evoenergy

Attachment 8: Ancillary activities reference service and tariffs

Revised access arrangement information

ACT and Queanbeyan-Palerang gas network access arrangement 2026–31

Submission to the Australian Energy Regulator

January 2026

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1. Overview

Evoenergy proposed several changes to its ancillary services in the 2026–31 access arrangement period including:

- establishing ancillary activities as a separate reference service,[1]
- introducing differentiated permanent disconnection services to promote efficiency and equity throughout the electrification transition,
- including safety control program costs in temporary disconnection charges consistent with our regulatory obligations under the *Utilities (Technical Regulation) (Gas Safety and Network Operation Code)* to support a targeted disconnection approach informed by a safety assessment, and to allow cost-reflective and efficient price signals for disconnecting customers,
- introducing wasted visit charges for our disconnection, reconnection and special meter read services to ensure that costs associated with wasted or abandoned visits are not recovered through the Transportation (including metering) reference tariff, further increasing the cost of providing the transportation service, and
- an individual price cap for the tariff variation mechanism, which includes escalating prices by the Consumer Price Index (CPI) and the forecast change in labour costs.[2]

Our ancillary activities charges are cost reflective, and calculated using the AER's standardised ancillary network service model and include labour, materials, contract costs, and corporate overheads. We proposed to continue recovering ancillary activity services on a user pays basis.

The AER accepted our proposed ancillary activities reference service for the 2026–31 access arrangement, except:

- to require Evoenergy to establish a standardised cost reflective reference tariff for the complex permanent disconnection service based on historical evidence,
- to require Evoenergy to exclude the safety control program costs from the temporary disconnection charge and to further reduce the charge to align with the benchmark rate of other gas distribution networks, and
- to not accept the proposed wasted visit services and charges, requiring Evoenergy to justify why wasted visits should be established, provide evidence of historical volumes, and outline controls to minimise wasted visits, and
- to require Evoenergy to escalate ancillary charges in line with CPI only.

The AER's draft decision on our proposed ancillary activities reference service for the 2026–31 access arrangement period and our response is summarised in Table 1, and detailed in the following sections. The ancillary activities reference service charges for Evoenergy's proposal, the AER's draft decision, and our revised proposal are presented in Table 2.

[1] Approved by the AER in November 2024. See AER, Final decision Evoenergy Gas Distribution Determination 2026 to 2031 Reference service, tariff variation mechanism and tariff structure, November 2024.

[2] Evoenergy (2025). ACT and Queanbeyan-Palerang gas network access arrangement 2026–31 - Attachment 9 Tariff variation mechanism, June, p. 46; Evoenergy (2025). ACT and Queanbeyan-Palerang gas network access arrangement 2026–31 - Attachment E 2026-31 access arrangement, June, schedule 5.

Table 1 Ancillary activities reference service: AER draft decision and Evoenergy's response

	AER draft decision	Evoenergy revised proposal
Permanent disconnections	The AER accepted Evoenergy's proposed framework for permanent disconnections, except that a standardised charge should apply to complex permanent disconnection services.	A standardised charge for a non-standard complex permanent disconnection is impracticable, inefficient, and inconsistent with the AEMC draft rule change. An individually priced charge is appropriate given the non-standard nature of these services, supported with strong regulatory framework and accessible customer protections. Evoenergy has revised basic and basic (urgent) permanent disconnection charges to include wasted site visits.
Temporary disconnection	The AER requires safety control program costs to be excluded from the charge, and for the charge to be reduced based on benchmarking.	Consistent with the draft decision, safety control program costs have not been included in the temporary disconnection charge. Instead, we have included these costs as an opex step change. Temporary disconnection charges are efficient, based on efficient labour rates, and built using the AER's standardised model.
Wasted visit charges	The AER did not accept wasted site visits.	Wasted site visits are unavoidable by Evoenergy, but avoidable by customers. Separate charges will promote economically efficient outcomes and provide cost-reflective price signals to incentivise minimisation of wasted site visits. Wasted visit costs for permanent disconnections have been included in the charge, rather than as a cost-reflective standalone charge due to low volumes for that service.
Tariff variation mechanism	AER accepted price cap, and requires ancillary activity charges to be varied by inflation and not varied by changes in labour costs.	Ancillary activity costs are predominantly driven by changes in labour costs. The revised proposal reflects the AER's required approach to varying ancillary charges.

