

Attachment 5.4

# Customer Engagement Report

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January 2025

PUBLIC

# Customer Engagement Report

Shipper Roundtables: Future Planning  
for the Dampier to Bunbury Natural  
Gas Pipeline (2026-2030)

**Final Report**

December 2024

# Acknowledgement of Country

**At KPMG, we recognise Aboriginal and Torres Strait Islander Peoples as First Peoples of this Nation.**

We recognise that Aboriginal and Torres Strait Islander history and cultures are inseparable from Australia's collective history and culture and is something we can all be proud of and celebrate.

We acknowledge the Traditional Owners of the land where we gather today and each day and pay respect to Elders past and present and to emerging community leaders. We also acknowledge the important role of Aboriginal and Torres Strait Islander people within Australian Retirement Trust and KPMG and the communities we work with.

We are proud that we live in the country with the world's oldest continuous living cultures, and we are playing our part to support Indigenous people to keep these cultures alive and vibrant.

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# About this Report

Dampier Bunbury Pipeline (DBP), owner and operator of the Dampier to Bunbury Natural Gas Pipeline (DBNGP), is part of the Australian Gas Infrastructure Group (AGIG). AGIG is currently setting its future investment priorities and services for the DBNGP covering the 2026–2030 period, as part of its Final Plan Access Arrangement.

AGIG is dedicated to best-practice stakeholder engagement to develop a Final Plan that aligns with the needs of current and future customers, while achieving acceptance by stakeholders. This plan will be submitted to the Economic Regulation Authority (ERA) on 1 January 2025 as an Access Arrangement (AA) for the 2026–2030 term.

To support this engagement process, AGIG engaged KPMG as an independent facilitator. KPMG provides objective insights, backed by substantial expertise in energy, gas, and utilities. Through this engagement, KPMG has hosted and facilitated a series of Shipper Roundtable sessions, capturing key insights and outcomes from each discussion.

KPMG has facilitated seven Shipper Roundtable sessions, held between August 2023 and December 2024, brought together representatives from Gas Shippers (Shippers) and AGIG. This report provides an independent summary of the engagement process, detailing the organisations represented, topics covered, and key insights from each session. This report also supports the Final Plan and serves as documentation of AGIG’s customer and stakeholder engagement efforts. It should be read alongside other reports available on AGIG’s engagement platform, [Gas Matters](#).

In developing future plans that customers and stakeholders can endorse, AGIG has adopted a “no surprises” approach. During the initial Shipper Roundtable, six guiding engagement principles were presented and endorsed by members. These have been used to guide engagement.

AGIG’s submission to the ERA will reflect:

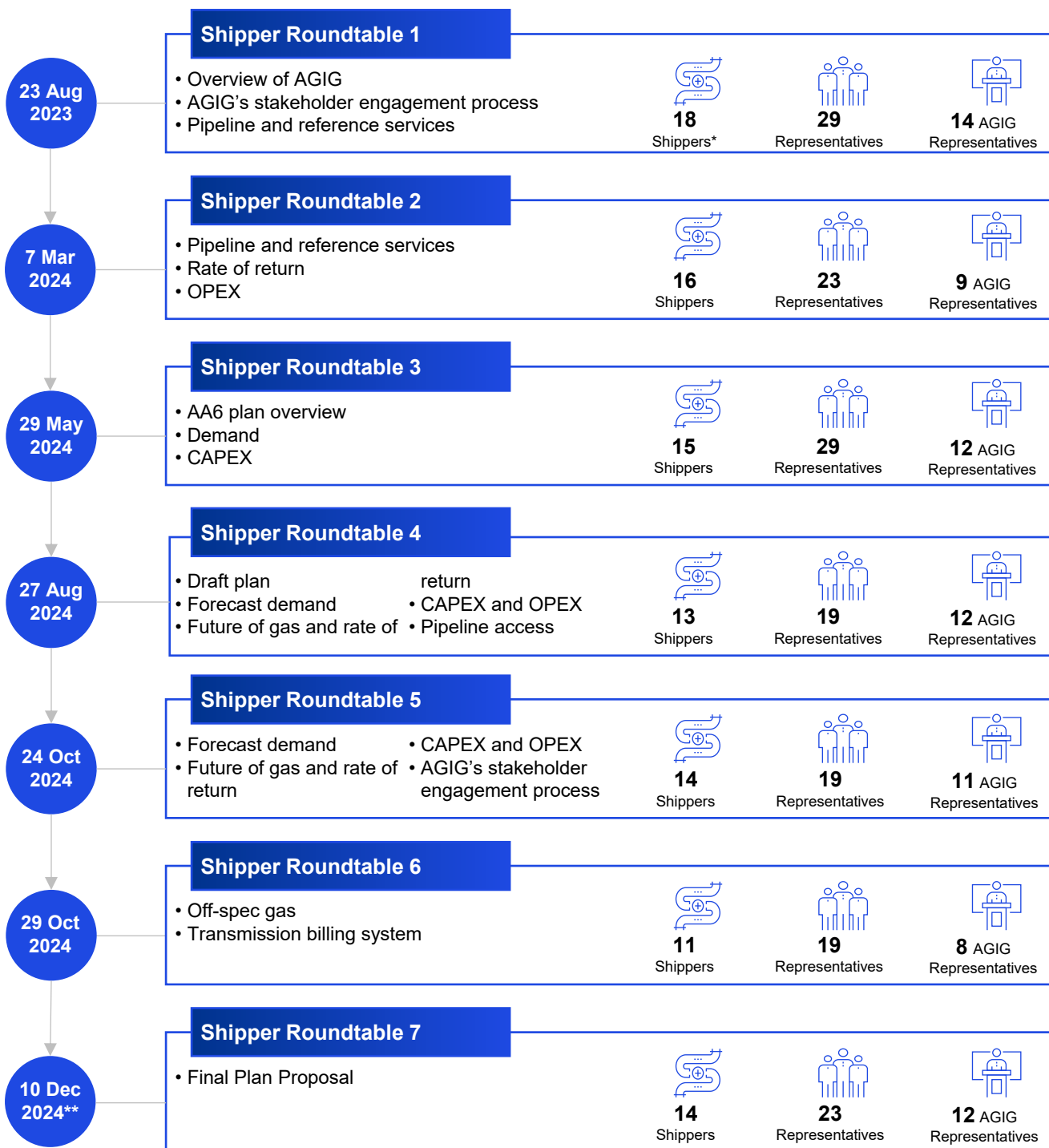
1. The expectations established with stakeholders regarding engagement approach.
2. Incorporates feedback received from AGIG’s customers and stakeholders.

AGIG has committed to a four-stage approach to engage stakeholders, including: (1) Strategy & Research, (2) Draft Plan Development, (3) Draft Plan Consultation, and (4) Refinement & Ongoing Engagement.

Sixteen months prior to formal submission, AGIG began actively engaging with customers and stakeholders. Six months before the formal submission, AGIG published a Draft Plan, open for public consultation over a four-week period. Shippers were invited to comment on the Draft Plan via a Shipper Roundtable meeting, individual feedback sessions with AGIG, or written submissions. Feedback from Shipper Representatives has shaped the Draft Plan, and following the consultation period, a Shipper Roundtable was held to review collective feedback and AGIG’s responses. Shipper Roundtables have continued in preparation for lodging the Final Plan, underscoring AGIG’s commitment to continuous engagement. The Final Plan will be submitted to the ERA by 1 January 2025.



# Engagement at a Glance



\*Note: Shippers refers to the number of organisations, not individual representatives. KPMG had at least two representatives per session.

\*\*This report excludes one-on-one sessions.

# Approach

AGIG is committed to an open, transparent, and timely process, following best-practice stakeholder engagement to develop a plan that:




1. Meets the needs of current and future customers,
2. Is underpinned by effective stakeholder engagement, and
3. Can gain acceptance from both customers and stakeholders.

The key to achieving these objectives was a “no surprises” approach.

To achieve these goals, AGIG adopted a “no surprises” approach, which was a guiding theme throughout all seven Shipper Roundtables. With a structured approach to key areas impacting future plans, AGIG worked methodically to gather feedback at each session. This engagement was essential to gain clear insights into the long-term needs and interests of customers, ensuring these are well-considered in the planning process. Additionally, this approach provided Shippers with opportunities to request further information on specific areas of interest or concern.

Key Discussion Topics	Shipper Roundtable #
Pipeline and Reference Services	1, 2, 7
OPEX and CAPEX	2, 3, 4, 5, 7
Future of Gas and Rate of Return	2, 4, 5, 7
Demand	3, 4, 5, 7
Off-Spec Gas	6
Transmission Billing System	6
Draft Plan and Feedback	2, 3, 4, 5, 7
Customer Engagement Report	5

## Scope of KPMG’s Approach

 <p>Planning</p>	<ul style="list-style-type: none"> <li>• KPMG met with AGIG prior to each Shipper Roundtable to confirm session topics, invitees, and communication requirements.</li> </ul>
 <p>Engagement Facilitation</p>	<ul style="list-style-type: none"> <li>• Each Shipper Roundtable was hosted by KPMG at their Perth offices. The seventh Shipper Roundtable was held virtually, following a request from AGIG and feedback from Shippers who preferred fewer roundtable sessions.</li> <li>• Topics were determined by AGIG and communicated with Shippers in advance, with AGIG providing presentation materials for each session.</li> <li>• KPMG provided two facilitators for each session for support with facilitation and note-taking, and prepared detailed minutes afterward.</li> <li>• KPMG and AGIG met post-session to review key outcomes and observations.</li> </ul>
 <p>Engagement Survey</p>	<ul style="list-style-type: none"> <li>• As part of reporting requirements, KPMG conducted an online survey with Shipper Representatives, covering ten questions to assess the Roundtables' role in the consultation process with AGIG.</li> </ul>
 <p>Customer Engagement Report</p>	<ul style="list-style-type: none"> <li>• KPMG developed this Customer Engagement Report as an independent, transparent overview of the engagement sessions for use in AGIG’s ERA submission.</li> </ul>



# Summary of Key Discussion Topics

Initial Position	Initial Shipper Views	Draft Plan	Shipper Feedback	AGIG Response
<b>Pipeline and Reference Services</b>				
Proposed Full Haul, Part Haul, and Back Haul as reference services, while also providing a list of non-reference services within AA6.	Requested additional information on the financial implications of excluding services from the reference services list.	<ul style="list-style-type: none"> <li>Explained proposed reference service would include Full Haul, Part Haul and Back Hall services.</li> <li>Proposed that spot capacity, pipeline impact agreement, data, inlet sales, other reserved, Pilbara, peaking, storage and backflow services would be excluded as reference services in AA6.</li> </ul>	<ul style="list-style-type: none"> <li>Want to understand the financial implications of excluding services particularly relating to costs used in the calculation of tariffs.</li> <li>Want to understand AGIG's reasoning for classifying peaking services as non-reference services.</li> </ul>	<ul style="list-style-type: none"> <li>It was clarified that the financial implications involved the exclusion of costs when determining tariffs.</li> <li>Peaking services were designated as non-reference due to their inherent unpredictability.</li> </ul>
<b>OPEX and CAPEX</b>				
The CAPEX stay-in-business forecast for AA6 was \$248 million in 2024 terms. The preliminary OPEX forecast for AA6, excluding SUG, overhauls, and CAPEX to OPEX, was \$401 million.	Requested more information on AGIG's approach to off-spec gas issues.	<ul style="list-style-type: none"> <li>Proposed OPEX forecast for AA6 was \$470 million.</li> <li>Proposed forecast for SUG for AA6 was \$96 million.</li> <li>Proposed CAPEX forecast was \$279 million.</li> </ul>	<ul style="list-style-type: none"> <li>Want to see more detail on the derivation of costs.</li> <li>Want to understand how AGIG plans to tackle off-spec gas in the pipeline.</li> <li>Want to understand the impacts to CAPEX and name plate capacity due to compressor reduction project.</li> </ul>	<ul style="list-style-type: none"> <li>Cost estimates and business cases were refined, including a full options analysis.</li> <li>Plans were presented to install gas chromatographs and implement a new notification process to address off-spec gas.</li> <li>Information was provided on CAPEX savings and capacity changes resulting from the compressor reduction project.</li> </ul>
<b>Capital Base, Future of Gas, and Financing Costs</b>				
Considering a tilted profile for economic recovery rather than or in addition to changing the economic life of the pipeline.	Asked for more information on how AGIG calculates the rate of return. Requested more information on the accelerated depreciation model.	<ul style="list-style-type: none"> <li>The rate of return was calculated by applying the ERA's Gas Rate of Return Instrument.</li> <li>The rate of return would not be known until the end of 2025, following the ERA's final decision.</li> <li>The depreciation model was changed from straight-line to include a tilt function, providing more granularity.</li> </ul>	<ul style="list-style-type: none"> <li>Want to understand AGIG's current gearing percentage (debt to equity).</li> <li>Want to understand the depreciation model better and whether Shippers may have the flexibility to select the depreciation calculator.</li> <li>Want to understand if there would be a substantial difference in depreciation calculation from AA5 to AA6.</li> </ul>	<ul style="list-style-type: none"> <li>More information was provided on the depreciation model.</li> <li>We presented a "no-change" outcome, where we kept the depreciation profile from AA5 through to 2063.</li> </ul>



# Summary of Key Discussion Topics

Initial Position	Initial Shipper Views	Draft Plan	Shipper Feedback	AGIG Response
<b>Demand</b>				
It was indicated that the same process used for calculating demand in AA5 was followed. It was confirmed that the demand for AA5 had been used in planning for AA6.	Shippers requested to review the demand forecast for AA6.	<ul style="list-style-type: none"> <li>Proposed planned closures in the Draft Plan resulted in a 48 TJ reduction compared to the previous update.</li> </ul>	<ul style="list-style-type: none"> <li>Want a better understanding of how the demand forecast is calculated.</li> <li>Want to know whether any new facilities that may go live in the future have been considered.</li> <li>Seek more information on how rebates are considered when determining tariffs annually.</li> </ul>	<ul style="list-style-type: none"> <li>Presented additional information on how demand was forecasted.</li> <li>Clarified that only known facilities were considered.</li> <li>Provided details on how rebates were calculated.</li> </ul>
<b>Off-Spec Gas</b>				
It was recognised that off-spec gas remained an ongoing issue, and efforts were made to explore ways to improve the notification system.	Shippers requested for more details on the new process as well as raise questions on why DBNGP / gas producers don't cover liability.	<ul style="list-style-type: none"> <li>It was shared that a new off-spec gas notification system was being implemented.</li> <li>Shippers were encouraged to provide feedback, and it was acknowledged that the new process was a work-in-progress.</li> <li>The reasons why off-spec gas liability could not be assumed were presented.</li> </ul>	<ul style="list-style-type: none"> <li>Seek an understanding of why Shippers cannot reject gas at the inlet point.</li> <li>Request more information on the details of the new process and the scope for receiving automated reports.</li> <li>Asks if Shippers can shut in producers producing off-spec gas.</li> </ul>	<ul style="list-style-type: none"> <li>It was explained why Shippers could not reject off-spec gas at the inlet point.</li> <li>Information was shared about the installation of gas chromatographs to monitor gas specifications at inlet points.</li> <li>Details were provided on why Shippers could not shut in gas producers.</li> </ul>
<b>Transmission Billing System</b>				
It was shared that the current CRS system would be replaced with a new Transmission Billing System (TBS) by September 2025.	Shippers requested more information on the functionalities of the new TBS and the potential impact to Shippers.	<ul style="list-style-type: none"> <li>It was confirmed that one of the impacts of transitioning to TBS would be the upgrade from logical meters.</li> <li>It was acknowledged that there would be a change to gas allocations.</li> <li>New functionalities, such as a self-service portal, were shared as part of the TBS.</li> <li>The project timeline and go-live date were also provided.</li> </ul>	<ul style="list-style-type: none"> <li>Requests more information on gas allocations.</li> <li>Seeks additional details on TBS functionalities.</li> </ul>	<ul style="list-style-type: none"> <li>It was shared how gas allocations would differ in TBS compared to CRS.</li> <li>More information on TBS functionalities was provided.</li> <li>It was confirmed that project updates would be provided in the coming months to build Shipper confidence.</li> </ul>

# Communication and Engagement

AGIG has maintained an open and transparent approach to communication and engagement. The table below outlines the key principles and actions that have guided their engagement with stakeholders, all of which are supported through AGIG's Gas Matters website—an online platform that serves as an interactive forum for engagement.

