

APA's Infrastructure connecting Australia's energy future.



Presentation by Mick McCormack, Managing Director & CEO
To the RBC Capital Markets Global Infrastructure Forum

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energy. connected.



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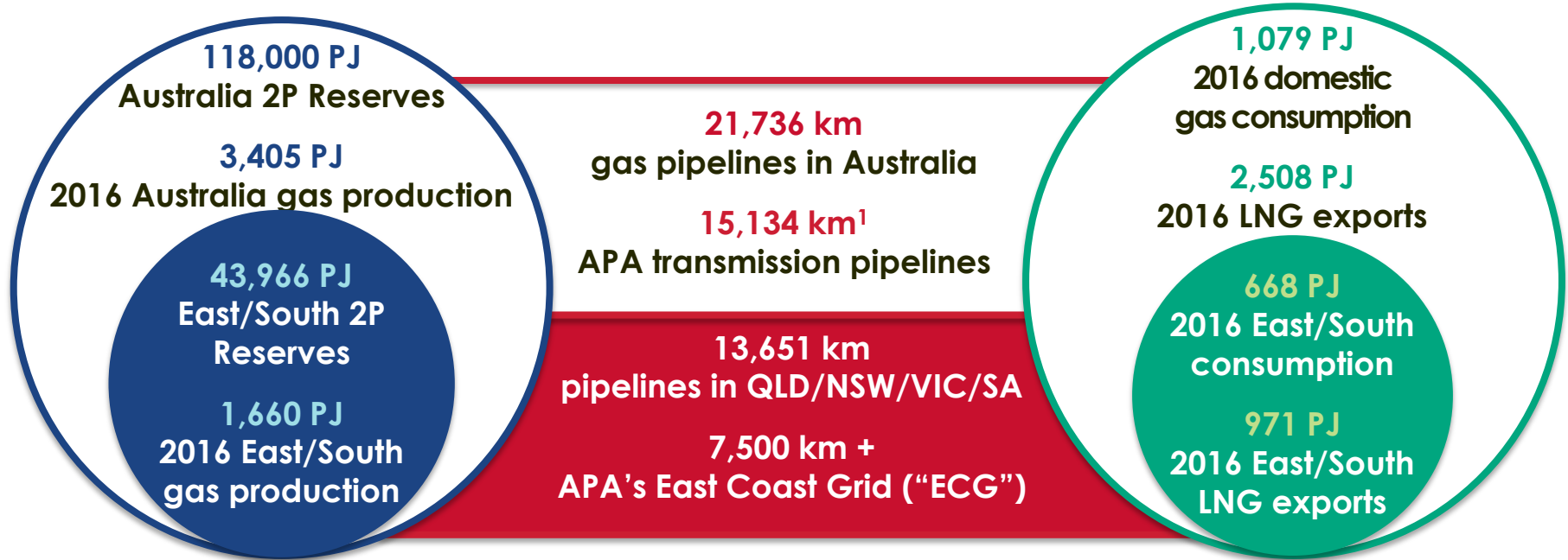
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supply, demand, price

- Australia has:
 - Ample gas reserves to satisfy both domestic and export demand
 - Pipeline infrastructure exists to bring gas to market and get it to where it needs to go
- Issue is one of price
 - Days of cheap gas are behind us
 - Price reflective of export prices, higher production costs
- Priority needs to be on putting downward pressure on gas price by increasing supply



Source: EnergyQuest, Energy Quarterly March 2017, AER State of the Energy December 2015, Company data