Table 2 Ancillary activities service charges ($2026-27)

Ancillary service	Evoenergy proposal	AER draft decision	Evoenergy revised proposal
Temporary disconnection ≤25m3/hr (per meter)	$134.00	Not accept	$100.00
Temporary disconnection >25m3/hr (per meter)	$222.00	Not accept	$187.00
Wasted visit temporary disconnection	$73.00	Not accept	$73.00
Reconnection ≤25m3/hr (per meter)	$128.00	Accept	Accept
Reconnection >25m3/hr (per meter)	$181.00	Accept	Accept
Wasted visit reconnection	$93.00	Not accept	$93.00
Special meter read	$14.00	Accept	Accept
Wasted visit special meter read	$14.00	Not accept	$14.00
Non-standard retail-initiated requests and queries (per hour)	$158.00	Accept	Accept
Basic permanent disconnection	$747.00	Accept	$753.00
Basic permanent disconnection wasted visit	$211.00	Not accept	Accept
Basic (urgent) permanent disconnection	$981.00	Accept	$1,004.00
Basic (urgent) permanent disconnection wasted visit	$445.00	Not accept	Accept
Complex permanent disconnection	Individually priced	Not accept	Individually priced
Temporary disconnection and reconnection (Demand Customer Delivery Points)	Individually priced	Accept	Accept

Source: Evoenergy, Attachment 8-Ancillary activities reference service and tariffs, June 2025; Evoenergy, Appendix 8.2-ANS model, June 2025; AER, Draft decision Evoenergy (ACT) access arrangement 2026 to 2031 (1 July 2026 to 30 June 2031) Attachment 5 – Reference services, tariffs and non-tariff components, November 2025; Evoenergy, Evoenergy-Appendix 7.1-ANS model-January 2026_Public, January 2026.

Note: wasted visits for permanent disconnection have been included in the charge (instead of a standalone separate charge) due to low volumes. Permanent disconnections

2. Permanent disconnections

2.1 Evoenergy's regulatory proposal

Evoenergy's regulatory proposal included several ancillary permanent disconnection services, including: [3]

- a basic permanent disconnection,
- basic (urgent) permanent disconnection, and
- complex permanent disconnection.

The AER's final decision on our Reference Service Proposal included a single 'permanent disconnection (abolishment) (Volume Customer)' service.[4] Based on a material change in circumstances (including the findings of an independent safety assessment, cost-build-up of permanent disconnection services, and stakeholder feedback), Evoenergy proposed a change in approach to the permanent disconnection services that should be provided during the 2026–31 period.[5] The revised services were intended to provide for individual disconnection requirements and allow Evoenergy's operational and delivery model to be fit for purpose while minimising costs for most customers.

We proposed to recover efficient cost-reflective permanent disconnection charges on a user-pays basis, where the customer requesting and benefiting from the service pays for the service. Our approach was based on safety (whereby a permanent disconnection service is not mandated in the ACT nor necessary in all circumstances), promoting an efficient electrification transition under a targeted permanent disconnection approach, and to promote the long term interests of gas customers by avoiding financially burdening customers who remain on the gas network as demand declines under a cross subsidisation cost recovery approach.

2.2 AER draft decision

The AER's draft decision accepts Evoenergy's proposed framework for permanent disconnections but requires Evoenergy to establish a standardised cost reflective reference charge for complex permanent disconnections that covers the average cost of dealing with complex activities.[6] The AER considers the individually priced complex permanent disconnection service a non-reference or unregulated service.[7]

The AER considered that Evoenergy has not explained how the price for an individually priced complex permanent disconnection will be determined or negotiated with the customer. The AER

[3] Evoenergy (2025). ACT and Queanbeyan-Palerang gas network access arrangement 2026–31, Appendix 8.1 Disconnection services, June.

[4] AER (2024). Final decision Evoenergy Gas Distribution Determination 2026 to 2031 Reference service, November, p. 8.

[5] Evoenergy (2025). ACT and Queanbeyan-Palerang gas network access arrangement 2026–31 - , Appendix 8.1 Disconnection services, June, pp. 8, 17-18.

[6] AER (2025). Draft decision – Evoenergy access arrangement 2026–31 – Overview, November, November, pp. 37-38.

[7] AER (2025). Draft decision – Evoenergy access arrangement 2026–31 – Attachment 5 Reference services, tariffs and non-tariff components, November, p. 9.

also considered that Evoenergy has not explained what dispute resolution options are available for a customer to engage directly with Evoenergy should they disagree with the quoted price.[8]

In its draft decision, the AER recognised that demand for disconnection services is expected to increase over the 2026–31 period, and considered that in this context, 'a reference service tariff is appropriate for complex disconnections.'[9]

2.3 Evoenergy's revised proposal

Permanent disconnection charges

In response to the AER's draft decision to not allow wasted site visit services and consideration that the charges should be reduced, we have updated our permanent disconnection charges to include the costs that we incur for wasted visits where the customer is at fault, shown in Table 2. The revised permanent disconnection charges include the average costs of wasted site visits for the service, which are cost reflective and efficient. We have adopted this approach due to the low volume of wasted visits for permanent disconnection services, as discussed in section 4.3.

