	APT Petroleum Pipelines Pty Limited	Scheme

It is important to note that, Non-Scheme Pipelines were previously subject to either Part 23 of the NGR (Financial Reporting Guideline for Non-Scheme Pipelines, published by the AER, in December 2017) (Part 23) or Part 7 of the NGR (Financial Reporting Guideline for Light Regulation Pipeline Services, published by the AER, in October 2019) (Part 7). Starting from FY25, these pipelines will report under Part 10 of the NGR. As a result, the comparatives will reflect the new Part 10 requirements, as outlined in the PIDG, and not align with previous reporting templates.

1.1. Difference Between Scheme and Non-Scheme Pipelines

Scheme pipelines are subject to full regulation under the NGL and NGR, meaning they must have an AER-approved Access Arrangement that sets out reference services, tariffs, and terms and conditions. The revenues/prices they are permitted to earn/charge for such services are determined through the formal regulatory process.

Non-scheme pipelines are not fully regulated, and prices and terms are set commercially between the service provider and shippers. If disputes arise, the AER can step in to resolve them through arbitration or mediation, in accordance with the NGR.

1.2. Pipeline specific information

Relevant maps of the location of each pipeline are provided below, please refer to APA Group's website, www.apa.com.au, for further information.

1.2.1. Berwyndale Wallumbilla Pipeline (BWP)



The BWP is a bi-directional transmission pipeline in Queensland. It transports gas to and from the Berwyndale coal seam gas fields in the Bowen-Surat basin to the Wallumbilla gas hub near Roma in Queensland.

Previously, this pipeline was subject to Part 23 of the NGR.

1.2.2. Carpentaria Gas Pipeline (CGP)

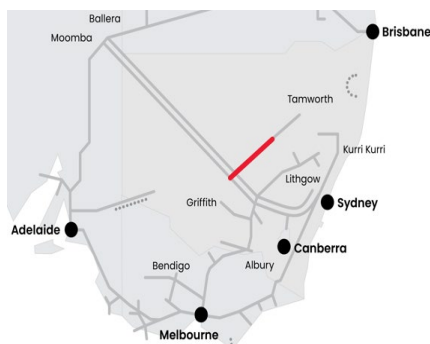


The CGP system is a bi-directional transmission pipeline, located in Southwest Queensland. It consists of the mainline from Ballera to Mt. Isa, the Mt. Isa Lateral, the Mica Creek Metering facility and Cannington Lateral.

The CGP is owned by two APA companies (APT Pipelines (QLD) Pty Limited and Roverton Pty Ltd). The reporting Service Provider nominated by the joint service providers in accordance with Section 1.7 of the PIDG is APT Pipelines (QLD) Pty Limited.

Previously, this pipeline system (excluding the Cannington Lateral) was subject to reporting requirements under Part 7 of the NGR. The Cannington Lateral was subject to Part 23 of the NGR, but was granted an exemption from the reporting requirements.

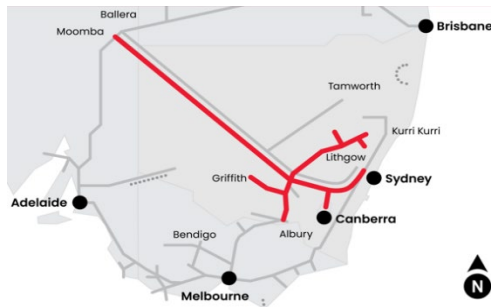
1.2.3. Central West Pipeline (CWP)



The CWP is a transmission pipeline in New South Wales. The CWP is fed by the Moomba to Sydney Pipeline at Marsden, and transports gas north from Marsden to Dubbo.

This pipeline was subject to reporting requirements under Part 7 of the NGR.

1.2.4. Moomba to Sydney Pipeline (MSP)



The MSP is a bi-directional gas transmission system running from Moomba to Wilton with capacity to deliver gas onward to Culcairn.

The system includes the following:

- a pipeline from Moomba to Marsden;
- a pipeline from Marsden to Sydney, with lateral serving Canberra, Wagga, Griffith and Lithgow; and
- a pipeline (interconnector) between Wagga and Culcairn.

Previously, different sections of the pipeline system were subject to different requirements under Part 23 and Part 7 of the NGR but through correspondence with the AER, the system was reported as a single pipeline under both reporting frameworks, as this reflects the way shippers contract for gas transmission services. With the entire system now classified as a non-scheme pipeline under Part 10 of the NGR, reporting can appropriately be presented as a single integrated pipeline system.

1.2.5. South West Queensland Pipeline (SWQP)



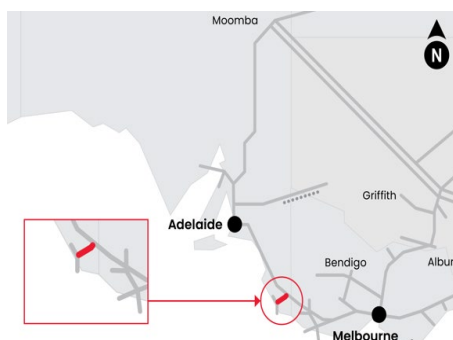
The SWQP is a bi-directional transmission pipeline, located in Queensland, linking Wallumbilla in South East Queensland to Moomba in South Australia.

The pipeline comprises of two sections:

- The South West Queensland Pipeline from Wallumbilla to Ballera; and
- The QSN Link from Ballera (which connects to the Carpentaria Gas Pipeline) to Moomba.

This pipeline system was previously subject to the reporting requirements under Part 23. As required by the PIDG, pipeline services include stand-alone compression services, and these have therefore been included in the reporting. This treatment is consistent with how stand-alone compression services were reported under the Part 23 framework.

1.2.6. South East South Australia Pipeline (SESA)



The SESA is a single direction, Southern-haul transmission pipeline, in South Australia. It supplies gas from the SEA Gas Pipeline at Poolaijelo in Western Victoria, to the South East Pipeline System.

This pipeline was previously subject to the reporting requirements under Part 23 of the NGR.

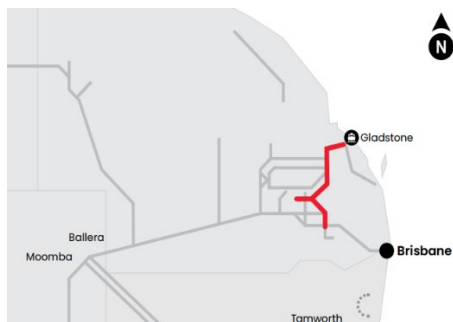
1.2.7. Reedy Creek Wallumbilla Pipeline (RCWP)



The RCWP is a bi-directional transmission pipeline in Queensland. The RCWP connects the APLNG pipelines and the coal seam gas fields in the Bowen-Surat basins in central Queensland to the east coast markets.

This pipeline was subject to Part 23 of the NGR, but was granted an exemption from the reporting requirements.

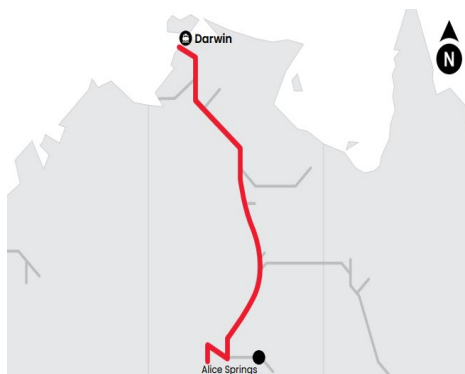
1.2.8. Wallumbilla Gladstone Pipeline (WGP)



The WGP is a single direction pipeline transmission pipeline in Queensland, operating across Central Queensland. It has interconnections with the Australia Pacific LNG (APLNG) and Gladstone LNG transmission pipelines.

This pipeline was subject to the reporting requirements under Part 23 of the NGR.

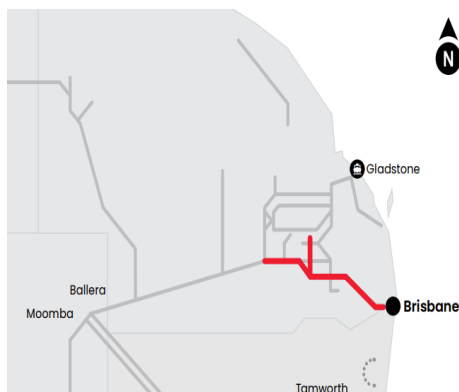
1.2.9. Amadeus Gas Pipeline (AGP)



The AGP is a bi-directional transmission pipeline in the Northern Territory. It extends from the Amadeus Basin in the south of the Northern Territory to Darwin, in the north. It transports natural gas to Darwin, Alice Springs and regional centres, principally to fuel power generation.

This pipeline is a Scheme pipeline and was not subject to either Part 23 or Part 7 of the NGR.

1.2.10. Roma Brisbane Pipeline



The RBP is a bi-directional transmission pipeline in Queensland that transports gas between the Wallumbilla gas hub near Roma, to Brisbane and various regional centres along its route.

This pipeline is a Scheme pipeline. It was not subject to either Part 23 or Part 7 of the NGR.

1.3. Depreciation, Indexation considerations

APA Group cautions users of this information when conducting analysis on the financial performance of the Scheme pipelines.

The PIDG creates a Special Purpose Financial Reporting Framework, in that it differs in material ways from the financial reporting framework created by the Australian Accounting Standards. Moreover, the financial reporting framework in the PIDG differs from the building block framework under which the AER determines allowed revenues and asset values for scheme pipelines in the context of an access arrangement.

In particular:

	PIDG	Building block model ¹
Asset valuation	The PIDG requires the value of the regulatory capital base to be reported without any indexation for inflation (see section 2.5 of the PIDG).	An access arrangement, through which the allowed revenue is determined, applies annual indexation to determine the value of the regulatory capital base.
Depreciation expense	Determined by applying the asset lives approved in the Access Arrangement to the un-indexed value of the regulatory capital base ² .	Determined by applying the asset lives approved in the Access Arrangement to the historically indexed value of the regulatory capital base. Current year indexation is then subtracted from the calculated depreciation expense to determine the regulatory depreciation allowance.
Revenue	Heavily influenced by outcome of building block model ³ .	Determination of revenue allowance applies an AER-determined nominal WACC to the indexed capital base, and an allowance for depreciation net of indexation as described above.
EBIT	Based on a blend of Access Arrangement-influenced revenue and historical cost depreciation ⁴ .	Heavily influenced by CPI adjustments, as a result of deducting indexation from depreciation allowance

Importantly, these different approaches to depreciation and indexation mean that it will not be possible to reconcile the Part 10 PIDG reports to the AER-approved access arrangement, nor will it be possible to reconcile to any AASB-based financial reports.

