APA

Australia's energy infrastructure partner

allgas

Part 10 Financial reporting
Allgas Energy Distribution Network
Year ended 30 June 2025

Basis of preparation

Issued December 2, 2025

Contents

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.

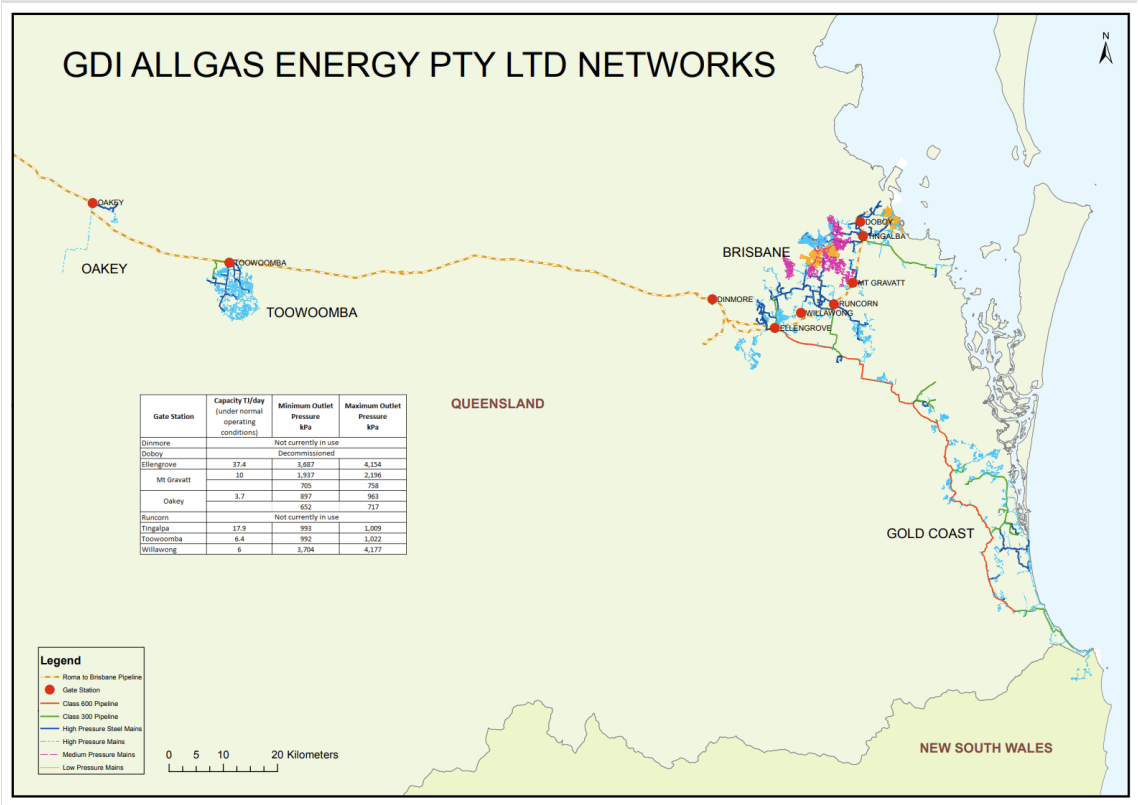
Allgas Energy Pty Limited owns the natural gas distribution networks in southern Queensland and northern New South Wales, including areas south of the Brisbane River and the Gold Coast, while Allgas Toowoomba Pty Limited owns and operates the natural gas distribution network in the Toowoomba and Oakey regions of Queensland. Collectively, these networks are known as the Allgas Energy Gas Distribution Network.

This document serves as the basis of preparation for the Allgas Energy Gas Distribution Network (Allgas or Allgas network), a non-scheme pipeline, subject to part 10 of the NGR, whose service provider is Allgas Energy Pty Limited (Allgas Energy or service provider).

1.1. Allgas specific information

1.1.1. Location

Allgas extends from Brisbane, south of the river, to the northern tip of New South Wales, with separate networks in Toowoomba and Oakey. The network includes some small extensions in Northern NSW (Northern Rivers).



Gate Station	Capacity TJ/day (under normal operating conditions)	Minimum Outlet Pressure kPa	Maximum Outlet Pressure kPa
Dinmore	Not currently in use		
Doboy	Decommissioned		
Ellengrove	37.4	3,687	4,154
Mt Gravatt	10	1,937	2,196
		705	758
Oakey	3.7	897	963
		652	717
Runcorn	Not currently in use		
Tingalpa	17.9	993	1,009
Toowoomba	6.4	992	1,022
Willawong	6	3,704	4,177

1.1.2. Ownership

Allgas is owned by Allgas Energy Pty Limited whose parent company is GDI (EII) Pty Ltd (GDI).