Principles	AGIG's Commitments	Actions
<b>Genuine and committed</b>	<p><b>We listen and respond to the needs of our customers and stakeholders, driving a culture of delivering value for our customers.</b></p> <ul style="list-style-type: none"> <li>Engagement is led from the top</li> <li>Stakeholder engagement is embedded in our business planning</li> <li>We are always looking for ways to improve</li> </ul>	<ul style="list-style-type: none"> <li>Roundtable sessions were actively supported and endorsed by AGIG's senior leadership, with attendance and presentation led by senior executives.</li> <li>Craig de Laine, CEO, attended four out of the seven Roundtable sessions due to scheduling conflicts. Jon Cleary, EGM Commercial, and Roxanne Smith, EGM Corporate and Regulation, chaired the remaining sessions in his absence.</li> <li>Continuous feedback was gathered from Shippers throughout the process to ensure alignment with stakeholder needs.</li> </ul>
<b>Clear, accurate and timely communication</b>	<p><b>We provide information that is clear, accurate, relevant and timely.</b></p> <ul style="list-style-type: none"> <li>Online and print fact sheets</li> <li>Briefings and information forums</li> <li>Publication of Draft Plans</li> </ul>	<ul style="list-style-type: none"> <li>The Draft Plan and accompanying Fact Sheet were made accessible online via the Gas Matters website.</li> <li>AGIG provided thorough, fact-based responses to multiple Shipper requests and questions through detailed documentation and expert speakers.</li> </ul>
<b>Accessible and inclusive</b>	<p><b>We involve customers and stakeholders on an ongoing basis in a meaningful way, to ensure that our plans deliver for our customers.</b></p> <ul style="list-style-type: none"> <li>Stakeholder meetings</li> <li>Roundtables and workshops</li> <li>Forums and information sessions</li> <li>Online engagement</li> </ul>	<ul style="list-style-type: none"> <li>Engagement levels were high, with Roundtable sessions expanding from an originally planned six sessions to seven, based on Shipper demand.</li> <li>The sessions included participation from 20 Shipper organisations, with 71 different representatives involved, showing increased engagement as the process progressed.</li> <li>Roundtables were available to all Shippers, fostering an inclusive, open-forum environment that encouraged full participation.</li> <li>Additionally, Shippers were offered one-on-one consultation sessions for more focused engagement.</li> </ul>

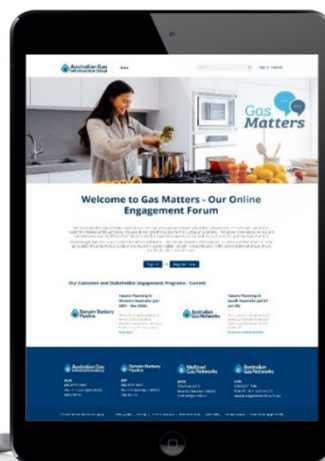
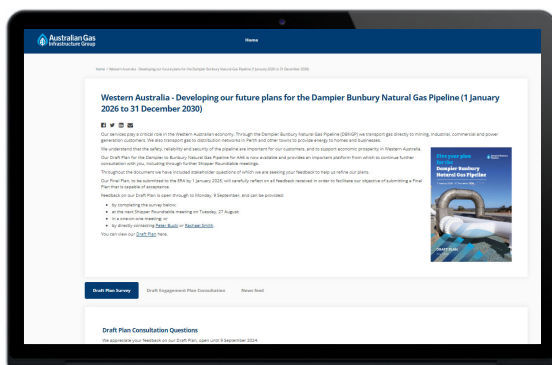
# Communication and Engagement

Principles (cont.)	AGIG's Commitments	Actions
<b>Transparent</b>	<p><b>We clearly define and communicate the role of customers and stakeholders in the engagement process and actively consult with them on information and feedback mechanisms.</b></p> <ul style="list-style-type: none"> <li>Publication and consultation of our proposed stakeholder engagement approach</li> <li>Online public reporting</li> <li>We publish and consult on our reports</li> <li>We report how we used stakeholder insights to inform our plans</li> </ul>	<ul style="list-style-type: none"> <li>Adopted a “no surprises” approach with transparent communication throughout the engagement process.</li> <li>Provided early access to key information, such as preliminary price modelling forecasts and high-level expenditure proposals six months before the Final Plan submission.</li> <li>Free flow of information through the Gas Matters website, where all relevant materials were made available online.</li> <li>Engaged KPMG to prepare an independent report on the engagement process, enhancing transparency.</li> <li>Added an additional Roundtable session to address customer interest in off-spec gas discussions.</li> </ul>
<b>Measurable</b>	<p><b>We measure the success, or otherwise, of our engagement activities.</b></p> <ul style="list-style-type: none"> <li>Seek stakeholder feedback at all key stages of our engagement</li> <li>Report on feedback</li> <li>Identify ways we can improve our approach</li> </ul>	<ul style="list-style-type: none"> <li>Asked consultation questions to Shippers throughout the Roundtable sessions to actively gather feedback.</li> <li>Distributed a Shipper Roundtables engagement survey to stakeholders for feedback on the Roundtable process.</li> <li>Developed a Customer Engagement Report summarising key activities and feedback.</li> </ul>

## AGIG's Gas Matters website serves as an online engagement platform for stakeholders

AGIG's Gas Matters website was launched as a dedicated platform to support the engagement process, inviting customers and stakeholders to register an account to stay informed about ongoing projects and actively participate in shaping future plans and services. The site provides easy access to agendas, presentation materials, minutes, and other key documents from each Shipper Roundtable, all available for download to ensure transparency and keep stakeholders engaged.

Visit the Gas Matters Website >



# Shipper Roundtable Engagement Sessions

This section provides an overview of the seven Shipper Roundtable Engagement Sessions that have taken place at KPMG's Perth Office between August 2023 and December 2024.

Each engagement session followed the following format:

1. Introduction and recap of previous session (if applicable)\*
2. Agenda and context of topics to be covered
3. Presentation
4. Engagement and consultation questions\*
5. Summary\*
6. Next steps\*

Where requests were made for more information, AGIG either responded via inclusion in the session's minutes or coverage in subsequent sessions.

\*KPMG Facilitated

# Shipper Roundtable Engagement Session 1

**Date & Time:** 23 August 2023, 12:00 -14:30

**Venue:** KPMG, 235 St Georges Terrace, Perth

<b>Objectives</b>	<ul style="list-style-type: none"> <li>• <b>Provide an overview of the business</b></li> <li>• <b>Introduce the stakeholder engagement process</b></li> <li>• <b>Provide an update on AA5 performance</b></li> <li>• <b>Discuss and seek feedback on reference services</b></li> </ul>
<b>Presenters</b>	<b>AGIG:</b> Craig de Laine, Kristen Pellew, Peter Bucki, Roxanne Smith. <b>KPMG:</b> James Arnott.
<b>Materials Provided</b>	Agenda, Presentation.
<b>Key Discussion Topics</b>	<p><b>Role of KPMG</b></p> <ul style="list-style-type: none"> <li>• KPMG's role is to act as an independent facilitator, record the stakeholder engagement process, and subsequently develop an independent report.</li> <li>• Shippers understood that should they require an alternative one-on-one session; this was available to them and could be facilitated by KPMG.</li> </ul> <p><b>AGIG Business Overview</b></p> <ul style="list-style-type: none"> <li>• AGIG shared its ESG performance highlighting its commitment to sustainable practices and a low carbon future as a gas and hydrogen infrastructure provider.</li> <li>• AGIG provided an operational update for the Dampier to Bunbury Natural Gas Pipeline (DBNGP) for the year-to-date period ending July 2023, highlighting performance that exceeded targets, with no curtailments reported.</li> </ul> <p><b>AA6 Engagement Process</b></p> <ul style="list-style-type: none"> <li>• AGIG presented its stakeholder engagement approach and key topics of engagement identified by Shipper Representatives in line with its 'no surprises' approach.</li> <li>• AGIG noted that the number of Shipper Roundtable meetings would be reduced in response to Shipper feedback received during the AA5 process.</li> </ul> <p><b>AA5 Performance</b></p> <ul style="list-style-type: none"> <li>• AGIG presented its AA5 performance, showing that demand tracking aligned with benchmarks.</li> <li>• AGIG presented its AA5 operating and capital expenditure performance compared to benchmarks and noted that the labour market has presented a challenge to complete projects on time and cost.</li> </ul> <p><b>Reference services</b></p> <ul style="list-style-type: none"> <li>• AGIG presented an overview of current services, including the differentiation and definition of reference and non-reference services.</li> <li>• Shippers understood that reference services would be defined and included in the regulatory submission.</li> <li>• AGIG explained its proposed reference services for AA6, and a Draft Reference Service Proposal was shared with the Shippers with feedback requested by 6 October 2023.</li> </ul>

## Shipper Roundtable Engagement Session 1

**Date & Time:** 23 August 2023, 12:00 -14:30

**Venue:** KPMG, 235 St Georges Terrace, Perth

### Key Discussion Topics

#### Conclusions and Next Steps

- AGIG presented a timeline for the AA6 regulatory process.
- AGIG noted that the next Roundtable, Roundtable two would include discussion on elements of the Draft Plan.

### Table of Responses

#### Question/Comment Raised

#### AGIG Response

1.1. Is Tubridgi Gas Storage (TGS) concurrently storing carbon? What is the timing?

TGS is planning to store CO2 at depths of 1500 to 2000 meters, expected before 2030. Exploration is ongoing, and lab results will confirm findings next year.

1.2. Can AGIG explain its approach to exploring carbon storage?

Carbon storage involves depths of 1500 to 2000 meters, and AGIG is currently in the exploration phase.

1.3. Could AGIG share the top three variances in building blocks for the Draft Plan?

Key focus areas include demand, accelerated depreciation, decarbonisation, customer regulations, and rate of return which will be presented in the planned Shipper Forums.

1.4. Can AGIG clarify the economic life of the pipeline and the approach to accelerated depreciation?

AGIG is considering a tilted profile for economic recovery, rather than changing the economic life of the pipeline. The discussion highlights the importance of the tool's flexibility.

1.5. AGIG deferred a small number of capital projects, what was the value of those capital projects deferred and how much interest earned, and what will that interest be used for?

Question was taken on notice, and the answer is included here for transparency. The deferred project largely related to the Northern Communications project as the initial tender responses were higher than expected, and therefore we have sought other, cheaper delivery solutions for the project. Any current interest earned from deferrals will be offset by additional future interest expense.

1.6. Regarding slide 25 and the graph depicting DBP Full Haul Capacity Actual vs Benchmark for AA4 & AA5, how does the focus on decarbonisation for AGIG and its customers impact your future needs for AA6 and beyond?

Looking ahead, at this early stage AGIG doesn't anticipate significant relinquishments at an aggregate level.

1.7. The ERA asked the room if everyone understood the concept of reference services.

**Shippers:** No one voiced a lack of understanding of the concept of a reference service.

**AGIG:** While not voiced at the Roundtable, on reflection AGIG is planning to hold a Regulatory Fundamentals Online Seminar to provide further background information to its stakeholders to ensure a consistent foundation knowledge.

# 01

## Shipper Roundtable Engagement Session 1

**Date & Time:** 23 August 2023, 12:00 -14:30

**Venue:** KPMG, 235 St Georges Terrace, Perth

### Table of Responses

Question/Comment Raised	AGIG Response
1.8. Why is Overrun charged at Spot rates?	<p>AGIG commented that Spot Capacity is a capacity service available to Shippers with Standard Shipper Contracts and that Overrun charges are a behaviour charge applied where throughput exceeds contracted capacity on a day.</p> <p>As this is not part of the reference service proposal AGIG offered to catch up with individual Shipper Representatives.</p>
1.9. What are the next steps for the next Roundtable?	<p>The discussion will continue, with a focus on the Reference Service Proposal. The next Roundtable is scheduled for early 2024, discussing the Draft Plan and energy scenarios, aiming to publish the Final Plan mid-2024.</p>

## Shipper Roundtable Engagement Session 2

**Date & Time:** 07 March 2024, 12:00 -14:00

**Venue:** KPMG, 235 St Georges Terrace, Perth

<b>Objectives</b>	<ul style="list-style-type: none"> <li>• <b>Review DBNGP performance</b></li> <li>• <b>Discuss AA6 pricing and WACC changes</b></li> <li>• <b>Gather RSP feedback from Shippers</b></li> <li>• <b>Present demand forecasts and OPEX impacts</b></li> <li>• <b>Outline next engagement steps and timeline</b></li> </ul>
<b>Presenters</b>	<p><b>AGIG:</b> Craig de Laine, Rachael Smith, Peter Bucki, Roxanne Smith, Nick Wills-Johnson, Nicole Haddock. <b>KPMG:</b> James Arnott.</p>
<b>Materials Provided</b>	<p>Agenda, Presentation.</p> <p><b>DBNGP Update</b></p> <ul style="list-style-type: none"> <li>• AGIG achieved record throughput days, with 99.9% reliability of the DBNGP, meeting or exceeding all 2023 regulatory KPIs, including compressor availability, station reliability, asset utilisation, and curtailments.</li> <li>• Producer outages were managed effectively through strong communication with Shippers and coordination with AGIG's control room.</li> <li>• Despite extreme heat impacting service demand, stable and reliable service provision was maintained. AGIG emphasised the importance of direct communication from Shippers for timely information on asset performance.</li> </ul> <p><b>Reference Service Proposal</b></p> <ul style="list-style-type: none"> <li>• AGIG summarised its Reference Service Proposal (RSP) submitted to the ERA in December 2023, outlining proposed reference (Full Haul T1, Part Haul P1, Back Haul B1) and non-reference services, and services to be ceased in AA6.</li> <li>• The ERA issued a notice on 9 February seeking feedback on excluded services, service classification, and consultation on the RSP.</li> <li>• AGIG clarified the exclusion of storage facilities and confirmed that Seasonal, Metering, Temperature, and Odourisation services would continue but would not be listed as separate pipeline services.</li> <li>• Shippers were invited to comment on the proposed exclusions, with AGIG offering further discussions if needed. Reference tariffs would only apply to reference services.</li> <li>• The Draft Plan is scheduled for publication in July 2024, aligned with the ERA's RSP decision due 1 July 2024.</li> </ul> <p><b>AA6 Plan</b></p> <ul style="list-style-type: none"> <li>• AGIG presented an indicative AA6 price of \$2.35/GJ compared to the current \$1.57/GJ.</li> <li>• AGIG aims for price stability despite cost pressures from a tight labour market and indicated that future gas demand remains uncertain for AA6 and beyond.</li> <li>• AGIG committed to engaging directly with Shippers outside roundtable sessions to discuss likely demand for AA6.</li> </ul>



## Shipper Roundtable Engagement Session 2

**Date & Time:** 07 March 2024, 12:00 -14:00

**Venue:** KPMG, 235 St Georges Terrace, Perth

### Key Discussion Topics

#### Rate of Return

- AGIG offered a high-level overview of the rate of return and its components, including challenges in averaging period for interest rates, and confirmed WACC updates during the review process, with the AA6 Final Decision WACC determination due in 18 months.

#### OPEX Performance and Plans

- AGIG outlined its OPEX forecasting methodology and indicated a preliminary AA6 OPEX forecast of \$401 million.

#### Future of Gas

- AGIG provided an overview of its AA5 depreciation approach and commenced model development by examining long-term demand drivers.

#### Wrap Up / Next Steps

- AGIG's shared its engagement timeline and confirmed that the next Roundtable, Roundtable three would include updates on price, discussions on CAPEX, and insights into the decarbonisation journey, along with a focus on demand.

### Table of Responses

#### Question/Comment Raised

#### AGIG Response

2.1. How is the progress of the Pluto Inlet Expansion project?

AGIG is successfully advancing the Pluto Inlet Expansion project in line with the established schedule. The ongoing work involves upgrading the existing inlet from Pluto's top pipeline, with AGIG overseeing the expansion on behalf of a third party.

2.2. Can you provide an example of a service that previously served as a reference services but no longer does?

AGIG noted that reference services mirror the cost drivers. In instances where a service transitions from non-reference to reference, any associated costs are factored in, inclusive of revenue. It is worth noting that there are currently no proposed changes to reference services from AA5 to AA6.

2.3. Without having the technical expertise, are there alternative gases that can be injected into the pipeline system?

AGIG affirms that other gases can be injected into the pipeline system as long as they meet specifications. Notably, hydrogen and biomethane can be accommodated. However, there are currently no plans for such injections, and any related assets and infrastructure would be separate from the DBNGP. The obligation to adhere to gas specifications remains unchanged, with no modifications to the liability provisions and no broader alterations to the gas spec anticipated. While there may be additional Gas Chromatographs (GCs) in place, they do not affect the overall specification.

## Shipper Roundtable Engagement Session 2

**Date & Time:** 07 March 2024, 12:00 -14:00

**Venue:** KPMG, 235 St Georges Terrace, Perth

### Table of Responses

Question/Comment Raised	AGIG Response
2.4. What financial implications of excluding services from the list of reference services, particularly concerning the costs used in the calculation of tariffs?	<p><b>AGIG:</b> AGIG clarifies that the financial implications involve the exclusion of costs when determining the tariff.</p> <p><b>ERA:</b> The ERA has clarified that reference services do not necessarily have to adhere strictly to all five criteria outlined by AGIG as detailed on Slide #13 of the presentation slides. The explanation suggests that a certain level of judgment can be applied to make an on-balance decision regarding the categorisation of reference and non-reference services.</p>
2.5. What leads to the classification of peaking services as non-reference services by AGIG?	AGIG designates peaking services as non-reference due to their inherent unpredictability. AGIG therefore considers these services do not sufficiently satisfy the criteria for classification as reference services.
2.6. Is it advisable for Shippers to include account for, and plan for rebates in the annual tariff submission, considering that the annual tariff is recalculated on an annual basis?	AGIG suggests that Shippers should incorporate, account for, and strategically plan for rebates in their annual submissions, especially considering the annual recalculation of the tariff. This approach ensures a comprehensive account of the amount that will factor into any potential rebates associated with the annual tariff.
2.7. Does the bottom-up approach depicted on the slide regarding tariffs align with the actual calculation process?	AGIG confirms that the bottom-up approach illustrated on the slide accurately represents the methodology used in the calculation of tariffs.
2.8. Does the strain on the asset hold any inherent value when considering the overall demand?	AGIG acknowledges the current strain on the asset and its potential value concerning overall demand. The price as shown today reflects current contracted capacity as of March 2024. AGIG will be providing an update of demand at the next Shipper Roundtable, which will reflect latest available information.
2.9. Is the tariff fixed for the entire AA6 period?	<p><b>AGIG:</b> AGIG adjusts the tariff over the timeframe of AA6 in accordance with the ERA framework.</p> <p><b>ERA:</b> The ERA has informed all attendees that all decisions made, including those unrelated to AGIG, are published on its website along with the rationale, ensuring complete transparency.</p>

# 02

## Shipper Roundtable Engagement Session 2

**Date & Time:** 07 March 2024, 12:00 -14:00

**Venue:** KPMG, 235 St Georges Terrace, Perth

### Table of Responses

Question/Comment Raised	AGIG Response
2.10. Are there any plans to increase the capacity of the pipeline?	AGIG acknowledges that an investigation into expanding the pipeline's capacity is underway. However, no definitive conclusion has been reached regarding the viability of the business case. Further details on AGIG's capital expenditure program will be discussed in a forthcoming roundtable.
2.11. Has there been an increase in demand resulting from the development of AA5?	AGIG confirms a marginal increase in demand following the development of AA5, with no significant material difference observed.
2.12. Could AGIG provide an overview of the WACC calculations?	AGIG affirms its ability to walk through the WACC calculations; however, it notes the market parameters that will be used to set the WACC for the AA6 period will not be known until towards the end of next year at the time of the ERA's Final Decision.
2.13. What is the current gearing level for AGIG?	AGIG's gearing stands at 55% (i.e. debt to equity), a figure established by the ERA. The averaging period is predetermined and is nominated ahead of time as part of AGIG's submission to the ERA.