In this regard, APA Group urges caution in interpreting the reported return on assets in the Financial Summary tab (cell C24). The blend of asset valuation approaches and treatment of depreciation and indexation makes this reported figure very difficult to interpret.

¹ The building block methodology is a regulatory approach used to determine the revenue a service provider is allowed to earn over a set period. Total allowed revenue includes key components: return on the indexed value of the regulatory capital base, return of capital (depreciation), recovery of operating expenditure and a tax allowance.

² This approach was confirmed by the AER via email on 5 March 2025.

³ The revenue for a scheme pipeline will be driven by the tariffs charged, which are heavily influenced by the access arrangement applicable to the scheme pipeline.

⁴ The Earnings Before Interest and Taxes (EBIT) value generated by the PIDG (refer to Tab 2.1 Profit and Loss by component in the reporting template) will therefore reflect differing approaches to the treatment of depreciation and indexation between the revenue and expenses section.

1.4. Reporting basis and comparatives figures

The information reported in the reporting template has been prepared in accordance with the requirements of the Part 10 regulatory reporting regime, which establishes a special purpose reporting framework.

As FY25 represents the first financial year of reporting under this regime, comparative information for FY24 is presented as required. The FY24 comparative figures will reflect the new Part 10 requirements and may not align to previous regulatory reporting templates prepared for the purposes of Part 23 and Part 7.

The FY24 comparatives have not been subject to audit or review and are presented for comparative purposes only.

2. Definitions, actual, estimated and materiality

Where actual information is not available to be reported, the services provider will report estimated information.

Should the service provider report estimates, as part of this basis of preparation document, it will specify the information estimated and provide the assumptions and reasons on which the estimate is based.

The assessment for an item to be reported as an “actual” or “estimate,” was based on the following definitions.

2.1. Actual information

The PIDG does not define “actual information”. Hence, the service provider reporting under this PIDG has adopted the definition as defined by the AER as part of the Victorian Transmission System Annual Reporting Information Notice dated 1 April 2020. The definition of “actual information” is as follows:

Information presented in response to the notice whose presentation is materially dependent on information recorded in the pipeline service provider’s accounting records or other records used in the normal course of business, and whose presentation for the purposes of the notice is not contingent on judgements and assumptions for which there are valid alternatives, which could lead to a materially different presentation in the response to the notice.

For the purposes of non-financial information records used in the normal course of business includes asset registers, geographical information systems, and outage analysis systems.

Information presented in response to this notice whose presentation is based on allocation methods using judgements or assumptions, can be still reported as actual. These allocation methods would be expected to be clearly documented by the pipeline service provider and approved by senior management as either a regulatory statement accounting policy or regulated statement policy, with any judgements or assumptions used in the allocations remaining consistent between regulatory years.

The service provider has also adopted the meaning of the term “accounting records” as defined by the AER as part of the Victorian Transmission System Annual Reporting Information Notice dated 1 April 2020. The definition is as follows:

Includes trial balances, the general ledger, subsidiary accounting ledgers, journal entries and documentation to support journal entries. Actual financial information may include accounting estimates, such as accruals and provisions, and any adjustments made to the accounting records to populate the pipeline service provider’s regulatory accounts and responses to the notice.

Non-financial information, which includes the demand data reported in the regulatory template, is considered to be actual information.

2.2. Estimated information

The PIDG does not define “estimated Information”. Hence, service provider has adopted the definition of “estimated information” as defined by the AER as part of the Victorian Transmission System Annual Reporting Information Notice dated 1 April 2020. The definition is as follows:

Information presented in response to the notice whose presentation is not materially dependent on information recorded in the pipeline service provider’s historical accounting records or other records used in the normal course of business, and whose presentation for the purposes of the notice is contingent on judgements and assumptions for which there are valid alternatives, which could lead to a materially different presentation in the response to the notice.

2.3. Materiality

The PIDG includes the following definition:

Material means information that if its omission, misstatement or non-disclosure has the potential, individually or collectively, to influence the economic decisions of users, prospective users or the AER taken on the basis of the information provided under Part 10 of the NGR. This definition is based on the definition of materiality in the accounting standard AASB 1031 or, upon the withdrawal of AASB 1031, paragraph 5 of the accounting standard AASB 108.

3. Sources of information

The services provider is required to report various types of information relating to the pipeline. The sections below detail the types of information required to be reported and the sources from which this information has been obtained.

3.1. Financial information

Financial data reported in the pipeline's reporting template has been obtained from a variety of sources, including:

- Enterprise Resource Planning system
- Business records

3.2. Non-financial information

Non-financial data reported in the pipeline's reporting template has been obtained from a variety of sources, including:

- APA Group website (www.apa.com.au)
- APA Geographic Information System (GIS) database
- AEMO Gas Bulletin Board website (www.aemo.com.au)
- Australian Securities & Investments Commission (www.asic.gov.au)
- Business records

3.3. Additional information on data sources

3.3.1. Enterprise Resource Planning system

Unless stated otherwise, the majority of financial information reported in the reporting template for the pipelines has been sourced from APA Group's Enterprise Resource Planning (ERP) system.

The ERP system supports the financial reporting and includes modules such as General Ledger, Projects, Fixed Assets, Payables, Receivables, and Cash Management.

The financial information extracted from the ERP system forms the basis of the APA Group's consolidated financial statements. These statements are prepared in accordance with the *Corporations Act 2001*, Australian Accounting Standards (AAS), and other relevant pronouncements issued by the Australian Accounting Standards Board (AASB). They also comply with International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board (IASB).

3.3.2. Business records

Business records have been used as a source of both financial and non-financial information, reported in the pipelines' reporting template. These records are important in cases where historical information is required and where the information cannot be system generated.

Business records may include, but are not limited to:

- Asset registers
- Historical records provided by previous owners of pipelines

3.4. Demand information

3.4.1. General information

Field devices at various locations on the pipelines continuously record meter data. Flow data is calculated and accumulated in volume and energy. The energy value of the gas is determined based on the characteristics of the gas, which is continuously measured at the entry points and specific exit points. At the end of each gas day the field device performs a calculation from the accumulation registers to determine the Last Gas Day totals.

All data that is determined and recorded in these field devices is conveyed to the SCADA (Supervisory Control and Data Acquisition) system. In the SCADA system, every data point is monitored and alarmed for the appropriate 'off-normal' limits to ensure that the quality of the data is known, and the performance of the field devices is maintained.

Each day, pipeline controllers review the metering data in the Data Historian System. Automated checks look for errors, and any unusual results must be investigated before the data is sent to APA's hydrocarbon accounting system, Energy Components (EC).

Energy Components includes:

- Physical Asset Model: all the parameters/definitions associated with the hard assets e.g. Pipelines/Delivery points/meters etc.;
- Contract Model: all the relevant shipper contract parameters to enable the scheduling/allocation and contract account calculation and invoicing;
- Modules to manage daily process automation to manage the day-to-day processes such as scheduling, allocation, customer reporting and market compliance reporting; and
- The allocation process reconciles pipeline receipts/deliveries and line pack, and energy meter data and allocates quantities to each shipper account based on allocation rules (for example, pro-rata based on scheduled quantity). This process ensures that the aggregation of each shipper contract allocation ties back to the pipeline quantities each day.

The validated data – such as pipeline receipts, deliveries, allocations, and schedules—is sent to AEMO as required for market reporting and system operation. This information is then reported to the AEMO Gas Bulletin Board, where it is made publicly available.

4. Methodologies applied

This section outlines the methodologies applied to the information reported in the reporting template.

It is important to note that these methodologies are consistent across the years reported in the reporting template, that is, there are no significant changes from prior periods.

4.1. Accounting standards

The financial data presented in the reporting template is derived from APA Group's ERP system and prepared in accordance with the *Corporations Act 2001*, Australian Accounting Standards (AAS), and other relevant pronouncements issued by the Australian Accounting Standards Board (AASB). Additionally, the financial statements adhere to IFRS as issued by the International Accounting Standards Board (IASB).

The key accounting policies relevant to the financial information reported in the reporting template include:

- **Revenue from Contract with Customers (AASB 15):**
Revenue is recognised at an amount that reflects the consideration to which the service provider expects to be entitled in exchange for the provision of services to a customer (the performance obligations) under a contract. The service provider recognises revenue when control of a product or service is transferred to the customer. Amounts disclosed as revenue are net of duties and taxes paid except where the amount of GST incurred is not recoverable from the taxation authority. Given the nature of the service provider's services there is no significant right of return or warranty provided. Direct revenue is derived from transportation services.
- **Cost Recognition (AASB 101):**
Costs are recognised on an accrual basis and reflect the costs incurred in delivering services. This includes operational costs such as maintenance, and overheads directly related to the operations of the pipeline.
- **Property, plant and equipment (AASB 116):**
Property, plant, and equipment are initially recognised at cost, which includes the purchase price, directly attributable costs, and any costs required to bring the asset into operational condition.

Capital expenditure (capex) is only capitalised when it is expected to provide future economic benefits. This typically means that the asset will generate cash flows, either directly (through revenue) or indirectly (through cost savings, efficiency, etc.).

Costs associated with routine repairs or maintenance are not capitalised, that is costs incurred in replacing parts to keep pipelines operating, without adding any new capability or extending its useful life. These costs are expensed when incurred.

Depreciation expense is provided on all pipelines, and other property, plant and equipment excluding land and easement (with indefinite useful lives). Depreciation is calculated on either straight-line basis or throughput basis depending on the nature of the asset so as to write off the net cost of each asset over its estimated life.

The estimated useful lives of property, plant and equipment are reviewed at the end of each annual reporting period. In assessing useful lives, physical, economic, climate and environmental factors are considered. These include but are not limited to, asset condition and obsolescence, technology changes, regulatory determinations, government policy, commercial contract lives and renewals, global and regional gas supply-and-demand, and certain climate-related risks and policies.

Any reassessment of useful lives in a particular year will affect the depreciation or amortisation expense on a prospective basis.

- Impairment of Assets (AASB 136):

The carrying amounts of non-financial assets, other than deferred tax assets, are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, the asset's recoverable amount is estimated. The recoverable amount of an asset is the greater of its value in use and its fair value less costs to sell. These calculations use cash flow projections based on a three-year financial business plan and thereafter forecast cash flows reflecting remaining useful lives.

In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset.

The key estimates and assumptions used in the assessment of recoverable amount include but are not limited to: asset capacity; asset lives; generation and transmission volumes; forecast operating costs and margins; gas field reserve estimates; future regulatory changes and legislative developments; for some assets, availability of gas supply from undeveloped gas fields and contingent resources to meet forecast demand; the effect of inflation; discount rates; customer contract terms and renewals; residual value; and asset construction costs. Where key assumptions used in the assessment of recoverable amount of new assets, such as expected construction costs, time to commissioning, revenues, operating and capital costs at the time of investment differ from the actual outcomes, significant variances to the key assumptions may give rise to impairment indicators.