GDI is jointly owned by three shareholders:

- Energy Investment Two P/L (Marubeni) - 40%
- SAS Trustee Corporation - 40%
- APA Infrastructure Limited - 20%

1.1.3. Infrastructure

Allgas comprises of over 4,000 kms of gas pipeline and it supplies gas to more than 123,000 customers. The network delivers gas to residential, commercial and light industrial customers.

Its infrastructure includes medium and low-pressure gas mains, regulators, meters, and customer service lines.

1.1.4. Operations

The APA Group, through a subsidiary (APA operator), operates Allgas under an operation agreement with GDI.

The APA operator provides a comprehensive range of asset management, operations, and maintenance services. These services include:

- Day-to-day operation of the gas network infrastructure
- Routine and emergency maintenance
- Network planning, capital works delivery
- Asset integrity management, metering
- Customer connection and service delivery
- Compliance with regulatory and safety obligations

The APA operator also manages system performance, oversees the supply chain supporting network operations, and ensures the reliable and safe delivery of gas to customers. The APA operator acts as the primary point of contact for stakeholders, including customers, retailers, and regulators, and ensures operations meet applicable performance standards and regulatory frameworks.

The APA operator delivers these services in accordance with the methodology outlined in the APA Cost Allocation Methodology document.

1.1.5. Regulatory history

Allgas was initially subject to regulation as a covered pipeline under the Gas Code by the Queensland Competition Authority (QCA) with the initial capital base being set on 30 June 1999.

With the introduction of the NGL and NGR in 2008, regulatory responsibility transferred from the QCA to the AER. From that point, Allgas was subject to full regulation, and the AER continued to approve and monitor the network's access arrangements.

In April 2015, the National Competition Council (NCC) approved an application by Allgas for the network to be subject to light regulation under section 112 of the NGL. Under light regulation, the AER no longer approves access arrangements; instead, Allgas was required to publish access and pricing information, with the AER retaining a role in dispute resolution.

This light regulation framework remained in place until March 2023, when amendments to the NGR came into effect. These reforms abolished the light regulation regime and replaced it with a single, uniform information disclosure framework under Part 10 of the NGR.

1.2. Moura pipeline exclusion

Although Moura pipeline is owned by the same entity that owns Allgas, activities relating to this pipeline have not been reported as part of the reporting template as it is exempt for part 10 reporting purposes.

1.3. Reporting basis and comparatives figures

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

As FY25 represents the first financial year of reporting under this regime, comparative information for FY24 is presented as required. The FY24 comparative figures have not been subject to audit or review and are presented for comparative purposes only.

2. Definitions, actual, estimated and materiality

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

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

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

2.1. Actual information

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

> Information presented in response to the notice whose presentation is materially dependent on information recorded in the pipeline service provider’s accounting records or other records used in the normal course of business, and whose presentation for the purposes of the notice is not contingent on judgements and assumptions for which there are valid alternatives, which could lead to a materially different presentation in the response to the notice.
>
> For the purposes of non-financial information records used in the normal course of business includes asset registers, geographical information systems, and outage analysis systems.
>
> Information presented in response to this notice whose presentation is based on allocation methods using judgements or assumptions, can be still reported as actual. These allocation methods would be expected to be clearly documented by the pipeline service provider and approved by senior management as either a regulatory statement accounting policy or regulated statement policy, with any judgements or assumptions used in the allocations remaining consistent between regulatory years.

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

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

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

2.2. Estimated information

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

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

2.3. Materiality

The PIDG includes the following definition:

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

3. Sources of information

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

3.1. Financial information

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

- Enterprise Resource Planning system
- Business records

3.2. Non-financial information

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

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

3.3. Additional information on data sources

3.3.1. Enterprise Resource Planning system

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

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

The financial information extracted from the ERP system forms the basis of the GDI 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's 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 GDI'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.

This information is then reported to the AEMO Gas Bulletin Board, where it is made publicly available.

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.

4. Methodologies applied

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

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

4.1. Accounting standards

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

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

- Revenue from Contract with Customers (AASB 15):
  Revenue is recognised at an amount that reflects the consideration to which the service provider expects to be entitled in exchange for the provision of services to a customer (the performance obligations) under a contract. The service provider recognises revenue when control of a product or service is transferred to the customer. Amounts disclosed as revenue are net of duties and taxes paid except where the amount of GST incurred is not recoverable from the taxation authority.