Complex permanent disconnections

The AER's draft decision 'requires Evoenergy to establish a standardised cost reflective reference tariff for the complex permanent disconnection service.'[10]

We consider that the AER's draft decision to develop a standardised cost reflective charge for a non-standard service is inappropriate for the following reasons:

- It is impractical and inefficient to apply a standardised charge to a non-standard service with significant variability in the scope of works, and where costs incurred may be more or less than a basic permanent disconnection. Individually priced complex permanent disconnection service charges include contractor rates provided based on an assessment of site-specific circumstances, and facilitates customer choice.
- AER consideration that an individually priced service is a non-reference or unregulated charge is inconsistent between ancillary services and with its decision for other gas distribution networks. Our proposed approach is consistent with the AEMC draft rule on establishing a regulatory framework for gas network disconnections, including negotiated abolishment services.
- Strong consumer protections are embedded in the regulatory framework for gas distribution services, with an accessible dispute resolution framework (through the AER and jurisdictional ombudsman), and whereby any service is only delivered at the explicit request of the retailer (on behalf of its retail customer) after the terms, conditions, and charge are agreed upon.

It is impractical and inefficient to apply a standardised charge to a non-standard service for residential, business, and demand customers

Complex permanent disconnections involve non-standard works for residential, business, and demand customers. The works required for a complex permanent disconnection are subject to

[8] AER (2025). Draft decision – Evoenergy access arrangement 2026–31 – Attachment 5 Reference services, tariffs and non-tariff components, November, pp. 15-16.

[9] AER (2025). Draft decision – Evoenergy access arrangement 2026–31 – Attachment 5 Reference services, tariffs and non-tariff components, November, p. 16.

[10] AER (2025). Draft decision – Evoenergy access arrangement 2026–31 – Attachment 5 Reference services, tariffs and non-tariff components, November, p. 16.

factors that may materially vary the scope of works and costs incurred to deliver the service. For example, permanent disconnections may or may not require:

- Removing multiple meters supplied by a single service, which includes gas and/or hot water meters in strata developments, to be abolished. Undertaking permanent disconnection works in multi-dwelling developments present unique operational and safety challenges that make establishing a standard cost impractical. The costs may vary materially based on the building size and complexity (such as for premises with a few units compared to premises with hundreds of units), accessibility of meters (such as within individually owned apartments or behind locked doors) which requires coordination with building managers and owners, and whether meters are a gas or water meter. Additionally, for some buildings, hot water meters may or may not need to be removed, subject to safety considerations. The cost of delivering a permanent disconnection may be lower per meter removal compared to the basic permanent disconnection service charge.
- Active traffic management will be required in very limited circumstances.[11] We expect that demand for active traffic management will be nil or very low during the 2026–31 period, and therefore does not meet the NGR reference service factors.[12]
- Third-party standbys, where gas service technicians must wait for specialised tradesperson (such as electricians or welders) to undertake required works, are dependent on the type of work and the complexity of the site, such as for a smaller commercial building compared to a large multi-dwelling building.
- Concrete cutting and hard service restoration is subject to the size of the area. Some premises may require works for a footpath, short driveway for small properties, or long driveway for large properties or battleaxe blocks. The costs involved with restoration works is subject to the types of materials needed, such as stencilling or colour matching. Customers may agree with Evoenergy to engage their own alternative service provider to undertake hard surface restoration, providing customers an option to obtain a competitive price, and reduce the overall cost of a permanent disconnection and related restoration works.

The charge for a permanent disconnection service will be based on the costs we incur for the service, which is outsourced to contractors.

It is impractical to develop a standardised charge for a non-standard service where the scope of works is highly variable such as for a complex permanent disconnection, and where the costs may be significantly more or less than a basic service.

In its draft decision, the AER considers that Evoenergy should use historical evidence to derive expected average costs for a complex permanent disconnection.[13]

[11] Active traffic management required for permanent disconnections is only expected on properties that face NSW state roads. This includes The Kings Highway, Yass Road, and Lanyon Drive. In most cases, traffic management will not be required on these roads as there is sufficient space for normal traffic movements while work is done in the verge. The exceptions to this would most likely be for abolishing connections to business customers in the main streets of Queanbeyan and Bungendore.

[12] NGR 47A(15).

[13] AER (2025). Draft decision – Evoenergy access arrangement 2026–31 – Attachment 5 Reference services, tariffs and non-tariff components, November, pp. 15-16.

Evoenergy considers that it is impractical and inappropriate to rely on historical evidence to inform expected average costs for complex permanent disconnections because:

- Evoenergy has not historically offered a complex permanent disconnection for residential customers, and has therefore not captured data on customised works required. At this stage, it is not possible to reliably determine an expected average cost based on evidence of past disconnections without having previously offered the service.
- Given the highly variable nature of the scope of works for complex permanent disconnections, average costs may be significantly distorted by the types of jobs requested. (For example, demand customers requiring welding works on HP mains vs a very large residential complex where the cost per service may be materially lower). The degree of variability in the scope of works means that any average will not be close to a cost reflective charge. Given the individual nature of the works, historical activities will not necessarily be reflective of future costs, and may not allow the recovery of efficient costs.