Carrying amounts are based on the current regulatory environment, including government-mandated climate policies. Future changes in government policy may result in a material change in the carrying value of assets.

An impairment loss is recognised if the carrying amount of an asset or its cash-generating unit exceeds its recoverable amount. Impairment losses are recognised in profit or loss.

It is important to note that, for the purposes of the PIDG, an impairment assessment will be conducted on a stand-alone pipeline basis, when a non-scheme pipeline's Depreciated Book Value is required to be reported. As the depreciable amount must be calculated in accordance with AASB 116, any indicators of impairment must also be assessed in accordance with AASB 136.

- Materiality (AASB 1031)

The service provider has applied the materiality standard as outlined in AASB 1031 when preparing its financial reporting templates. According to this standard, an item is considered material if its omission or misstatement could influence the economic decisions of users based on the financial statements.

The service provider ensures that all material items are disclosed in the financial reporting templates statements, while immaterial items may be aggregated or omitted without significantly affecting the overall fairness and accuracy of the financial reporting.

Unless specified otherwise in the PIDG, the service providers must comply with AASB.

4.2. Cost allocation principles

The key cost allocation principles that APA Group applies are as follows:

- Costs are not allocated more than once;
- Costs cannot both be treated as directly attributed cost and other directly attributable costs;
- Costs are allocated on a causal basis, in instances where direct attribution is not possible; and
- Costs that cannot be allocated on a causal basis are allocated on a consistent non-causal basis.

When assessing operating and capital costs, the majority of costs fall within two categories:

- Directly attributable costs to the pipeline service provider:
Expenses that are clearly associated with a specific pipeline asset. Direct costs are coded to the asset or to a project relating to the asset, through creation of a purchase order at the time of purchase or

direct employees charging their time to the asset or project, using an hourly rate derived from employee payroll costs.

For example, such costs include the pipeline and materials expenses directly attributed to repair and maintenance of a pipeline and the employees who are solely dedicated in providing field services to the pipeline.

- Other directly attributable costs:
Other directly attributable expenses are costs directly attributable to the assets and are incurred by APA Group's Operations business. In order to give a true reflection of the cost of running an asset, it is necessary to allocate a portion of APA Group's Operations costs to the asset. APA Group's Operations costs are reviewed periodically to determine the extent to which the business unit's function has a bearing on the assets.

Examples of such costs include the allocation of APA Group's Integrated Operations Centre (IOC) which manages APA Group's pipelines throughout Australia.

For other directly attributable costs, APA Group has utilised the following cost allocation methodologies:

- Time/effort based - costs associated with operating and capital expenditure services are allocated to pipelines or business units based on time or effort spent.
- Customer based - functions supporting commercial operations are allocated based on the number of customers or contracts managed.
- Headcount based - support services are allocated based on the relative headcount of each business unit or cost centre.
- State based - National services are allocated to pipelines or business units, using a combination of the above allocators as appropriate.

4.3. Shared corporate expenditure allocation

Shared corporate expenditure is incurred at the corporate level that provide benefits across the APA Group business. These costs are reported at the consolidated level in APA Group's audited financial statements and are not allocated to individual assets/activities within the Group's financial reporting system.

As this expense supports the broader APA Group portfolio, for regulatory purposes, a portion of this expenditure is reflected in the reporting template.

APA Group has applied an allocation method consistent with the approach previously approved by the AER in previous Victoria Transmission System's access arrangements and has been consistently applied to other pipelines.

The allocation method, described in the following sections, is applied consistently across APA Group's entire portfolio of assets, including pipeline assets.

4.3.1. Shared corporate expenditure

Shared corporate expenditure refers to operating expenditure incurred at the corporate level from functions which support the operations of the APA Group business, such as:

- executive management and administration (including board of directors, chief executive officer, head office administration and people, safety and culture);
- legal and corporate affairs (including general counsel, company secretarial and risk management);
- finance (including treasury, general financial accounting, general management accounting, financial reporting, the provision of financial services such as accounts payable and accounts receivable, tax and investor relations);
- information and communications technology services (including the operation and maintenance of company-wide compatible IT and communications systems, and maintaining IT systems security); and
- external relations (including government relations, sustainability, business strategy and planning) and contract management.

APA group applies a revenue-base allocation method to allocate shared corporate expenditure across its assets and activities, based on the following process:

1. Identification and exclusion of non-attributable expenditure

Components of shared corporate expenditure that are deemed not to provide a benefit to the business's portfolio of assets are excluded from the total shared corporate expenditure. These typically include costs that, by their nature or function, do not contribute to the value or operation of the portfolio of existing assets.

2. Allocation to non-operated assets

For assets that are owned but not operated by the APA Group, only relevant categories of expenditure (such as treasury or accounting-related costs) are allocated. This step is applicable to the Wallumbilla Gladstone Pipeline (WGP), which is owned but not operated by APA Group. In recognition of this, only treasury, accounting-related, and other related expenditure is allocated to WGP.

3. Revenue-based allocation of residual shared corporate expenditure

The remaining shared corporate expenditure, after the exclusions made in the steps noted above is the "residual shared corporate expenditure" and is allocated to the other assets owned by APA Group using a revenue-based allocation method.

The revenue used as a cost allocator is the revenue from contracts with customers of the Energy Infrastructure segment, excluding pass-through revenue, and for the APA Group a portion of revenue from contracts with customers of the Asset Management Segment.

The Cost Allocation Principles reported above are in accordance with the Regulatory Cost Allocation Methodology document (CAM).

4.3.2. Shared corporate assets

APA Group acquires assets (corporate assets) which support the operations of the APA pipelines and other businesses, such as:

- Information technology relating to the development and enhancement of finance systems, human resource systems and asset management systems; and
- Right of Use assets relating to motor vehicles and corporate premises.

For regulatory purposes, APA Group consistently allocates corporate assets to its portfolio of assets, on the basis of shared corporate expenditure, as detailed below:

$$SCA = ACA \times \frac{SCE}{ACE}$$

Where:

SCA: Service provider shared corporate assets

ACA: APA corporate assets which benefit APA's portfolio of assets

SCE: Service provider share of corporate expenditure⁵

ACE: APA total corporate expenditure

Depreciation relating to shared corporate assets are allocated using the same attribution method.

Shared leases

⁵ As discussed in section 4.3.1.

Shared leased assets include assets such as leased vehicles, commercial property leases, land and access leases. The allocation of shared leased assets and any associated expenditure (depreciation and interest), is based on the same attribution method used for the shared corporate assets, as detailed above.

4.4. Cost to services allocation

For each reporting pipeline subject to the Part 10 regime, costs are allocated to individual services based on the revenue earned for each service as a proportion of the pipeline's total revenue.

The specific services offered by each reporting pipeline are unique to that pipeline and are detailed in the Part 10 reporting template applicable to each pipeline in scope.

4.5. Access Arrangements Determination

Access Arrangement Determinations are applicable to scheme pipelines under Australia's gas regulatory framework. Scheme pipelines are subject to full regulation under the NGL and NGR and the pipeline's service providers must submit their Access Arrangement Determination to the appropriate regulator based on a pipeline's location:

- The AER for pipelines located in all Australian jurisdictions except Western Australia, and
- The ERA for pipelines located in Western Australia.

A significant amount of information is required to be reported by the service provider as part of a scheme pipeline's Access Arrangement, including historical financial information data on operating expenditure (opex), capital expenditure (capex) and return of capital.

Opex and capex

Financial data relating to opex and capex is prepared in accordance with the Corporations Act 2001, AAS, and other relevant standards issued by the AASB.

Regulatory adjustments may be necessary to ensure alignment with the specific requirements of the scheme pipeline's Access Arrangement. Where such adjustments are required, the opex and capex figures reported in the reporting template of scheme pipelines will reflect these adjusted values in accordance with their relevant Access Arrangement Determination in operation at the time.

Return of capital

Return of capital represents the annual depreciation of a pipeline's Regulated Asset Base and is a key component of the building block approach used by regulators to determine the revenue a pipeline service provider is allowed to earn over a regulatory period.

For regulatory purposes, the approved straight-line depreciation expense is calculated over the Regulated Asset Base's remaining life and is also adjusted for inflation (indexation) each year. It is important to note that for the purpose of Part 10 reporting, depreciation will be calculated in accordance with the PIDG and guidance provided by the AER on 5 March 2025, refer to section 4.7. Depreciation treatment under PIDG vs Access Arrangement in this document.

Please note that non scheme pipelines are not subject to Access Arrangements, so this methodology requirement does not apply to them.

4.6. Depreciation

There are specific requirements under the PIDG for scheme and non-scheme pipelines.

For scheme pipelines:

- Regulated Asset values must be reported using a nominal value which is not indexed,

- Depreciation must be the same as regulatory depreciation, based on straight line depreciation in accordance with the current access arrangement determination.

For non-scheme pipelines:

- The Regulated Capital Value is required to be calculated using the Recovered Capital Method, unless inconsistent with the asset valuation objective, then the service provider must use an alternative asset value method that is consistent with the asset valuation method.
- The asset lives applied to non-scheme pipelines are detailed in Appendix A of the PIDG.

There are inconsistencies between PIDG requirements and the Access Arrangement approach to depreciation for scheme pipelines:

- Section 2.5.1 of the PIDG – Regulatory Asset Base:
Service providers must publish the Regulatory Asset Base value for scheme pipelines in accordance with Part 9 of the NGR. The Regulatory Asset Base must be published using nominal values and not indexed.
- Section 2.5.7 of the PIDG – Depreciation Principles:
Depreciation must be the same as regulatory depreciation, based on straight line depreciation in accordance with the current Access Arrangement determination.

Since the approved straight-line depreciation expense in the current Access Arrangement is calculated on an indexed Regulated Asset Base but the PIDG requires depreciation expenses to be calculated on an un-indexed Regulated Asset Base, guidance was sought from the AER and on the 5 March 2025 the AER confirmed by email that:

“pipeline service providers should report depreciation using the same depreciation method in the access determination and applied to the un-indexed RAB.”

Accordingly it will not be possible to reconcile the depreciation reported under this Guideline relative to the applicable access arrangement.

4.7. Asset lives

In accordance with Section “2.4.5 Asset Life principles for non-scheme pipelines” of the PIDG, asset lives by asset class are listed in Appendix A. If a different asset life is deemed appropriate, the service provider must provide an explanation for the alternative choice.

For further information on the asset lives adopted see section “19. Explanatory “3.3 Asset useful life” worksheet”.

