APA

Australia's energy infrastructure partner

Part 10 Financial reporting
Year ended 30 June 2025

Basis of preparation - Addendum

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1. About this addendum

APA reported financial and other information about the Victorian Transmission System (VTS) for CY2024 on 27 June 2025, and for other pipelines for FY2025 on 18 December 2025.

Discussions with the AER in June 2026 indicated that the AER considered that APA's approach to reporting contracted and utilised capacity on a "dominant direction" basis for its bi-directional pipelines was not consistent with the requirements of the Pipeline Information Disclosure Guideline (PIDG), and requested that APA amend its reported information and re-post the amended capacity reservation and utilisation information.

This addendum identifies the bi-directional pipelines for which reserved and utilised capacity information has been reported, and describes the process undertaken for sourcing that information.

In the process of reviewing the Part 10 templates for reserved and utilised capacity information, it came to APA's attention that the Weighted Average Cost of Capital (WACC) reported on the Part 10 Pricing Template was, in many cases, inappropriate to the pipeline being reported. The WACC inputs have been amended in each of the Part 10 templates as discussed below.

Amendments to the Part 10 templates have been made for the following pipelines:

Pipeline	Nameplate capacity information	Historical demand information	Pricing template WACC
Berwyndale Wallumbilla Pipeline	✓	✓	✓
Carpentaria Gas Pipeline	✓	✓	✓
Central West Pipeline			✓
Moomba Sydney Pipeline	✓	✓	✓
South West Queensland Pipeline	✓	✓	✓
South East South Australia Pipeline			✓
Reedy Creek Wallumbilla Pipeline	✓	✓	✓
Wallumbilla Gladstone Pipeline			✓
Amadeus Gas Pipeline		✓	✓
Roma Brisbane Pipeline	✓	✓	
Victorian Transmission System			

10. Explanatory "1. Pipeline information" worksheet

10.3. Additional information

10.3.1. Pipeline nameplate capacity

As many of APA's pipelines are bi-directional, the nameplate capacity in APA's original report represented the capacity in a single (dominant) flow direction. The reported nameplate capacity aligned with the reserved capacity and actual flows shown in Tab 5: Historical demand.

As discussed in section 25, the AER has requested that APA report reserved capacity and actual pipeline flows in both directions for all bi-directional pipelines.

Accordingly, nameplate capacity has been updated to align with the capacity reservation and flow information.

Nameplate capacity should be distinguished from standing capacity. Where nameplate capacity reflects normal capacity under normal conditions, standing capacity reflects seasonal capacity reductions on the MSP resulting from pressure reductions required to undertake critical maintenance works.

Approach

For this reporting update, APA reports nameplate capacity in each direction of flow, rather than only the dominant direction. For more detail, Users are referred to the pipeline schematics on each pipeline's web page.

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 and usage.

APA struggled to complete the Part 10 templates in the context of a bi-directional pipeline, and originally reported reserved and utilised capacity on a "dominant direction" (generally, southbound towards Victoria) basis.

Discussions with the AER in June 2026 indicated that the AER considered that APA's approach to reporting contracted and utilised capacity on a "dominant direction" basis for its bi-directional pipelines was not consistent with the requirements of the Guideline, and requested that APA amend its reported information and re-post the amended financial and demand information.

25.2. Source of information

The quantity of contracted firm capacity is sourced from APA's commercial contracting tracking system.

The utilised capacity (actual pipeline flow) data reported in this worksheet is sourced from the pipeline flow and storage (all) report on the Gas Bulletin Board (www.aemo.com.au).

25.3. Methodologies applied

Contracted firm capacity

Where the December 2025 templates reported only "dominant direction" reserved capacity, this addendum reports the sum of both directions' capacity reservation for bi-directional pipelines.

Utilised capacity

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

Procedurally, APA:

- Downloaded the Actual Flow and Storage (all) report from the AEMO Gas Bulletin Board;
- Filtered the Actual Flow and Storage report (all) on column A to show data for financial year 2024/25;
- Filtered column B to show only the appropriate facility;
- Applied a SUM formula to sum the total of columns F and G (Supply, TransferIn) for each gas day.

The result of the formula will show the cumulative sum of all metered flows of gas delivered from the facility for each gas day, regardless of the direction of flow.

This approach includes flows related to all contract types (Firm, interruptible, Auction), so may not conceptually align with the Contracted firm capacity information. The Gas Bulletin Board data also contains minor rounding and adjustment amounts, and these are assumed to be immaterial. Also, any imbalances incurred or corrected on 30/06/2025 or 01/07/2024 are also assumed to be immaterial.

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. Assurance over the "Historical Demand" will be provided as part of the FY26 assurance process and will be published within this reporting template on the APA website by 30 November 2026.

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 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. In the original publication of this template, the service providers applied the updated cost of capital inputs received from the AER for the Roma Brisbane Pipeline to all pipelines.

APA has updated this approach as described below.

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 modifications were made to any of these formulas in this worksheet.

Cost of capital

On review, APA concluded that, while it was appropriate to apply the RBP regulated WACC to the RBP pricing template, it was not appropriate to apply that WACC to other pipelines' pricing templates.

Scheme pipelines

In particular, APA considers that it would be more appropriate to match the relevant regulated WACC to each of the regulated pipelines – the approved VTS WACC to the VTS pricing template, and the approved Amadeus WACC to the Amadeus pricing template.

Non-scheme pipelines

APA considers that it is not appropriate to apply a regulated WACC to the pricing template for a non-scheme pipeline. Nonetheless, APA has estimated a shadow regulatory WACC, applying the methodology described below:

Cost of debt

For a regulated pipeline, the AER's Rate of Return Instrument (RoRI) applies a ten-year rolling average to determine the allowed cost of debt. However, were a non-scheme pipeline to become regulated, it would not have the regulatory history to calculate a 10-year rolling average costs of debt. Indeed, the RoRI provides that the cost of debt for a service provider in its first year of regulation would be based 100% on the on-the-day cost of debt.

Following this reasoning, APA has adopted, as the cost of debt, the 2024-25 Annual return on debt estimate for the Roma Brisbane Pipeline, 5.83%. This is the value for the 2024-25 year, before it is used to calculate the rolling average cost of debt. This cost of debt is applied to all non-scheme pipelines.

Cost of equity

Were a currently non-scheme pipeline to become regulated, the AER would need to apply its Rate of Return Instrument (RoRI) to assess its cost of equity in the context of an Access Arrangement relevant to the particular year. In this regard, APA has referenced a contemporaneous regulatory determination to ascertain the relevant cost of equity.

APA has referenced the AER's regulatory determination for AusGrid for the 2024-25 fiscal year, and finds that the AER-determined post-tax nominal cost of equity in that determination is 7.91%.

WACC

APA then inserted the on-the-day cost of debt as discussed above into the WACC analysis table in the AusGrid Post Tax Revenue Model. This model then applied the AER's determined values for gearing and Gamma resulting in a nominal vanilla WACC of 6.66%.

In summary, the WACC values applied in the various pricing templates are:

	RBP	VTS	AGP	Non-scheme
Average regulatory return on debt	4.46%	4.53%	4.64%	5.83%
Gearing	60%	60%	60%	60%
Statutory tax rate	30%	30%	30%	30%
Gamma	58.5%	58.5%	58.5%	57%
Average regulatory rate of return	4.99%	5.70%	4.78%	6.66%

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.