Note 1: Total pipelines owned and/or operated by APA

East Coast Gas Grid - managing volatility and volume



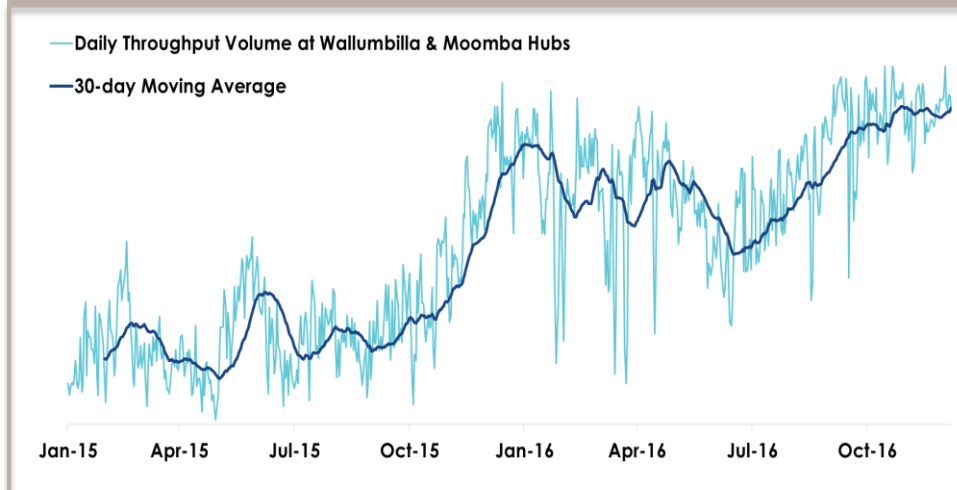
- Allows larger swings in demand and supply, given a larger 'vessel' to absorb volatility
- Can act as efficient storage for gas-fired power stations
- Stimulates new production & demand by connecting gas to market(s)
- What would have happened if the Grid was not there?
 - ➔ LNG ramp up gas would not have been available as cheap gas in southern markets
 - ➔ SA blackout would have been worse with NSW/VIC also potentially affected

The Brattle Group Study 2016

Efficiency benefits of the East Coast Grid to the market of:

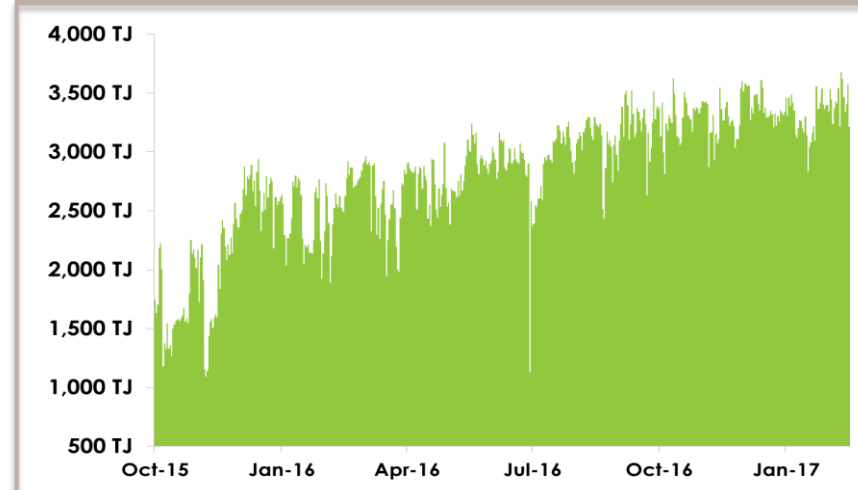
- **\$120-\$150m since 2012;**
and
- **\$15-32m p.a. going forward**

Daily throughput & volatility at Wallumbilla & Moomba Hubs



Source: APA, Gas Bulletin Board

Gladstone export gas pipeline volumes

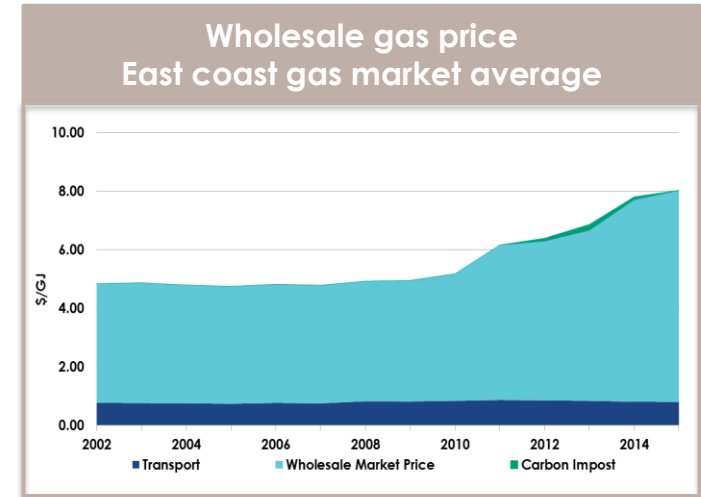


Source: Gas Bulletin Board

investment & innovation in infrastructure essential



- Various reviews on the gas market:
 - APA supportive of Vertigan review recommendations as accepted by COAG for increased transparency, pricing principles and commercial arbitration
 - APA already publishes indicative tariffs and terms on its website, and contracts enable capacity trading
 - APA remains actively engaged in implementation
- Pipeline tariffs:
 - have not increased in real terms in over 12 years
 - have supported investment in infrastructure and creation of market critical East Coast Gas Grid
 - often an outworking of competitive bid processes
- Greater transparency required across the supply chain including production
- Need for National Energy Policy