4.8. Recovered Capital Method

The PIDG requires the service providers of non-scheme pipelines to publish recovered capital values that are consistent with the asset valuation objective.

Outlined below are the key sections of the PIDG that describe the requirements for service providers in relation to the recovered capital method:

Section 2.6.2 Criterion to publish asset values using the recovered capital method

Service providers must, for each non-scheme pipeline, publish, recovered capital method that are consistent with the asset valuation objective.

The asset valuation objective is the objective of facilitating access to pipeline services provided by means of non-scheme pipelines on reasonable terms, which is taken to mean at prices and on other terms and conditions that, so far as practicable, reflect the outcomes of a workably competitive market.

Unless inconsistent with the asset valuation objective, service providers must use the recovered capital method, as defined in Rule 113Z(5)(b) of the NGR and this section of these Guidelines, to calculate recovered capital values.

Section 2.6.3 Recovered capital value

Service providers must report:

- the construction date of the pipeline assets.
- the construction cost of pipeline assets, by year.
- for shared assets:
 - if the asset is one the provider constructed: the construction cost, by year.
 - if the asset is one the provider did not construct (for example motor vehicles, IT equipment): the acquisition cost, by year.
- any capital expenditure incurred by year, at cost.
- any disposals of pipeline assets, by year, at cost.
- the return of capital calculated using the method in the Guideline.

To avoid doubt:

If a service provider acquires pipeline assets, it must use the actual historical construction cost (or, having taken all reasonable steps to obtain the historic information, service providers are unable to locate the historical information, an estimate of the historical construction cost) instead of the acquisition cost of the asset.

Recovered capital values reported under this section of these Guidelines do not impact the asset values or depreciation reported in the Statement of asset value – depreciated book value method or the Statement of revenues and expenses.

Unless otherwise stated in this section of these Guidelines, the methodology and approach taken to calculate recovered capital values in this section should be considered in isolation from the guidance provided material in Section 2.4 of these Guidelines

Section 2.6.4 Recovered capital method

The value of an asset under the recovered capital method must be calculated in accordance with Rule 113Z(5)(b) of the NGR.

In summary, steps to calculate asset value under RCM:

1. Start with the original construction cost:
 - Include all costs incurred to construct the pipeline and pipeline assets before commissioning.
 - Include costs of acquiring easements and other land interests necessary for operation.
2. Add capital expenditure since commissioning:
 - Include all investment, made to maintain, upgrade, or expand the pipeline after commissioning.
3. Less return of capital recovered since commissioning:
 - Deduct amounts already recovered through operation of revenue.
4. Less value the value of pipeline assets disposed of since commissioning:
 - Disposal of the assets at cost.

This process determines the remaining unrecovered capital value of a pipeline.

For further information on the practical application of this methodology see section “23. Explanatory “4. Recovered Capital” worksheet.

4.9. Multi Asset Services Revenue Allocation

Where APA Group provides a service across a number of pipelines under a single contract ("Multi Asset Services") it is necessary to allocate the revenue from that service across the various pipelines providing that service.

In developing its Multi Asset Service allocation methodology, APA Group identified factors relevant to the setting of its prices on individual pipelines (such as those previously subject to light regulation) and applied them to the revenue allocations.

It is therefore appropriate that factors that influence prices on individual pipelines or pipeline segments are also reflected in the revenue allocation. For example, the amount of Multi Asset Service revenue allocated a particular pipeline segment must recognise that the amount allocated to any regulated pipeline on the Multi Asset Service route must reflect the "no price discrimination" requirement of s136 of the National Gas Law.

Consequently, the allocation that is applied for each revenue item will vary, depending on the specific nature of the Multi Asset Service, and in particular, the non-scheme and other pipelines involved.

APA Group considers that this is the most appropriate method of allocation, as it reflects the regulatory and contractual restrictions on prices (and therefore revenue) that may be earned on individual pipeline segments. This method ensures that, where regulatory and/or contractual limitations apply to stand-alone pipeline or pipeline segments, the revenue allocated to those pipeline segments is consistent with those limitations.

5. Related party transactions

5.1. Related party revenue

In certain circumstances, service providers provide services to entities that are related parties, being entities under common ownership within APA Group.

APA Group's approach to managing the NGL associate contract requirements, particularly the NGL s148 competitive parity rule, is to require all associate contracts to be struck at the "vanilla" service offering posted on the pipeline web page. This ensures that the associate does not receive a preferential service relative to third party shippers.

However, the national gas access regime regulatory framework provides for bilateral negotiation between a shipper and the pipeliner. In this context, there may well be differences in the service offerings between an APA associate, which receives the posted "vanilla" service, and a third-party shipper, who could receive a bespoke service.

Services amongst related entities have been separately identified and disclosed in Table 2.1.1 Statement of revenue and expenses by component. Table 1.2 Pipeline services provided, discloses the specific services that were provided to related parties.

6. Reporting template

The service provider has provided all information for the relevant reporting periods for the reporting template. As required, the service provider has provided inputs to the yellow cells within the reporting templates. If a yellow cell is not applicable to the pipeline, the yellow cell will be left as blank and represents a null result. Assurance requirements for these cells are detailed in sections 7 to 26 of this document.

Grey cells do not require input by a service provider; and may contain formulas based on inputs from yellow cells. These cells have not been subject to any Reasonable or Limited assurance.

This basis of preparation document relates to the data recorded in the yellow cells within the reporting template. The table below outlines corresponding explanatory section in this document for each worksheet in the reporting template.

Worksheet name	Sections containing notes
Financial summary	7
Data visualisation	8
Pricing benchmark summary	9
1. Pipeline information	10
2. Revenue and expense	11
2.1 Profit & Loss by component	12
2.2 Allocation to services	13
2.3 Revenue contributions	14
2.4 Indirect revenue	15
2.5 Shared expenses	16
3.1 Depreciated Book Value	17
3.2 Regulatory Asset Base	18
3.3 Asset useful life	19
3.4 Asset impairment	20
3.5 Depreciation amortisation	21
3.6 Shared supporting assets	22
4. Recovered Capital	23
4.1 Pipelines capex	24
5. Historical demand	25
6. Pricing template	26

7. Explanatory “Financial summary” worksheet

7.1. Overview

The “Financial Summary” worksheet reports the key financial data from across the reporting template. All relevant information is automatically populated from other worksheets within the template.

As the data is automatically populated, these figures appear in the grey shaded cells, and no inputs are required from the service provider in this worksheet.

7.2. Source of information

The revenue and expense information reported in this worksheet is derived from other sections of the reporting template. Please refer to the respective worksheets for details on the underlying data source.

7.3. Methodology applied

The revenue and expense information reported in this worksheet is derived from other sections of the reporting template. Please refer to the respective worksheets for details on the underlying methodologies.

7.4. Use of actual amounts

The revenue and expense information reported in this worksheet is derived from other sections of the reporting template. Please refer to the respective worksheets for details on the underlying use of actual amounts.

7.5. Assurance

In accordance with the PIDG, no assurance is required for this worksheet.

7.6. Rounding

Totals in this worksheet may not add due to rounding.

8. Explanatory “Data visualisation” Worksheet

8.1. Overview

The “Data visualisation” worksheet shows graph visuals relating to revenue and expense allocation and historical demand. These graphs are generated from the data reported in the other worksheets in the reporting template.

As the data is automatically populated, no inputs are required from the service provider in this worksheet.

8.2. Source of information

The information reported in this worksheet is derived from other sections of the reporting template. Please refer to the respective worksheets for details on the underlying data source.

8.3. Methodology applied

The information reported in this worksheet is derived from other sections of the reporting template. Please refer to the respective worksheets for details on the underlying methodologies.

8.4. Use of actual amounts

The information reported in this worksheet is derived from other sections of the reporting template. Please refer to the respective worksheets for details on the underlying use of actual amounts.

8.5. Assurance

In accordance with the PIDG, no assurance is required for this worksheet.

9. Explanatory “Pricing benchmark summary” worksheet

9.1. Overview

The “Pricing Benchmark Summary” worksheet displays visual benchmarking data for pipeline pricing. These graphs are automatically generated from data reported in other worksheets in the reporting template.

As the data is automatically populated, these figures appear in the grey shaded cells, and no inputs are required from the service provider in this worksheet.

9.2. Source of information

The information reported in this worksheet is derived from other sections of the reporting template. Please refer to the respective worksheets for details on the underlying data source.

9.3. Methodology applied

The information reported in this worksheet is derived from other sections of the reporting template. Please refer to the respective worksheets for details on the underlying methodologies.

9.4. Use of actual amounts

The information reported in this worksheet is derived from other sections of the reporting template. Please refer to the respective worksheets for details on the underlying use of actual amounts.

9.5. Assurance

In accordance with the PIDG, no assurance is required for this worksheet.

10. Explanatory “1. Pipeline information” worksheet

10.1. Overview

The “Pipeline information” worksheet reports specific financial and non-financial information about the pipeline.

10.2. Source of information

The pipeline information reported in this worksheet, has been sourced from a range of records, including:

- APA Group website (www.apa.com.au)
- APA Geographic Information System (GIS) database
- AEMO Gas Bulletin Board website (www.aemo.com.au)
- Australian Securities & Investments Commission website (ASIC) (www.asic.gov.au)
- Business records

10.3. Additional information

10.3.1. Pipeline nameplate capacity

As many of the pipelines are bi-directional, the nameplate capacity reported represents the capacity in a single flow direction. Please refer to the pipeline’s reporting template for details of gas flows corresponding to the reported nameplate capacity.

The reported nameplate capacity aligns with nameplate capacity shown in Table 5.3: Daily demand.

10.4. Use of actual amounts

All amounts are reported as actuals, as this data is sourced from accounting records and calculations based on accounting and business records.

10.5. Assurance

In accordance with the PIDG, no assurance is required for this worksheet.

11. Explanatory “2. Revenue and expenses” worksheet

11.1. Overview

The “2. Revenue and expenses” worksheet, reports revenue and expenses by service categories. All relevant information is automatically populated from other worksheets within the template.

As the data is automatically populated, these figures appear in the grey shaded cells, no inputs are required from the service provider in this worksheet.

11.2. Source of information

The revenue and expense information reported in this worksheet is derived from other sections of the reporting template. Please refer to the respective worksheets for details on the underlying data source.

11.3. Methodology applied

The revenue and expense information reported in this worksheet is derived from other sections of the reporting template. Please refer to the respective worksheets for details on the underlying methodologies.

11.4. Use of actual amounts

All amounts reported are actuals as there is no need for further allocations.

11.5. Assurance

In accordance with the PIDG, reasonable assurance is required for this worksheet.

