APA

Australia's energy infrastructure partner

Part 10 Financial reporting for scheme pipelines Basis of Preparation for the year ended 31 December 2025

Basis of preparation

Issued April 30, 2026

Contents

1. Introduction **6**
1.1. Pipeline specific information 6
1.2. Depreciation, indexation considerations 7
2. Definitions, actual, estimated and materiality **8**
2.1. Actual information 8
2.2. Estimated information 8
2.3. Materiality 9
3. Sources of information **10**
3.1. Financial information 10
3.2. Non-financial information 10
3.3. Additional information on data sources 10
3.4. Demand information 11
4. Methodologies applied **12**
4.1. Accounting standards 12
4.2. Cost allocation principles 13
4.3. Shared corporate costs allocation 14
4.4. Cost to services allocation 16
4.5. Access Arrangement Determination 16
4.6. Depreciation 16
5. Related party transactions **18**
6. Reporting template **19**
7. Explanatory "Financial summary" worksheet **20**
7.1. Overview 20
7.2. Source of information 20
7.3. Methodology applied 20
7.4. Use of actual amounts 20
7.5. Assurance 20
7.6. Rounding 20
8. Explanatory "Data visualisation" Worksheet **21**
8.1. Overview 21
8.2. Source of information 21
8.3. Methodology applied 21
8.4. Use of actual amounts 21
8.5. Assurance 21

9. Explanatory "Pricing benchmark summary" worksheet 22
9.1. Overview 22
9.2. Source of information 22
9.3. Methodology applied 22
9.4. Use of actual amounts 22
9.5. Assurance 22
10. Explanatory "1. Pipeline information" worksheet 23
10.1. Overview 23
10.2. Source of information 23
10.3. Information specific to the VTS 23
10.4. Use of actual amounts 24
10.5. Assurance 24
11. Explanatory "2. Revenue and expenses" worksheet 25
11.1. Overview 25
11.2. Source of information 25
11.3. Methodology applied 25
11.4. Use of actual amounts 25
11.5. Assurance 25
11.6. Rounding 25
12. Explanatory "2.1 Profit & Loss statement by component" worksheet 26
12.1. Overview 26
12.2. Sources of information 26
12.3. Methodologies applied 27
12.4. Type of data 27
12.5. Use of actual amounts 28
12.6. Assurance 28
12.7. Rounding 28
13. Explanatory "2.2 Allocation to services" worksheet 29
13.1. Overview 29
13.2. Source of information 29
13.3. Methodology applied 29
13.4. Use of actual amounts 29
13.5. Assurance 29
13.6. Rounding 29
14. Explanatory "2.3 Revenue contributions" worksheet 30
14.1. Overview 30
14.2. Source of information 30
14.3. Methodologies applied 30
14.4. Use of actual amounts 30

14.5. Assurance 30
14.6. Rounding 30
15. Explanatory "2.4 Indirect revenue" worksheet 31
15.1. Overview 31
15.2. Source of information 31
15.3. Methodologies applied 31
15.4. Use of actual amounts 31
15.5. Assurance 31
15.6. Rounding 31
16. Explanatory "2.5 Shared expenses" worksheet 32
16.1. Overview 32
16.2. Source of information 32
16.3. Methodologies applied 32
16.4. Use of actual amounts 32
16.5. Assurance 32
16.6. Rounding 32
17. Explanatory "3.1 Depreciated Book Value" worksheet 33
17.1. Overview 33
17.2. Specific to VTS 33
17.3. Assurance 33
18. Explanatory "3.2 Regulatory Asset Base" worksheet 34
18.1. Overview 34
18.2. Source of information 34
18.3. Methodologies applied 34
18.4. Use of actual amounts 35
18.5. Assurance 35
18.6. Rounding 35
19. Explanatory "3.3 Asset useful life" worksheet 36
19.1. Overview 36
19.2. Source of information 36
19.3. Methodologies applied 36
19.4. Use of actual amounts 36
19.5. Assurance 36
20. Explanatory "3.4 Asset impairment" worksheet 37
20.1. Overview 37
20.2. Specific to VTS 37
20.3. Assurance 37
21. Explanatory "3.5 Depreciation amortisation" worksheet 38
21.1. Overview 38