Further, we forecast low volumes of complex permanent disconnection services.[14] While demand for temporary disconnections is expected to increase, demand for permanent disconnections is not expected to materially increase under a targeted approach based on safety assessment outcomes. We note that when demand for a service is difficult to forecast and/or likely to be low or nil, that service may be considered a non-reference service.[15]

The AER's draft decision is inconsistent between ancillary services and with regulatory precedent

The AER's draft decision to not accept an individually priced service for complex permanent disconnections is inconsistent with:

- its draft decision of approving an individually priced service for Temporary disconnection and reconnection (Demand Customer Delivery Points),
- its regulatory precedent for other gas networks,
- its regulatory precedent for the approach it adopts for electricity networks, and
- the AEMC rule change on establishing a regulatory framework for retail customer initiated gas abolishment, including for negotiated abolishment services.

In its draft decision, the AER accepted 'Evoenergy's proposed charges for its remaining ancillary reference services', except for temporary disconnections, permanent disconnections, and wasted visits.[16] That is, the AER's draft decision approved an individually priced service for disconnection and reconnection for Demand customers.[17] The AER also considered that Evoenergy's proposed individually priced complex permanent disconnection as a non-reference or an unregulated tariff.[18] It is not clear why the AER has accepted an individual charge for the

[14] We expect that a total of 4 Demand and VB customers may require a complex permanent disconnection over the 2026–31 period. Based on a limited sample size of a project for ACT Government housing, we expect that 3-6 per cent of VI customers may require a complex permanent disconnection.

[15] For example, AER (2024). Final decision Australian Gas Networks (South Australia) Gas Distribution Determination 2026 to 2031 Reference service, tariff variation mechanism and tariff structure, November, p. 10.

[16] AER (2025). Draft decision – Evoenergy access arrangement 2026–31 – Attachment 5 Reference services, tariffs and non-tariff components, November, p. 18.

[17] AER (2025). Draft decision – Evoenergy access arrangement 2026–31 – Attachment 5 Reference services, tariffs and non-tariff components, November, p. 18.

[18] AER (2025). Draft decision – Evoenergy access arrangement 2026–31 – Attachment 5 Reference services, tariffs and non-tariff components, November, p. 6.

temporary disconnection and reconnection (Demand Customer Delivery Points) service but not a complex permanent disconnection, a service that has greater variability in scope of works required.

The AER's draft decision to not approve individually priced complex permanent disconnections is not consistent with its decisions for gas and electricity networks. The AER's final direction for Jemena Gas Networks included an individually priced abolishment service for complex sites, such as multi-tenancy sites.[19] This approach may allow for the permanent disconnection to be undertaken at a lower price per meter for multi-tenancy sites. For the electricity industry, quoted services based on quantities of labour and materials required, with quantities dependent on a particular task is well established within the regulatory framework for the ACT and NSW.[20]

A 'standardised' charge for a non-standard service is not cost reflective, does not provide efficient price signals, and is inconsistent with the intent of the AEMC's draft rule on establishing a regulatory framework for retail customer initiated gas abolishment. The AEMC recognise that:

> 'there are limits to which standardisation benefits consumers. This is because the broader the service standardisation, the more likely it is that customers who only require a basic service will have to cross-subsidise customers that require a more complex service. Individualised pricing may therefore be more efficient when services cannot be effectively standardised (e.g. for more complex abolishments).' [21]

Individually priced complex permanent disconnections are recognised by the AEMC as efficient, demonstrated through incorporating a negotiated abolishment service that accounts for the variation in the scope of works and costs associated with providing the service that is dependent on a range of factors including the site, premises type, connection type, and location.[22]

Strong consumer protections are accessible and embedded in the regulatory framework for gas distribution services

We note the AER's concerns regarding how the price level would be determined or negotiated with the customer, and what dispute resolution options are available if a customer disagrees with a tariff quoted or charged.[23]

The AER should account for the existing structure of market relationships in its decision making. Service requests are undertaken on a business-to-business basis, between retailers (acting on behalf of its retail customers) and the distribution business, in accordance with Retail Market Procedures.

Evoenergy does not undertake works requested by retailers (on behalf of customers) unless the price is agreed upon and accepted by that retailer, for all services, including fixed priced services and individually priced services. That is, a permanent disconnection service is not undertaken unless the retailer (on behalf of the customer) agrees to pay the charge, regardless of the ancillary or transport reference service provided. Evoenergy charges the retailer, in accordance

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[19] AER (2025). Final decision - JGN access arrangement 2025–30 - Attachment 9 - Reference tariff setting, May, pp. 1, 3, 5, 7.

[20] For example, see AER (2024). Final Decision Evoenergy Electricity Distribution Determination 2024 to 2029 (1 July 2024 to 30 June 2029) Attachment 16 Alternative control services, April, pp. 1-2.

[21] AEMC (2025). Draft rule determination Establishing a regulatory framework for retail customer initiated gas abolishment, October, p. 22.