  Revenue is recognised for major business activities as follows:

  - Haulage services
    Revenue earned for the distribution of gas and other related services is recognised when the services are provided.

  - Contributions from customers for capital works
    Customer contributions received from customers towards the cost of modifying our networks are generally recognised as revenue as the performance obligation is satisfied. Revenue is recognised over time (where the customer receives and consumes all of the benefits provided as work is being performed) using the stage of completion method, or at a point in time (where control is passed on to the customer at a certain point in time).

    Where the performance obligation is satisfied over time, the input method (i.e. costs incurred) is used to measure progress towards the satisfaction of performance obligations. The costs incurred on contracts are assessed to ensure that they are proportionate to the progress in satisfying the performance obligation. Given the type of contracts executed in the Group, the input method is deemed the most appropriate method as it measures the costs expended to satisfy the obligation. Revenue received in advance of providing the service is treated as unearned and presented as deferred revenue.

- Cost Recognition (AASB 101):
  Costs are recognised on an accrual basis and reflect the costs incurred in delivering services. This includes operational costs such as maintenance, and overheads directly related to the operations of the pipeline.

- Property, plant and equipment (AASB 116):
  Property, plant, and equipment are initially recognised at cost, which includes the purchase price, directly attributable costs, and any costs required to bring the asset into operational condition.

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

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

Depreciation expense is provided on all pipelines, and other property, plant and equipment excluding land. 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 or cash-generating unit 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 five-year financial business plan, followed by a further 15-year financial model inclusive of an appropriate terminal value.

  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. For the purpose of impairment testing, assets are grouped into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or groups of assets ("cash-generating unit").

  Key estimates and assumptions used in the assessment of impairment include but are not limited to: asset capacity; asset lives; forecast operating costs; the effect of inflation; discount rates; customer contract terms and renewals; residual value; and asset construction costs. Where key assumptions related to network development—such as expected construction costs, commissioning timelines, expected revenues, and forecast operating and capital costs—differ from actual outcomes, significant variances may trigger an impairment review.

  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 when a non-scheme pipeline's Depreciated Book Value is required to be reported. As the depreciable amount must be calculated in accordance with AASB 116, any indicators of impairment must also be assessed in accordance with AASB 136.

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

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

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

4.2. Cost allocation principles

The key cost allocation principles that APA operator applies in its role as network operator are as follows:

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

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

- Directly attributable costs to the pipeline service provider:
  Expenses that are clearly associated with a specific pipeline asset. Direct costs are coded to the asset or to a project relating to the asset, through creation of a purchase order at the time of purchase or direct employees charging their time to the asset or project, using an hourly rate derived from employee payroll costs.

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

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

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

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

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

4.3. Shared corporate expenditure allocation

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

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

The APA operator has applied an allocation method consistent with the approach used the APA Group, based on the methodology previously approved by the AER in previous APA access arrangements.

The allocation method, described in the following section, is applied consistently across GDI's assets/ activities.

4.3.1. Shared corporate expenditure

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

- executive management and administration, including expenditure related to the operation and support of the board of directors.
- legal and corporate affairs, including expenditures related to legal services, compliance, and governance activities.
- finance, including auditing services required for the preparation and review of consolidated financial statements.

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

1. Identification and exclusion of non-attributable expenditure

   Corporate expenditure is reviewed to ensure that only costs which provide a benefit to all relevant assets and activities are included in the allocation pool. Expenditure that is not considered to provide such a benefit, due to its nature or function, is treated as non-attributable and excluded from allocation.

   This step ensures that only relevant and supportable corporate expenses are allocated across the GDI business.

2. Revenue-based allocation of residual shared corporate expenditure

   The remaining shared corporate expenditure, after the exclusions made in Step 1, is referred to as "residual shared corporate expenditure" and is allocated across GDI assets and activities using a revenue-based allocation method.

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

4.4. Cost to services allocation

Allgas provides natural gas distribution services to homes and businesses. This includes delivering gas through its network and ancillary services, connecting new customers, installing and maintaining gas meters.

Costs incurred by Allgas are allocated based on the services provided. Each service is assigned a proportion of costs that reflects the level and nature of the service delivered.

4.5. PIDG

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.
- The asset lives applied to non-scheme pipelines are detailed in Appendix A of the PIDG.

4.5.1. Non-scheme pipeline

As this document serves as the basis of preparation for the Allgas network, a non-scheme pipeline, we note that the PIDG requires the non-scheme pipeline to provide a Recovered Capital Method (RCM) value. However, where the service provider determines that the RCM value is not consistent with the asset valuation objective, the service provider is required to provide an alternative asset value. This is discussed in more detail in section 23.2.3.