21.2. Source of information 38
21.3. Methodologies applied 38
21.4. Use of actual amounts 38
21.5. Assurance 38
21.6. Rounding 38
22. Explanatory "3.6 Shared supporting assets" worksheet 39
22.1. Overview 39
22.2. Source of information 39
22.3. Methodologies applied 39
22.4. Use of actual amounts 39
22.5. Assurance 39
22.6. Rounding 39
23. Explanatory "4. Recovered Capital" worksheet 40
23.1. Overview 40
23.2. Specific to VTS 40
23.3. Assurance 40
24. Explanatory "4.1 Pipelines capex" worksheet 41
24.1. Overview 41
24.2. Source of information 41
24.3. Methodologies applied 41
24.4. Use of actual amounts 42
24.5. Assurance 42
24.6. Rounding 42
25. Explanatory "5. Historical demand" worksheet 43
25.1. Overview 43
25.2. Source of information 43
25.3. Methodologies applied 43
25.4. Use of actual amounts 44
25.5. Assurance 44
26. Explanatory "6. Pricing template" worksheet 45
26.1. Overview 45
26.2. Source of information 45
26.3. Methodologies 45
26.4. Use of actual amounts 45
26.5. Assurance 45

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, provide service providers 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 service providers of APA Group's (APA) **scheme pipelines conducted on a calendar year basis**, to meet this regulatory requirement. It outlines the principles used in preparing the data and information for APA's regulatory reporting.

This basis of preparation document applies to the following pipeline:

Pipeline	Type of pipeline	Service provider
Victorian Transmission System (VTS)	Scheme	APA VTS Australia (Operations) Pty Limited

1.1. Pipeline specific information

1.1.1. VTS

VTS transports natural gas within Victoria, supplying the Melbourne metropolitan area and regional areas. It also supplies gas to and from NSW via the Interconnect with the Moomba Sydney Pipeline (MSP) at Culcairn, and to South Australia via the SEA Gas Pipeline at Port Campbell.

Construction on the VTS began in the 1950s. The system is more than 2,000 kilometre long and consists of over 50 licensed pipelines and associated facilities. The average annual throughput of the VTS exceeds 200 PJ per annum.

The VTS operates under the declared wholesale (market carriage model) gas market established under Part 19 of the National Gas Rules, rather than a contract carriage framework. APA VTS Australian (Operations) Pty Limited, as the transmission service provider, owns and maintains the VTS in accordance with the Service Envelope Agreement (SEA) with AEMO. AEMO, as the market and system operator, is responsible for the operation of the VTS, including compressor dispatch and valve actuation necessary to facilitate gas flows.

Persons seeking to ship gas through the VTS must be registered with AEMO as Market Participants and are subject to the obligations imposed under Part 19 of the National Gas Rules. Consistent with those Rules, Market Participants must also have appropriate connection and transportation arrangements in place to enable gas to be delivered to, or received from, the VTS

Under the terms of a Transmission Payment Deed, each shipper who ships gas on the VTS must agree to pay transmission tariffs directly to APA Group, the ultimate owner of the VTS. Tariffs for use of the VTS are known as Transmission Use of System (TUoS) charges. The TUoS charges reflect the cost to deliver gas from the 8 injection zones to the 25 Withdrawal Tariff Zones and Points on the VTS. For the purpose of determining the top ten peak injection days there are 4 aggregated Close Proximity Points[1] (CPPs): Longford (includes Longford, VicHub and TasHub), Pakenham, Culcairn and Iona (includes Iona, Seagas and Otway).

[1] A Close Proximity Point (CPP) is the collection of individual injection points at a particular location. For example, the Longford CPP would encompass TasHub and VicHub injections; the Iona CPP includes Iona storage, Pt Campbell production, and injections from the SEAGas Pipeline.

1.2. Depreciation, indexation considerations

APA Group cautions users of this information when conducting analysis on the financial performance of the reporting 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[2]
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[3].	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 (particularly for the VTS)[4].	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[5].	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.

[2] 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.
[3] This approach was confirmed by the AER via email on 5 March 2025.
[4] 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.
[5] 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 sections.