[22] AEMC (2025). Draft rule determination Establishing a regulatory framework for retail customer initiated gas abolishment, October, p. 19, 33-34.

[23] AER (2025). Draft decision – Evoenergy access arrangement 2026–31 – Attachment 5 Reference services, tariffs and non-tariff components, November, pp. 15-16.

with the access arrangement (AA) and reference service agreement (RSA), for services delivered. Should the retailer pass on charges to the retail customer, it is the responsibility of the retailer to communicate charges with that retail customer, regardless of the ancillary service provided for both fixed and individually priced services.

Specifically, for complex permanent disconnections, as included in the RSA, Evoenergy provides a Permanent Disconnection Offer, which may be accepted or not accepted by the retailer (on behalf of the retail customer). The Offer includes a site-specific scope of works (developed based on a site visit), and charge reflecting a quote supplied by our contractor to deliver a safe complex permanent disconnection service.

Strong consumer protections are embedded in the regulatory framework, including an accessible dispute resolution framework. If a retail customer disagrees with a charge, that customer may seek assistance from the:

- AER for access disputes under chapter 5 of the NGL,
- ACT Civil and Administrative Tribunal (ACAT), or
- NSW Energy and Water Ombudsman (EWON).

Further, the AEMC draft rule on establishing a regulatory framework for retail customer initiated gas abolishment:

- introduces a dispute resolution role for the AER akin to the role it pays under the connections framework, including the option to publish guidance to distributors,
- introduces obligations for gas retailers to provide customers with information regarding disconnections (including referring the customer to the distributor's website), and
- includes obligations on gas distributors to publish information regarding the distributor's standard complaints and dispute resolution procedures and the contact details for the energy ombudsman.

Evoenergy considers that sufficient and accessible consumer protection arrangements are in place for individually priced ancillary services, including that we do not deliver nor undertake a service unless the retailer (on behalf of its retail customer) agrees to the charge.

3. Temporary disconnections

3.1 Evoenergy's regulatory proposal

Evoenergy's regulatory proposal included three temporary disconnection services reflecting different meter capacities and the works required to perform the service, including:

- temporary disconnection for volume customers with meters set with a capacity of less than 25m^3 per hour;
- temporary disconnection for volume customers with meters set with a capacity greater than or equal to 25m^3 per hour; and
- temporary disconnection and reconnection for demand customers.

For temporary disconnections, Evoenergy proposed to:

- maintain a cost-reflective user-pays approach to recovering costs, and

- introduce and recover safety control program costs through the temporary disconnection charge, which includes developing a targeted campaign informing temporarily disconnected customers that pressurised gas remains on their premises and improving public safety awareness of the gas network, consistent with our regulatory obligations, and based on a targeted approach to disconnections informed by safety assessment findings.[24]

The NGR requires that costs directly attributable to reference services are to be allocated to those services.[25] Consistent with the NGR, we allocated safety control program costs to temporary disconnections.[26]

The proposed temporary disconnection charges reflect the efficient costs we incur for providing the service, including labour, material, indirect, and safety costs. The charges were built up using the AER's standardised ancillary services model.

3.2 AER draft decision

In its draft decision, the AER requires that Evoenergy exclude the safety control program costs from the temporary disconnection charges, and to further reduce the charge to align with the benchmark rate of other gas distribution networks.[27] The AER considered safety control program costs are standard operating costs, rather than directly related to a specific service.[28] The AER considered that a $90 charge is acceptable to charge customers with a meter set with a capacity of less than or equal to 25m^3/hour because it aligns with the highest of the benchmark amounts.[29]

3.3 Evoenergy's revised proposal

Evoenergy maintains that a safety control program remains necessary to ensure a safe and efficient future decommissioning of the gas network, to meet our regulatory obligations[30] and based on safety assessment finding recommendations. In line with the AER's draft decision, Evoenergy's revised proposal excludes these costs from temporary disconnection charges and instead includes the safety control program costs as an operating expenditure step change. See Attachment 5: Operating expenditure for more information on the safety control program opex step change.

Evoenergy does not accept the AER's draft decision to further reduce temporary disconnection charges based on its benchmarking approach for the following reasons (each is detailed below):

[24] Evoenergy (2025). ACT and Queanbeyan-Palerang gas network access arrangement 2026–31 - , Attachment 8 Ancillary activities reference service and tariffs, June.

[25] NGR 93(2)(a).

[26] NGR 93(2)(a).

[27] AER (2025). Draft decision – Evoenergy access arrangement 2026–31 – Attachment 5 Reference services, tariffs and non-tariff components, November, p. 23, p. 16.

[28] AER (2025). Draft decision – Evoenergy access arrangement 2026–31 – Attachment 5 Reference services, tariffs and non-tariff components, November, p. 23, p. 16.

[29] AER (2025). Draft decision – Evoenergy access arrangement 2026–31 – Attachment 5 Reference services, tariffs and non-tariff components, November, p. 23, p. 16.