## Shipper Roundtable Engagement Session 3

**Date & Time:** 29 May 2024, 12:00 -14:00

**Venue:** KPMG, 235 St Georges Terrace, Perth

<b>Objectives</b>	<ul style="list-style-type: none"> <li>• <b>Welcome and business update</b></li> <li>• <b>Provide an update on the Draft Plan for AA6</b></li> </ul>
<b>Presenters</b>	<p><b>AGIG:</b> Craig de Laine, Roxanne Smith, Rachael Smith, Will Chivell, Jeff Kong. <b>KPMG:</b> James Arnott.</p>
<b>Materials Provided</b>	<p>Agenda, Presentation.</p>
<b>Key Discussion Topics</b>	<p><b>AA6 Plan Overview</b></p> <ul style="list-style-type: none"> <li>• AGIG aimed to submit the AA6 Draft Plan to the ERA by 1 January 2025.</li> <li>• Price guidance was provided regularly throughout the engagement process to ensure transparency.</li> <li>• The pipeline operated smoothly the previous year with minimal disruptions.</li> <li>• A significant increase in WACC to 7.24% (up from 3.54% in AA5) was driven by higher interest rates and a rise in the risk-free rate.</li> <li>• An uplift in funding costs contributed to the price changes.</li> <li>• The AA6 price was projected at \$2.35, compared to \$1.57 in 2024.</li> </ul> <p><b>Demand</b></p> <ul style="list-style-type: none"> <li>• Demand for AA6 was determined using the same audited process as AA5, analysing firm contract expiry dates and renewal likelihood.</li> <li>• AGIG engaged with Shippers over the following month to finalise demand forecasts.</li> <li>• Speculative demand was excluded from tariff calculations.</li> </ul> <p><b>CAPEX</b></p> <ul style="list-style-type: none"> <li>• AA5 CAPEX totalled \$216 million, compared to an AA5 forecast of \$183 million.</li> <li>• The preliminary AA6 Stay-In-Business CAPEX forecast was \$248 million (2024 terms), driven by aging assets and higher costs.</li> <li>• AGIG was in the early stages of formulating the AA6 CAPEX program, with ongoing assessment of live projects.</li> <li>• A compressor reduction project was included in the CAPEX plan, aimed at reducing fuel costs and the carbon footprint, exploring options like switching off compressors and examining pipeline looping for compressor decommissioning.</li> </ul> <p><b>Wrap Up and Next Steps</b></p> <ul style="list-style-type: none"> <li>• AGIG confirmed that the Draft Plan would be available in July and noted that Roundtable four would focus on feedback for the Draft Plan.</li> </ul>

## Shipper Roundtable Engagement Session 3

**Date & Time:** 29 May 2024, 12:00 -14:00

**Venue:** KPMG, 235 St Georges Terrace, Perth

### Table of Responses

Question/Comment Raised	AGIG Response
3.1. Given the significant proposed increase in the Rate of Return Instrument (RoRI), what has been the actual financial performance compared to the projected performance for AA5, and how has this impacted the formulation of AA6 pricing?	AGIG emphasised that WACC served as a binding instrument that determined the methodology for estimating RoRI, with the method published on the ERA website. AGIG noted the ERA's annual adjustments to the debt-risk premium and acknowledged challenges in predicting major market shifts during AA6 Plan development. AGIG also reaffirmed their commitment to transparency by clearly presenting components and seeking early feedback.
3.2a. How are the rebates considered or factored when determining tariffs annually?	AGIG stated that rebates for AA6 for a non-reference service, involved a retrospective calculation for firms to determine their tariff.
3.2b. Regarding the Business-As-Usual (BAU) process concerning volume for a non-reference service.	AGIG emphasised the importance of transparency regarding the assumptions and figures related to significant relinquishments from AA4 to AA5. They committed to sharing this information early to receive feedback from Shippers for AA6.
3.3. AGIG were asked to clarify the light and dark blue columns in the forecast and actuals data on slide 11.	AGIG clarified as representing benchmark (light blue) and actual figures (dark blue), and highlighted the close alignment between forecasts and actuals, emphasising AGIG's transparency and openness in their assumptions. AGIG mentioned various factors affecting gas movement, sometimes over very small distances.
3.4. Shippers expressed the desire to manage or take action themselves if the required gas specifications were not met.	AGIG acknowledged the challenges in providing timely warnings due to the proximity of some producers and Shippers and the lack of timely information from producers about non-compliant gas. AGIG emphasised that the framework governing gas specifications was a national framework and beyond their control. Additionally, AGIG highlighted the constraints posed by legacy infrastructure, which previously for example allowed over 10 hours to act but now only provides a few minutes. AGIG clarified that their contractual relationships were solely with Shippers, not the producers of gas. To address these issues, AGIG is considering the digitisation of field staff's tools to allow real-time data entry and enable better data analysis.
3.5. What is the risk to Shippers regarding gas flow and quality?	AGIG is considering interventions to manage gas quality and address the risk to Shippers from impurities. AGIG planned to engage with Shippers outside the roundtable within the next two weeks for a detailed discussion on the flow and quality of gas.

## Shipper Roundtable Engagement Session 3

**Date & Time:** 29 May 2024, 12:00 -14:00

**Venue:** KPMG, 235 St Georges Terrace, Perth

Table of Responses	Question/Comment Raised	AGIG Response
	3.6. How can the ERA's authority to amend SSCs be utilised to shift the risk back to producers, thereby preventing the passing of GC costs to Shippers? It was proposed that AGIG recommend changes so the ERA could address this issue, particularly if changing flow dynamics in the pipeline were involved.	AGIG indicated that the issue was covered in the current Contract (clauses 6 and 7) and took note of the other concerns for further consideration.
	3.7. Can AGIG provide more details on the CAPEX plans?	AGIG assured Shippers that more details on the CAPEX plans would be provided in the Draft Plan.
	3.8. Did the project reduce the speed of the gas in the pipeline?	AGIG assured Shippers that the project did not reduce the speed of gas delivery. They assured that the full volume would be delivered, and the speed would not be affected. Capacity did not change. Although the instantaneous flow rate varied, AGIG's aim was to reduce costs and the carbon footprint without affecting capacity. This involved adding additional looping and strategically removing minimal compression where it didn't benefit capacity.
	3.9. Was there any emissions reduction?	AGIG confirmed they had submitted a five-year plan that included introducing solar power and greater use of gas as a transition fuel. They stressed that they were currently conducting a high-level assessment of this initiative and wanted to inform Shippers. If the project proved feasible, it would be a significant part of the CAPEX program and would proceed only if it reduced costs for customers. Further details would be worked out and reported back.
	3.10. Did the compressors switched off by the proposed project affect the BC calculations or feasibility?	AGIG confirmed that switching off any compressors would impact BC calculations' feasibility and assured that they would keep Shippers informed of the next steps.

## Shipper Roundtable Engagement Session 4

**Date & Time:** 27 August 2024, 12:00 -14:00

**Venue:** KPMG, 235 St Georges Terrace, Perth

<b>Objectives</b>	<ul style="list-style-type: none"> <li>• <b>Welcome and business update</b></li> <li>• <b>Provide an update on the Draft Plan for AA6</b></li> </ul>
<b>Presenters</b>	<p><b>AGIG:</b> Craig de Laine, Roxanne Smith, Rachael Smith, Nick Wills-Johnson, Will Chivell, Jeff Kong, Nicole Haddock. <b>KPMG:</b> James Arnott.</p>
<b>Materials Provided</b>	<p>Agenda, Presentation.</p>
<b>Key Discussion Topics</b>	<p><b>Draft Plan</b></p> <ul style="list-style-type: none"> <li>• AGIG emphasised their commitment to offering ample opportunities for feedback, stating that the Draft Plan will continue to evolve until its finalisation in December.</li> <li>• AGIG underscored their dedication of achieving high customer satisfaction, which guided the development of the Draft Plan.</li> </ul> <p><b>Demand</b></p> <ul style="list-style-type: none"> <li>• AGIG confirmed that demand for AA5 was used in planning for AA6 and stated that the Final Plan will be submitted by 1 January 2025.</li> <li>• AGIG provided details on how their plans are based on contracted agreements and noted that the plans will be third-party audited as was the process in the previous cycle.</li> </ul> <p><b>Future of Gas and Rate of Return</b></p> <ul style="list-style-type: none"> <li>• AGIG confirmed that the \$113 million for accelerated depreciation is a provisional estimate.</li> <li>• AGIG will consult with stakeholders to finalise inputs for accurate modelling, with the aim of ensuring price stability.</li> </ul> <p><b>CAPEX</b></p> <ul style="list-style-type: none"> <li>• AGIG stated it is on track to spend \$225 million by 2025, which was 14.5% increase over the forecasted amount.</li> <li>• AGIG outlined the steps taken to mitigate the overspend relative to AA5.</li> <li>• AGIG confirmed that unspent CAPEX from AA5 cannot be carried over to AA6.</li> <li>• AGIG noted it addressed the Health, Safety, Environment, and Quality (HSEQ) concerns and paid for disruptions in the current period.</li> </ul> <p><b>OPEX</b></p> <ul style="list-style-type: none"> <li>• AGIG excluded monthly assessed items from the OPEX forecast and proposed an additional \$15 million for asset inspection and maintenance.</li> <li>• AGIG presented a Draft Plan totalling \$606 million, reflecting a 12% increase.</li> <li>• AGIG used 2024 costs to forecast OPEX and plans to update with a three-month average of actual costs nearer the submission date.</li> <li>• AGIG proposed \$190 million pending reviews, \$50 million for overhauls, and an additional \$10 million for labour costs in Western Australia.</li> </ul>

## Shipper Roundtable Engagement Session 4

**Date & Time:** 24 October 2024, 12:00 -14:00

**Venue:** KPMG, 235 St Georges Terrace, Perth

### Key Discussion Topics

#### Pipeline Access

- AGIG expressed willingness to engage with Shippers over the next month to address legal terms and conditions modifications subject to ERA's confirmation.
- AGIG confirmed that standard Shipper contracts and commercial terms remained unchanged.

#### Ongoing Engagement and Next Steps

- AGIG urged Shippers to provide feedback and outlined plans to refine the Draft Plan in response to their input.
- AGIG confirmed that the Shipper's Roundtable will reconvene in October to present an updated Plan.

### Table of Responses

#### Question/Comment Raised

#### AGIG Response

4.1. Could you please clarify the reconciliation of actual outcomes relative to benchmarks set for AA5? Specifically, has the entirety of the capital allocation been expended, or is there a transfer of capital to AA6? What implications does this have? The Draft Plan appears to lack clarity on this matter.

AGIG confirmed that the actual capital expenditure incurred for AA5 will exceed the allowance set for AA5. AGIG noted the Draft Plan contains further information but will also look to include more detailed information in the Final Plan submission to the ERA by 1 January 2025.

4.2. At what stage are external third parties expected to review the demand forecast?

AGIG clarified that external third parties will review the plan either before or just after the Final Plan has been submitted to the ERA. AGIG noted that during the previous submission, the review took place after the final submission.

4.3. Is the demand for AA5 equivalent to that projected for AA6?

AGIG confirmed that the demand projections for AA6 in the Draft Plan are quite similar to the current levels in AA5, with many Shippers experiencing stable capacity and utilisation.

4.4. Are the loads assumed to be contracted on a long-term basis, or do they pertain to retail loads with contracts of up to three years?

AGIG stated that the contracting period depends on the Shipper and the service in question. AGIG acknowledged that the situation varies by case, with some contracts extending long-term and others being limited to shorter agreements.

4.5. Is the increase in gas-powered generation (GPG) primarily driven by capacity considerations?

AGIG confirmed that the increase in GPG is influenced by market conditions, particularly capacity constraints. AGIG mentioned that while market averages are considered, a segment of the market is still outstanding, but it is not expected to differ significantly from AA5.



## Shipper Roundtable Engagement Session 4

**Date & Time:** 24 October 2024, 12:00 -14:00

**Venue:** KPMG, 235 St Georges Terrace, Perth

### Table of Responses

Question/Comment Raised	AGIG Response
4.6. When does AGIG expect to have the model, analysis, and outcome concluded?	AGIG indicated that the work is now being finalised in preparation for further engagement with Shippers and the ERA throughout October and November.
4.7. Does the proposed amount represent a significant shift from AA5 to AA6? Is the \$113 million placeholder consistent with expectations based on the updated model?	AGIG indicated that there should not be a substantial difference between the AA5 and AA6 calculations and noted that they would not be surprised if the final value submitted to the ERA in the Final Plan ends up being lower than the \$113 million included in the Draft Plan.
4.8. Is there an opportunity to apply less accelerated depreciation?	AGIG confirmed that the Final Plan will likely maintain the asset end life of 2063, as adopted during the current AA5 period. The additional \$113 million in depreciation included in the Draft Plan was a placeholder, with the possibility that this amount could be reduced following the model update.
4.9. Do Shippers have the flexibility to select the depreciation accelerator?	AGIG clarified that Shippers do not have the flexibility to choose the depreciation accelerator, but they play a crucial role in the engagement process that informs decisions on accelerated depreciation. AGIG emphasised that the process is conducted objectively to ensure transparency, as required by the ERA.
4.10. What analytical methods does AGIG employ to evaluate the rate of return for making business decisions? Additionally, does the business assume any risk related to interest rates?	AGIG emphasised that the rate of return fluctuates in line with the market movement affecting the cost of debt and risk-free rate. AGIG clarified that unspent CAPEX cannot be carried over to future periods. While margins from base interest rates are typically factored in, this is not the case here. Interest rate fluctuations drive price increases, and AGIG mitigates this risk through hedging. The cost of debt is based on actual data, and asset purchases are influenced by model assumptions. AGIG only recovers what the ERA approves and confirmed that neither AGIG nor its customers benefit from higher interest rates.
4.11. In respect of the gas chromatographs, is it not the responsibility of the producer to provide certain services? There appears to be a duplication in responsibilities in this regard.	Yes, there is some duplication in terms of responsibilities. AGIG traditionally used their meters and analysers but shifted to new methods with their recent facilities, i.e., such as Gorgon assets. This change aimed to improve redundancy and transparency, allowing for timely issue validation and response. Although this approach involves some duplication, it enables AGIG to effectively monitor Hydrogen Sulphide (H <sub>2</sub> S) levels, assess issues, and respond promptly with detailed insights on legacy inlets.

## Shipper Roundtable Engagement Session 4

**Date & Time:** 24 October 2024, 12:00 -14:00

**Venue:** KPMG, 235 St Georges Terrace, Perth

### Table of Responses

Question/Comment Raised	AGIG Response
4.12. Should it not be expected that producers provide specific information? From a Shipper's perspective, the current provision of data seems inadequate.	AGIG acknowledged the concern and confirmed the installation of additional monitoring equipment to ensure faster response times. AGIG mentioned investing additional capital to enhance visibility for Shippers and minimise risk, despite producers not being required to provide the same level of information.
4.13. Is it feasible to obtain two readings and ensure that the issue can be addressed within six minutes?	AGIG confirmed that it is possible to obtain multiple readings with newer facilities, which enhances their ability to quickly determine whether an issue is genuine or a glitch. AGIG acknowledged that older facilities require improved transparency, ultimately benefiting Shippers.
4.14. Concerning the CAPEX value compression reduction project, what cost-benefit analyses and Net Present Value (NPV) calculations were conducted?	AGIG mentioned that the project is still in the Front-End Engineering Design (FEED) phase. If the FEED analysis suggests that the project is unnecessary, it will not move forward. AGIG emphasised that any CAPEX must be justified to the ERA, demonstrating value in accordance with Rule 79. Cost analysis for other projects is ongoing, with final decisions based on justified needs. AGIG submitted 25 business cases under Rule 79, addressing identified risks and enhancing options analysis as advised by the ERA. Additionally, historical costs were compared, and a detailed bottom-up approach was used for AA6, given the high-cost environment. For more information, Chapter 9 of the Draft Plan, which covers CAPEX, is available for review.
4.15. Should assets whose values are not fully realised be excluded from consideration, and should only assets with actual value in use be counted?	AGIG confirmed that a comprehensive review of their Regulatory Asset Base (RAB) was carried out in AA5 to ensure accurate asset valuation and usage.
4.16. How is the insurance for assets handled? Is the premium higher at the outset, or is it projected to increase over time? Is the insurance renegotiated annually?	AGIG confirmed that insurance premiums are static based on the base year for 2026 but will need to be reviewed. The insurance policy is renegotiated annually and renewed for the asset each year.
4.17. Is the \$131 million expenditure for System Use Gas (SUG) hydraulic modelling in AA5 related to higher gas contract costs, and how does it connect to the compression project?	AGIG clarified that potential savings in SUG from the compression reduction project have not been factored into the Draft Plan.

# 04

## Shipper Roundtable Engagement Session 4

**Date & Time:** 24 October 2024, 12:00 -14:00

**Venue:** KPMG, 235 St Georges Terrace, Perth

### Table of Responses

#### Question/Comment Raised

#### AGIG Response

4.18. What is the consultation process for the ERA, and what are the availability and timelines for submissions?

The ERA confirmed that AGIG must submit the Final Plan to the ERA by 1 January 2025. The general process thereafter includes an issues paper in February 2025, a Draft Decision in July 2025, and a Final Decision in November 2025. Shippers will have the opportunity to provide feedback after the Draft Decision, with any necessary revisions made before the Final Decision.