2. Definitions, actual, estimated and materiality

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

Should service providers 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 providers reporting under this PIDG have adopted the definition as defined by the Australian Energy Regulator 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.

Service providers have also adopted the meaning of the term "accounting records" as defined by the Australian Energy Regulator 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 providers have adopted the definition of "estimated information" as defined by the Australian Energy Regulator 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

Services providers are required to report various types of information relating to pipelines. 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
- Access Arrangements records

Depending on the circumstances of the pipeline, i.e. whether the pipeline was acquired or constructed by APA, the source of the financial information will vary.

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)
- AEMO Victorian Gas Planning Report
- Business records
- Access Arrangements 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 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 APA'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 pipeline 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 APA Group's 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.

3.4.2. Demand information specific to VTS

Under the market carriage model, all gas and transmission services are allocated through the Declared Wholesale Gas Market. AEMO settles the market and provides historical volumetric data to VTS for billing purposes. All volumetric data reported is information provided by AEMO.

The service provider of the VTS has no visibility into any adjustments or corrections that AEMO may make to the data, and relies on the information provided by AEMO, and disclaims responsibility for its accuracy.

Occasionally errors may occur in the data or data processing between VTS and AEMO. If such errors are identified and corrected within the same calendar year, they will not be apparent in the data reported. However, if an error is corrected in a subsequent year, the error will impact the reported information twice: once in the year the error occurred, and again in the year the correction is made.

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 reporting periods.

4.1. Accounting standards

The financial data presented in the reporting templates is derived from APA Group's Enterprise Resource Planning (ERP) systems 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 Recognition (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. 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, staffing, 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)
  APA Group 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.

  APA Group 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 or a pipeline's access arrangement, 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 APA Group's 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 costs allocation

Shared corporate costs are costs incurred 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 financial reporting system. Shared corporate costs consist of two components, shared corporate expenditure and shared corporate assets.

As these costs support the broader APA Group portfolio, for regulatory purposes, a portion of these costs is reflected in the regulatory templates.

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

The allocation methods, described in the following sections, is applied consistently to APA Group's entire portfolio of assets, including pipelines assets.

4.3.1. Shared corporate expenditure

Shared corporate expenditure refers to operating costs incurred at the corporate level from corporate 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 and corporate affairs, business strategy and planning) and contract management.

APA Group applies a revenue-based allocation method to allocate shared corporate expenditure across its portfolio of assets, based on the following process:

1. Identification and exclusion of non-attributable expenditure

   APA Group identifies components of shared corporate expenditure not deemed attributable to its existing portfolio of assets and excludes this expenditure from the total shared corporate expenditure. These include costs, due to their nature or function, which do not provide a benefit to 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 expenditure[6]

ACE: APA total corporate expenditure

[6] As discussed in section 4.3.1.

Shared leases

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

Specific to the VTS, under the market carriage model, the VTS provides only one service, the Tariffed Transmission Service. There are no other services available. Accordingly, all costs are attributed to the single Tariffed Transmission Service.

4.5. Access Arrangement 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), 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 the 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.

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

5. Related party transactions

APA Group applies an internal operations model to its portfolio of businesses. That is, APA Group personnel operate APA Group assets. Whilst APA Group uses specialist contractors for defined tasks, APA Group does not contract the general operation of its assets, with the exception of Wallumbilla Gladstone Pipeline (WGP), to external or related party entities. This internal operation model allows APA Group to share costs among the operating businesses and achieve synergies which results in lower costs to customers.

Many of these shared functions, such as procurement and capital raising, are performed centrally through a corporate entity. Virtually all other functions, including specialist engineering functions, are conducted through specialist teams, which work across a number of assets in the APA Group portfolio. The costs associated with these functions are allocated among the relevant APA Group operating businesses. No margins, management fees or incentive payments are applied to costs allocated within the group.

As discussed with the AER when preparing the Annual Regulatory Information Notice for APA Group's scheme pipelines located in the East Coast of Australia, the internal allocation of costs to pipelines within the APA Group does not constitute related party transactions.