- **Asset lives**

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

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

5. Related party transactions

There are no related party transactions during the reporting periods that require disclosure, as no transactions occurred between Allgas and any individuals or entities that have a close relationship or influence over Allgas.

6. Reporting template

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

Grey cells do not require input by a service provider; and may contain formulas based on inputs from yellow cells. These cells have not been subject to any Reasonable or Limited assurance. As these cells have been locked by the AER, the service provider is unable to comment on the reasonableness or accuracy of any calculations applied to derive the values reported in these cells.

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

Worksheet name	**Sections containing notes**
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7. Explanatory “Financial summary” worksheet

7.1. Overview

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

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

7.2. Source of information

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

7.3. Methodology applied

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

7.4. Use of actual amounts

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

7.5. Assurance

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

7.6. Rounding

Totals in this worksheet may not add due to rounding.

8. Explanatory “Data visualisation” Worksheet

8.1. Overview

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

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

8.2. Source of information

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

8.3. Methodology applied

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

8.4. Use of actual amounts

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

8.5. Assurance

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

9. Explanatory “Pricing benchmark summary” worksheet

9.1. Overview

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

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

9.2. Source of information

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

9.3. Methodology applied

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

9.4. Use of actual amounts

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

9.5. Assurance

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

10. Explanatory "1. Pipeline information" worksheet

10.1. Overview

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

10.2. Source of information

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

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

10.3. Additional information

10.3.1. Pipeline nameplate capacity

Allgas takes delivery of natural gas into its distribution network at the Ellen Grove, Mt Gravatt, Oakey, Runcorn, Tingalpa, Toowoomba and Willawong gate stations.

The Roma Brisbane Pipeline reports the connection point nameplate ratings of each Allgas gate station to the Gas Bulletin Board.

The maximum daily capacity of the Allgas network under normal operating conditions, has been sourced from the AEMO Gas Bulletin Board website.

Please note that the Willawong gate station is listed on the Gas Bulletin Board as the connection point at the Ritchie Road delivery station. Additionally, while the Gas Bulletin Board does not retain historical daily capacity data, the information published reflects the operational capacity as at the reporting period.

10.3.2. Construction date

The Allgas Energy Pty Ltd, the owner of Allgas, was incorporated on 30 June 1885, as recorded on the Australian Securities & Investments Commission website.

While the exact construction date of the network is not specified from historical records from previous asset records (e.g., fixed asset registers of prior owners), the incorporation date strongly indicates that Allgas has been involved in the gas distribution for over a century.

Therefore, for the purposes of this reporting template, the construction date is reported as 30 June 1885, consistent with the company's incorporation date per ASIC records.

10.3.3. Pipeline services provided

Detailed below are the services that are offered by Allgas and how such services are reported in the reporting template:

- Haulage services
  - These services relate to the transportation of natural gas from receipt points through the distribution network to delivery points.
  - Since the pipeline services listed in 'Table 1.2 Pipeline services provided' of the reporting template, do not directly align to the haulage service offered by Allgas, the 'Firm Forward Haul Transportation Service' category is considered the most appropriate. Accordingly, all haulage services provided by Allgas are deemed to fall under this service category.

- Ancillary
  - These services support the haulage operations, including:
    - Special meter readings
    - Meter alteration services
  - Classified under “Other” category in the reporting template.

- Recoverable works
  - These are works that are recoverable from customers, typically involving:
    - New connections
    - Network extensions
  - Classified under “Other” category in the reporting template.

- Site watches
  - These services relate to the supervision or monitoring of work sites, for safety, compliance or coordination purposes during construction or maintenance activities.
  - Classified under “Other” category in the reporting template.

10.4. Use of actual amounts

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

10.5. Assurance

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

11. Explanatory “2. Revenue and expenses” worksheet

11.1. Overview

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

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

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

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	ERP	Accounting standards	Revenue
Customer contributions	ERP	Accounting standards	Revenue
Government contribution	ERP	Accounting standards	Revenue
Profit from sale of fixed assets	ERP	Accounting standards	Profit on sale of fixed assets
Other direct revenue	ERP	Accounting standards	Revenue
Indirect revenue	ERP	Accounting standards	Revenue
Direct expenses by pipeline			
Repairs and maintenance	ERP	Accounting standards	Opex
Wages	ERP	Accounting standards	Opex
Depreciation	ERP	Accounting standards	Depreciation
Insurance	ERP	Accounting standards	Opex
Leasing and regulatory costs	ERP	Accounting standards	Opex
Directly attributable finance charges	ERP	Accounting standards	Opex
Leasing and rental	ERP	Accounting standards	Opex
Other direct expenses	ERP	Accounting standards	Opex
Shared expenses by pipelines			
Other shared expenses	ERP	Cost Allocation Methodology	Other shared expenses

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

12.2. Sources of information

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.

