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ASX ANNOUNCEMENT

APA Group (ASX:APA)
also for release to APA Infrastructure Limited (ASX: AP2)

AER RELEASES DRAFT DECISION ON BASSLINK REGULATION PROPOSAL

APA Group (ASX:APA) today announces the Australian Energy Regulator (AER) has released a draft decision not to convert Basslink into a regulated Transmission Network Service Provider (TNSP).

The AER's decision follows APA's application in September 2023 to convert Basslink from a contracted Market Network Service Provider (MNSP) into a regulated asset.

APA made a commitment during the 2022 acquisition process to seek to convert Basslink to a regulated asset under an agreed consultation process with the Tasmanian Government.

The consumer benefits modelling undertaken by ACIL Allen on behalf of the AER as part of the regulatory conversion process found, in 10 of the 12 scenarios considered, that regulation of Basslink provided an average economic benefit to consumers of \$1.6 billion for the period 2025 to 2050, compared to the counterfactual scenario of trading electricity as a non-contracted MNSP.

If the final decision confirms the draft decision, APA will progress its plan to trade Basslink as a non-contracted MNSP. APA already has the systems in place to bid the asset, as required under the current Hydro Tasmania contract. The revenue contract with Hydro Tasmania will end on 30 June 2025, at which time APA would commence operating as a non-contracted MNSP.

APA Group CEO and Managing Director Adam Watson said:

"Our application to convert Basslink to a regulated asset was progressed following consultation with key stakeholders during the acquisition process. As part of the sale transaction, we also entered into a network services agreement with Hydro Tasmania to ensure the asset could operate safely and reliably during the AER consultation process.

"The AER's assessment of our regulatory proposal highlighted consumer benefits of regulation was on average \$1.6 billion compared to the counterfactual.

"APA is seeking to regulate Basslink in line with its commitment to the Tasmanian Government. If today's draft decision by the AER is confirmed as final, APA will seek to maximise the value of the asset, in the best interest of APA's investors, by progressing our plans to trade Basslink capacity in the spot market, in line with market rules, once the Hydro Tasmania contract expires on 30 June 2025. We will be able to leverage the existing systems and capabilities in place across APA."

The AER's draft decision is preliminary with further consultation and submissions to be received from APA and other stakeholders. The AER must then consider those submissions before issuing a final decision. APA will continue to engage with the AER and will update the market further as required in line with its continuous disclosure obligations.

-ENDS-

Authorised for release by Amanda Cheney
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About APA Group (APA)

APA is a leading Australian Securities Exchange (ASX) listed energy infrastructure business. As Australia's energy infrastructure partner, we own and/or manage and operate a diverse, \$26 billion portfolio of gas, electricity, solar and wind assets. Consistent with our purpose, securing Australia's energy future, we deliver around half of the nation's domestic gas through 15,000 kilometres of gas pipelines that we own, operate and maintain. Through our investments in electricity transmission assets, we connect Victoria with South Australia, Tasmania with Victoria and New South Wales with Queensland, providing vital flexibility and support for the grid. We also own and operate power generation assets, including gas powered, wind and solar assets across the country. APA Infrastructure Limited is a wholly owned subsidiary of APA Infrastructure Trust and is the borrowing entity of APA Group. For more information visit APA's website, apa.com.au.

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