6. Reporting template

The service providers of pipelines have 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 templates. 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)
- AEMO Victorian Gas Planning Report
- Access Arrangements records
- Business records

10.3. Information specific to the VTS

10.3.1. Pipeline length (kilometres)

Although a pipeline's length in kilometres is required to be reported in Table 1.1: Pipeline details in this document, the length of the VTS reported represents the regulatory asset including the required laterals. As the VTS consists of over 50 licensed pipelines, VTS considers that reporting the length of each individual pipeline is not meaningful. Instead, a geographical aggregation of certain segments provides more useful and relevant information.

Accordingly, VTS has reported pipeline lengths based on the sections presented in the annual AEMO Victorian Gas Planning Report[7] (refer below):

System	Description	Route Length (km)
Longford to Melbourne	Longford to Melbourne	174.2[8]
South West Pipeline	Iona to Melbourne	252.9[9]
Western Transmission System	Iona to Portland	224.9
Victorian Northern Interconnect	Melbourne to Culcairn	331.9[10]
Total		**983.9**

This approach and the total pipeline length reported is consistent with how this same information is reported the VTS' Annual Regulatory Information Notice.

It should be noted that due to looped pipelines, the service provider has reported route kilometres rather than pipeline kilometres.

[7] See AEMO, Victorian Gas Planning Report, https://aemo.com.au/-/media/files/gas/national_planning_and_forecasting/vgpr/2019/2019-victorian-gas-planning-report.pdf?la=en Table 19.
[8] The LMP length including loops is 258 km
[9] Includes 51 km of Western Outer Ring Main (WORM)
[10] The VNI length taking into both the T74 pipeline and T119 (VNI) pipeline is 590.5 km. The VNI expansion which looped the T74 pipeline from 2014-2017 increased the length by 258.6 km.

For those interested in the lengths of all the particular pipeline segments, please refer to the schedule in the Service Envelope Agreement, as posted on the AEMC pipeline register[11].

10.3.2. Pipeline nameplate capacity

As confirmed with AEMO, the complete nameplate capacity information for the entire VTS is not available at a daily frequency. However, as published by AEMO, nameplate capacities were obtained for three key injection points: the Longford Close Proximity Point (CPP), the South West Pipeline (Iona CPP) and the Victorian Interconnect (Culcairn).

Below is information from the Gas Bulletin Board, detailing the nameplated capacity of the three key injection points, as of 31 December 2025. Consistent with the approach taken by AEMO in Table 22 of the Victorian Gas Planning Report[12], capacity for injection at Pakenham (BassGas) and Dandenong LNG are not included.

Close Proximity Point	Injection capacity (TJ/day)
Longford	1,126
Iona[13]	523
Culcairn	218
Total	**1,867**

Nameplate capacity calculations for the VTS are complex, as the capacity at one injection point may be affected by injections at another; a "back-off" effect may occur. This is discussed in section 6 of AEMO's 2025 Victorian Gas Planning Report[12].

10.3.3. Pipeline services provided

Under the Market Carriage model, pipeline access on the VTS is allocated based on users' gas dispatch through the Declared Wholesale Gas Market (DWGM). As such, firm capacity contracts are not offered on the VTS. Since the pipeline services listed in 'Table 1.2 Pipeline services provided' of the reporting template, do not directly align to the service offered by the VTS, the 'Firm Forward Haul Transportation Service' category is considered the most appropriate. Accordingly, all services provided by the VTS are deemed to fall under this service category.

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] https://www.aemc.gov.au/sites/default/files/content/e07a1ce3-a8e2-49ee-9aae-bb4f03da34ae/VTS-Pipeline-description-Gas-Scheme-register-Feb-2017.doc
[12] https://aemo.com.au/-/media/files/gas/national_planning_and_forecasting/vgpr/2025/2025-victorian-gas-planning-report.pdf?la=en
[13] includes 17 TJ/day to serve the Western system

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.

It should be noted that service providers are required to detail the relevant Basis of Preparation ID sections, but this could not be populated because the yellow cells are protected and cannot be edited.

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

As there is only one service, 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).