12.3. Methodologies applied

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

12.4. Type of data

12.4.1. Revenue

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

12.4.2. Operating expenditure (Opex)

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

The "Repairs and maintenance" category reflects the expenses incurred by Allgas for the services provided by the operator, covering operational and maintenance services for the network. Costs charged by the operator include labour, insurance and other operating and maintenance related expenses.

The "Other direct expenses" category primarily reflects the cost for unaccounted for gas.

It is important to note that, due to the contractual arrangement with the operator, individual expense categories such as labour, insurance, licence and regulatory costs, directly attributable finance charges and leasing and rental costs are grouped under either the "Repairs and maintenance" or "Other direct expenses" categories. As such, these items are not presented separately in the reporting template.

12.4.3. Profit on sale of fixed assets

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

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

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

12.4.4. Depreciation

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

12.4.5. Other shared expenses

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

12.5. 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.

13. Explanatory “2.2 Allocation to services” worksheet

13.1. Overview

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

13.2. Source of information

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

13.3. Methodology applied

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

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

13.4. Use of actual amounts

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

13.5. 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 the APA Group’s ERP system.

14.3. Methodologies applied

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

Accordingly, there are no customer or government capital contributions reported.

14.4. Use of actual amounts

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

14.5. Assurance

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

14.6. Rounding

Totals in this worksheet may not add due to rounding.

15. Explanatory “2.4 Indirect revenue” worksheet

15.1. Overview

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

15.2. Source of information

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

15.3. Methodologies applied

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

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

15.4. Use of actual amounts

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

15.5. Assurance

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

15.6. Rounding

Totals in this worksheet may not add due to rounding.

16. Explanatory “2.5 Shared expenses” worksheet

16.1. Overview

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

16.2. Source of information

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

16.3. Methodologies applied

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

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

16.4. Use of actual amounts

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

16.5. Assurance

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

16.6. Rounding

Totals in this worksheet may not add due to rounding.

17. Explanatory "3.1 Depreciated Book Value" worksheet

17.1. Overview

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

17.2. Source of information

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

17.3. Methodologies applied

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

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

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

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

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

The amounts reported, reflects the acquisition cost to GDI for acquiring the Allgas Network, for which financial close occurred on 16 December 2011.

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

17.4. Use of actual amounts

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

17.5. Assurance

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

17.6. Rounding

Totals in this worksheet may not add due to rounding.

18. Explanatory “3.2 Regulatory Asset Base” worksheet

18.1. Overview

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

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

18.2. Application to Allgas

This worksheet is not applicable to non-scheme pipelines such as Allgas. Accordingly, no information has been reported in this worksheet.

18.3. Assurance

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

19. Explanatory “3.3 Asset useful life” worksheet

19.1. Overview

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

19.2. Source of information

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

19.3. Methodologies applied

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

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

This approach provides several practical benefits:

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

It is noted that the statutory useful lives adopted fall within the ranges reported in Appendix A of the PIDG.

19.4. Use of actual amounts

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

19.5. Assurance

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

20. Explanatory "3.4 Asset impairment" worksheet

20.1. Overview

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

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

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

As Allgas is a classified as a non-scheme pipeline and has reported a Depreciable Book Value, an impairment review must be conducted and this worksheet must be completed if any impairment losses or reversals are required to be disclosed.

20.2. Source of information

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

20.3. Methodologies applied

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

No impairment loss or reversal was identified for Allgas for the reporting period, as such no amounts are required to be reported.

20.4. Use of actual amounts

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

20.5. Assurance

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

21. Explanatory “3.5 Depreciation amortisation” worksheet

21.1. Overview

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

This includes information such as:

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

21.2. Source of information

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

21.3. Methodologies applied

The date range reported in this worksheet reflects the period from GDI’s acquisition of the Allgas Network through to the reporting period of the most recent capitalisation.

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

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

21.4. Use of actual amounts

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

21.5. Assurance

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

21.6. Rounding

Totals in this worksheet may not add due to rounding.

