

November 2024

## Statement of reasons: APA VTS 2025 Gas Transmission Annual Tariff Variation

On 16 October 2024, APA Group (APA) applied to the AER for variation of its reference tariffs for the Victorian Transmission System for the period 1 January 2025 to 31 December 2025. Following its initial submission on 16 October 2024, APA re-submitted on 6 November 2024 for updated inflation data, and again on 21 November for minor amendments.

The AER has reviewed APA's application in line with its Victorian Transmission System 2023–27 access arrangement and is satisfied that the tariff variation proposal submitted on 21 November 2024 complies with the principles and formulae set out in section 4 and section D of the access arrangement.

In 2025 APA's transmission tariffs will increase up to 8.0%. This increase is driven by inflation of 2.8%, an allowed revenue path of 3.0%, and an adjustment of 2.0% to accommodate under-recoveries of allowed revenue. The proposed tariffs will reflect the minimum required for APA to continue to provide a safe and reliable service and to meet regulatory obligations. It takes into account that overall volume has decreased more than expected at the time of the AER's decision on the 2023–27 access arrangement. The AER finds that the adjustments applied, and the tariffs proposed, are compliant with the mechanisms set in the access arrangement.

Having considered APA's tariff variation proposal and finding it compliant, the AER approves these tariffs for commencement from 1 January 2025.