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	AEMO/ERP	Accounting standards	Revenue
Customer contributions	ERP	Accounting standards	Revenue
Government contribution	ERP	Accounting standards	Revenue
Profit from sale of fixed assets	ERP	Access Arrangement	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	AAR	PIDG	Depreciation
Insurance	ERP	Accounting standards	Opex
Leasing and regulatory costs	ERP	Accounting standards	Opex
Directly attributable finance charges	AAR	Access Arrangement	Finance charges
Leasing and rental	ERP	Accounting standards	Opex
Other direct expenses	ERP	Accounting standards	Opex
Shared expenses by pipelines			
Other shared expenses	ERP	Access Arrangement	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. AEMO

AEMO, as the operator of the VTS, provides monthly volumetric data including gas flows, injections, and withdrawals. This data is loaded into APA Group's hydrocarbon system (Energy Components) and its ERP system. The volumetric data supplied by AEMO forms the basis for the calculation of service revenue reported in the "Profit & Loss by Component" worksheet. The service provider has no visibility into any adjustments or

corrections that AEMO may make to the data. APA Group relies entirely on the data as provided by AEMO and disclaims responsibility for its accuracy.

Occasionally errors may occur in the data or data processing between VTS and AEMO. If such errors are identified and corrected within the same calendar year, they will not be apparent in the data reported. However, if an error is corrected in a subsequent year, the error will impact the reported information twice: once in the year the error occurred, and again in the year the correction is made.

12.2.2. 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.

12.2.3. Access arrangement records

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

The monthly volumetric data that the AEMO provides is entered into the APA Group's hydrocarbon system, which is automatically recorded in the ERP system.

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 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 asset

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 it is returned. 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

Depreciation is calculated on an un-indexed Regulated Asset Base. This is in accordance with the requirements of the PIDG, please refer to section 4.6 Depreciation.

12.4.5. Finance charges

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. They 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 costs allocations and Section 16. Explanatory "2.5 Shared expenses" worksheet.

12.5. Use of actual amounts

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

12.6. Assurance

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

12.7. Rounding

Totals in this worksheet may not add due to rounding.

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

13.3.1. Specific to VTS

For the VTS, pipeline access is governed by the Market Carriage model. Under this model, the VTS provides only one service: the Tariffed Transmission Service. No other pipeline services are available.

Accordingly, all operating expenses reported in this worksheet are attributed to the Firm forward haul transportation service and are recorded amongst this service in this worksheet.

13.4. Use of actual amounts

As there is only one service, all amounts reported are actuals as there is no need for further allocations.

13.5. Assurance

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

13.6. 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 APA Group's ERP system.

14.3. Methodologies applied

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

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 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.

15.3.1. Specific to VTS

Indirect revenue includes miscellaneous income such as rental income from third parties. This revenue is considered "indirect" because it is not derived from the regulated transmission service provided under the Market Carriage model.

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.

The allocations are consistent with the methodology approved by the AER in previous Access Arrangements.

16.2. Source of information

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

16.3. Methodologies applied

All inputs used to determine corporate expenditure and assets 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 the APA Group's ERP system and Access Arrangement records.

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 is intended for service providers of non-scheme pipelines to report asset values using the Depreciated Book Value method.

This worksheet applies only where a non-scheme pipeline reports an asset value using the Depreciable Book Value method.

17.2. Specific to VTS

This worksheet is not applicable to scheme pipelines. Accordingly, no information has been reported in this worksheet.

17.3. Assurance

No assurance is required, as this worksheet is not applicable.

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 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 Access Arrangement records and support, AER approved Roll Forward Models and data for the Annual Regulatory Information Notice.

18.3. Methodologies applied

In accordance with the PIDG, the RAB is reported on a nominal (un-indexed) basis, with CPI indexation removed (please refer to section 4.6 PIDG).

18.3.1. Specific to VTS

The un-indexed RAB value has been calculated from the opening date the RAB was established to the closing reporting period.

The RAB value has been rolled forward from the opening initial date when the RAB was established, using the depreciation and capitalisation methodologies approved under each Access Arrangement period without any CPI adjustments.

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

The initial RAB was established on 1 January 1998. Since then, the approach used to calculate RAB, including depreciation methods and treatment of disposals, has varied across regulatory periods due to changes in methodologies in the Access Arrangements.