## Shipper Roundtable Engagement Session 5

**Date & Time:** 24 October 2024, 12:00 -14:00

**Venue:** KPMG, 235 St Georges Terrace, Perth

<b>Objectives</b>	<ul style="list-style-type: none"> <li>• <b>Welcome and business update</b></li> <li>• <b>Provide an update on the Draft Plan for AA6</b></li> <li>• <b>Provide information on KPMG’s customer engagement report</b></li> </ul>
<b>Presenters</b>	<p><b>AGIG:</b> Roxanne Smith, Rachael Smith, Nick Wills-Johnson, Will Chivell, Jeff Kong, Nicole Haddock. <b>KPMG:</b> James Arnott.</p>
<b>Materials Provided</b>	<p>Agenda, Presentation.</p>
<b>Key Discussion Topics</b>	<p><b>Demand</b></p> <ul style="list-style-type: none"> <li>• AGIG confirmed that it had finalised the forecast for AA6, which would be completed within the next month.</li> <li>• AGIG included planned closures in the five-year plan, leading to a 48 TJ reduction from the previous update.</li> </ul> <p><b>Future of Gas and Rate of Return</b></p> <ul style="list-style-type: none"> <li>• AGIG finalised the forecast for AA6 and shifted to a tilt function to calculate depreciation.</li> <li>• AGIG outlined three stages in its long-term demand outlook and detailed AA6 modelling techniques, comparing High Tilt, Low Tilt, and Goldilocks Tilt pricing models.</li> <li>• AGIG explained that the Goldilocks tilt had minimal price differences compared to AA5, reducing prices by around 5 cents per GJ.</li> </ul> <p><b>CAPEX</b></p> <ul style="list-style-type: none"> <li>• AGIG provided details on the compression reduction project, with cost estimates ranging from \$120 million to \$400 million, and confirmed a \$123 million reduction in the CAPEX plan.</li> <li>• AGIG mentioned that achieving OPEX savings would require decommissioning compressor stations and discussed potential compressor reductions if nameplate capacity were lowered.</li> <li>• AGIG highlighted the need for solutions to off-specification gas liability through enhanced pipeline monitoring.</li> <li>• The CAPEX forecast was reduced from \$291 million to \$279 million.</li> <li>• AGIG confirmed that it reduced the IT sustaining infrastructure budget by \$7 million.</li> </ul> <p><b>OPEX</b></p> <ul style="list-style-type: none"> <li>• AGIG revised the OPEX forecast by 0.5% from the Draft Plan.</li> <li>• AGIG explained its field test modelling and scenarios.</li> <li>• AGIG shared revised OPEX forecasts for AA6, set at \$470 million and confirmed a reduction in the AA6 forecast for System Use Gas (SUG) from \$132 million to \$96 million.</li> </ul> <p><b>Role of KPMG in AGIG’s stakeholder engagement process</b></p> <ul style="list-style-type: none"> <li>• KPMG presented the customer engagement report and the stakeholder engagement survey process.</li> </ul>

## Shipper Roundtable Engagement Session 5

**Date & Time:** 24 October 2024, 12:00 -14:00

**Venue:** KPMG, 235 St Georges Terrace, Perth

### Table of Responses

Question/Comment Raised	AGIG Response
5.1. How will Alcoa be treated?	AGIG confirmed that Alcoa would be treated like any other T1 Shipper.
5.2. Has AGIG included any new plants expected to be added in the future?	AGIG confirmed it only included plants it was aware of, with nothing speculative.
5.3. If a plant is not contracted in the period, is it excluded?	AGIG stated it did not include speculative plants in the plan.
5.4. Can depreciation be flattened?	AGIG explained that lowering depreciation now would likely increase it later, affecting AGIG's risk profile, and therefore the answer was no.
5.5. Are these costs in real terms or inflation?	AGIG confirmed these costs were in real terms.
5.6. Has there been consultation with Australian Energy Market Operator (AEMO) on renewable electricity? Are the expected projects running behind?	AGIG noted that it was liaising with AEMO and noted that it appears some projects were progressing slower than expected.
5.7. What's the difference between straight-line and regulatory depreciation? This was in the context of two tables in the Draft Plan which should have aligned but appeared not to.	AGIG explained in general terms how depreciation operates and said it would look at the specific issue of the tables in the Draft Plan. [Note: it was discovered that one of the tables had an error in its heading, mixing up real and nominal, which has subsequently been communicated with the questioner via email following the Roundtable meeting.]
5.8. What would be the approximate reduction in nameplate capacity and potential savings?	AGIG responded it had not as yet modelled the impact on nameplate capacity if a compressor were removed.
5.9. What happens to compressor asset values once removed?	AGIG confirmed that asset values would depreciate and be written off based on the compressor station value and its age.
5.10. Will use of the DBNGP increase?	AGIG noted that demand numbers would eventually decrease over time and was open to offline questions.

## Shipper Roundtable Engagement Session 5

**Date & Time:** 24 October 2024, 12:00 -14:00

**Venue:** KPMG, 235 St Georges Terrace, Perth

### Table of Responses

Question/Comment Raised	AGIG Response
5.11. AGIG asked Shippers whether there had been strong support for maintaining the 845 TJ/day capacity.	No responses were received from Shippers.
5.12. What is the pipeline utilisation through AA6?	AGIG estimated around 500 TJ/day, with 40% redundancy.
5.13. Is gas composition data publicly available?	AGIG clarified that gas composition data is confidential but could be sourced upon request.
5.14. Once data transfers to AGIG, will it be published?	AGIG advised the data is not published but noted the feedback and would consider it.
5.15. Where are the gas chromatographs being installed?	AGIG clarified that gas chromatographs are proposed to be installed at dual-stream points to monitor gas quality at the top end of the pipe, ensuring accurate hydrogen sulphide measurements without needing devices at every outlet.
5.16. Do gas chromatographs need to continuously monitor for hydrogen sulphide and water?	AGIG recognised the necessity of this requirement due to the outdated nature of much of the software. As a modern organisation, it understood the importance of maintaining its standards in comparison to other networks.
5.17. \$45 million on IT seems high?	AGIG recognised the necessity of this requirement due to the outdated nature of much of the software. As a modern organisation, AGIG understood the importance of maintaining its standards in comparison to other networks.
5.18. How many field operators can be accommodated onsite?	AGIG noted that approximately ten facilities were outdated and basic, with many lacking accommodation. Additionally, the facilities did not cater to a diverse workforce. These factors contributed to a high turnover of staff, which, in turn, increased operational expenses (OPEX).
5.19. Have other LNG exports been included in this model? Does the mentioned reduction in required SUG needs encompass the ullage service, and does that materially affect the outcome?	AGIG stated that an LNG exporter was treated no differently from any other Shipper. A valid submission could be made (for the ullage service), and if a Shipper wanted to pursue it, they could do so. Regarding the ullages service potentially leading to SUG savings, the modelling used to determine the required SUG indicates the need for compressors to run idly to avoid curtailment.

## Shipper Roundtable Engagement Session 5

**Date & Time:** 24 October 2024, 12:00 -14:00

**Venue:** KPMG, 235 St Georges Terrace, Perth

### Table of Responses

Question/Comment Raised	AGIG Response
5.20. Has there been a change in headcount from AA5 to AA6?	AGIG stated that a small change in staff had been factored into the OPEX forecast and that more information could be provided on staffing numbers as required.
5.21. AGIG proposed the removal of the requirement to send notices by fax in the terms and conditions.	There was unanimous agreement on the removal of the requirement to send notices by fax.
5.22. Was any modelling conducted regarding the removal of any compressors?	AGIG confirmed that no modelling had been conducted yet regarding the removal of any compressors. It was included in AGIG's long-term SUG numbers.
5.23. Any changes to reference services besides fax removal?	AGIG noted these would be covered in the 29 October 2024 Shipper Roundtable.

## Shipper Roundtable Engagement Session 6

**Date & Time:** 29 October 2024, 12:00 -14:00

**Venue:** KPMG, 235 St Georges Terrace, Perth

<b>Objectives</b>	<ul style="list-style-type: none"> <li>• <b>Outline the commercials for Off-Spec Gas</b></li> <li>• <b>Introduce the new Transmission Billing System</b></li> </ul>								
<b>Presenters</b>	<b>AGIG:</b> Jon Cleary, Rachael Smith, Claire Chew, Mark Kiernander. <b>KPMG:</b> Kimberley Coakley.								
<b>Materials Provided</b>	Agenda, Presentation.								
<b>Key Discussion Topics</b>	<p><b>Off-Spec Gas</b></p> <ul style="list-style-type: none"> <li>• AGIG summarised the Custody and Title principles as per the current DBP commercials.</li> <li>• AGIG acknowledged that the current state process for notifying gas specifications was manual and outdated and shared the future state process.</li> <li>• AGIG answered Shipper questions on Gas Spec liability and Shipper's ability to reject Off-Spec Gas.</li> <li>• AGIG provided the changes to reference contracts in AA6 and encouraged Shippers to submit their queries and feedback to AGIG.</li> </ul> <p><b>Transmission Billing System</b></p> <ul style="list-style-type: none"> <li>• AGIG confirmed that the current CRS system will be replaced with a new Transmission Billing System (TBS) and shared the project timeline.</li> <li>• AGIG showcased the additional functionalities that would be available to Shippers in the new system.</li> <li>• AGIG confirmed that each Shipper would be impacted differently and that it would send a general information pack the following month and reach out to Shippers to discuss the impact.</li> </ul>								
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## Shipper Roundtable Engagement Session 6

**Date & Time:** 29 October 2024, 12:00 -14:00

**Venue:** KPMG, 235 St Georges Terrace, Perth

### Table of Responses

Question/Comment Raised	AGIG Response
6.4. Are the DBNGP access terms and conditions acceptable to all Shippers, not just AGIG's regime?	AGIG clarified that it was governed by the AER, ERA, or the NGR as per the Energy Framework.
6.5. Regarding Shippers accepting or rejecting gas, should that not be at the inlet point rather than the outlet points?	AGIG confirmed that it was indeed at the outlet point. AGIG's intention was to ensure clarity regarding the timing for Shippers to confirm or deny gas.
6.6. What did you mean by the producer control room backing up if a gas specification breach is real?	AGIG confirmed that backing up meant reducing the flow. Producers generally self-back out as a common practice.
6.7. The right to shut in producers is an AGIG right, not a Shipper right, correct?	AGIG confirmed that this was correct; it had the right to shut in producers under the Shippers' contract. This action had never been taken, as producers generally complied with the terms.
6.8. Is there any issue you foresee with Shippers unanimously agreeing to prefer imbalance charges over off-spec liability risk? At every inlet point, will you auto-reject off-spec gas?	AGIG responded that it had no plans to change the imbalance framework.
6.9. Is the last point regarding refusing to accept gas at an outlet point a protection mechanism for Shippers' equipment?	AGIG stated that its intention was to ensure that whoever received off-spec gas received a notice to either accept or reject it, aiming for clarity in the terms and conditions.
6.10. If, after 12 minutes, AGIG confirmed that gas was off spec, would you knowingly accept gas if no one responded?	AGIG would act as a reasonable and prudent operator and respond accordingly.
6.11. If a Shipper receives a notification of off-spec gas at 2:30 a.m., do they still only have 30 minutes to accept or reject the gas?	AGIG stated that it would take this concern on board and see what processes needed to be developed.

## Shipper Roundtable Engagement Session 6

**Date & Time:** 29 October 2024, 12:00 -14:00

**Venue:** KPMG, 235 St Georges Terrace, Perth

### Table of Responses

Question/Comment Raised	AGIG Response
6.12. If AGIG shuts a Shipper in, would that benefit the Shipper? Will AGIG shut off producers per clause 3.5 if they continue to produce off-spec gas?	AGIG responded that this was a relationship issue and would be treated on a case-by-case basis. AGIG had observed that producers generally demonstrated good behaviour and often self-shut in under such circumstances.
6.13. Can a Shipper write a letter to AGIG in support of shutting in a producer producing out-of-spec gas? Could a point be added to the terms and conditions to allow Shippers to shut down producers producing out-of-spec gas without shutting themselves down?	AGIG confirmed that Shippers could propose this.
6.14. If a Shipper has 15 services, will they have to nominate 15 columns of inlet and outlet to be loaded up?	AGIG clarified that currently, nominations were made by contract. Going forward, this would be streamlined, showing only inlet and outlet points.
6.15. Will there be proper .CSV files? Shippers report that the files format funny.	AGIG responded by confirming that .CSV files are standard, though there are variations in format.
6.16. Will it be a dynamic inlet charge where a producer with multiple inlet points can swing to a different producer, updating pricing for the next day?	AGIG explained that while the system would be quicker, it would not be automatic. Shippers could request new points, update Shipper representative details, and view notional spot prices for one day. The CRS system was not initially designed for the current volume of contracts and inlets, but the new system would be contract-based, placing control with Shippers. Shippers could set preferences on their dashboards without notifying AGIG.
6.17. How does the system handle allocations, for example if a Shipper has two deliveries, one to Location A and one to Location B, and prefers to send the delivery to Location A first, can the system accommodate this preference?	AGIG confirmed that in such cases, Shippers would retain control over allocation preferences.
6.18. How will the system handle multi-Shipper agreements?	AGIG stated that outlet points would be identified by asset and point, with consensus required among Shippers. If Shippers did not reach an agreement, a pro-rata allocation would apply. The contract would specify that without a nomination, Shippers would not receive gas.

## Shipper Roundtable Engagement Session 6

**Date & Time:** 29 October 2024, 12:00 -14:00

**Venue:** KPMG, 235 St Georges Terrace, Perth

### Table of Responses

Question/Comment Raised	AGIG Response
6.20. Is there an API to download data?	AGIG confirmed that it would build functionality to export data into .CSVs and was working on this feature with vendors
6.21. Will there be functionality to add new staff to TBS without contacting AGIG?	AGIG clarified that new users would still require help desk support, though a request form on the portal could initiate the process.
6.22. How much will this new system cost Shippers?	AGIG stated that it would follow up with Shippers regarding costs.
6.23. Can AGIG upload all CRS history?	AGIG confirmed that CRS history would be archived in CRS, as uploading it to TBS would be too complex.

## Shipper Roundtable Engagement Session 7

**Date & Time:** 10 December 2024, 12:30 -14:00

**Venue:** Virtual, Microsoft Teams

<b>Objectives</b>	<ul style="list-style-type: none"> <li>• <b>Provide an overview of the Final Plan for AA6</b></li> </ul>
<b>Presenters</b>	<p><b>AGIG:</b> Roxanne Smith, Rachael Smith, Nick Wills-Johnson, Peter Bucki, Will Chivell, Jeff Kong, Nicole Haddock.</p>
<b>Materials Provided</b>	<p>Agenda, Presentation.</p>
<b>Key Discussion Topics</b>	<p><b>Final Proposal</b></p> <ul style="list-style-type: none"> <li>• AGIG provided a recap of the engagement process with Shippers and highlighted an increase in one-on-one meetings during AA6, which facilitated key discussions.</li> <li>• AGIG detailed the drivers behind the full haul price increase from \$2.40 to \$2.48.</li> <li>• AGIG confirmed no change in depreciation from AA5.</li> </ul> <p><b>Demand</b></p> <ul style="list-style-type: none"> <li>• AGIG engaged with Shippers and refined its AA6 demand forecast, leading to a reduction from 596 TJ/day in the Draft Plan to 539 TJ/day in the Final Plan.</li> <li>• AGIG considered contract terms, extended throughput provisions following discussions with Shippers, and applied historical factors to develop the model with relevant information averaged over a shorter time frame.</li> </ul> <p><b>Pipeline Services</b></p> <ul style="list-style-type: none"> <li>• The ERA approved the Reference Service Proposal for AA6 in July 2024. This followed AGIG's engagement with Shippers, covering T1, P1, and B1 services, as well as the approved reference services.</li> <li>• AGIG proposed continuing rebates for spot prices and other reference services similar to AA5 and making Pilbara services rebateable due to demand uncertainty.</li> <li>• AGIG confirmed a 70% rebate through the regulated or reference tariff.</li> </ul> <p><b>Rate of Return and Future of Gas and Depreciation</b></p> <ul style="list-style-type: none"> <li>• AGIG followed the ERA's instruments to calculate the rate of return, resulting in a decrease from 7.53% to 6.93%.</li> <li>• AGIG highlighted the risk-free rate, the cost of equity versus cost of debt, updated risk instruments, and differences in government bonds as the main differences between AA5 and AA6.</li> <li>• The depreciation approach remained the same as AA5, with an asset life cap in 2063. The Final Plan submitted to the ERA included a detailed model explanation for validation.</li> </ul> <p><b>CAPEX</b></p> <ul style="list-style-type: none"> <li>• AGIG confirmed the final CAPEX forecast at \$280 million, reflecting a 4% reduction from the initial \$291 million in the Draft Plan, and included 18 business cases supporting key initiatives in the Final Plan.</li> </ul>

## Shipper Roundtable Engagement Session 7

**Date & Time:** 10 December 2024, 12:30 -14:00

**Venue:** Virtual, Microsoft Teams

### Key Discussion Topics

- Programs of work would be developed by asset managers and reviewed based on risk, cost, and efficiency by the executive leadership team.
- CAPEX allocations were categorised under three key drivers: “Delivering for customers,” “Sustainably cost efficient,” and “A good employer.”

### OPEX

- AGIG’s Final Plan set the OPEX forecast at \$645 million, including \$106 million for System User Gas (SUG).
- Controllable OPEX for AA6 was set at \$470 million, aligning with benchmarks and the higher end-of-AA5 costs.
- AGIG confirmed increases in wages including changes to DBP labour rates, non-field and field expenses, and government charges, with step changes valued at \$15 million.
- AGIG also confirmed the Final Plan included a \$21 million negative carryover from AA5 performance, which reduced tariffs by 2 cents per gigajoule.

### Next Steps

- AGIG confirmed the Final Plan was scheduled for submission to the ERA by 2 January 2025, with the ERA expected to publish an issues paper in early 2025 and provide a draft decision by mid-2025.
- AGIG planned to share a revised Final Plan following the draft decision in the third quarter of 2025.
- Shippers were encouraged to reach out with any questions.

### Table of Responses

Question/Comment Raised	AGIG Response
7.1. If \$1.57 was adjusted to a more realistic figure based on the actual cost structure movement, would that impact all components of your waterfall graph?	AGIG stated it did not believe the price would change and that the waterfall chart would still show the same impact of the different elements.
7.2. Is there a reconciliation of the AA5 rebateable services and their values?	AGIG confirmed that data had been shared with the ERA as part of the annual tariff variation submission. The submission, available on the ERA’s website, shows the total rebateable amount and the subsequent impact on the tariff.
7.3. Does this explain the difference in the waterfall graph? The \$1.57 tariff is now listed as \$1.36 under the 2025 actual tariff on the ERA website.	AGIG confirmed that \$1.57 was the 2024 tariff pre-rebate, and the 2025 pre-rebate tariff was \$1.60 or \$1.61, with the rebate reducing it to \$1.36.

## Shipper Roundtable Engagement Session 7

**Date & Time:** 10 December 2024, 12:30 -14:00

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### Table of Responses

Question/Comment Raised	AGIG Response
7.4. Will the new gas chromatographs provide six-minute interval measurements or more frequent, instantaneous feedback?	AGIG stated that the standard analysis time was six minutes but would verify with the team. Continuous monitoring was confirmed, with a worst-case analysis time of 15 minutes.
7.5. Will the Final Plan include a comprehensive list of CAPEX projects making up the \$280 million forecast?	AGIG confirmed that the Final Plan would list all CAPEX projects and Business Cases for AA6.
7.6. A Shipper expressed disappointment with the lack of alignment regarding rejecting off-spec gas at inlet points and requested more information.	AGIG stated that it had carefully considered the issues and determined that they were consistent with those used by other pipelines, and that no changes to the relevant terms and conditions are proposed to be made.

