

Consultation on the form of regulation review of the South West Queensland Pipeline (SWQP)

26 March 2024

To the Australia Energy Regulator,

Martin Currie Australia (“MCA”) make the following submission in relation to the Australian Energy Regulator (“AER”) Consultation on the form of regulation review of the South West Queensland Pipeline (“SWQP”).

MCA, a division of Franklin Templeton Australia, are a major institutional investor on the Australian Stock Exchange and have meaningful positions in a large number of securities across a wide range of sectors including APA Group that owns the SWQP.

MCA invest in assets that are both regulated and unregulated, however we have significant concerns around the AER forcibly changing the form of regulation on existing assets. This is particularly so where we see the need for the energy sector to continue adding further capital into the assets to support Australia’s growing population and provide secure energy as the energy system transitions to a lower carbon future.

Specifically, the form of regulation review into SWQP to potentially change the level of regulation applying to the SWQP has already created significant investment uncertainty. This has material negative implications for our internal assessment of Quality and our internal assessment of the Cost of Capital for both the SWQP and APA Group.

Furthermore, we believe any forced change of regulation for APA group, SWQP or existing assets in the sector may also increase the cost of capital and delay investment decisions for the wider infrastructure and utilities sector ultimately having long term negative implications for both investors and Australian consumers.

As such, we believe the current level of regulation is appropriate and do not support changing the way in which SWQP is regulated.

Regards

Martin Currie Australia

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