22. Explanatory "3.6 Shared supporting assets" worksheet

22.1. Overview

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

22.2. Application to Allgas

Due to the contractual arrangements between the APA Group and GDI, Allgas does not own or directly incur costs for shared supporting assets (e.g. Information technology - finance systems, human resource systems and asset management systems). Instead Allgas has access to these assets via the APA Group. As result this worksheet is not applicable to Allgas, and no information has been reported.

22.3. Assurance

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

23. Explanatory "4. Recovered Capital" worksheet

23.1. Overview

The "4 Recovered Capital" worksheet is intended for service providers of non-scheme pipelines to report asset values using the RCM.

The RCM approach is outline in Section 2.6 of the PIDG and in Rule 113Z(5) of the NGR, and is calculated as:

- The original construction cost of the pipeline (to its first owner)
- Plus capital expenditure, by year, since the date of original construction
- Less opex, by year, since the date of original construction
- Less a *return of capital*, by year, since the date of original construction.

The return of capital is calculated as net revenue after allowing for recovery of opex, a return on capital (at historical regulated rates of return), and the tax thereon.

However, as per section 2.6.11 of the PIDG:

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

23.2. Application to Allgas

23.2.1. Original construction costs

The RCM approach is difficult to apply to a gas distribution business such as Allgas, which started from humble beginnings distributing town gas in the 1880s. It would not be reasonable to expect that the records necessary to apply the RCM calculation from the date of original construction are available.

Through a collaborative fortnightly workshop between the AER and reporting businesses, the AER accepted that the businesses could interpret "construction costs" - for the purposes of table 4.1.1 of the Part 10 reporting template - to be the opening RAB of the pipeline system when it was first subject to regulation (in Allgas' case, the Initial Capital Base determined under section 8.10 of the National Third Party Access Code for Natural Gas Pipeline Systems). This was confirmed by the AER by email to participants dated 9 May 2025. Allgas appreciates the AER's engagement on this matter.

23.2.2. Asset value consistent with the Asset value objective?

In accordance with the NGR, Rule 113Z5(b) provides that the RCM calculation is to be undertaken, unless inconsistent with the asset valuation objective in Rule 113Z(5)(a):

> 113Z(5)(b) unless inconsistent with paragraph (a), the value of any assets used in the provision of the pipeline service is to be calculated as: …

Where:

> 113Z(5)(a) the value of any assets used in the provision of the pipeline service must be determined using asset valuation techniques consistent with the objective of facilitating access to pipeline services provided by means of non-scheme pipelines on reasonable terms, which is taken to mean at prices and on other terms and conditions that, so far as practicable, reflect the outcomes of a workably competitive market;

In assessing whether the RCM approach would deliver a value consistent with the asset valuation objective, Allgas conducted an assessment of whether, in principle, the RCM approach (commencing from the Initial Capital Base as agreed with the AER), is capable of delivering a value consistent with the asset valuation objective.

To this end, Allgas compared the financial structures that give rise to the determination of Allgas' revenues, against the other components of the RCM calculation. In particular, Allgas considered the building block framework driving its revenues during the 2001-2016 period of full regulation, and compared that framework against that underpinning the RCM calculation. Allgas' findings are summarised below:

	RCM	Building block model
Asset valuation	The RCM requires the value of the capital base to be reported without any indexation for inflation	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 a "return of capital" approach based on net cash flow after allowing for a recovery of opex and a notional return on capital using AER-approved regulated rates of return.	Determined by applying straight line depreciation based on the AER-approved asset lives 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 allowed depreciation expense
Revenue	Heavily influenced by outcome of building block model[1]	Determination of revenue allowance applies a nominal post-tax WACC to the indexed capital base, and an allowance for depreciation net of indexation as described above.
EBIT	"Return of Capital" will be driven by an AA-determined revenue figure to calculate a net cash flow-based "depreciation" figure applied to a non-indexed asset value.[2]	Heavily influenced by CPI adjustments, as a result of deducting indexation from depreciation allowance

Allgas concludes, based on the fundamental differences between the financial frameworks driving revenue on one hand, and the basis of the RCM calculation on the other, that it is not possible for the RCM calculation to result in an asset value that would be consistent with the asset valuation objective. That is, Allgas has determined that an asset valuation using the recovered capital method would be inconsistent with the asset valuation objective.

Allgas has therefore, consistent with Rule 113Z(5)(b) and section 2.6.11 of the PIDG, determined not to report an RCM value.

23.2.3. Alternative asset value

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

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

Consistent with the PIDG, Allgas has applied an approach to determine the alternative asset valuation that would apply if the network were to be fully regulated.