# Shipper Feedback

**This section provides an overview of the online Shipper Roundtables engagement survey sent to stakeholders to gather feedback on the Shipper Roundtables, as part of KPMG's reporting requirements.**

The survey was sent to Shipper Representatives that attended one or more sessions. Nine responses were received between 30 October 2024 and 12 November 2024.

A reminder was sent to Shipper Representatives. Results have been captured and are presented graphically. Feedback was presented to Shipper Representatives

# Online Engagement Survey Results

This section provides an overview of the online Shipper Roundtables engagement survey sent to stakeholders to gather feedback on the Shipper Roundtables, as part of KPMG’s reporting requirements. A list of ten questions was developed to help us understand the role that the Shipper Roundtables have provided through the current consultation process with AGIG.

The survey was sent to Shipper Representatives that attended one or more sessions, and their responses remain confidential. Nine responses were received between 30 October 2024 and 12 November 2024. A reminder was sent out to Shipper Representatives. The results of the survey have been captured and are presented graphically, with the percentages represented up to two decimal points.

Question	Results																		
1. The Shipper Roundtables have provided a useful format to actively engage with AGIG on its 2026-2030 Plan as part of its AA6 submission.	<table border="1"> <thead> <tr> <th>Response</th> <th>AA5</th> <th>AA6</th> </tr> </thead> <tbody> <tr> <td>Strongly Agree</td> <td>45.00%</td> <td>55.56%</td> </tr> <tr> <td>Agree</td> <td>55.00%</td> <td>44.44%</td> </tr> <tr> <td>Neutral</td> <td>0.00%</td> <td>0.00%</td> </tr> <tr> <td>Disagree</td> <td>0.00%</td> <td>0.00%</td> </tr> <tr> <td>Strongly Disagree</td> <td>0.00%</td> <td>0.00%</td> </tr> </tbody> </table>	Response	AA5	AA6	Strongly Agree	45.00%	55.56%	Agree	55.00%	44.44%	Neutral	0.00%	0.00%	Disagree	0.00%	0.00%	Strongly Disagree	0.00%	0.00%
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2. The format of the Shipper Roundtables has supported AGIG’s “no surprises” engagement approach.	<table border="1"> <thead> <tr> <th>Response</th> <th>AA5</th> <th>AA6</th> </tr> </thead> <tbody> <tr> <td>Strongly Agree</td> <td>9.00%</td> <td>44.45%</td> </tr> <tr> <td>Agree</td> <td>73.00%</td> <td>33.33%</td> </tr> <tr> <td>Neutral</td> <td>9.00%</td> <td>11.11%</td> </tr> <tr> <td>Disagree</td> <td>9.00%</td> <td>11.11%</td> </tr> <tr> <td>Strongly Disagree</td> <td>0.00%</td> <td>0.00%</td> </tr> </tbody> </table>	Response	AA5	AA6	Strongly Agree	9.00%	44.45%	Agree	73.00%	33.33%	Neutral	9.00%	11.11%	Disagree	9.00%	11.11%	Strongly Disagree	0.00%	0.00%
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3. Presenters from AGIG had sufficient knowledge and insight related to presentation material and questions asked at the Shipper Roundtables.	<table border="1"> <thead> <tr> <th>Response</th> <th>AA5</th> <th>AA6</th> </tr> </thead> <tbody> <tr> <td>Strongly Agree</td> <td>27.00%</td> <td>33.33%</td> </tr> <tr> <td>Agree</td> <td>64.00%</td> <td>66.67%</td> </tr> <tr> <td>Neutral</td> <td>9.00%</td> <td>0.00%</td> </tr> <tr> <td>Disagree</td> <td>0.00%</td> <td>0.00%</td> </tr> <tr> <td>Strongly Disagree</td> <td>0.00%</td> <td>0.00%</td> </tr> </tbody> </table>	Response	AA5	AA6	Strongly Agree	27.00%	33.33%	Agree	64.00%	66.67%	Neutral	9.00%	0.00%	Disagree	0.00%	0.00%	Strongly Disagree	0.00%	0.00%
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4. The topics presented at the Shipper Roundtables were relevant and appropriate for the AA6 submission.	<table border="1"> <thead> <tr> <th>Response</th> <th>AA5</th> <th>AA6</th> </tr> </thead> <tbody> <tr> <td>Strongly Agree</td> <td>36.00%</td> <td>44.44%</td> </tr> <tr> <td>Agree</td> <td>55.00%</td> <td>55.56%</td> </tr> <tr> <td>Neutral</td> <td>9.00%</td> <td>0.00%</td> </tr> <tr> <td>Disagree</td> <td>0.00%</td> <td>0.00%</td> </tr> <tr> <td>Strongly Disagree</td> <td>0.00%</td> <td>0.00%</td> </tr> </tbody> </table>	Response	AA5	AA6	Strongly Agree	36.00%	44.44%	Agree	55.00%	55.56%	Neutral	9.00%	0.00%	Disagree	0.00%	0.00%	Strongly Disagree	0.00%	0.00%
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**Legend:** AA5 AA6



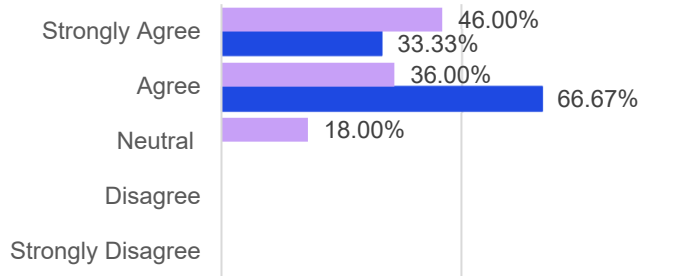
# Online Engagement Survey Results

Question	Results										
5. Opportunities to engage with AGIG outside of the Shipper Roundtables were made known to participants.	<table border="1"> <tr> <td>Strongly Agree</td> <td>36.00%</td> </tr> <tr> <td>Agree</td> <td>64.00%</td> </tr> <tr> <td>Neutral</td> <td>22.23%</td> </tr> <tr> <td>Disagree</td> <td>44.44%</td> </tr> <tr> <td>Strongly Disagree</td> <td>33.33%</td> </tr> </table>	Strongly Agree	36.00%	Agree	64.00%	Neutral	22.23%	Disagree	44.44%	Strongly Disagree	33.33%
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6. Minutes of the session are representative of content and discussions of each Shipper Roundtable.	<table border="1"> <tr> <td>Strongly Agree</td> <td>18.00%</td> </tr> <tr> <td>Agree</td> <td>55.00%</td> </tr> <tr> <td>Neutral</td> <td>27.00%</td> </tr> <tr> <td>Disagree</td> <td>22.22%</td> </tr> <tr> <td>Strongly Disagree</td> <td>55.56%</td> </tr> </table>	Strongly Agree	18.00%	Agree	55.00%	Neutral	27.00%	Disagree	22.22%	Strongly Disagree	55.56%
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7. Requests for additional information have been provided by AGIG in the session minutes and/or as topics in the Roundtable sessions.	<table border="1"> <tr> <td>Strongly Agree</td> <td>33.33%</td> </tr> <tr> <td>Agree</td> <td>73.00%</td> </tr> <tr> <td>Neutral</td> <td>9.00%</td> </tr> <tr> <td>Disagree</td> <td>44.45%</td> </tr> <tr> <td>Strongly Disagree</td> <td>9.00%</td> </tr> </table>	Strongly Agree	33.33%	Agree	73.00%	Neutral	9.00%	Disagree	44.45%	Strongly Disagree	9.00%
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9. Shippers were provided with time and opportunities to review and comment on the Draft Plan.	<table border="1"> <tr> <td>Strongly Agree</td> <td>9.00%</td> </tr> <tr> <td>Agree</td> <td>82.00%</td> </tr> <tr> <td>Neutral</td> <td>9.00%</td> </tr> <tr> <td>Disagree</td> <td>11.11%</td> </tr> <tr> <td>Strongly Disagree</td> <td>66.67%</td> </tr> </table>	Strongly Agree	9.00%	Agree	82.00%	Neutral	9.00%	Disagree	11.11%	Strongly Disagree	66.67%
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# Online Engagement Survey Results

Question	Results
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10. The Shipper Roundtables would be a useful format for future engagement sessions.



## Improved Transparency and Engagement from AA5 to AA6

During the previous Access Arrangement period, from AA5 to AA6, AGIG has significantly strengthened its approach to transparency and engagement with Shippers. Compared to AA5, the AA6 period saw a clear improvement in the adoption of a "no-surprises" engagement strategy, ensuring Shippers were consistently informed and well-prepared at every stage of the process. This was reflected in a 35.45% increase in Strongly Agree responses in AA6 compared to AA5 for this section of the survey.

AGIG provided a thoughtfully selected range of highly relevant and targeted topics for discussion at Shipper Roundtables, tailored to address critical elements of the AA6 submission. In contrast to AA5, AGIG placed greater emphasis on aligning these discussions with Shipper's priorities, regulatory expectations, and operational goals, fostering a more productive and impactful discussions. Additionally, AGIG made a deliberate effort to address requests for further information during the roundtables, reinforcing their "no-surprises" engagement strategy. This was reflected in a 33.33% increase in Strongly Agree responses in AA6 compared to AA5 for this section of the survey.

Overall, on average, there was a 45.71% increase in Strongly Agree responses compared to AA5, indicating that Shippers responded positively to the enhanced transparency and engagement in AA6.

These advancements underscored AGIG's progress from AA5 to AA6 in building stronger partnerships, responding more effectively to feedback, and fostering a more inclusive and transparent process for all Shippers involved. An 18% increase in total "Agree" respondents (combining "Strongly Agree" and "Agree") in AA6 compared to AA5 indicates that Shipper Roundtables are being recognised as a valuable and effective format for future engagement sessions. This highlights their importance as a key platform for ongoing dialogue.

# Conclusion

# Conclusion

AGIG engaged KPMG to develop an independent Customer Engagement Report based on a series of Shipper Roundtables, intended to inform AGIG's five-year plan for the Dampier to Bunbury Natural Gas Pipeline (2026–2030).

KPMG's responsibilities included:

- Hosting a series of engagement sessions for AGIG.
- Meeting with AGIG prior to each session to confirm topics and contribute to planning.
- Facilitating and recording minutes for each stakeholder engagement session.
- Supporting one-on-one follow-up sessions between AGIG and key stakeholders on specific issues, upon request.
- Developing the final Customer Engagement Report.

At the first Shipper Roundtable, AGIG committed to a “no surprises” approach, supported by six engagement principles. KPMG observed that AGIG adhered to these principles through the following actions:

- Created an open, inclusive environment for customer engagement.
- Presented materials and facilitated discussions in line with the planned communication approach, while adapting based on Shipper feedback.
- Welcomed one-on-one sessions with Shippers to provide additional background or address specific concerns.
- Shared information transparently through presentations and documentation, promptly addressing Shipper requests for clarification.
- Documented and responded to Shipper feedback.
- Expanded the Shipper Roundtable schedule to allow for ongoing, responsive engagement.

Feedback from the Shipper Roundtables Engagement Survey indicated that Shippers found the Roundtables an effective way to engage in developing AGIG's plans. AGIG's representatives demonstrated sufficient knowledge and insight on the presented material and questions, and topics were considered relevant and appropriate as input to AGIG's five-year Access Arrangement (AA6).

KPMG observed that the process was engaging and collaborative, with information freely shared and Shipper feedback actively responded to and acted upon.

# Appendix

# Overview of Attendance

## Shipper Representatives

Organisation	Name	Session & Date						
		1 23/08/23	2 07/03/24	3 29/05/24	4 27/08/24	5 24/10/24	6 29/10/24	7 10/12/24
<b>AGL</b>	Jay Nguyen	✓						
<b>Alinta Energy</b>	Aiko Ueno	✓			✓	✓	✓	
	Audelle Hong					✓		
	Sam Lei	✓		✓	✓	✓	✓	✓
	Ueno Aiko			✓				✓
<b>BHP</b>	Quentin Jeay		✓					
<b>CITIC Pacific</b>	Chris Huxtable						✓	
	Dominic Rodwell	✓		✓	✓	✓	✓	✓
	Jia Wu	✓	✓	✓				✓
	Monica Jiang							✓
<b>Fortescue</b>	Greg McIntosh	✓	✓					
	Ning Zhu		✓	✓	✓			
	Rhyse Maughan	✓						
<b>Gas Trading</b>	Allan McDougall			✓	✓		✓	✓
	Oliver Wasse		✓	✓	✓		✓	✓
	Paul Bresloff-Barry	✓		✓		✓		
	Elise Fryer							✓
<b>Horizon Power</b>	Hans Niklasson	✓	✓	✓				
	Herman Prinsloo	✓	✓	✓		✓		✓
<b>Wesfarmers</b>	Nick Rea	✓	✓		✓	✓		✓
	Quentin Jeay	✓						
<b>Mitsui</b>	Hiroe Nagamatsu			✓				
	Katrina Dickson	✓	✓	✓	✓	✓	✓	✓
	Tracy Wild						✓	
<b>Murrin Murrin</b>	Vicki Hibben	✓						
<b>NewGen</b>	Adam Stephen		✓					
	Dimitri Lorenzo		✓	✓		✓	✓	
	Gerrymaine Amoc			✓		✓	✓	✓
	Daniel Kurz	✓			✓			
	Booby Ditric					✓		✓
<b>Mineral Resources</b>	Krista Horgan							✓

# Overview of Attendance

## Shipper Representatives

		Session & Date						
Organisation	Name	1 23/08/23	2 07/03/24	3 29/05/24	4 27/08/24	5 24/10/24	6 29/10/24	7 10/12/24
<b>Perth Energy</b>	Jayesh Halai	✓	✓	✓	✓	✓	✓	✓
<b>Rio Tinto</b>	Amanda Wilson						✓	✓
	Anir Choudhury			✓				
	Joachim Tan	✓	✓	✓			✓	✓
	Mathew Kavalam		✓					
<b>Santos</b>	Ana Stankovic			✓				
	Lewis Maxwell	✓	✓					
<b>Shell</b>	Charles Loh			✓				
	Paul Arias	✓	✓		✓			✓
	Sean Lim					✓		
	Tessa Liddelow	✓	✓	✓				
	Timothy Teow					✓		
<b>South 32</b>	Jasper Sng	✓			✓	✓	✓	✓
	Lucy Wu	✓	✓	✓	✓			
	Marten Russell					✓		
	Michael Brooks	✓		✓				
<b>Strike Energy</b>	Crispin Collier		✓	✓				
	David Cullam				✓	✓		✓
<b>Synergy</b>	Audrey Davis			✓	✓			
	Carole Clare	✓	✓	✓			✓	✓
	Jenny O'Donoghue				✓		✓	✓
	Melissa Nobili	✓	✓	✓				
	Nicholas Wai	✓	✓		✓			
	Samuel Ford			✓	✓	✓	✓	✓
<b>Woodside</b>	Alexandra Willis		✓					
	Steve Parks	✓						
<b>Yara</b>	Chris Meredith						✓	
	Jai Coppen	✓		✓	✓	✓	✓	

# Overview of Attendance

## Shipper Representatives

Organisation	Name	Session & Date						
		1 23/08/23	2 07/03/24	3 29/05/24	4 27/08/24	5 24/10/24	6 29/10/24	7 10/12/24
AGIG	Claire Chew						✓	
	Craig de Laine	✓	✓	✓	✓			
	Jeff Kong			✓	✓	✓		✓
	Jenna Wilson	✓						
	Jon Cleary	✓	✓	✓	✓		✓	
	Kristen Pellew	✓	✓		✓			
	Mark Kiernander						✓	
	Mehar Vilku	✓						
	Nick Wills-Johnson		✓	✓	✓	✓		✓
	Nicole Haddock	✓	✓	✓	✓	✓		✓
	Peter Bucki	✓	✓	✓	✓	✓		✓
	Rachael Smith	✓	✓	✓	✓	✓	✓	✓
	Rachael Tamme	✓		✓		✓	✓	✓
	Roxanne Smith	✓	✓	✓	✓	✓		✓
	Sarah Li					✓		✓
	Simon Taylor						✓	
	Stefan Mero	✓		✓		✓	✓	
	Stephanie Judd	✓						
	Tawake Rakai			✓				✓
	Trent Leach	✓	✓	✓	✓	✓	✓	✓
Will Chivell	✓		✓	✓	✓		✓	
Lucy Huxter							✓	
Jenny Thai							✓	
KPMG	James Arnott	✓	✓	✓	✓	✓		
	Tom Griffiths	✓	✓	✓				
	Kimberley Coakley	✓	✓	✓	✓	✓	✓	✓
	Aditya Sridhar				✓	✓	✓	✓



# Meeting Minutes

## AGIG Shipper Roundtable Stakeholder Engagement Meeting – Round One

**Venue:** KPMG, 235 St Georges Terrace, Perth

**Time:** 12h00 – 14h00

**Date:** 23 August 2023

### Attendance:

#### Shippers Representatives:

Name	Organisation	Name	Organisation
Jay Nguyen	AGL	Joachim Tan	Rio Tinto
Aiko Ueno	Alinta Energy	Lewis Maxwell	Santos
Sam Lei	Alinta Energy	Paul Arias	Shell
Dom Rodwell	CITIC Pacific	Tessa Liddelow	Shell
Jia Wu	CITIC Pacific	Lucy Wu	South32
Greg McIntosh	Fortescue	Jasper Sng	South32
Rhyse Maughan	Fortescue	Michael Brooks	South32
Paul Bresloff-Barry	Gas Trading	Carole Clare	Synergy
Vick Hibben	Murrin Murrin	Nic Wai	Synergy
Hans Niklasson	Horizon Power	Melissa Nobili	Synergy
Herman Prisloo	Horizon Power	Nick Rea	Wesfarmers
Katrina Dickson	Mitsui	Quentin Jeay	Wesfarmers
Dan Kurz	NewGen	Steve Parks	Woodside Energy
Dimitri Lorenzo	NewGen	Jai Coppen	Yara Pilbara
Jay Halai	Perth Energy		

#### AGIG Representatives:

Name	Name	Name
Craig de Laine	Jon Cleary	Roxanne Smith
Peter Bucki	Kristen Pellew	Stephanie Judd
Trent Leech	Will Chivell	Nicole Haddock
Stefan Mero	Mehar Vilkh	Rachael Smith

#### KPMG Representatives:

Name	Name	Name
James Arnott	Tom Griffiths	Kimberley Coakley

## Background

The minutes below do not seek to replicate the presentation given at the Shipper Roundtable meeting. The minutes are intended to reflect the Shipper Roundtable general discussion, as well as decisions or actions arising from the meeting.