11.6. Rounding

Totals in this worksheet may not add due to rounding.

12. Explanatory “2.1 Profit & Loss statement by component” worksheet

12.1. Overview

The “Profit & Loss by Component” worksheet reports revenues and expenses by category at the pipeline level, up to Earnings before interest and tax (EBIT). In accordance with the PIDG this worksheet also separately identifies related party transactions.

This worksheet contains the line items as set out in the table below. For each line item, the table below sets out:

- the source of information;
- the methodology applicable; and
- the type of data.

Categories in worksheet	Source of information	Methodology	Type of data
Revenue by pipeline			
Total Service revenue	ERP	Accounting standards	Revenue
Customer contributions	ERP	Accounting standards	Revenue
Government contribution	ERP	Accounting standards	Revenue
Profit from sale of fixed assets	ERP	Accounting standards/AAR	Profit on sale of fixed assets
Other direct revenue	ERP	Accounting standards	Revenue
Indirect revenue	ERP	Accounting standards	Revenue
Direct expenses by pipeline			
Repairs and maintenance	ERP	Accounting standards	Opex
Wages	ERP	Accounting standards	Opex
Depreciation	ERP/AAR	Accounting standards/PIDG	Depreciation
Insurance	ERP	Accounting standards	Opex
Leasing and regulatory costs	ERP	Accounting standards	Opex
Directly attributable finance charges	ERP	Accounting standards/AAR	Finance charges
Leasing and rental	ERP	Accounting standards	Opex
Other direct expenses	ERP	Accounting standards	Opex
Shared expenses by pipelines			
Other shared expenses	ERP	Cost Allocation Methodology	Other shared expenses

AAR = Access Arrangement records

Detailed below are explanations of the categories reported in the table above.

12.2. Sources of information

12.2.1. ERP

The information reported is sourced from the service provider's audited statutory trial balance at the pipeline level, which is extracted from APA Group's ERP system. The ERP system is the source of financial data used and underpins the reported amounts in the reporting template as indicated in the table above.

The trial balance reflects the finalised general ledger balances for the periods presented in reporting template and includes all accounting adjustments and accruals consistent with applicable accounting standards. Information has been extracted and reclassified, where necessary, to align with the requirements of the PIDG. The information reported in the trial balance is traceable to the ERP records and ultimately to the relevant supporting documentation.

12.2.2. Access Arrangement records

In relation to scheme pipelines, the information reported has been derived from:

- Financial models and capital base roll-forward models developed as part of the regulated pipelines' access arrangement ranging from their first access arrangements to the most recent final Decision, which have been approved by the relevant regulatory bodies at the time.

For years where the final decision falls outside reporting requirement, the data has been sourced from the pipelines' Annual Regulatory Information Notice.

12.3. Methodologies applied

Please refer to section 4. Methodologies applied, for further information.

12.4. Type of data

12.4.1. Revenue

Revenue recognition is consistent with Australian Accounting Standards, AASB 15 – *Revenue from Contracts with Customers*. For further information see section 4.1 Accounting standards.

12.4.2. Operating expenditure (Opex)

The categories shown as "Opex" in the table represent expenses incurred in the ordinary course of operating and maintaining the pipeline. These costs are non-capital in nature and are expensed when incurred in accordance with Australian Accounting Standards. For further information please refer to section 4.1 Accounting standards.

It is important to note that only directly attributable costs and other directly attributable costs are included in the categories shown as "Opex". For further information on the nature of directly attributable costs and other directly attributable costs, please refer to section 4.2. Cost allocation principles.

12.4.3. Profit on sale of fixed assets

Specific to non-scheme pipelines

Profit on the sale of fixed assets is recognised when the net disposal proceeds exceed the asset's carrying amount at the date of disposal. The profit is recognised in the period in which the asset is derecognised.

The reporting template requires any such profit to be reported under the "Direct revenue by pipeline" section of the Table 2.1.1 Statement of pipeline revenue and expense by component.

Any loss on the sale of fixed assets will be reflected under the "Other direct expenses" categories.

Specific to scheme pipelines

Due to the nature of the access arrangements of scheme pipelines, profit on the sale of fixed assets will not be reflected in the worksheet. This is because the capital maintenance principle is applied. Under this principle, asset disposals are treated as a “return of capital” rather than a gain or loss.

Regulatory financial capital maintenance principles provide that, once capital investment has been approved and included in the Regulatory Asset Base (RAB), the business is entitled to earn a return on that capital until fully recovered. Capital can be returned to the business in two ways:

- I. Through depreciation, as reflected in approved tariffs; or
- II. Through cash proceeds received from the disposal of an asset.

Accordingly, when a pipeline asset is disposed of, the treatment is as follows:

- Disposal by sale: If proceeds are received, the RAB is reduced by the amount of the proceeds.
- Disposal by scrapping: If the asset is scrapped with no cash proceeds, no adjustment to the RAB is required, as the return of capital will occur through the depreciation process.

12.4.4. Depreciation

Specific to non-scheme pipelines

Depreciation is the allocation of the cost of the asset over its useful life. The useful lives applied for depreciation are consistent with those used for statutory accounting purposes. For details of the asset lives applied, please refer to Section 19 Explanatory “3.3 Asset useful life” worksheet.

Specific to scheme pipelines

Depreciation is calculated on an un-indexed Regulated Asset Base. This is in accordance with the requirements of the PIDG, please refer to section 4.7 Depreciation treatment under PIDG vs Access Arrangement.

12.4.5. Finance charges

Specific to scheme pipelines

Reported in the category of directly attributable finance charges are debt raising costs allowed as part of the scheme's pipelines access arrangement. These costs are calculated using the method approved by the AER in the pipeline's access arrangement. Calculations are based on the average value of the Regulatory Asset Base for the year, multiplied by the AER-approved debt raising cost rate.

12.4.6. Other shared expenses

Other shared expenses, as shown in table 3, represents the pipeline's allocated portion of corporate expenditure. For further details, refer to Section 4.3 Shared corporate expenditure and Section 16. Explanatory “2.5 Shared expenses” worksheet.

12.5. Related party transactions

Service providers have separately reported related party transactions with a related party in this worksheet, refer to Section 5 Related party transactions for further details.

As the PIDG requires the reporting of operating expenditure attributable to related party revenue and the APA Group does not have the systems in place to determine the actual operating expenditure attributable to this revenue, the related party operating expenditure has been estimated on a revenue proportionate basis, using the formula below:

$$\text{Related Party opex} = \text{Total Opex} \times \frac{\text{Related party revenue}}{\text{Total service provider revenue}}$$

APA Group does not consider shared corporate expenditure to constitute a related party transactions. This treatment is consistent with other regulatory reporting requirements. Accordingly, shared corporate expenditure is not reported as a related party transaction in Table 2.1.1 Statement of revenue and expenses by component.

12.6. Use of actual amounts

All amounts in this worksheet are reported as actuals, as the data is sourced from accounting records and business records.

12.7. Assurance

In accordance with the PIDG, reasonable assurance is required for this worksheet.

13. Explanatory “2.2 Allocation to services” worksheet

13.1. Overview

The “2.2 Allocation to Services” worksheet requires the allocation of revenue and costs across the various pipeline services provided by the service provider.

13.2. Source of information

The revenue and expense information reported in this worksheet is derived from other sections of the reporting template. Please refer to the respective worksheets for details on the underlying data source.

13.3. Methodology applied

Percentages allocation to services are based on actual amount received as a proportion of total revenue for the relevant category.

Expenses are allocated to services using percentage allocations based on revenue proportions.

13.4. Template issues

An issue has been identified with the reporting template when disclosures are required for both related and third-party shippers.

The allocation of revenue among the range of services offered (Table 2.2.1 column D) is based on total revenue by service. However, where related parties and third-party shippers use different mixes of services, the proportion of revenue attributable to each group will differ.

As the Table 2.2.1 template formulae apply the same proportion of revenue (column D) to both the related and third parties (columns E and F), the resulting allocated amounts in Columns E and F will not reflect the actual revenue split for any service applicable to both related party and third-party shipper.

The total revenue by service in Columns G and K will be correct.

13.5. Use of actual amounts

All amounts in this worksheet are reported as actuals, as they are sourced from the APA Group's ERP system.

13.6. Assurance

In accordance with the PIDG, reasonable assurance is required for this worksheet.

13.7. Rounding

Totals in this worksheet may not add due to rounding.

14. Explanatory “2.3 Revenue contributions” worksheet

14.1. Overview

The “2.3 Revenue Contributions” worksheet requires disclosure of capital contributions received from customers and government bodies.

14.2. Source of information

The data reported in this worksheet is sourced directly from the APA Group’s ERP system.

14.3. Methodologies applied

Revenue is recognised in accordance with AASB 15. For further information please refer to section 4.1 Accounting standards.

14.4. Use of actual amounts

All amounts in this worksheet are reported as actuals, as they are sourced from the APA Group’s ERP system.

14.5. Assurance

In accordance with the PIDG, reasonable assurance is required for this worksheet.

14.6. Rounding

Totals in this worksheet may not add due to rounding.

15. Explanatory “2.4 Indirect revenue” worksheet

15.1. Overview

The “2.4 Indirect Revenue” worksheet captures revenue earned by the service provider that is not directly attributable to the provision of pipeline services.

15.2. Source of information

The data reported in this worksheet is sourced directly from the APA Group’s ERP system.

15.3. Methodologies applied

Revenue is recognised in accordance with AASB 15. For further information please refer to section 4.1 Accounting standards.

For the reporting period, there is no indirect revenue applicable to the pipelines. Accordingly, this worksheet does not contain any reported amounts.

15.4. Use of actual amounts

All amounts in this worksheet are reported as actuals, as they are sourced from APA Group’s ERP system.

15.5. Assurance

In accordance with the PIDG, reasonable assurance is required for this worksheet.

15.6. Rounding

Totals in this worksheet may not add due to rounding.

16. Explanatory “2.5 Shared expenses” worksheet

16.1. Overview

The “2.5 Shared expenses” worksheet reports the allocation of shared expenses to the pipeline.

16.2. Source of information

The data reported in this worksheet is sourced directly from APA Group’s ERP system.

16.3. Methodologies applied

All inputs used to determine corporate expenditure are consistent with AASB and the cost allocation principles outlined in Section 4.1 Accounting Standards and Section 4.2 Cost Allocation Principles.

The allocation of shared corporate expenditure, is in accordance with Section 4.3 Shared corporate expenditure allocation.

16.4. Use of actual amounts

All amounts in this worksheet are reported as actuals, as they are sourced from APA Group’s ERP system.

16.5. Assurance

In accordance with the PIDG, reasonable assurance is required for this worksheet.