A summary of key methodology changes across Access Arrangement periods is provided below:

Access Arrangement Period	Depreciation exp method	Disposals
1 Jan 1998 to 31 Dec 2002	Economic & Straight line	Written down value
1 Jan 2003 to 31 Dec 2007	Economic & Straight line	Written down value
1 Jan 2008 to 30 Jun 2013	Straight line	Written down value
1 Jul 2013 to 31 Dec 2017	Straight line	Proceeds
1 Jan 2008 to 31 Dec 2022	Straight line	Proceeds
1 Jan 2023 to 31 Dec 2027	Straight line	Proceeds

For the purpose of the Access Arrangement, “SCADA (communications)” assets have been included under the “Other” asset category, and the same classification approach has been used for this worksheet.

It is important to note that metering assets do not form part of the VTS regulated business. As such, there is no reporting or disclosure for this class of assets within this worksheet.

18.4. Use of actual amounts

All amounts in this worksheet are reported as actuals, as data was sourced from Access Arrangement and business records.

18.5. Assurance

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

18.6. Rounding

Totals in this worksheet may not add due to rounding.

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 data reported in this worksheet is sourced directly from Access Arrangement records.

19.3. Methodologies applied

The useful lives are based on the methodology and asset classifications set out in the VTS Access Arrangement.

19.3.1. Specific to VTS

The useful lives reported are consistent with those used in the current VTS Access Arrangement. However, as the asset classes used in the Access Arrangement do not entirely align to the asset classes required to be reported in the “3.2 Regulatory Asset Base” worksheet, the useful lives reported are the weighted average lives based on the Access Arrangement and may vary from year to year.

For the purpose of the Access Arrangement, “SCADA (communications)” assets have been included under the “Other” asset category, and the same classification approach has been used for this worksheet.

It is important to note that metering assets do not form part of the VTS regulated business. As such, there is no reporting or disclosure for this class of assets within this worksheet.

19.4. Use of actual amounts

All amounts in this worksheet are reported as actuals, as they are taken from approved Access Arrangement records.

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 where a pipeline reports a value 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 AASB.

If the asset value is instead reported using the Regulatory Asset Base method under an access arrangement, this worksheet is not applicable.

20.2. Specific to VTS

This worksheet is not applicable to the VTS, as it reports an asset value using the Regulatory Asset Base method under its access arrangement (without indexation), rather than the Depreciated Book Value method.

20.3. Assurance

No assurance is required, as this worksheet is not applicable to scheme pipelines which are not required to report a Depreciable Book Value and therefore an impairment assessment is not required.

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
- written-down value (WDV) of each asset class.

21.2. Source of information

The data reported in this worksheet is sourced directly from Access Arrangement records.

21.3. Methodologies applied

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, please 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 taken from approved Access Arrangement records.

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. Source of information

The data reported in this worksheet is sourced directly from APA Group's ERP system, Access Arrangement records and business records.

22.3. Methodologies applied

Shared corporate assets, are assets incurred 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 regulatory 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

Totals in this worksheet may not add due to rounding.

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.

This worksheet applies only where a non-scheme pipeline reports an asset value using the Recoverable Capital Method.

This worksheet is not applicable to scheme pipelines. Accordingly, no information has been reported in this worksheet.

23.2. Specific to VTS

This worksheet is not applicable to scheme pipelines, which includes the VTS. Accordingly, no information has been reported in this worksheet.

23.3. Assurance

No assurance is required, as this worksheet is not applicable.

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 ERP system, Access Arrangement records and business records. It is important to note that where relevant information could not be sourced from the ERP (particularly regarding historical capex information) or Access Arrangement records, business records were used instead.

24.3. Methodologies applied

The treatment of capex aligns with the methodologies set out in the Access Arrangements and with accounting standards, please refer to section 4. Methodologies applied in this document.

24.3.1. Construction costs

APA Group's approach

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. Further, costs commissioned in the current year that relate to a project previously identified as exceeding the 5% threshold have been reported as part of that project.

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 the information is sourced from the ERP, Access Arrangement and business records.

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 AEMO Gas Bulletin Board (www.aemo.com.au) and the AEMO Market Information Bulletin Board (https://vicgas.prod.marketnet.net.au). The Gas Bulletin Board is publicly accessible; however, while the AEMO Market Gas Information Bulletin Board can be accessed, only authorised users can extract its data.