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

[1] The revenue for a scheme pipeline will be driven by the tariffs charged as allowed under the applicable access arrangement, which are a function of the application of the building block model.
[2] The Return of Capital value generated by the RCM approach will therefore reflect differing approaches to the treatment of depreciation and indexation between the revenue and expenses sections within the single financial statement.

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

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

plus:

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

plus:

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

(i) the cost of construction of the extension;

plus

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

less:

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

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

less:

(c) depreciation since the relevant date; and

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

In applying this approach, Allgas has

- started with the AER final determination on the value of the opening capital base in the 2011-16 access arrangement
- applied the AER's Asset Base Roll Forward Model to roll forward the opening capital base for capex, depreciation and disposals to determine the closing capital base at the notional end of the 2011-16 access arrangement period.

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

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

Allgas considers that an asset value derived using the AER's Asset Base Roll Forward Model "reflects the approach that would apply if the pipeline was fully regulated".

Allgas notes that the resulting alternative asset value is consistent with that previously reported under the former Part 7 of the National Gas Rules and the AER's October 2019 *Financial Reporting Guideline for Light Regulation Pipeline Services*.

The alternative asset value reported under this approach is shown below:

Details	$(m)
Closing RAB as at 30 June 2024 per Part 7 reporting	798.17
Nominal actual as incurred capital expenditure, FY25	42.65
Nominal actual straight-line depreciation	($26.24)
Nominal Actual Inflation on Opening Capital Base	19.17
Closing capital base as at 30 June 2025	**833.74**

23.3. Source of information

The values reported in this worksheet are sourced directly from APA Group's ERP system and business records (historically Access Arrangement information and Asset Roll Forward Model).

23.4. Methodologies applied

This worksheet applies only where a non-scheme pipeline reports an asset value using the RCM that is consistent with the asset valuation objective. As Allgas' RCM value is not consistent with this objective, a RCM value in the reporting template, instead an alternative asset value will be reported as part of this document.

The methodologies applied are per the PDIG, and Rule77.3 of the NGR.

The methodologies applied are consistent with the PDIG and Rule 77.3 of the National Gas Rules (NGR).

23.5. Reconciliation of asset valuation methods

The service provider has reported:

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

Below is a comparison of the asset valuation methods.

	Depreciable book value	Alternative asset value
Basis	Statutory (AASB)	Regulatory framework (Rule 77.3)
Initial costs	Based on GDI acquisition of the Allgas network on 16 December 2011	Based on the Final AER determination, (opening Regulated Asset Base) in the 2011-2016 Access Arrangement
Capex methodology	As commissioned	As incurred
Capex treatment	Includes capex, including the capex where capital contributions	Include capex, excluding capex where contributions are received

	are received from customers in relation to associated projects	from customers, in relation to associated projects in line with regulatory treatment
Asset disposal	Written down value	Capital Maintenance principle (refer below for further information).
Depreciation method	Straight-line over useful life	AER's Asset Roll Forward Model, weighted average remaining life
Inflation adjustments	Not applicable	Applied annually
Alignment with Asset valuation objective	Not aligned	Designed to reflect a workably competitive market outcome

Please note, below is further information of the "Capital maintenance principle"

Due to the nature of Allgas' historical access arrangements, the capital maintenance principle has been applied for consistency purposes. Under this principle, asset disposals are treated as a "return of capital".

That is, the regulatory financial capital maintenance principle provides that, once capital investment has been approved and included in the Regulatory Asset Base, 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:

1. Through depreciation, as reflected in approved tariffs; or
2. 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.

23.6. 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 statutory Fixed Asset Register, which is generated from APA Group's ERP system.

24.3. Methodologies applied

24.3.1. Construction costs

On 5 May 2025, APA sought guidance from the AER on the concept of "construction cost", noting that it will be difficult to apply to a distribution network, because many of these networks started out very small, over 100 years ago. 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 distribution networks (and for the Victorian Transmission System), 5% of construction cost is a very low threshold. The AER noted that while this threshold may be appropriate for transmission pipelines, it is not suitable for distribution pipelines. The AER further noted that the burden on distribution businesses of reporting 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, 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.

Allgas' approach

As a result of the communication with the AER, for the year ended 30 June 2025, APA has interpreted "construction costs" to be based on the opening RAB when Allgas was first regulated and the threshold for reporting capex is 5% of these "construction cost".

24.3.2. Historical expansions and extensions

Also, on 5 May 2025, via email, APA sought guidance from the AER on the interpretation of historical expansions and extension in relation to distribution networks. That the reporting of capex relating to Historic expansion and extensions would be applied to projects, as opposed to organic growth of network.