16.6. Rounding

Totals in this worksheet may not add due to rounding.

17. Explanatory “3.1 Depreciated Book Value” worksheet

17.1. Overview

The “3.1 Depreciated Book Value” worksheet reports asset values using the Depreciated Book Value method, including other assets applicable to non-scheme pipelines.

17.2. Source of information

The values reported in this worksheet are sourced directly from APA Group’s ERP system. These amounts reflect statutory accounting values and are derived from the Trial Balance and the Fixed Asset Register.

17.3. Methodologies applied

The amounts reported are calculated in accordance with the requirements of the AASB.

Property, plant and equipment are stated at cost, less accumulated depreciation, and where applicable, impairment losses.

The useful lives applied for depreciation are consistent with those used for statutory accounting purposes. For further details on the asset lives applied, refer to Section 19 – Explanatory “3.3 Asset Useful Life” worksheet.

Work in progress is stated at cost. Cost includes expenditure that is directly attributable to the acquisition or construction of the asset.

In addition, the amounts also reported in this worksheet, where applicable, include other assets, such as trade and other receivables, tax deferred assets and goodwill. Only the deferred tax assets applicable to the assets included in this worksheet, will be reported. Such balances are reflected as part of the “Other assets category” reported as part this worksheet.

The amounts reported, where applicable, reflect the acquisition cost to APA Group, for acquiring the non-scheme pipelines.

Although the reporting template specifies that the “Acquisition year” is required to be disclosed, in accordance with section 2.4.10 Initial costs of pipeline assets of the PIDG, the initial costs, comprising the Pipeline property, plant and equipment and Goodwill, where applicable, has been reported.

Comparative information

The comparative information reported reflect the pipeline’s Depreciable Book Values under the requirements of the Part 10 regime. As APA Group has applied the useful lives based on statutory accounting principles (as permitted by the PIDG), which differ from the approach used under previous reporting obligations (i.e. the useful lives applied under Appendix A – Range of Useful Lives for Pipeline Assets of the Part 23 Guideline), the comparative information will not align with the regulatory reporting templates prepared under the former regimes.

For SWQP and MSP, the “Cost Base” reported in the comparative information differs from previously reported values. Previously, the “Cost Base” was based on the Written Down Value (WDV) of Property, plant and equipment, at the date of acquisition. Under Part 10 reporting, both the “Cost base” and “Depreciation” are separately reported. The difference from prior reporting is therefore a disclosure matter.

17.4. Use of actual amounts

All amounts in this worksheet are reported as actuals, as they are sourced from the APA Group’s ERP system.

17.5. Assurance

In accordance with the PIDG, reasonable assurance is required for this worksheet.

17.6. Rounding

Totals in this worksheet may not add due to rounding.

18. Explanatory “3.2 Regulatory Asset Base” worksheet

18.1. Overview

The “3.2 Regulatory Asset Base” worksheet requires service providers to report the value of the Regulated Asset Base (RAB) for scheme pipelines in accordance with Part 9 of the NGR.

This worksheet applies only to scheme pipelines as they are required report their RAB.

As outlined in the PIDG, the RAB must be reported on a nominal value and not indexed. This differs from the approach used in Access Arrangement determinations, where RAB values are indexed annually.

In accordance with AER guidance (received 5 March 2025), service providers must:

- Use the depreciation method as approved in their Access Arrangement; and
- Apply that method to the un-indexed RAB for reporting under the PIDG.

Accordingly, the reported values are derived using the same approach used in the Access Arrangement to roll forward the RAB, with CPI adjustments removed to reflect un-indexed RAB value.

18.2. Source of information

The data to calculate the un-indexed RAB value was sourced from AER approved Roll Forward Models and business records.

18.3. Methodologies applied

Section 2.5 of the PIDG requires scheme pipelines to report a regulatory asset base value based on the Access Arrangement regulatory capital base value (as calculated under Part 9 of the NGR) but calculated without historical indexation. As a result, the reported asset value will not align with the RAB value published in the relevant Access Arrangement.

For scheme pipelines, the non-indexed RAB has been calculated by using the AER’s Asset Roll Forward Model:

- Starting from the initial establishment of the Initial Capital Base under the National Gas Access Code; and
- Rolling the asset base forward on a year-by-year basis to account for capital expenditure, asset disposals, and depreciation, with no allowance for CPI indexation.

Only assets included in the AER’s Final Decision are reported in this worksheet, and all assets are reflected on an “as commissioned” basis.

Shared supporting assets form part of the capital expenditure approved under the relevant Access Arrangements of the scheme pipelines. As these assets are incorporated within broader asset classes and are not separately identifiable, they will form part of the “Other” asset category in this worksheet.

AGP

In the case of the Amadeus Gas Pipeline’s first access arrangement period, the regulator of the day applied a form of economic regulatory depreciation which comingled the depreciation and indexation. We have been unable to disaggregate the depreciation and indexation components from the information available.

To estimate the value of the AGP non-indexed RAB, we have applied the AER’s Asset Base Roll Forward Model, populated with the relevant opening asset values, capex, disposals and economic asset lives, and setting the CPI value to zero. We consider that this approach will develop a reasonable estimate for the non-indexed AGP RAB.

18.4. Assurance

In accordance with the PIDG, reasonable assurance is required for this worksheet.

19. Explanatory “3.3 Asset useful life” worksheet

19.1. Overview

The “3.3 Asset useful life” worksheet requires disclosure of the useful lives applied to asset classes for depreciation purposes.

19.2. Source of information

The asset useful lives reported in this worksheet is sourced from the statutory Fixed Asset Register, which is generated from the ERP system.

19.3. Methodologies applied

19.3.1. Specific to non-scheme pipelines

The weighted useful life, based on cost, has been used to calculate the asset useful lives reported in the worksheet, using asset level data extracted from the statutory Fixed Asset Register.

The useful lives applied are consistent with those used for statutory accounting purposes and are determined in accordance with AASB 116 – Property, plant and equipment. Refer to section 4.1 Accounting standards for further information.

This approach provides several practical benefits:

- **Consistency with statutory reporting:** Ensures alignment with financial reporting requirements.
- **Ease of extraction from ERP system:** Asset data is readily available, reducing administrative burden in maintaining separate depreciation expense calculations.
- **Reflective of actual asset use:** Statutory useful lives are reviewed by the service provider annually to reflect the expected economic life of assets.

19.3.2. Specific to scheme pipelines

The useful lives reported are consistent with those used in the pipeline’s current Access Arrangement.

19.4. Use of actual amounts

All amounts in this worksheet are reported as actuals, as they are sourced from the ERP system.

19.5. Assurance

In accordance with the PIDG, reasonable assurance is required for this worksheet.

20. Explanatory “3.4 Asset impairment” worksheet

20.1. Overview

The “3.4 Asset Impairment” worksheet requires disclosure of any impairments (losses or reversals) to pipeline assets.

This worksheet applies only to non-scheme pipelines, as it is required to report asset values using the Depreciated Book Value method.

Impairment assessments are only required when an accounting base asset value (i.e. Depreciated Book Value) is reported in accordance with Australian Accounting Standards.

As the non-scheme pipelines have reported a Depreciable Book Value, an impairment review must be conducted and this worksheet must be completed if any impairment losses or reversals are required to be disclosed.

20.2. Source of information

Impairment assessments are based on information sourced from the statutory Fixed Asset Register and supporting business records, including forecasts and impairment models prepared.

20.3. Methodologies applied

An assessment has been performed in accordance with AASB 136 – Impairment of Assets, refer to Section 4.1 Accounting standards.

It is important to note that pipelines reported under the Part 10 regime are assessed on a stand-alone basis. This differs from statutory accounting purposes, where pipelines are assessed as part of a cash-generating unit. As a result of stand-alone testing, the outcome of the impairment assessment can differ from statutory reporting outcomes.

Historical impairments were recognised for Part 10 reporting purposes for MSP, CGP and SESA, with no further impairment recognised in the current reporting period. No impairments have been recognised for statutory reporting purposes. Consequently, depreciation recognised for MSP, CGP and SESA for Part 10 reporting purposes will not align to the depreciation recorded for statutory reporting purposes.

Details of impairments losses recognised are detailed in the respective pipelines’ reporting templates.

20.4. Use of actual amounts

All amounts in this worksheet are reported as actuals, as they are sourced from the ERP system and business records.

20.5. Assurance

In accordance with the PIDG, reasonable assurance is required for this worksheet.

21. Explanatory “3.5 Depreciation amortisation” worksheet

21.1. Overview

The “3.5 Asset useful life” worksheet requires the disclosure of asset specific information relating to the pipeline and shared corporate assets.

This includes information such as:

- acquisition dates,
- useful lives,
- estimated residual values,
- cost base movements over the reporting period (including additions, disposals, and capitalised improvements); and
- WDV of each asset class.

21.2. Source of information

The data reported in this worksheet is sourced directly from the statutory Fixed Asset Register, which is generated from the ERP system.

21.3. Methodologies applied

21.3.1. Specific to non-scheme Pipelines

The date range reported in this worksheet reflects the period from APA Group’s acquisition of the pipelines or for internally constructed pipelines date of commissioning through to the reporting period of the most recent capitalisation.

The useful lives applied to each asset category are consistent with useful lives assessed for statutory accounting purposes. For further details refer to Section 19 Explanatory “3.3 Asset useful life” worksheet.

It is important to note that no residual values have been estimated for any asset class. In addition, cost adjustments relating to accelerated depreciation are not applicable and have not been applied.

21.3.2. Specific to scheme pipelines

The date range reported in this worksheet reflects the period from when the Regulated Asset Base was first established under the scheme pipeline’s initial Access Arrangement Determination. This is the case even if the pipeline or sections of it were constructed prior to that time.

The useful lives applied to each asset are consistent with those set out in the current Access Arrangement, refer to Section 19 Explanatory “3.3 Asset useful life” worksheet.

It is important to note that no residual values have been estimated for any asset class. In addition, cost adjustments relating to accelerated depreciation are not applicable and have not been applied.

21.4. Use of actual amounts

All amounts in this worksheet are reported as actuals, as they are sourced the ERP system.

21.5. Assurance

In accordance with the PIDG, reasonable assurance is required for this worksheet.

21.6. Rounding

Totals in this worksheet may not add due to rounding.

22. Explanatory “3.6 Shared supporting assets” worksheet

22.1. Overview

The “3.6 Shared Supporting Assets” worksheet reports the allocation of corporate assets to pipelines during the reporting year.

This includes:

- Information technology assets relating to the development and enhancement of finance systems, human resource systems and asset management systems; and
- Right of Use assets relating to motor vehicles and corporate premises

22.2. Sources of information

The data reported in this worksheet is sourced directly from the ERP system, Access Arrangement records and business records.