25.3. Methodologies applied

25.3.1. Specific to VTS

Background

The "Historical demand" worksheet requires the service provider to provide information regarding the contracted capacity of the pipeline.

The VTS operates under the market carriage model in Part 19 of the National Gas Rules. Under this model, shippers do not contract for capacity as they would under a contract carriage pipeline. Rather, access to the VTS is assigned by AEMO, as operator, bundled with the dispatch of injections and withdrawals through the DWGM.

AEMO, as operator of the VTS, is the source for the VTS volumetric data recorded in the Gas Bulletin Board.

The service provider of the VTS has no visibility into any adjustments or corrections that AEMO may make to the data. It relies on the information published by AEMO and disclaims responsibility for its accuracy.

Pipeline nameplate capacity

See the discussion on nameplate capacity in section 10.3.2. Pipeline nameplate capacity, in this document.

Daily nameplate capacity, as reported in Table 5.3: Daily demand in the reporting template, is taken from the AEMO Gas Bulletin Board (GasBBNameplateRating report), and reflects changes in nameplate capacity, where applicable, over the course of the year.

Contracted capacity

Consistent with the operation of the market carriage model, as outlined in section 10.3.3 Pipeline services provided in this document, it is not possible to contract for capacity on the VTS. Therefore, no amounts are reported as Contracted Maximum Daily Quantity (MDQ) for any service in Table 5.2: Demand by pipeline service in the reporting template, or for Contracted firm capacity-transportation, or Contracted firm capacity-storage in Table 5.3: Daily demand in the reporting template.

Utilised capacity

As outlined in section 10.3.3. Pipeline services provided in this document, firm capacity contracts are not available on the VTS. Accordingly, only daily throughput has been reported as utilised capacity in Table 5.3: Daily demand in the reporting template.

Daily utilised capacity has been reported in Table 5.3: Daily demand in the reporting template. It is based on actual injection volumes, as reported on the AEMO Information Bulletin Board, excluding injections at Pakenham and Dandenong LNG.[14] This exclusion is due to the unavailability of nameplate capacity information for the entire

[14] Pakenham and Dandenong volumes have been omitted in order to align with the GBB-reported nameplate capacity information.

VTS, including these injection points, at a daily frequency. For further information refer to Section 10.3.2. Pipeline nameplate capacity in this document.

Below is a summary of the actual injections volumes for the reporting year as reported on the AEMO Gas Bulletin Board:

Close Proximity Point	Annual injection volume (TJ)
Longford	141,581
Iona	60,823
Culcairn	7,515
Dandenong	90
Pakenham	7,284
Total	**217,293**

The observed non-coincident maximum injection volumes recorded at each CPP are shown below; that is, the maximum volume at each point was recorded independently and may have occurred at different times.

Close Proximity Point	Maximum daily injection volume (TJ)
Longford	565.7
Iona	532.3
Culcairn	181.1
Dandenong	2.3
Pakenham	28.6

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 historical demand information, including information for the reporting period on a daily basis for contracted capacity, usage and nameplate capacity.

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.

26.2.1. Specific to VTS

As discussed throughout this basis of preparation document, the VTS operates under the market carriage model, and accordingly provides only one service – the Tariffed Transmission Service. VTS has therefore reported that 100% of its assets are allocated to a Firm Forward Haul transportation service.

The remaining inputs in this table are classified as AER inputs. The template downloaded from the AER website appears to contain placeholder figures for the "AER inputs" section of Table 6.1: Inputs.

APA VTS has updated the "AER inputs" to reflect values determined by the AER in the context of the tariff updates for the relevant year.

26.3. Methodologies

The methodologies underpinning the calculations on this tab have been determined by the AER. They are in write-protected cells; APA Group has not modified any of the formulas in this worksheet.

26.4. Use of actual amounts

As discussed above, APA VTS has substituted the apparent placeholder values in the "AER inputs" section of Table 6.1 Inputs in the reporting template, with actual AER determined data as reported in the Return on Debt update PTRM, for the relevant year.

26.5. Assurance

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