## Minutes of Meeting

### *AGIG Welcome and Introduction – Craig de Laine (CEO)*

- AGIG opened the meeting with an Acknowledgement of Country and thanking all Representatives for their attendance, particularly members of the ERA. It was acknowledged that this process adheres to relevant competition legislation.
- AGIG presented the role and purpose of the Shipper Roundtable, including to help guide the development of future plans through ongoing and effective engagement.
- AGIG thanked Shipper Representatives for feedback on the Draft Engagement Plan, acknowledging the importance of their feedback to the business and in ensuring that their engagement approach is fit-for-purpose.
- AGIG noted the valued support from Shipper Representatives during the engagement process for the AA5 regulatory process.
- AGIG highlighted that the stakeholder engagement process is intended to cover the regulatory review process only. Any discussions regarding individual Shipper requirements or contractual arrangements should be raised in direct discussions with AGIG.

### *The Role of KPMG – James Arnott (Partner)*

- KPMG presented its role in the AGIG stakeholder engagement process as an independent facilitator and recorder of the engagement process. Their role included capturing meeting discussions and ensuring transparency. KPMG would produce an independent report as an outcome of this stakeholder engagement process.
- KPMG noted that should Shipper Representatives require an alternative one-on-one engagement session as part of this process, that they could make this requirement known to KPMG. KPMG would facilitate these sessions.
- KPMG confirmed that a feedback engagement survey for the AA6 regulatory process was planned and would be shared with Shipper Representatives via the AGIG Gas Matters website.

*AGIG Business Overview – Craig de Laine (CEO)*

- AGIG presented a comprehensive business overview, highlighting AGIG’s role as a gas and hydrogen infrastructure provider, and its focus on a low carbon future and sustainable practices.
- AGIG presented its ESG recent performance, including the maturing of their measurements and reporting capabilities, establishment of a Board Committee, delivery of its Modern Slavery Statement 2022 and significant progress made against its emissions reduction projects.
- Notable points included investments in low carbon options, such as renewable gas supply and AGIG's exploration of carbon storage potential.
- AGIG presented an overview of the Dampier to Bunbury Natural Gas Pipeline (DBNGP) current transmission performance for July 2023 year-to-date, noting operational performance exceeding targets without curtailments.

*AGIG AA6 Engagement Approach – Kristen Pellew (Head of Customer and Community)*

- AGIG presented the objectives, approach, timeline and purpose of the stakeholder engagement process, with an emphasis on iterative and transparent engagement. AGIG also noted that this meeting was also an opportunity to receive feedback on the Draft Reference Service Proposal.
- AGIG acknowledged that ongoing engagement with customers and stakeholders is important to develop future plans and develop engagement strategy. AGIG thanked Shipper Representatives for providing feedback on their Draft Engagement Plan, adding this feedback had been addressed in their Final Engagement Plan now available on their online engagement platform, Gas Matters.
- AGIG noted that in response to Shipper feedback on the AA5 process, there would be a reduced number of Shipper Roundtable meetings, and more one-on-one meetings with individual Shipper Representatives.
- AGIG presented key topics of engagement identified by Shipper Representatives through early consultation on their proposed engagement process. Shipper Representatives provided no additional comments on the key engagement topics.
- AGIG presented its commitment to fit-for-purpose engagement plans, with a ‘no surprises’ approach driven by a culture of delivering for customers and stakeholders.

Action Item(s):

- AGIG committed to sharing the presentation from this Shipper Roundtable meeting with all Representatives of the meeting.

*AGIG AA5 Performance – Roxanne Smith (Executive General Manager Corporate & Regulation)*

- AGIG presented with AGIG's performance in AA5 where demand tracking aligned with benchmarks. Decarbonisation was a central theme for both AGIG and Shipper Representatives.
- AGIG's performance compared to benchmark for operating expenditure and capital expenditure during the AA5 period to date was presented. It was noted by AGIG that the contractor and labour market has been challenging – both in respect of accessing required resources and their associated costs. This has presented a challenge for AGIG to complete projects to time and cost, which is expected to continue for the duration of AA5.

Action Item(s):

- There are no action items relevant to this topic.

*Reference Service Proposal – Peter Bucki (Head of Regulation)*

- AGIG presented an overview of current reference services, including the differentiation and definition of reference and non-reference services. Shipper Representatives indicated an understanding of the differences between reference and non-reference services.
- AGIG explained that that reference services would be defined and included in the Reference Service Proposal submission to the ERA (due to the ERA by 1 January 2024) and are services that provide access to the Dampier to Bunbury Pipeline (DBP) if agreement cannot be reached between AGIG and a Shipper on bespoke pipeline services.
- AGIG explained its proposed reference services for AA6 would be:
  - Full Haul Services
  - Part Haul Services
  - Back Haul Services
- A Draft Reference Service Proposal was shared electronically with Shipper Representatives.
- Shipper Representatives understood that feedback regarding the Draft Reference Service Proposal was requested by 6th October 2023 and could be provided either directly to AGIG or via their online engagement portal, Gas Matters.

Action Item(s):

- Shipper Representatives to provide feedback on the Draft Reference Service Proposal by October 6, 2023. Choosing to submit feedback directly to AGIG or via the online engagement portal, Gas Matters.

*Conclusion and Next Steps – Craig de Laine (CEO) and Roxanne Smith (Executive General Manager Corporate & Regulation)*

- AGIG presented a timeline for the AA6 regulatory process which included both their and the ERA's processes.
- AGIG explained that the primary focus in the coming months was on the Draft Reference Service Proposal, with all submissions on the Proposal due to AGIG by 6 October 2023.
- AGIG noted that the next Shipper Roundtable meeting is scheduled for early 2024, where elements of the Draft Plan will be discussed, with the aim to publish the Final Plan by mid-2024.

Action Item(s):

- KPMG to compile meeting minutes.
- AGIG committed to publishing meeting minutes on the Gas Matters website with accompanying slides.

# Meeting Minutes

## AGIG Shipper Roundtable Stakeholder Engagement Meeting – Round Two

**Venue:** KPMG, 235 St Georges Terrace, Perth  
**Time:** 12h00 – 14h00  
**Date:** 7 March 2024

### Attendance:

#### Shippers Representatives:

Name	Organisation	Name	Organisation
Oliver Wasse	Gas Trading	Nick Rea	Wesfarmers
Dimitri Lorenzo	NewGen	Katrina Dickson	Mitsui
Adam Stephen	NewGen	Jayesh Halai	Perth Energy
Quentin Jeay	BHP	Mathew Kavalam	Rio Tinto
Jia Wu	CITIC Pacific	Joachim Tan	Rio Tinto
Greg McIntosh	Fortescue	Paul Arias	Shell Energy
Ning Zhu	Fortescue	Lucy Wu	South32
Lewis Maxwell	Santos	Crispin Collier	Strike Energy
Tessa Liddelow	Shell Energy	Carole Clare	Synergy
Herman Prinsloo	Horizon Power	Nicholas Wai	Synergy
Hans Niklasson	Horizon Power	Melissa Nobili	Synergy
		Alexandra Willis	Woodside

#### AGIG Representatives:

Name	Name	Name	Name
Craig de Laine	Roxanne Smith	Jon Cleary	Rachael Smith
Trent Leech	Nick Wills-Johnson	Kristen Pellew	Peter Bucki
Nicole Haddock			

#### KPMG Representatives:

Name	Name	Name
James Arnott	Tom Griffiths	Kimberley Coakley

## Background

The minutes below do not seek to replicate the presentation given at the Shipper Roundtable meeting. The minutes are intended to reflect the Shipper Roundtable general discussion, as well as decisions or actions arising from the meeting.

## Minutes of Meeting

### *The Role of KPMG – James Arnott (Partner, KPMG)*

- KPMG welcomed attendees and delivered an overview of safety protocols.

### *AGIG Welcome and Introduction – Craig de Laine (CEO, AGIG)*

- AGIG welcomed Shippers, expressing gratitude for their involvement and encouraging active participation in today's process and future engagements.
- AGIG provided an overview of the intent of today's roundtable, including:
  - Categorisation of AGIG's services
  - Indicative pricing for Access Arrangement 6 (AA6)
  - Rate of return calculations and the impact of inflation on finances
  - Operating expenditure forecasts
  - Future of gas and accelerated depreciation
- AGIG reiterated their encouragement for participants to ask questions and engage in constructive debate.

### *DBNGP Update – Rachael Smith (Head of Commercial, AGIG)*

- AGIG had a significant year of throughput which saw record days, this was facilitated by a DBNGP reliability of 99.9%.
- To optimise compressors, AGIG strategically operated 10 of them, not running simultaneously. On the hottest day, 18 February, with all 15 locations in WA, there were no throughput or reliability issues.
- Producer outages were effectively managed through good communication by Shippers and coordination with AGIG's control room.
- AGIG provided attendees with a high-level summary of its performance against regulatory KPIs, meeting or exceeding all four for 2023:
  - Compressor availability
  - Compressor station reliability
  - Asset utilisation (monthly)
  - Curtailments

- AGIG discussed the impact of weather on service demand, particularly extreme heat, but service provision remained stable and reliable.
- AGIG, highlighted the need for Shippers to communicate directly with AGIG regarding asset performance and reliability for timely information.

*Reference Service Proposal – Peter Bucki (Head of Regulation, AGIG)*

- AGIG summarised its Reference Service Proposal (RSP) submitted to the ERA in December 2023. AGIG set out the pipeline services proposed to be reference services being Full Haul T1, Part Haul P1, Back Haul B1 and non-reference service (Sport Capacity, Pilbara, Peaking, Backflow, Pipeline Impact Agreement, Inlet Sales Agreement, Other Non-Reference Service). AGIG also outlined the pipeline services it was proposing to cease offering in AA6.
- On 9 February the ERA published a notice highlighting three key areas for feedback: services AGIG is proposing to longer offer (excluded services), our proposed classification of pipeline services as reference or non-reference services and our consultation on the RSP.
- AGIG explained why it believed it could not reasonably provide storage facilities and therefore excluded them from its non-reference service offerings.
- AGIG also explained that Seasonal, Metering and Temperature, and Odourisation would continue to be available to Shippers through their contractual arrangements, however, does not consider they should be listed as separate pipeline services as they are not standalone services.
- Shippers were invited to comment on the proposed exclusion of five services: Data, Storage, Seasonal, Metering and Temperature, and Odourisation, and AGIG offered separate discussions if needed.
- Following a Shipper query from the floor, AGIG confirmed that reference tariffs are set for reference services, not on non-reference services.
- The ERA acknowledged AGIG's efforts to consult on its RSP.
- AGIG aims to publish its Draft Plan in July 2024, aligning with the ERA's RSP decision (due 1 July 2024).

*Our AA6 Plan – Roxanne Smith (EGM Corporate and Regulation, AGIG)*

- AGIG showed an indicative price for AA6 of \$2.35/GJ compared to the current tariff of \$1.57/GJ.
- AGIG's forecast Weighted Average Cost of Capital (WACC) for AA6 is 7.24%.
- This is significantly higher than the AA5 Final Decision of 3.54%, determined during historically low-interest rates.
- The increase in interest rates, and subsequently WACC, is the largest driver of the price increase from AA5 to AA6.



- AGIG aims for price stability, but a tight labour market is adding pressure to costs.
- The future demand for gas, not discussed at this meeting, remains uncertain for AA6 and beyond due to decarbonisation policies.
- AGIG will directly engage with Shippers outside the roundtable sessions to discuss likely demand for AA6.
- For the graph (shown on Slide #17 of the presentation slides), AGIG has utilised the latest demand data, depicting a tariff increase to \$2.35 from the current \$1.57.
- AGIG have made themselves available for individual meetings with Shippers upon request.

*Rate of Return – Nick Wills-Johnson (Head of Economics, AGIG)*

- Every four years, the ERA establishes the Rate of Return Instrument to be used to determine WACC for its regulatory decisions, with the last adjustment occurring in 2022.
- This instrument is binding on both AGIG and the regulators.
- AGIG provided a high-level explanation of the formula, covering WACC, risk-free rate implications, interest rates, and discussed challenges in determining the averaging period for interest rate calculations.
- AGIG confirmed the WACC will be updated throughout the review process however the WACC to be used for AA6 Final Decision won't be determined for another 18 months.

*OPEX Performance and Plans – Nicole Haddock (Senior Regulatory Advisor, AGIG)*

- In AA5, operating expenditure exceeded the overall benchmark by \$41 million, primarily due to higher gas throughput and consequently higher System Use Gas (SUG).
- AGIG provided an overview of the methodology used to forecast OPEX.
- The preliminary OPEX (excluding SUG, overhauls and capex to OPEX) forecasts for AA6 amounting to \$401 million, an 8.6% increase from the AA5 benchmark.
- SUG is expected to be higher because of higher gas costs.

*Future of Gas – Nick Wills-Johnson (Head of Economics, AGIG)*

- AGIG outlined its approach to depreciation in AA5 and how it is looking to will build on that approach for AA6.
- The primary principle for AA6 is to 'focus on customer outcomes,' considering demand drivers and price outcomes to lower future risk and price.

- AGIG has initiated the model-building process, examining long-term demand drivers.

*Wrap-up / Next Steps – Roxanne Smith (EGM Corporate and Regulation, AGIG)*

- The overall engagement timeline presented by AGIG includes:
- Publishing the Draft Plan in July 2024
- A summary engagement report in August 2024
- The Final Plan on 1 January 2025.
- AGIG expressed gratitude to the ERA representatives for attending and extended thanks to all Shippers.
- AGIG has scheduled the next roundtable for May 2024.
- The agenda will include updates on price, discussions on CAPEX, and insights into the decarbonization journey, along with a focus on demand.

# Meeting Minutes

## AGIG Shipper Roundtable Stakeholder Engagement Meeting – Round Three

**Venue:** KPMG, 235 St Georges Terrace, Perth  
**Time:** 12h00 – 14h00  
**Date:** 29 May 2024  
**Attendance:**

### Shippers Representatives:

Name	Organisation	Name	Organisation
Sam Lei	Alinta Energy	Jayesh Halai	Perth Energy
Ueno Aiko	Alinta Energy	Anir Choudhury	Rio Tinto
Dominic Rodwell	CITIC Pacific	Joachim Tan	Rio Tinto
Allan McDougall	Gas Trading	Ana Stankovic	Santos
Paul Bresloff-Barry	Gas Trading	Crispin Collier	Strike Energy
Hans Niklasson	Horizon Power	Audrey Davis	Synergy
Herman Prinsloo	Horizon Power	Melissa Nobili	Synergy
Hiroe Nagamatsu	Mitsui	Samuel Ford	Synergy
Gerrymaine Amoc	NewGen	Jai Coppen	Yara
Dimitri Lorenzo	NewGen		

### AGIG Representatives:

Name	Name	Name	Name
Craig de Laine	Roxanne Smith	Jon Cleary	Rachael Smith
Trent Leech	Nick Wills-Johnson	Kristen Pellew	Peter Bucki
Nicole Haddock			

### KPMG Representatives:

Name	Name	Name
James Arnott	Tom Griffiths	Kimberley Coakley

**Background:**

The minutes below do not seek to replicate the presentation given by AGIG representatives at the Shipper Roundtable meeting. The minutes are intended to reflect the Shipper Roundtable general discussion, as well as decisions or actions arising from the meeting.

**Minutes of Meeting***The Role of KPMG – James Arnott (Partner, KPMG)*

- KPMG welcomed attendees and delivered an overview of safety protocols.

*AGIG Welcome and Introduction – Craig de Laine (CEO, AGIG)*

- AGIG welcomed Shippers, expressing gratitude for their commitment, and encouraging them to speak up, ask questions and to engage in open and constructive dialogue.
- AGIG noted it is National Reconciliation Week and highlighted the importance of learning about our shared histories, cultures, and achievements, and to contribute to achieving reconciliation in Australia.
- AGIG acknowledged Robert Pullella from the Economic Regulatory Authority (ERA) and thanked the ERA for their genuine commitment to the stakeholder engagement process.
- The purpose of KPMG's role is to observe, capture and document the process and the specific conversation today and throughout the process. This will culminate in a written report to be finalised in December 2024.
- AGIG stressed the attendance of its senior executives as a demonstration of AGIG's commitment to its customers and the collaborative process.
- The topic of Roundtable #3 is Demand and Capital Expenditure.
- AGIG is aiming to publish its Draft Plan in July 2024 following the ERA's decision on its Reference Services Proposal.
- Future Roundtables will provide a dedicated opportunity for Shippers to provide feedback on the Draft Plan.

*Our AA6 Plan – Roxanne Smith (EGM Corporate & Regulation, AGIG)*

- AGIG is working towards submitting the AA6 Draft Plan to the ERA by 1 January 2025.
- AGIG stated that the pipeline operated well last year and did not experience significant disruptions.

- AGIG provided detail of its price drivers for AA6 including current modelling assumptions. These include:
  - The Weighted Average Cost of Capital (WACC) for AA6 is significantly higher at 7.24% compared to the AA5 Final Decision of 3.54%.
  - The percentage increase in the AA6 WACC is attributed to the timing of the AA5 process, the interest rate at that time, and an increase in the risk-free rate.
  - An uplift in funding costs is identified as the biggest driver of the price change.
  - AGIG is currently modelling an AA6 price of \$2.35, relative to \$1.57 in 2024, due to the aforementioned factors.
  - AGIG is committed to providing regular price guidance throughout the engagement process to ensure transparency.
  - Cost pressures for operating and capital expenditure are highlighted due to a tight labour market in WA and ongoing supply chain pressures.
  - Uncertainty for AA6 and beyond is introduced by National and State decarbonisation policies.
- Slide 9 (DBNGP AA6 Roundtable No.3 presented on 29 May 2024) featured a waterfall graph illustrating the components of the price.

*Demand – Rachael Smith (Head of Commercial, AGIG)*

- AGIG indicated that they followed the same process as AA5, which was to be audited by a third party, to determine Demand. AGIG utilised AA5 as a reference point, and the AA6 Draft Plan approach involved analysing the expiry dates of active firm contracts and assessing the likelihood of renewal or relinquishment based on other available information.
- AGIG mentioned that over the next month, individuals from their team would reach out to finalise discussions. They emphasised that demand forecasts required a reasonable degree of certainty and would consider each Shipper's operational outlook. They also stated that the plan would be audited before submission to the ERA.
- It was noted that the ERA had access to contracts and historically requested reconciliation to the Gas Statement of Opportunities outlook. They clarified that speculative demand fell outside tariff calculation.