22.3. Methodologies applied

Shared corporate assets, are assets capitalised at the corporate level that provide benefits across the entire APA Group business. These costs are reported at the consolidated level in APA Group’s audited financial statements and are not allocated to individual assets within the Group’s ERP system.

For reporting purposes, shared corporate assets are allocated across APA Group’s asset portfolio in accordance with the methodology outlined in Section 4.3.2 Shared corporate assets.

The value of shared corporate assets is determined in accordance with AASB 116.

22.4. Use of actual amounts

All amounts in this worksheet are reported as actuals, as they are taken from business records.

22.5. Assurance

In accordance with the PIDG, reasonable assurance is required for this worksheet.

22.6. Rounding

In accordance with the PIDG, reasonable assurance is required for this worksheet.

23. Explanatory “4. Recovered Capital” worksheet

23.1. Overview

The “4. Recovered Capital” worksheet is intended for service providers of non-scheme pipelines to report asset values using the Recovered Capital Method (RCM).

The RCM approach is outlined in Section 2.6 of the PIDG and in Rule 113Z(5)(b) of the NGR.

The PIDG requires service providers to publish RCM values where those values are not inconsistent with the asset valuation objective. The asset valuation objective is:

The asset valuation objective⁶ is the “objective of facilitating access to pipeline services provided by means of non-scheme pipelines on reasonable terms, which is taken to mean at prices and on other terms and conditions that, so far as practicable, reflect the outcomes of a workably competitive market.”

Where the service provider determines that an RCM value is inconsistent with the asset valuation objective, an alternative asset valuation must be provided (see Section 23.3). Where RCM values are consistent with the asset valuation objective, the RCM has been used to calculate asset values for reporting purposes (see Section 23.2).

23.2. Source of information

The source of information varies depending on whether the pipeline was constructed or acquired by the APA Group.

Capital expenditure

- Pipelines constructed by APA Group: Original construction costs were sourced from the ERP system and reflect statutory accounting values derived from the Fixed Asset Register.
- Acquired pipelines: Original construction costs were derived from:
 - Fixed Asset Register and accounting system information from the vendor at the time of acquisition
 - Public statutory accounts from the ASIC website
 - For years following acquisition, information was drawn directly from the ERP system

Revenue and operating expenditure

- Constructed by APA Group: ERP system
- Acquired pipelines:
 - Previous owner financial data, public statutory accounts, and extrapolation to fill gaps where data was missing
 - For years following acquisition, information was drawn directly from the ERP system

23.3. RCM

RCM values have been reported for the following non-scheme pipelines:

- BWP
- RCWP
- SESA
- SWQP

⁶ NGR 113Z(5)(b)(i)

23.3.1. Methodologies applied

(i) General information

Under the RCM, service providers report:

- the construction date of the pipeline assets
- the construction cost of pipeline assets, by year
- for shared assets:
 - if the asset is of a type constructed by the service provider, the construction cost by year
 - if the asset is not of a type constructed by the service provider (for example, motor vehicle and information technology equipment, the acquisition cost by year
- any capital expenditure that has been incurred by year, at cost
- disposals of pipeline assets, by year, at cost
- the return of capital calculated using the methodology in the PIDG

The return of capital is calculated as the net cash flow, after allowing for recovery of operating costs, a return on capital, and tax thereon.

The return on capital is calculated by applying a rate of return, calculated using the Sharpe-Lintner Capital Asset Pricing Model (CAPM) applying parameters specified in the PIDG (Appendix B) to the opening RCM value for each year.

RCM values reported do not impact the asset values or depreciation reported under the Depreciated Book Value method or the Statement of Revenues and Expenses.

(ii) Return on capital

Capital structure

In estimating the return on capital for the purposes of the RCM calculation, it is necessary to assume a level of debt and equity capitalisation. The reported RCM calculations assume that the total capital held by the business in any given year equals the opening value of the RCM capital base plus half the current year capital expenditure.

In accordance with section 2.6.6 of the PIDG (p25), the service providers have assumed that the relative proportions of debt and equity applied to finance the original construction of the pipeline, and any annual capital expenditure, aligns with the APA Group portfolio capital structure for the relevant year. In any given year, the outstanding amounts of debt and equity sum to the running total opening capital base as calculated to date under the RCM, plus half the current year's capital expenditure.

It should be noted that the APA Group portfolio capital structure is calculated based on the nominal value of debt outstanding divided by the nominal AASB-standards value of total assets, as reported in the most recent APA Group Annual Report. Users of this information may note that this calculation of the capital structure is based on an AASB reporting framework, which differs from the RCM framework in which it is applied.

The capital structure may be amended through the RCM analysis. Where the annual RCM asset valuation calculates a revenue shortfall, the RCM framework provides that this shortfall is to be added to the RCM value. This shortfall is modelled to be made up by additional contributions from equity holders rather than by additional borrowings (following the well accepted principle that lenders will not finance losses). New capital expenditure is assumed to be funded by the proportions of debt and equity in line with the APA Group portfolio capital structure for the relevant year.

Return on debt

In accordance with section 2.6.6 of the PIDG (p25), the service providers have applied the APA Group portfolio cost of debt as reported in the APA Group Annual Report for the relevant year.

Return on equity

In accordance with section 2.6.6 of the PIDG (p24), the service providers have calculated the return on equity using the Sharpe-Lintner Capital Asset Pricing Model (CAPM):

$$R_e = R_f + \beta (R_m - R_f)$$

Where:

- R_e is the Return on equity in the relevant year;
- R_f is the Risk Free Rate in the relevant year;
- β is Beta, a measure of the risk of the asset relative to the market; and
- $(R_m - R_f)$ is the "Market Risk Premium".

Risk Free Rate

The risk-free rate is calculated using a 20-day average of yields on Australian Government bonds with a maturity of 10 years, as published in the RBA's F2 series. This average is based on the yields from the final 20 business days of the year preceding the start of the reporting year. It is then converted to an effective annual rate in accordance with clause 6 of the AER's 2022 Rate of Return Instrument.

Beta

The service provider adopts a beta value of 1.0 to 1.2, reflecting the risks the service provider faces in providing pipeline services as a single-asset unregulated pipeline business, subject to the market and the market of its customers.

Market risk premium

A market risk premium of 6.0% to 6.5% has been applied in the Capital Asset Pricing Model as described above. The MRP values are as specified in Appendix B of the PIDG.

Return on equity

The calculated return on equity is applied to the "running total" opening RCM capital base multiplied by the equity ratio (as discussed under "capital structure" above).

(iii) Net tax liabilities

In order to estimate a net tax liability, the APA Group has adopted a post-tax approach with net tax liabilities modelled explicitly, by undertaking an abbreviated tax calculation:

1. starting with revenue as reported;
2. less operating expenditure as reported;
3. interest expense was taken to match that used in the Return on Capital calculation as discussed above;
4. tax depreciation was calculated based on accumulated capital expenditure as reported above, with tax depreciation calculated on a straight-line basis over a 20-year life, commencing in the year after expenditure; and
5. tax liability was calculated as this taxable income, multiplied by the prevailing tax rate for the relevant year. Where tax losses are generated through this calculation, they are accumulated and preserved, and used to offset against future net tax liabilities as they arise.

(iv) Negative residual values

The PIDG and the reporting template provides for a negative residual value to be recorded to account for end-of-life decommissioning and reclamation costs.

Negative residual values reflect the present value of costs to be incurred by a pipeline at end of life, including decommissioning, site restoration and environmental reclamation costs. As these costs must ultimately be recovered through revenue over the life of the pipeline, the RCM framework provides for the RCM value to include an allowance for negative residual values.

23.4. Alternative asset valuation

Section 2.6.2 of the PIDG requires the responsible service provider to publish recovered capital values that are consistent with the asset valuation objective.

The PIDG notes that (emphasis in original):

*The **asset valuation objective** is the objective of facilitating access to **pipeline services** provided by means of **non-scheme pipelines** on reasonable terms, which is taken to mean at prices and on other terms and conditions that, so far as practicable, reflect the outcomes of a workably competitive market.*

*Unless inconsistent with the **asset valuation objective**, **service providers** must use the **recovered capital method**, as defined in Rule 113Z(5)(b) of the **NGR** and this section of these **Guidelines**, to calculate recovered capital values.*

The Part 10 PIDG approach to the RCM calculation differs from that in the Part 23 Financial Reporting Guideline for Non-Scheme Pipelines, in that, for previously regulated pipelines, the Part 23 Guideline provided (p21):

*If a pipeline was previously regulated and a determination made on the asset value, the **service provider** may use this as the opening balance for the calculation under this method from the date the determination was made and to roll it forward using the method set out in the **Guideline**.*

We note that, strictly speaking, this was a departure from the requirements of former Rule 569(4)(b)(i).

Rule 113Z(5)(b)(i) parallels former Rule 569(4)(b)(i). However, the Part 10 PIDG (p23) is clear that this practical departure from the Rules is no longer available to previously regulated pipelines:

2.6.4 Recovered capital method

*The value of an asset under the **recovered capital method** must be calculated in accordance with Rule 113Z(5)(b) of the **NGR**:*

- *the cost of construction of the **pipeline** and **pipeline assets** incurred before commissioning of the **pipeline** (including the cost of acquiring easements and other interests in land necessary for the establishment and operation of the **pipeline**) ...*

23.4.1. Methodology applied

The PIDG envisions circumstances where the RCM may deliver an asset value that is not consistent with the asset valuation objective, and provides, in section 2.6.11 (emphasis in original):

*If, in accordance with Rule 113Z(5) of the **NGR**, a **service provider** determines that an asset valuation using the **recovered capital method** is inconsistent with the **asset valuation objective**, it must use an **alternative asset valuation method** that is consistent with the **asset valuation objective**. We expect the **service provider** to use an **alternative asset valuation method** that reflects the approach that would apply if the **pipeline** was fully regulated.*

(i) Pipelines where regulatory capital base established

MSP

The service provider of the MSP has calculated the RCM value in accordance with the provisions of Rule 113Z(5)(b), as promoted in the PIDG, based on the original construction cost of the pipeline.

The MSP was constructed in 1976, and for many years operated under government ownership. During the early years of operation in particular, The Pipeline Authority (the government agency owning and operating the MSP) reported chronic losses from the ownership and operation of the MSP.

The MSP RCM value, commencing from the original construction cost and rolling forward according to the procedures in the PIDG, is approximately \$35 Billion.

The service provider has determined that this asset value would be inconsistent with the asset valuation objective, and has therefore proceeded to apply an alternative asset value, as discussed below.

CWP

The service provider of CWP has taken a similar approach and has therefore proceeded to apply an alternative asset value, as discussed below.