In response, on 23 June 2025,the AER acknowledged that reporting each organic extension or expansion for distribution networks would be an onerous process for service providers and may not offer meaningful value to pipeline users. However, the AER noted that the reporting template requires all expenditure to be reported but they also noted that they would be open to consider alternative approaches to reporting historical expansion and extensions.

Allgas' approach

For the purposes of reporting historical expansions and extensions:

- Non-organic expansions and extensions which will be reported, include:
  - The construction of new mains, services for connection to new developments or customer outside the existing network;
  - Increases in network capacities through regulator driven or project specific works and

  - Major projects that clearly expand or extend the network.

- Organic growth, which will not be reported, includes:
  - Incremental connections that do not require building new mains or extending the network.

This approach ensures that reported historical expansions and extensions capture material projects that expand and extend the network, while excluding natural growth that occurs in the normal course of operations.

24.3.3. Allgas' overall approach

Once reporting thresholds were established (i.e., 5% on the initial RAB) and the capex to be reported on (i.e., non-organic historical and extension), subject matter experts on the Allgas network, who have been with APA for many years, were consulted to assist with the identification of the relevant projects. Project relating to non-organic expansions and extensions were identified from Capital Works in Progress reports. Once identified, these projects where matched to the statutory fixed asset register to determine assets, amounts and year of commissioning.

It is important to note that:

- The source of the reported amounts is the Fixed Asset Register, and the values are based on when the years the projects were commissioned.
- Allgas was acquired by GDI on 16 December 2011. The reported values do not include fair value adjustments and reflect historical costs.

24.3.4. Planned expansion and extensions

There are no non-organic planned expansion and extensions expected since 30 June to the date of submission that have advanced to the Financial Investment Decision stage.

24.4. Use of actual amounts

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

24.5. Assurance

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

24.6. Rounding

Totals in this worksheet may not add due to rounding.

25. Explanatory "5. Historical demand" worksheet

25.1. Overview

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

25.2. Source of information

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

25.3. Methodologies applied

Background

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

The Allgas network is subject to the reporting obligations under the PIDG. Under this framework, the service provider is required to report information on capacity, demand, and usage even though distributions networks typically do not operate under firm capacity or contract carriage models in the same way as transmission pipelines.

Gas is delivered into the Allgas network at various gate stations from the Roma to Brisbane pipeline. While shippers transport gas through these delivery points, there are no formal contracted capacity rights (e.g. MDQ) at the distribution level tracked by the service provider. Therefore, no contracted capacity data is reported in the Historical demand worksheet for the Allgas network.

Pipeline nameplate capacity

For discussion on nameplate capacity, refer Section **Error! Reference source not found.**. Pipeline nameplate capacity, of this document.

Contracted capacity

The Allgas network does not offer firm transportation services with contracted maximum daily quantities (MDQ), and no capacity is formally reserved for individual users. Accordingly, no contracted capacity is reported in:

- Table 5.2 Demand by pipeline service, or
- Table 5.3 Daily demand (Contracted firm capacity – transportation or storage).

Utilised capacity

As outlined in section 10.3.3. Pipeline services provided, firm capacity contracts are not available on the Allgas network.

Utilised capacity is based on the actual daily delivery volumes into the network at the gate stations:

- Ellen Grove
- Mt Gravatt
- Oakey
- Runcorn
- Tingalpa
- Toowoomba and Willawong (Ritchie Road) gate stations

These volumes are reported in the Table 5.3 Daily Demand. The data is sourced from the Gas Bulletin Board, which publishes actual flow data for each connection point. As Allgas relies on this publicly available data, it disclaims responsibility for the accuracy of data published by AEMO.

25.4. Use of actual amounts

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

25.5. Assurance

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

26. Explanatory “6. Pricing template” worksheet

26.1. Overview

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

26.2. Source of information

The Pricing template is largely auto-populated, requiring the service provider to provide only the proportion of asset allocation to each service in Table 6.1 Inputs in the reporting template. The remaining financial inputs in the table are pre-filled by the AER and may contain placeholder values.

26.3. Methodologies

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

The allocation of network assets in Table 6.1 Inputs is based on the proportion of revenue generated by each service. The majority of assets are allocated to the “Firm Forward Haul Transportation Service” category, which reflects haulage fees. The remaining assets are allocated to the “Other” category, which covers ancillary services such as special meter readings and meter alteration services, recoverable works including new connections and network extensions, and site watches related to supervision and monitoring during construction or maintenance activities.

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 APA Group’s ERP system. No amendments have been made to AER-provided placeholder inputs.

26.5. Assurance

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