*CAPEX – Will Chivell (Manager Regulatory Strategy, AGIG)*

- AGIG explained the pipeline's history from 1984, including significant expansions to loop over 80% of its length, adding compressors, and upgrading control systems.
- The purpose of this information was to provide context on the current state and issues affecting the supply and demand for services.
- AGIG expected that starting in 2024, Western Australia would enter a transition period involving various green energy sources, with coal being phased out and gas used as a transitional fuel over the next decade.
- AGIG presented capital expenditures in the current period, including an \$11.8 million underspend over 2021 and 2022 due to the deferral of the 'Northern Comms' project (a necessary upgrade in communication systems for the northern pipeline regions).
- For AA5, capital expenditure was \$216 million compared to a forecast of \$183 million.
- The preliminary Stay-In-Business (SIB) forecast for AA6 was \$248 million in 2024 terms, reflecting higher costs due to many assets reaching the end of their life in both AA5 and AA6, and a higher cost environment in AA6.
- Expenditures were impacted by supply chain challenges, including higher labour and materials costs during AA5. Consequently, AGIG considered various cost reduction initiatives, including in-sourcing.
- AGIG outlined its Capital Expenditure Plans development process:
- Plans were developed using inputs from AGIG's Safety and Maintenance Plans and its Asset Management Plans.
- Proposed projects and programs were governed by a steering committee that considered options analysis and optimal phasing based on risk, cost, deliverability, and efficiency.
- Highly ranked projects and programs were summarised into Business Case categories for consideration and comparison before execution, while lower-ranked projects were deferred for future consideration.

*CAPEX – Jeff Kong (Head of Transmission Asset Strategy, AGIG)*

- AGIG outlined the key items in its Capital Expenditure Plan for AA6, including cost forecasts and actual cost comparisons with AA5 Capital Expenditure.
- Most items were continuations of existing Capital Expenditure programs, but in a higher cost environment.
- AGIG stated it would continue to assess live projects to scrutinise project costs, as these were currently estimated and not yet tested by a tender process or rigorous comparison to historical costs.

- Key Capital Expenditure items included: Compressor Stations (\$46.5 million), Meter Stations (\$31.1 million), and Pipeline and MLV (\$28.3 million), with the objective to bring facilities up to modern standards.
- AGIG was in the early stages of forming its Capital Expenditure program, with further information to be available in the Draft Plan to be released in July.
- AA6 would allow the continuation of Capital Expenditure programs.

#### *CAPEX Material Recap – Roxanne Smith (Head of Commercial, AGIG)*

- AGIG opened the floor to see if any Shippers required a recap of the recently presented CAPEX material.

#### *CAPEX – Jeff Kong (Head of Transmission Asset Strategy, AGIG)*

- In relation to the CAPEX plans, one of the projects undertaken by AGIG was the compressor reduction project.
- AGIG conducted an experiment aimed at reducing fuel costs and the carbon footprint by potentially switching off compressors and examining pipeline looping for compressor decommissioning.

#### *Wrap up and Next Steps – Roxanne Smith (EGM Corporate & Regulation, AGIG)*

- AGIG thanked the Shippers for their participation.
- AGIG indicated that Shippers would be provided an opportunity for final comments.
- AGIG indicated that the Draft Plan would be available in July for comments. An online session would be scheduled for 20 August 2024. Other sessions may be planned.
- AGIG indicated that the next Roundtable, Roundtable #4 would be scheduled for 3 September 2024. The Roundtable would focus on feedback to the Draft Plan.
- AGIG stressed the importance of early feedback and acceptance of the process by the Shippers.
- AGIG thanked the ERA for attending.
- The meeting closed at 2 PM.

## **Appendix**

*Regarding AGIG's AA6 plan, details of the WACC method as published on the ERA website here: <https://www.erawa.com.au/gas/gas-access/guidelines/gas-rate-of-return-instrument/2022-gas-rate-of-return-instrument>*

# Meeting Minutes

## AGIG Shipper Roundtable Stakeholder Engagement Meeting – Round Four

**Venue:** KPMG, 235 St Georges Terrace, Perth  
**Time:** 12h00 – 14h00  
**Date:** 27 August 2024

**Attendance:**

**Shippers Representatives:**

Name	Organisation	Name	Organisation
Aiko Ueno	Alinta Energy	Lucy Wu	South 32
Nick Rea	Kleenheat	Jasper Sng	South 32
Katrina Dickson	Mitsui	Jayesh Halai	Perth Energy
Allan McDougall	Gas Trading	Dominic Rodwell	CITIC Pacific
Oliver Wasse	Gas Trading	Jai Coppen	Yara
Paul Arias	Shell	Sam Lei	Alinta Energy
Daniel Kurz	NewGen	Samuel Ford	Synergy
Audrey Davis	Synergy	Ning Zhu	Fortescue
Jenny O'Donoghue	Synergy	David Cullam	Strike Energy
Nicholas Wai	Synergy		

**AGIG Representatives:**

Name	Name	Name	Name
Craig de Laine	Nick Wills-Johnson	Roxanne Smith	Jenna Smith
Jeff Kong	Nicole Haddock	Trent Leach	Rachael Smith
Jon Cleary	Peter Bucki	Will Chivell	Kristen Pellew

**KPMG Representatives:**

Name	Name	Name
James Arnott	Kimberley Coakley	Aditya Sridhar



**Background:**

These minutes do not replicate the presentations from AGIG at the Shipper Roundtable meeting but reflect the discussion and outcomes.

**Minutes of Meeting***The Role of KPMG – James Arnott (Partner, KPMG)*

- KPMG welcomed attendees and provided an overview of safety protocols.

*AGIG Welcome and Business Update – Craig de Laine (CEO, AGIG)*

- AGIG welcomed Shippers, expressed gratitude for their commitment, and encouraged open dialogue.
- AGIG acknowledged contributions from the Economic Regulatory Authority (ERA) representatives to the Shipper Roundtable meetings, and Daniel Kurz (SSC Power), wishing him well in his new role.
- AGIG confirmed the release of the Draft Plan on 31st July 2024 and indicated that the intent of this Roundtable was to discuss the Draft Plan and determine next steps.
- AGIG emphasised the importance of feedback on the Draft Plan and requested attendees to share views and ask questions, through the session and in writing.
- AGIG noted that the Dampier Bunbury Natural Gas Pipeline (DBNGP) achieved a milestone of 40 years of operation on 16th August 2024, with assets running at 100% reliability.
- AGIG requested attendees to complete the upcoming customer survey in September.

*Our Draft Plan – Roxanne Smith (EGM Corporate & Regulation, AGIG)*

- AGIG outlined the session's objectives and emphasised their commitment to engaging with stakeholders through various channels.
- AGIG reiterated their dedication to providing ample opportunities for feedback and detailed their methods for addressing feedback.
- AGIG summarised the intent of the Draft Plan, highlighting that it will continue to evolve until its finalisation in December.
- AGIG's highlighted that its vision is to achieve high customer satisfaction by ensuring 100% reliability, safety, and zero loss of energy source, and the Draft Plan was developed with this in mind.
- AGIG acknowledged the current high-cost environment and presented an overview of key price drivers. AGIG noted that implications of this with respect to the increased tariff of \$2.41 compared to the previous \$2.35.

- AGIG noted that discussion of rates was not included in this meeting.
- AGIG opened the floor for questions.

*Demand – Rachael Smith (Head of Commercial Operations DBNGP, AGIG)*

- AGIG confirmed that demand for AA5 was used in planning for AA6, which demand remains level for 90% of Shippers.
- AGIG stated that the Final Plan will be submitted by 1st January 2025, by which time the demand requirements of Shippers for AA6 should be known.
- AGIG provided details on how their plans are based on contracted agreements and noted that the plans will be third-party audited. AGIG confirmed that this was the process that had been followed in the previous cycle.
- AGIG opened the floor for questions.

*Future of Gas and Rate of Return – Nick Wills-Johnson (Head of Economics, AGIG)*

- AGIG confirmed that the model used to guide the amount of depreciation is nearly complete and incorporates factors influencing demand that extend beyond competition.
- AGIG confirmed that the \$113 million for accelerated depreciation is a provisional estimate. AGIG will consult with all stakeholders to finalise the inputs needed to accurately model the total depreciation for AA6.
- AGIG's goal is to maintain price stability; however, this does not guarantee that prices will remain unchanged.

*CAPEX – Will Chivell (Manager, Regulatory Strategy, AGIG) and Jeff Kong (Head of Transmission Asset Strategy, AGIG)*

- AGIG confirmed that the numbers in the Draft Plan shared in July 2024 were consistent with those presented in May, using the AA5 numbers as a benchmark.
- AGIG stated it is on track to spend \$225 million by 2025, which was 14.5% increase over the forecasted amount due to disruptions and higher costs during the 2021-2025 period.
- AGIG outlined the steps taken to mitigate the overspend relative to AA5 and stated that, without these actions, the overspend would have been even higher. Actions included:
  - Tender costs for the Northern Communications project planned in AA5 were significantly high. To address this, AGIG decided to insource due to high external costs.
  - For the Jandakot development, AGIG is exploring the use of the existing site rather than building a new one.

- AGIG confirmed that unspent CAPEX from AA5 cannot be carried over to AA6. AGIG's approach involved a detailed review of each project and providing comprehensive information to justify costs and inform the decision to proceed or not.
- AGIG mentioned that the AA5 benchmark forecast included a 14.5% increase, with a total forecast of \$291 million for AA6. This was influenced by project deferrals and a higher cost environment. This forecast did not include compression projects at \$123 million for an incomplete fee study.
- AGIG noted that during the current period, AGIG addressed the Health, Safety, Environment, and Quality (HSEQ) concerns and paid for disruptions, including updates to gas chromatographs to ensure proper gas specifications.

#### *OPEX – Nicole Haddock (Senior Regulatory Advisor, AGIG)*

- AGIG noted that items assessed on a monthly basis were excluded from the OPEX forecast.
- AGIG proposed an increased amount for asset inspection and maintenance, resulting in an additional \$15 million.
- AGIG presented a Draft Plan with a total of \$606 million, reflecting a 12% increase driven by high labour, insurance and IT costs.
- AGIG confirmed using 2024 costs, with plans to update to a three-month average of actuals closer to the submission date.
- AGIG proposed \$190 million subject for further reviews, plus \$50 million for overhauls, with further reviews pending.
- AGIG did not propose a controlled amount of \$411 million but did include a small increase of \$10 million for labour costs in Western Australia.

#### *Pipeline Access – Nicole Haddock (Senior Regulatory Advisor, AGIG)*

- AGIG stated willingness to engage with Shippers over the next month to address legal terms and conditions modifications, noting that any changes would be made in accordance with the ERA's confirmation.
- AGIG confirmed that the standard Shipper contract and commercial terms remained unchanged.
- AGIG indicated that Standard Ship Contracts (SSCs) were outside the scope of the current discussion.

*Ongoing Engagement and Next Steps – Roxanne Smith (EGM Corporate & Regulation, AGIG)*

- AGIG reiterated waiting until the end of September to receive feedback and encouraged Shippers to engage.
- AGIG indicated that the team will meet to refine the Draft Plan based on the feedback received.
- AGIG confirmed that the Shipper’s Roundtable would reconvene in October. At this meeting AGIG would provide an updated Plan and offer Shippers a final opportunity to provide feedback before finalising the Plan in December.

# Meeting Minutes

## AGIG Shipper Roundtable Stakeholder Engagement Meeting – Round Five

**Venue:** KPMG, 235 St Georges Terrace, Perth  
**Time:** 12h00 – 14h00  
**Date:** 24 October 2024  
**Attendance:**

### Shippers Representatives:

Name	Organisation	Name	Organisation
Aiko Ueno	Alinta Energy	Paul Bresloff-Barry	Gas Trading
Audelle Hong	Alinta Energy	Sam lei	Alinta Energy
Bobby Ditric	NewGen	Samuel Ford	Synergy
David Cullam	Strike Energy	Sean Lim	Shell
Dominic Rodwell	CITIC Pacific	Timothy Teow	Shell
Gerrymaine Amoc	NewGen	Jayesh Halai	Perth Energy
Herman Prinsloo	Horizon Power	Nick Rea	Kleenheat
Jai Coppen	Yara	Marten Russell	South 32
Jasper Sng	South 32	Dimitri Lorenzo	NewGen
Katrina Dickson	Mitsui		

### AGIG Representatives:

Name	Name	Name	Name
Roxanne Smith	Sarah Li	Stefan Mero	Jeff Kong
Rachael Tamme	Nick Wills-Johnson	Tren Leach	Peter Bucki
Rachael Smith	Nicole Haddock	Will Chivell	

### KPMG Representatives:

Name	Name	Name
James Arnott	Kimberley Coakley	Aditya Sridhar

**Background:**

These minutes do not replicate the presentations from AGIG at the Shipper Roundtable meeting but reflect the discussion and outcomes.

**Minutes of Meeting***The Role of KPMG – James Arnott (Partner, KPMG)*

- KPMG welcomed attendees and provided an overview of safety protocols.

*AGIG Welcome and Business Update – Roxanne Smith (EGM Corporate & Regulation, AGIG)*

- AGIG reviewed the Draft Plan and acknowledged Shipper feedback, explaining that adjustments were made based on this input.
- AGIG reiterated KPMG's involvement in stakeholder engagement processes and customer reporting, which allowed for questions throughout the meeting.
- AGIG emphasised that today's session focused on the feedback received and plans to address it.

*Plan Update – Roxanne Smith (EGM Corporate & Regulation, AGIG)*

- AGIG acknowledged that it has made changes to the Draft Plan which will be addressed throughout the session.
- AGIG confirmed that the full haul reference price of \$2.41 was significantly influenced by the rate of return, which was calculated using September 2024 numbers.
- AGIG updated its analysis of depreciation and the future of gas and concluded that the 2063 economic life assumed in AA5 remained valid, resulting in no additional depreciation being included in AA6. Consequently, the final five-year plan's full haul reference price of \$2.40 remained close to the Draft Plan's \$2.41.

*Demand – Rachael Smith (Head of Commercial Operations DBNGP, AGIG)*

- AGIG confirmed that it had finalised the forecast for AA6, which would be completed within the next month.
- AGIG included planned closures in the five-year plan, leading to a 48 TJ reduction from the previous update. This number would be used in the Final Plan.

*Future of Gas and Rate of Return – Nick Wills-Johnson (Head of Economics, AGIG)*

- AGIG confirmed that it had updated its future of gas analysis since AA5 and noted that prices in the next AA period were 10 cents lower than they would have been if AGIG had made no changes to depreciation in 2021.
- This time AGIG changed consultants to seek fresh perspectives and information.
- AGIG experimented with shifting from a straight-line depreciation model to a tilt function.
- AGIG considered 80% of existing demand and the needs of Shippers from various industries, adding more granularity to the modelling approach than was the case in 2021.
- AGIG outlined three stages in its consideration of long-term demand outlook for the purposes of the modelling:
  - **Stage 1:** Prior to government coal-plant closures, renewable energy penetration increases intermittently.
  - **Stage 2:** gas replaces coal with continued renewable energy growth, making gas storage feasible.
  - **Stage 3:** Longer term – as renewable penetration increases; gas demand falls and becomes peakier.
- AGIG detailed AA6 modelling techniques, comparing tilt profiles for pricing models:
  - **High tilt:** Present prices are high to reduce future risk.
  - **Low tilt:** Present prices are low but risk higher prices in the 2050s.
  - **Goldilocks tilt:** Prices are steady with a slight risk increase in the 2050s.
- AGIG explained that the 'Goldilocks' tilt had minimal price differences compared to the AA5 approach, and for this reason AGIG proposes to keep the AA5 approach rather than using a tilt. This drops prices by around 5c/GJ compared to the Draft Plan.
- AGIG presented a long-term price outlook for three scenarios: WA domestic gas policy (Domgas) success, partial success, and failure.
- AGIG noted that maintaining the AA5 depreciation profile could reduce prices gradually, avoiding price spikes in 2050, even under scenarios where gas demand drops significantly.
- AGIG outlined that risk had not been taken completely off the table as very fast renewable penetration or a new way of generating baseload still gives rise to uncertainty and risk.
- AGIG opened the floor for questions.

*CAPEX – Will Chivell (Manager, Regulatory Strategy, AGIG) and Jeff Kong (Head of Transmission Asset Strategy, AGIG)*

- AGIG confirmed that it received feedback from Shippers and made changes to the Draft Plan.
- AGIG advised the latest updated capex forecast was \$279 million compared to the Draft Plan forecast of \$413 million.
- The reduction in forecast capex reflected the removal of the compression reduction project (\$123 million) and further reductions of \$12 million across other projects.
- On the compression reduction project specifically, AGIG noted updated cost estimates ranging from \$120 million to \$400 million which ultimately meant the project was not economically viable given the capital cost exceeded the potential OPEX savings.
- AGIG included \$7.8 million in the forecast for new gas chromatographs.
- AGIG noted that the potential for off-specification gas required solutions through enhanced pipeline monitoring.
- AGIG explained that the higher CAPEX forecast for AA6 relative to AA5 was due to the significantly higher cost environment and the cyclical nature of some asset replacement falling within the AA6 period.
- AGIG advised that all Business Cases would be available as part of the Final Plan.
- AGIG reduced the IT sustaining infrastructure budget by \$7 million.
- AGIG confirmed the need to upgrade network security to align with SOCI legislation.
- AGIG noted that the key constraint of the compression reduction project was the capital required for additional looping of the pipeline to maintain the nameplate capacity of 845TJ/day. There is a possibility to achieve OPEX savings by removing a compressor but foregoing capacity instead of constructing looping to maintain the current nameplate capacity.