[30] Utilities (Technical Regulation) (Gas Safety and Network Operation Code) Approval 2021, clause 5.2 (available from ACT Legislation Register).

- the temporary disconnection charge is efficient, based on AER-approved labour rates for ancillary services, and allows us to provide a safe service.
- a benchmarking approach is inappropriate based on a limited averaging period of a single year, that compares charges rather than efficient costs to deliver temporary disconnection services.

Evoenergy should be able to recover efficient costs through cost reflective price signals to safely deliver temporary disconnection services

Components of the cost build up for cost-reflective charge of a temporary disconnection include labour costs, travel time, task time, material costs, and indirect overheads.

The cost build up for the services is based on the AER's own standardised ancillary service model.

In its draft decision, the AER did not identify any specific cost component of Evoenergy's proposed temporary disconnection charge as inefficient.

Evoenergy's proposed labour rate and overheads for ancillary services are efficient, and accepted by the AER in its draft decision for ancillary services. We note that the AER accepted Evoenergy's services for reconnections, permanent disconnections, and non-standard retail-initiated requests and queries.[31] Evoenergy's proposed temporary disconnection charges were calculated using the same labour rate as that used for other ancillary services.

Evoenergy's proposed service duration for a temporary disconnection reflect typical travel time and time to safely complete the task. Reducing the time taken to perform a temporary disconnection presents material safety implications for customers, contractors, and the gas network.

We note that the AER's draft decision to reduce temporary disconnection charges, based on its benchmarking approach, while disregarding efficient labour rates and time needed to safely deliver the service, is inconsistent with its acceptance of the cost methodology for and other ancillary services (such as permanent disconnections). We consider that the AER's draft decision is inconsistent with the NGL and NGR, which allow us to recover efficient costs and deliver services safely.

Benchmarking charges rather than costs based on a single year is not appropriate

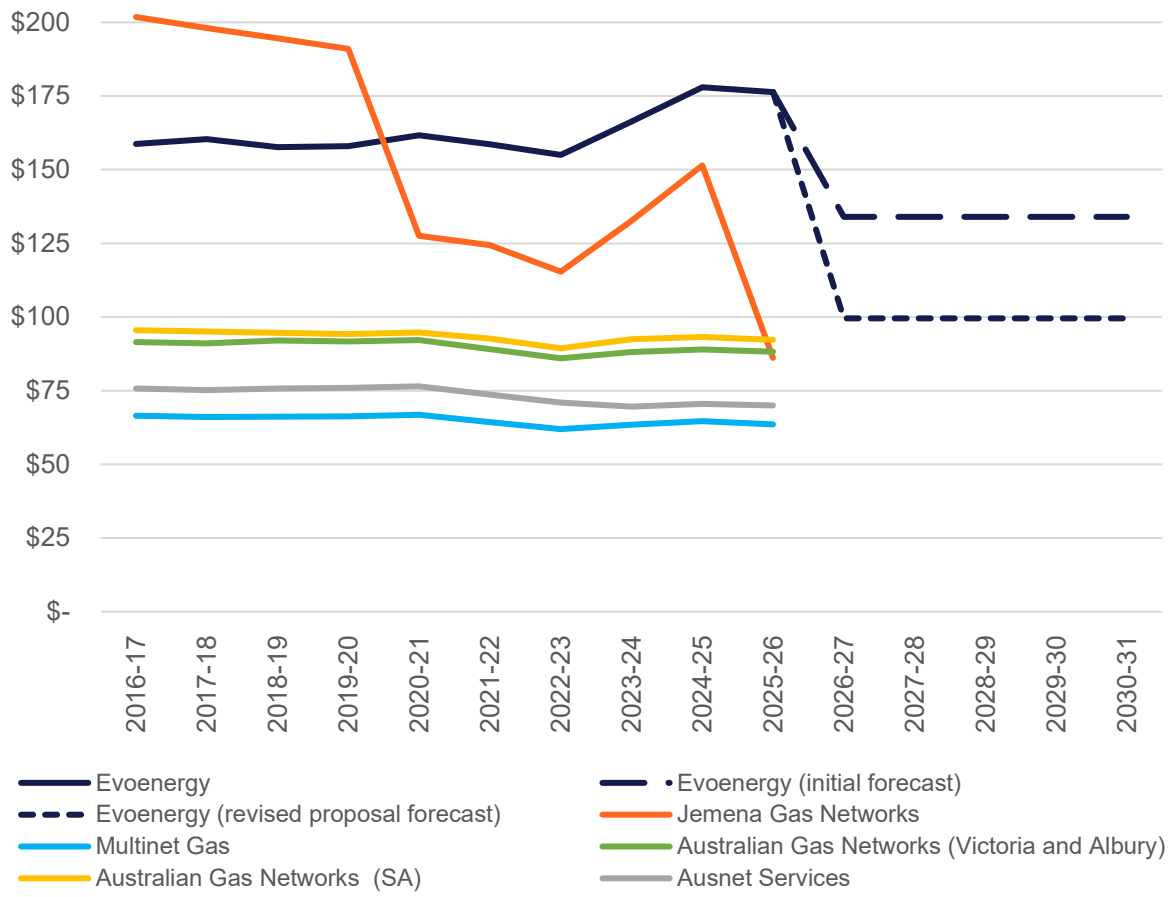
The AER considered that Evoenergy's proposed temporary disconnection charges are higher than the industry average of $79.[32] The AER based its industry average on the 2025–26 financial year excluding Evoenergy.