Source: Gas Price Trends Report, large industrial customer data, Feb 2016, Oakley Greenwood, commissioned for the Department of Industry, Innovation and Science

Transmission Pipeline	Indicative Firm Charges (\$/GJ of MDQ)
Roma Brisbane Pipeline	\$0.6596/GJ (Reference Service) plus Throughput Charge of \$0.0442/GJ \$0.9641/GJ (non-Reference Service)
Berayndale Wullumbilla Pipeline	\$0.23/GJ
South West Queensland Pipeline	\$1.16/GJ
Carpentaria Gas Pipeline	\$1.32/GJ
Moomba Sydney Pipeline	\$0.98/GJ plus Throughput Charge of \$0.05/GJ

Source: <https://www.apa.com.au/our-services/gas-transmission/indicative-transmission-tariffs/>

APA's investments since 2000

- **\$2.5bn+** organic growth capex
- **~\$10bn** acquisition of complementary assets
- **\$150m+** in IT & asset management systems

partnering with producers to bring gas to market

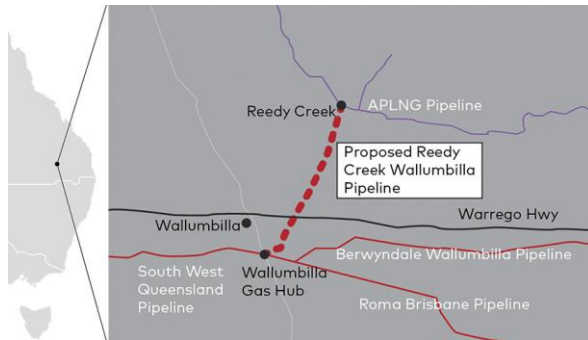


Reedy Creek Wallumbilla Pipeline

QLD

Project description:

- 50km, 300TJ/day bi-directional pipeline
- \$80m cost
- Commissioning expected mid 2018
- 20 year contract with Australia Pacific LNG



Domestic gas implications:

- APLNG able to participate flexibly and fully in Australia's dynamic gas market
- APLNG's 2P reserves: 13,852PJ*

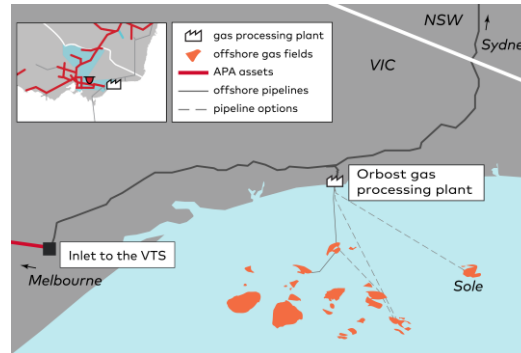
Source: EnergyQuest, Energy Quarterly March 2017

Orbost Gas Processing Plant

VIC

Project description:

- Acquire, expand and upgrade the plant (non-binding HoA)
- Circa \$250m cost
- Term contract with Cooper Energy to process gas from their Sole Gas Project



Domestic gas implications:

- Sole Gas Project expected to produce ~25PJ pa, with 20PJ pa contracted to AGL, EA, Alinta and O-I
- Cooper's 2C gas resources in the Gippsland at ~390PJ

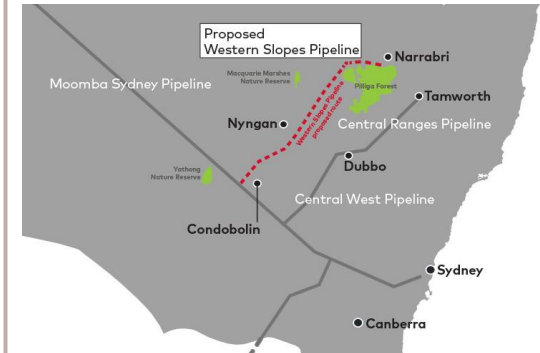
Source: Company data

Western Slopes Pipeline

NSW

Project description:

- 450km, 200TJ/day pipeline
- ~\$500m cost
- Preliminary Environmental Assessment process commenced

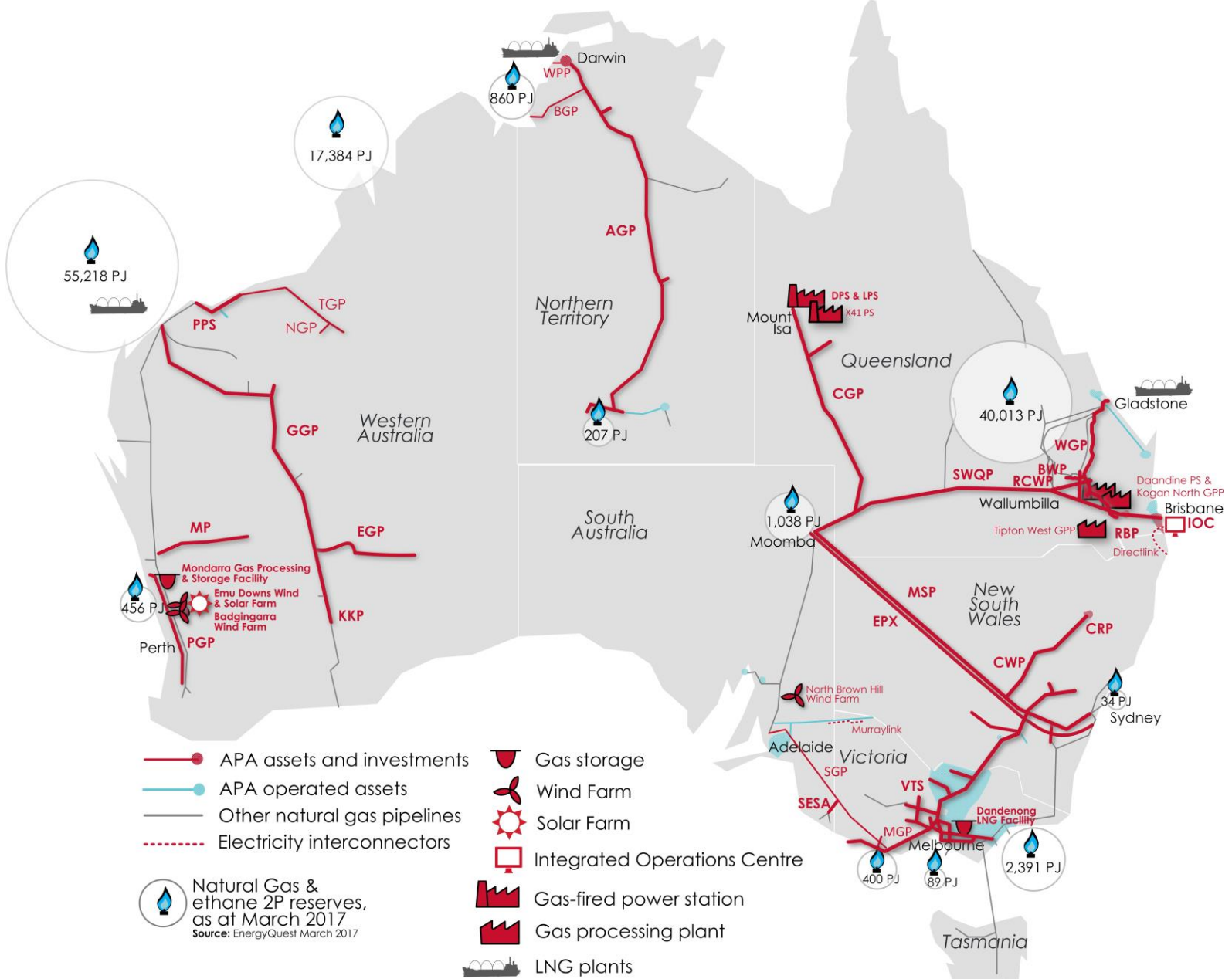


Domestic gas implications:

- Santos estimates the Narrabri Project could supply up to half of the natural gas used in NSW

Source: Western Slopes Pipeline factsheet, APA

APA's uniquely integrated energy assets



Natural Gas & ethane 2P reserves, as at March 2017
 Source: EnergyQuest March 2017

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