

29 January 2024

Cheryl Saldanha
Manager – Financial Reporting & Analytics
Australian Energy Market Operator
GPO Box 2008,
Melbourne VIC 3001

BY EMAIL

Dear Cheryl,

FY25 STTM MOS Costs Estimate for Roma to Brisbane Pipeline

APA Group (APA) hereby submits in the attached its estimate of costs for the period 1 July 2024 to 30 June 2025, which relate to the provision of MOS Allocation Services on the Roma to Brisbane Pipeline (RBP).

APA's MOS costs forecast for the period to 30 June 2025 is estimated to be **\$97,386 plus GST** (Refer Attachment 1 for more detail). APA believes that this amount satisfies all of the requirements for recoverability under Rule 424 of the NGR.

Please do not hesitate to contact me on 07 3323 6023 should you require any clarification or further information.

Yours sincerely,



Simon Purkiss
Commercial Services Manager

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Attachment 1:

APA Group – FY25 Cost Estimate for MOS Allocation Services - RBP

	INFORMATION REQUIRED BY AEMO	APA RESPONSE
(a)	The number of STTM pipelines operated by that STTM pipeline operator;	APA Group operates 2 STTM pipelines (RBP & MSP) however these pipelines are owned by two separate entities that both form part of the APA Group.
(b)	The number of STTM shippers and MOS providers on each STTM pipeline	RBP - 19 STTM Shippers of which 5 are MOS providers as at 30 June 2023 MSP – 23 STTM Shippers of which 7 are MOS providers as at 30 June 2023
(c)	Breakdown of Costs: IT System Operation & Maintenance Labour Other Costs Interest Total APA RBP MOS Recovery	Estimate \$32,138 \$62,618 \$ 0 <u>\$ 2,630</u> <u>\$97,386</u>
(d)	Allocation Agent Costs:	Not Applicable

APA Group – MOS Costs Claim - Explanatory Notes – RBP

Claim Components

APA Group's MOS cost claim for the RBP is made up of 4 key components;

- **IT System Operation & Maintenance Costs** – Costs include proportion of external service provider annual maintenance charges as well as proportion of internal APA IT support staff dedicated to maintaining APA Grid systems.
- **Labour** – daily labour costs to process and verify STTM data, proportioned between MOS and non-MOS STTM activities. Costs include provision of 7-day week staff to monitor system processing, create manual backup files and verify STTM data before sending to AEMO. Internal escalation processes are in place to deal with any identified data abnormalities. Labour costs also include management time to review and maintain STTM related processes and backup systems, attend and review STTM CF information, monitor and audit daily processes and provide internal training.
- **Other Costs** – costs attributable to RBP STTM activities including travel, engineering and other miscellaneous charges, portioned between MOS and non-MOS STTM activities.
- **Interest Costs** – Interest costs have been calculated using cumulative monthly spend from when costs were incurred using an average post tax cost of debt for approved final Access Arrangement decisions that were made for both gas and electricity businesses over the same time period compounded monthly.

APA is unable to specifically track MOS and non-MOS costs given the complexity of reporting requirements and the impractical obligations that would have been placed on project members to do so. APA has used an allocation methodology to separate STTM costs into MOS and non-MOS components. The allocation of STTM costs between MOS and non-MOS has been estimated based on the approximate ratio of STTM reporting obligations that was established during the FY11 & FY12 STTM MOS costs processes with 45% of attributable STTM costs being allocated to MOS.