Alternative asset valuation

As the MSP and CWP have previously been subject to regulation, their service providers have, consistent with the PIDG, applied an approach to determine the alternative asset valuation that would apply if the network were to be fully regulated.

In doing so, we have followed the requirements of Rule 77(3):

(3) *If a period intervenes between access arrangement periods during which the pipeline is not subject to an access arrangement, the opening capital base for the later access arrangement period is to be:*

(a) *the opening capital base determined in accordance with these rules for a notional access arrangement taking effect at the end of the access arrangement period for the last access arrangement (the **relevant date**);*

plus:

(b) *the amount of capital expenditure since the relevant date;*

plus:

(b1) *in relation to any existing extension specified in the extension and expansion requirements in accordance with rule 68E(2), the following value:*

(i) *the cost of construction of the extension;*

plus

(ii) *the amount of capital expenditure on the extension since construction of the extension;*

less:

(iii) *depreciation of the extension since the date the extension was commissioned; and*

(iv) *the value of pipeline assets constituting the extension disposed of since commissioning of the extension;*

less:

(c) *depreciation since the relevant date; and*

- (d) *the value of pipeline assets disposed of since the relevant date.*

In applying this approach, the service provider of MSP has

- started with the Orders of the Australian Competition Tribunal⁷ (as upheld by the High Court⁸) on the value of the opening capital base in the most recent access arrangement
- applied the asset base roll forward methodology specified in that access arrangement to roll forward the opening capital base for capex, depreciation and disposals to determine the closing capital base at the end of the most recent access arrangement period.

This amount is the “opening capital base determined in accordance with these rules for a notional access arrangement taking effect at the end of the *access arrangement period* for the last access arrangement (the **relevant date**)” as required under Rule 77(3)(a).

The service provider of CWP taken the same approach, starting with the Initial Capital Base as determined in its last access arrangement.

MSP and CWP have then applied the AER’s Asset Base Roll Forward Model to roll forward for any capital expenditure, depreciation and disposals since the relevant date, as required under Rule 77(3)(b), (c) and (d) respectively.

The service providers of MSP and CWP consider that an asset value derived using the AER’s Asset Base Roll Forward Model “reflects the approach that would apply if the pipeline was fully regulated”. Below are the Alternative values for the reporting period.

Details	\$(m)
MSP	2,284
CWP	89

(ii) Pipelines where regulatory capital base not established

We also report an alternative asset valuation for:

- CGP
- WGP

Neither pipeline has ever had a Regulatory Asset Base established.

Both pipelines have previously published RCM values, under Part 23 and Part 7 respectively. In both cases, the published RCM values were zero.

We consider that a zero asset value is not consistent with the outcomes of a workably competitive market, and therefore would not meet the asset valuation objective.

For these pipelines we have applied a “Depreciated Actual Cost” approach, applying the process described in Rule 77(1)(b):⁹

- (1) *When a pipeline first becomes a scheme pipeline, or the opening capital base for a pipeline is first calculated, the opening capital base is to be as follows: ...*
- (b) *if the pipeline was commissioned after the commencement of these rules, the opening capital base is to be:*

⁷ [2004] ACompT 8 Orders

⁸ [2007] HCA 44

⁹ We acknowledge that the Carpentaria Gas Pipeline was commissioned before the commencement of the NGR, and therefore Rule 77(1)(a) should apply to have the value of the Initial Capital Base determined under the National Gas Access Code. However we consider the approach taken to align with a Depreciated Actual Cost approach per section 8.10(a) of the Code.

- (i) *the cost of construction of the pipeline and pipeline assets incurred before commissioning of the pipeline (including the cost of acquiring easements and other interests in land necessary for the establishment and operation of the pipeline);*

plus:

- (ii) *the amount of capital expenditure since the commissioning of the pipeline;*

less:

- (iii) *depreciation; and*
 (iv) *the value of pipeline assets disposed of since the commissioning of the pipeline.*

More specifically, we have started with the original construction cost of the relevant pipeline, and applied the AER's Asset Base Roll Forward Model to roll forward for any capital expenditure, depreciation and disposals since the relevant date. We consider that an asset value derived using the AER's Asset Base Roll Forward Model "reflects the approach that would apply if the pipeline was fully regulated". Below are the Alternative values for the reporting period.

Details	\$(m)
CGP	359
WGP	2,385

23.5. Reconciliation of asset valuation methods

The service providers have reported:

- The depreciated book value, in the reporting template, based on statutory accounting records.
- The alternative asset value, in this Basis of Preparation document, as the RCM value was deemed inconsistent with the asset valuation objective under Rule 113Z(5) (a) of the NGR.

Below is a comparison of the asset valuation methods.

	Depreciable book value	Alternative asset value
Basis	Statutory (AASB)	Regulatory framework (Rule 77(1) or (3) as appropriate)
Initial costs	Based on acquisition	Based on the last final determination (Rule 77(3)) or original construction cost
Capex methodology	As commissioned	As incurred
Capex treatment	Includes capex, including the capex where capital contributions are received from customers in relation to associated projects	Include capex, excluding capex where contributions are received from customers, in relation to associated projects in line with regulatory treatment
Asset disposal	WDV	Capital Maintenance principle (proceeds of disposal).
Depreciation method	Straight-line over useful life	AER's Asset Base Roll Forward Model, weighted average remaining life
Inflation adjustments	Not applicable	Applied annually
Alignment with Asset valuation objective	Not aligned	Designed to reflect a workably competitive market outcome

23.6. Assurance

In accordance with the PIDG, reasonable assurance is required for this worksheet.

24. Explanatory “4.1 Pipelines capex” worksheet

24.1. Overview

The “4.1 Pipelines capex” worksheet reports capex on the pipeline. This includes;

- Actual expenditure greater than 5% of construction costs;
- Historical expansions and extensions regardless of value; and
- Where applicable, the expansions and extensions expected in the next 12 months that have advanced to the Financial Investment Decision (FID) stage.

24.2. Source of information

The data reported in this worksheet is sourced directly from the statutory Fixed Asset Register, which is generated from APA Group’s ERP system.

24.3. Methodologies applied

24.3.1. Construction costs

APA Group’s approach

For the year ended 30 June 2025, the APA Group has interpreted “construction costs” for scheme and previously regulated assets to be based on the opening Regulatory Asset Base (RAB) at the time each pipeline was first regulated, with the threshold for reporting capital expenditure set at 5% of this construction cost measure.

This approach has been applied to the scheme pipelines (AGP and RBP). This approach has also been applied to the MSP, which shares similar circumstances, as a pipeline whose construction commenced in the 1970s, using the Initial Cost Base determined by the Australian Competition Tribunal on 19 May 2005 as the basis for reporting.

Background and AER guidance

On 5 May 2025, APA sought guidance from the AER on the concept of “construction cost”, for the Victorian Transmission System (VTS), noting that it would be difficult to apply this concept due to the pipeline’s long history and progressive expansion. For the VTS, which started in the 1950s has grown substantially over time, a threshold of 5% of that construction cost would be extremely low and would capture minor projects.

On 9 May 2025, the AER acknowledge these difficulties, confirming that for VTS and distribution networks, 5% of construction cost is a very low threshold. The AER noted that while this threshold may be appropriate for some transmission pipelines, it is not suitable for VTS and distribution pipelines. The AER further noted that the reporting burden placed on businesses by using the 5% of construction cost approach would outweigh the benefit. With this in mind, and referencing their previous email, the AER confirmed that, for the purposes of the 30 June 2025 reporting deadline, VTS and distribution businesses may use the opening RAB rather than the construction cost when reporting for Table 4.1.1. The AER will consider this issue further for future reporting deadlines.

24.3.2. Historical expansions and extensions

For the purposes of reporting historical expansions and extensions, APA Group have applied the following definitions:

- Extensions: refer to physical additions to the pipeline network (e.g. new pipeline segments); and
- Expansions: refer to changes that increase the capacity of existing infrastructure (e.g. compressor upgrades).

24.3.3. Planned expansion and extensions

Please refer to the APA Group website for details of projects that have advanced to the Financial Investment Decision stage (<https://www.apa.com.au/operations-and-projects/gas/gas-projects>).

24.4. Use of actual amounts

All amounts in this worksheet are reported as actuals, as they are sourced from the ERP system.

24.5. Assurance

In accordance with the PIDG, limited assurance is required for this worksheet.

24.6. Rounding

Totals in this worksheet may not add due to rounding.

25. Explanatory “5. Historical demand” worksheet

25.1. Overview

The “5. Historical demand” worksheet reports historical demand information, including information for the reporting period on a daily basis, for contracted capacity, usage and nameplate capacity.

25.2. Source of information

The data reported in this worksheet is sourced from the Gas Bulletin Board (www.aemo.com.au) and business records.

25.3. Methodologies applied

Contracted capacity is reported only where firm transportation services with Maximum Daily Quantity (MDQ) exist; if no firm contracted services apply, no contracted capacity is included in Table 5.2 or Table 5.3.

Nameplate capacity is sourced from publicly available information published by AEMO.

Utilised capacity is based on actual daily flow volumes at pipeline connection points, drawn from publicly available AEMO data.

As the data reported above is information externally sourced from the Gas Bulletin Board, the service provider disclaims responsibility for the accuracy of data published by AEMO.

25.4. Use of actual amounts

All figures reported in this worksheet reflect actual historical amounts, as published on the Gas Bulletin Board.

25.5. Assurance

In accordance with the PIDG, this worksheet is subject to limited assurance.

26. Explanatory “6. Pricing template” worksheet

26.1. Overview

The “6. Pricing template” worksheet reports pricing information, including how asset values are allocated to services and financial inputs used to calculate revenue.

26.2. Source of information

The Pricing template is largely auto-populated, requiring the service provider to provide only the proportion of asset allocation to each service in Table 6.1 Inputs in the reporting template.

The Part 10 templates downloaded from the AER website include placeholder values for the cost of capital inputs in the pricing template. Further to correspondence with the AER in June 2025, the service providers have replaced the AER placeholders with the latest cost of capital updates received from the AER in the context of tariff updates for the relevant year. The service providers have applied the updated cost of capital inputs received from the AER for the Roma Brisbane Pipeline, and all other pipelines, applicable to the 2024-25 regulatory year.

26.3. Methodologies

The methodologies underpinning the calculations on this tab have been determined by the AER. They are in write-protected cells; as a result no modification were made to any of these formulas in this worksheet.

26.4. Use of actual amounts

All figures reported in this worksheet reflect actual asset allocation percentages on revenue allocation, where revenue was sourced from the ERP system.

26.5. Assurance

In accordance with the PIDG, this worksheet is subject to no assurance.