Figure 1 shows historical temporary disconnection charges for AER-price-regulated gas distribution networks. When accounting for inflation and after excluding safety control program costs, our proposed temporary disconnection charge of $100 is below average industry AER-approved charges of $107 for the 2015–16 to 2025–26 period.

[31] AER (2025). Draft decision – Evoenergy access arrangement 2026–31 – Attachment 5 Reference services, tariffs and non-tariff components, November, p. 23.

[32] AER (2025). Draft decision – Evoenergy access arrangement 2026–31 – Attachment 5 Reference services, tariffs and non-tariff components, November, p. 16.

Figure 1 Temporary disconnection charge by gas distributor ($2026-27)



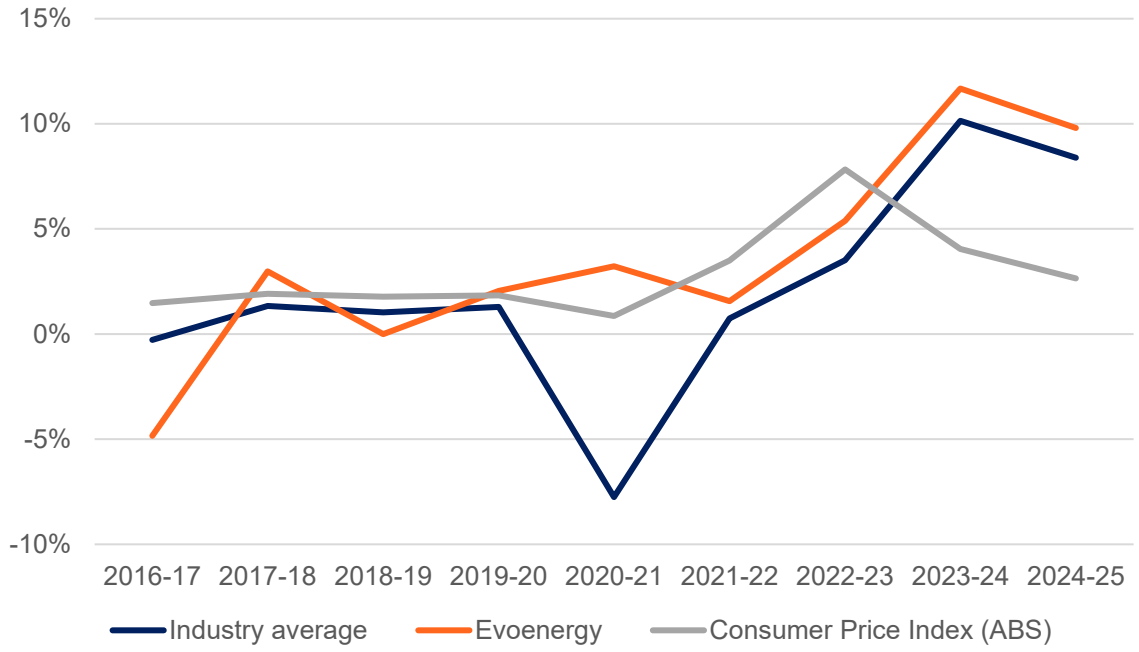
Source: Evoenergy analysis

The AER's approach of reducing the temporary disconnection charge is based on benchmarking charges, instead of efficient costs needed to safely deliver the service:

- charges for ancillary services are varied in line with AER approved weighted average price cap (with variables including inflation, cost of debt, and pass throughs for jurisdictional taxes and levies), subject to a side constraint, and
- costs for ancillary services, including temporary disconnections, are predominantly driven by changes in inflation and the real price change of labour.

That is, while ancillary costs may vary based on inflation and labour, the charges may vary based on different variables under the WAPC. The current 2021–26 period has a single reference service, including transport and ancillary services, with labour escalation factored into the opex forecast. Therefore, charges may vary at a different rate from the underlying cost drivers, consistent with incentives under a WAPC, which has a cumulative impact over a five-year regulatory period. To demonstrate this effect, Figure 2 shows the industry average percentage change in temporary disconnection charges compared to CPI. Changes in charges compared to CPI has diverged in recent years. The AER's benchmarking approach based on charges may vary from the efficient cost of providing a service, and is therefore, not appropriate.