*OPEX – Nicole Haddock (Senior Regulatory Advisor, AGIG)*

- AGIG revised the OPEX forecast by 5% from the Draft Plan and acknowledged that Shippers had requested additional information on the proposed OPEX increases, including labour and other costs.
- AGIG stated that the AA5 performance since publication of the Draft Plan in July had been impacted by marginally higher field and government charge expenses (by \$1 million and \$500,000, respectively) and higher salary expenses (by \$13.4 million at the end of the period).
- AGIG shared a revised OPEX forecast for AA6, having since collected actual data until the end of September 2024 (2024 being the base year of the AA6 forecasts). The AA6 forecast for controllable OPEX is currently \$470 million, revised from the Draft Plan of \$411 million. The main drivers for this revision included:
  - Higher recurrent salary expenses (average increase of \$8 million per annum): In July 2024, AGIG reviewed field staff wages and discovered they were below industry standards, leading to long vacancy delays and low staff retention. AGIG confirmed it adjusted field staff wages to align with market conditions.
  - Higher other recurrent costs: Field expenses, recurrent maintenance and government charges have together risen by \$2.6 million since the Draft Plan.
  - Higher insurance expenses: AGIG projected that insurance premium expenses would increase by 5% to 10% each year, making up a total step change of around \$3.4 million. AGIG stated that its forecasts were based on a report provided by its insurer on premia expectations for AGIG's products, reflecting asset revaluations and market conditions.
- AGIG indicated that another factor contributing to the increase in OPEX wages and salary expenses was the change to cost rates which results in greater retention of expenditure OPEX as opposed to CAPEX.
- AGIG confirmed that the AA6 forecast for SUG had been reduced from \$132 million since the Draft Plan to \$96 million, having adjusted the modelling inputs for lower throughput levels. This was offset by other model input changes for higher forecast CS10 use and an increase in the allowance for transient behaviour, given the changing use of the pipeline.
- AGIG shared that the current Efficiency Factor forecast arising from for AA5 OPEX performance would, on current forecasts, reduce the AA6 revenue allowance by \$48 million but that this estimate would be subject to further revision before the Final Plan.
- AGIG confirmed that the budget for turbine and GEA overhauls remained virtually unchanged, decreasing from \$35 million to \$34 million.
- Others expenditure was proposed for inline inspections to ensure the pipeline's safety. These inspections covered some 15 to 20 projects in scope. AGIG budgeted \$9 million for station inspection programs, which were necessary to meet Australian standards.

- AGIG planned to provide business cases for its overhauls and inspection and asset management expenditure items.

*KPMG Engagement Report – James Arnott (Partner, KPMG)*

- KPMG presented the stakeholder engagement report and the engagement survey process.

*Ongoing Engagement and Next Steps – Roxanne Smith (EGM Corporate & Regulation, AGIG)*

- AGIG outlined next steps and invited Shippers to reach out with questions.

# Meeting Minutes

## AGIG Shipper Roundtable Stakeholder Engagement Meeting – Round Six

**Venue:** KPMG, 235 St Georges Terrace, Perth  
**Time:** 12h00 – 14h00  
**Date:** 29 October 2024  
**Attendance:**

### Shippers Representatives:

Name	Organisation	Name	Organisation
Aiko Ueno	Alinta Energy	Joachim Tan	Rio Tinto
Allan McDougall	Gas Trading	Katrina Dickson	Mitsui
Amanda Wilson	Rio Tinto	Sam Lei	Alinta Energy
Carole Clare	Synergy	Samuel Ford	Synergy
Chris Huxtable	Citic Pacific	Chris Meredith	Yara
Dominic Rodwell	Citic Pacific	Tracy Wild	Mitsui
Gerrymaine Amoc	SSC Power	Oliver Wasse	Gas Trading
Jai Coppen	Yara	Jayesh Halai	Perth Energy
Jasper Sng	South 32	Dimirtri Lorenzo	NewGen Power
Jenny O'Donoghue	Synergy		

### AGIG Representatives:

Name	Name	Name
Claire Chew	Simon Taylor	Rachael Smith
Jon Cleary	Stefan Mero	Mark Kiernander
Rachael Tamme	Trent Leach	

### KPMG Representatives:

Name	Name
Kimberley Coakley	Aditya Sridhar

**Background:**

These minutes do not replicate the presentations from AGIG at the Shipper Roundtable meeting but reflect the discussion and outcomes.

**Minutes of Meeting***The Role of KPMG – Kimberly Coakley (Manager, KPMG)*

- KPMG welcomed attendees and provided an overview of safety protocols.

*AGIG Welcome and Business Update – Jon Cleary (Executive General Manager, Commercial, AGIG)*

- AGIG outlined the session's objectives.

*DBP Commercial – Rachael Smith (Head of Commercial Operations DBNGP, AGIG)*

- AGIG summarised the Custody and Title principles as per the current DBP commercials. The overarching principle was that the Shippers provided DBNGP with gas and shared the allocation to each inlet. However, AGIG clarified that this was not occurring, as gas producers acted as the Shippers' agents and provided reports.
- AGIG shared that the current state of the gas specification process was incredibly manual and relied on faxes and individuals. AGIG confirmed plans to further automate the process as part of the new billing system.
- AGIG confirmed capital projects to install gas chromatographs for legacy inlet points that relied on third-party gas chromatographs.
- AGIG stated that, in the past, Shippers knew the sources of gas; however, this had become less straightforward as the pipeline was bidirectional, allowing gas to flow both north and south.
- AGIG recognised that gas specifications remained an ongoing issue for Shippers. It had taken Shippers' feedback into account and explored ways to improve the notification process.
- AGIG stated that the new notification process was similar to those seen applied for other Australian gas pipelines.
- AGIG confirmed that it had streamlined the process in CRS. Shippers currently receive an abundance of notices; with the new billing system set to go live September 2025, AGIG believed this would be reduced due to some clarity around inlet sales.
- AGIG mentioned that a significant change for Shippers is that notices are now to be sent from the control room to ensure they were delivered promptly when issues arose.

- AGIG confirmed that the quality of notices sent had improved, allowing for AGIG confirmed that the quality of notices sent had improved, allowing for notifications to be issued as soon as practically possible rather than waiting until 8 a.m. the next day.
- AGIG confirmed that it would send notifications via email and eliminate the requirement for fax.
- AGIG summarised the old notification process for gas specifications, noting that it took longer than 30 minutes for the control alarm notices regarding a breach of specification at an inlet.
- AGIG acknowledged Shippers' feedback that the current timeframe was insufficient.
- AGIG shared the new notification process for gas specifications. Under the new process, the control room could identify if there was a breach in gas specification within 12 minutes at the earliest, after which DBP would advise the producer's control room to reduce the flow rate.
- AGIG confirmed that, in the event of an actual breach, notice would be given by the gas specification notice as per clause 7.5.
- AGIG noted that if a producer refused to address the issue, DBNGP could refuse to receive the gas and shut the producer in (clause 3.5 – right to refuse gas). Over the past three to six months, gas producers had responded well, and this situation had not occurred. The objective of the process was to achieve the desired behavioural impact.
- AGIG confirmed that the operator would send out-of-spec notices for all potentially affected outlets, requiring Shippers to confirm via email whether to accept or reject gas at the outlet. This process was to be amended and developed in accordance with the new Transmission Billing System (TBS).
- AGIG presented a list of Shippers' questions regarding gas specifications along with its responses, including:
  - Why couldn't DBNGP have shared (or all) liability?
  - Why didn't producers cover liability with DBNGP?
  - Why couldn't Shippers reject gas at the inlet (under GTA)?
- AGIG presented changes to the DBNGP reference contract.
- AGIG opened the floor for questions.

*Transmission Billing System Update – Claire Chew (Manager Gas Accounting and Billing, AGIG) and Mark Kiernander (Project Manager, AGIG)*

- AGIG confirmed that CRS would be replaced with a new Transmission Billing System (TBS).
- AGIG stated that one major impact of moving to TBS would be upgrading from logical meters.
- AGIG indicated that another significant change would be in nominations. Currently, Shippers did not nominate inlet points, but in the new process, Shippers would need to nominate per service and per outlet point.
- AGIG informed Shippers about a new portal for Shippers and producers, stating that B2B functionalities were being explored.
- AGIG acknowledged that CRS had a convoluted way of allocating gas with charge zone and service transfers, and confirmed that going forward, the process would be simpler.
- AGIG informed Shippers that report outputs would change due to the upgrade from logical meters.
- AGIG mentioned that the new portal would include self-service functions and SMS functionality, with visualisations and reporting capabilities available on mobile.
- AGIG provided a project timeline for the TBS project, noting that the design phase had commenced in June and would be completed by November. The build phase was expected to start around December and should be finished by April 2025.
- AGIG informed Shippers that it might reach out for their participation in System Integrated Testing (SIT) and User Acceptance Testing (UAT).
- AGIG stated its intention to run CRS and TBS in parallel to understand how data flows and detect any anomalies.
- AGIG confirmed that the go-live date for TBS was set for September 2025, followed by a month of hyper care.
- AGIG planned to communicate project updates over the coming months to build Shippers' confidence.
- AGIG acknowledged that each Shipper would be impacted differently.
- AGIG confirmed that it would send a general information pack the following month and reach out to Shippers
- AGIG opened the floor for questions.

*Ongoing Engagement and Next Steps – Rachael Smith (Head of Commercial Operations DBNGP, AGIG)*

- AGIG confirmed that the final Shipper meeting would be hosted online on 10 December 2024.
- AGIG reiterated that today's session aimed to set expectations around gas specifications.
- AGIG invited any additional questions from attendees.

# Meeting Minutes

## AGIG Shipper Roundtable Stakeholder Engagement Meeting – Round Seven

**Venue:** Virtual, Microsoft Teams  
**Time:** 12h30 – 14h00  
**Date:** 10 December 2024  
**Attendance:**

### Shippers Representatives:

Name	Organisation	Name	Organisation
Bobby Ditric	NewGen	David Cullam	Strike Energy
Herman Prinsloo	Horizon Power	Jasper Sng	South32
Dominic Rodwell	Citic Pacific	Sam Lei	Alinta Energy
Carole Clare	Synergy	Elise Fryer	Gas Trading
Jia Wu	Citic Pacific	Amanda Wilson	Rio Tinto
Jenny O'Donoghue	Synergy	Monica Jiang	Citic Pacific
Nick Rea	Wesfarmers	Oliver Wasse	Gas Trading
Katrina Dickson	Mitsui	Jayesh Halai	Perth Energy
Gerrymaine Amoc	NewGen	Aiko Ueno	Alinta Energy
Allan McDougall	Gas Trading	Joachim Tan	Rio Tinto
Samuel Ford	Synergy	Krista Hogan	Mineral Resources
Paul Arias	Shell		

### AGIG Representatives:

Name	Name	Name	Name	Name
Rachael Tamme	Rachael Smith	Roxanne Smith	Jenny Thai	Peter Bucki
Nick Willis-Johnson	Nicole Haddock	Will Chivell	Tawake Rakai	
Jeff Kong	Lucy Huxter	Trent Leach	Sarah Li	

### KPMG Representatives:

Name	Name
Kimberley Coakley	Aditya Sridhar



**Background:**

These minutes do not replicate the presentations from AGIG at the Shipper Roundtable meeting but reflect the discussion and outcomes.

**Minutes of Meeting***AGIG Welcome and Business Update – Roxanne Smith (EGM Corporate & Regulation, AGIG)*

- AGIG recorded the Microsoft Teams meeting for record-keeping purposes.
- AGIG welcomed Shippers to the seventh Shipper Roundtable, highlighting that it was at the end of an 18-month journey and that the Final Plan would be submitted to the ERA on 2 January 2025.
- AGIG informed Shippers that the Roundtable's purpose was to present the Final Plan and address any arising questions.

*Our Final Proposal – Roxanne Smith (EGM Corporate & Regulation, AGIG)*

- AGIG provided a recap of the stakeholder engagement process and detailed how it developed processes and Roundtable sessions to address topics of interest to Shippers.
- AGIG highlighted that it had 12 additional one-on-one meetings in this AA6 period compared to AA5, which facilitated discussions on key topics.
- AGIG thanked the Shippers for their participation, noting that 88% of Shippers had attended one or more Roundtables.
- AGIG confirmed that the final full haul price was \$2.48, which was higher than the \$2.40 shared in the previous Roundtable. The main drivers for the price increase were the rate of return, a reduction in demand, and an increased OPEX forecast.
- AGIG acknowledged that the full haul price of \$2.48 for AA6 was a significant increase from \$1.57 for AA5 and confirmed it would elaborate on the reasons for this increase during the session.
- AGIG confirmed there was no change in depreciation from AA5.

*Demand – Rachael Smith (Acting EGM Commercial, AGIG)*

- AGIG explained that it initially rolled over the demand from AA5 to calculate the AA6 demand forecast in the Draft Plan. Upon receiving new information, AGIG refined its plans to include plant closures.
- AGIG confirmed it had actively engaged with T1 Shippers, reflecting their refined demands post-winter.
- The Final Plan showed a reduction to 539 TJ/day compared to the demand forecast in the Draft Plan of 596TJ/day.

- AGIG stated it considered contracts' capacity and schedule terms following direct engagement with Shippers.
- AGIG confirmed provisions to extend throughput till the end of the period following discussions with Shippers.
- AGIG applied historical factors to build the model, ensuring the inclusion of relevant information averaged over a shorter time frame.
- AGIG confirmed that KPMG would conduct a third-party review to validate the model.
- AGIG affirmed the model's similarity to AA5, validated by a Shipper-contracted building block capacity.

#### *Pipeline Services – Peter Bucki (Head of Regulation, AGIG)*

- The ERA had already approved the Reference Service Proposal for AA6 in July 2024 following AGIG's engagement with Shippers on reference and other pipeline services to be offered in 2023.
- AGIG covered the T1, P1, and B1 approved reference services, noting other approved non-reference services would also be provided.
- AGIG stated that the reference service proposal did not consider which non-reference services would be rebated.
- AGIG proposed continuing rebates for spot prices and other reference services similar to AA5 and making Pilbara services rebateable due to demand uncertainty.
- AGIG confirmed a 70% rebate through the regulated or reference tariff, consistent with AA5 and other jurisdictions.

#### *Rate of Return, Future of Gas and Depreciation – Nick Wills-Johnson (Head of Economics, AGIG)*

- AGIG followed the ERA's instruments to calculate the rate of return.
- The rate of return had decreased from 7.53% in September to 6.93%.
- The main differences between AA5 and AA6 were the risk-free rate, the cost of equity versus the cost of debt, updated risk instruments, and differences in government bond rates.
- The approach to depreciation remained the same as AA5, capping the asset life in 2063.
- The Final Plan submitted to the ERA would include a detailed model explanation, which the ERA would validate.
- AGIG examined the relationship between firming power and gas and how various aspects could be electrified, concluding that full electrification was not economically viable..

- AGIG stated that gas would still be necessary for firming power even with a higher proportion of renewables.
- AGIG maintained that the work done in 2021 provided a balanced risk profile benefitting both AGIG and Shippers.
- AGIG projected that gas for firming power would remain the cheapest option for at least the next decade.
- The end-of-life date of 2063 offered a reasonable framework for price modelling, ensuring stability.

*CAPEX – Will Chivell (Manager, Regulatory Strategy, AGIG) and Jeff Kong (Head of Transmission Asset Strategy, AGIG)*

- AGIG summarised the development journey of the CAPEX forecast for the Draft Plan in July and confirmed the final CAPEX forecast at \$280 million, which was a 4% reduction from the initial \$291 million in the Draft Plan.
- AGIG planned to include business cases in support of initiatives like installing moisture and sulphur analysers and gas chromatographs at inlet points.
- Programs of work would be developed by asset managers and reviewed based on risk, cost, and efficiency, with lower-ranked programs deferred and reviewed by the executive leadership team.
- The Final Plan would include 18 business plans and supporting models, along with rigorous procurement processes.
- AGIG acknowledged cost constraints and accounted for overspend due to Covid-19 delays in the current AA5 period.
- The CAPEX forecast of \$280 million accounted for these overspends and delays, with a slight increase allocated for the Jandakot site development.
- A summary slide of CAPEX by vision drivers was shared, including \$177 million for “Delivering for Customers,” covering various installations and updates.
- IT system upgrades were allocated under the “Sustainably Cost Efficient” vision driver.
- CAPEX allocations were made for structural and operational improvements under the “A Good Employer” vision driver.

*OPEX – Nicole Haddock (Senior Regulatory Advisor, AGIG)*

- AGIG based the OPEX forecast on September year-to-date numbers, considering 2024 as the base year for AA6.
- The OPEX forecast in the Final Plan was \$645 million, which includes \$106 million for System User Gas (SUG), noting the estimates would still be subject to final revisions.

- Wages and salaries were forecasted to be 24% higher in AA6 compared to AA5, and higher IT and insurance premia contributed to an increase in non-field expenses by 50%.
- A pie chart breakdown of the proposed OPEX by category was presented, including wages and salaries, non-field expenses, field expenses, government charges, reactive maintenance.
- AGIG cited factors for increased wages, including the change in DBP labour rates, the need for field staff salaries to be increased for market alignment in a tight labour market, and vacancy filling.
- Increased government charges were attributed to higher rental expenses, telecommunications, and power costs.
- AGIG presented a lower SUG expense forecast of \$106 million due to lower throughput only partially offset by higher expected contract prices for fuel gas.
- \$35 million was allocated for the 'inspection and other asset management' category, primarily for essential pipeline station inspections.
- Detailed business cases for this category of OPEX would be included in the Final Plan, similar to CAPEX.
- The controllable OPEX for AA6 was set at \$470 million. During AA5, controllable OPEX performance was closely aligned with the benchmark; however, higher end-of-AA5 costs, including increases in wages, non-field expenses, field expenses, and government charges, contributed to the rise in AA6.
- Four step changes, valued at an estimated \$15 million across AA6, were detailed, covering higher insurance premia, SaaS and PaaS licencing costs with the cloud-based infrastructure transition, and cyber security expenditure for data privacy and other security upgrades.
- Final refinements to the OPEX overhauls forecast were continuing following a very recent premature turbine failure at CS9.
- A business case for overhaul allowances would be included in the Final Plan.
- The Final Plan proposed a \$21 million negative efficiency factor (e-factor) carryover based on AA5 OPEX performance, reducing tariffs by approximately 2 cents per gigajoule.
- AGIG stated that it had proposed in the Final Plan that "inspections and other asset management" items be excluded from the calculation of the e-factor for AA5 and AA6. This was because pipeline asset maintenance needs, particularly in relation to training and inspections, could not be compromised for safety and reliability reasons.

*Next Steps – Roxanne Smith (EGM Corporate & Regulation, AGIG)*

- AGIG confirmed that the Final Plan would be submitted to the ERA by 2 January 2025, with the ERA publishing an issues paper in early 2025 and providing a draft decision by mid-2025.
- AGIG would share a revised Final Plan post the draft decision in the third quarter of 2025.
- Shippers were encouraged to reach out with any questions.



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