Figure 2 Annual percentage change in temporary disconnection charges compared to change in CPI ($nominal)



Source: Evoenergy analysis

4. Wasted visits

4.1 Evoenergy's regulatory proposal

Evoenergy proposed to introduce wasted visit charges for permanent disconnection, temporary disconnection, reconnection and special meter read services.[33]

Wasted visit charges apply where Evoenergy attends a site and is unable to gain safe or unhindered access to complete a requested service.[34] A wasted visit is specific to circumstances where there is restricted access, an unsafe site, or refusal by the customer to allow works to be performed. For example, where a customer has a locked gate, intimidates or threatens our technician carrying out a disconnection work order, or a pet prevents safe access to undertake the service. Wasted visit charges will not apply in circumstances where we are unable to locate the meter or where the meter has already been removed by Evoenergy.

[33] Evoenergy (2025). ACT and Queanbeyan-Palerang gas network access arrangement 2026–31 - Attachment 8 Ancillary activities reference service and tariffs, June.

[34] Evoenergy (2025). ACT and Queanbeyan-Palerang gas network access arrangement 2026–31 - Attachment 8 Ancillary activities reference service and tariffs, June, p. 14.

4.2 AER draft decision

The AER's draft decision requires Evoenergy to 'justify why its wasted visit tariffs should be established and, if justified to our [AER] satisfaction, reduce the level of wasted visit reference tariffs.'[35]

The AER considered that Evoenergy's justification of its wasted visit tariffs should include evidence on the number of wasted visits. The AER's draft decision also requires Evoenergy to explain how it will ensure customers are fully informed of the wasted visit charges, and what controls are in place, or will be implemented, to reduce the occurrence of wasted visits.[36]

Once justified to the AER's satisfaction, Evoenergy must also clearly explain the cost build up for the wasted visit charges and why each element cannot be avoided.[37]

4.3 Evoenergy's revised proposal

Evoenergy's revised proposal for the 2026–31 period includes wasted site visits for the temporary disconnection, reconnection, and special meter read services.

Wasted site visits are unavoidable for Evoenergy. A separate cost-reflective charge should be established, and recovered on a causer pays basis, to promote economic efficiency, and reduce the unnecessarily high volumes currently provided. The cost build-up of charges is efficient, based on the AER's standardised ancillaries model, and consistent with regulatory precedent. Given the structure of the gas market, where a retail customer requests services from their retailer (and typically not the distributor), it is appropriate for the retailer to inform customers of applicable wasted visit charges where the customer who has requested the service is at fault and if the retailer passes through such charges. Our response to the AER's requirements set out in its draft decision are explained below.

Wasted visits are unavoidable due to safety and reasons outside of our control

The AER's 'draft decision requires Evoenergy to justify why wasted visit tariffs should be established'.[38] The AER's draft decision was informed by a submission from the ACT Government on Evoenergy's proposal, which expressed the view that 'wasted visit fees should only be applied where the customer was genuinely at fault'.[39]

Wasted visit charges apply in circumstances where Evoenergy is unable to gain safe or unhindered access to complete the service request, and will not apply where Evoenergy cannot locate the meter.[40] We have clarified clauses in our access arrangement that a wasted visit charge applies if there is restricted physical access, such as a locked gate, and there is no answer from the customer. For Ancillary Activities Reference Service, the RSA includes that Evoenergy must use reasonable endeavours to provide the service.[41] Therefore, the proposed charges only apply where the customer is at fault for the requested service not being completed.

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[35] AER (2025)., Draft decision Evoenergy (ACT) access arrangement 2026–2031 -Overview, November p. 37.

[36] AER (2025)., Draft decision Evoenergy (ACT) access arrangement 2026–2031 -Overview, November p. 39.

[37] AER (2025). Draft decision Evoenergy (ACT) access arrangement 2026–2031 - Attachment 5 – Reference services, tariffs and non-tariff components, November, p. 17.

[38] AER (2025). Draft decision Evoenergy (ACT) access arrangement 2026–2031 -Overview, November, p. 39.

[39] ACT Government, Submission on Evoenergy (ACT) access arrangement 2026 to 2031 (1 July 2026 to 30 June 2031) Overview, November 2025, p. 4.

[40] Evoenergy (2025). ACT and Queanbeyan-Palerang gas network access arrangement 2026–31, p. 57.

[41] Evoenergy, Reference Service Agreement Evoenergy's gas distribution network in the ACT and Queanbeyan-Palerang 1 July 2026 – 30 June 2031, January 2026, clauses 16.2, 16.3(b), 16.4(b).

Wasted visits cannot be avoided. Customers may refuse to allow gas technicians or meter readers to perform the service, have a locked gate, or a pet that prevents safe access to the site.

Customers and their pets have historically presented significant safety issues for utility workers across jurisdictions, preventing their safe access to work sites. For instance, Ergon Energy reported 148 dog attacks, 60 incidents involving wildlife, and 81 threats from the public directed towards its staff and contractors in 2025.[42] Ergon's report follows an inquest into the death of a meter reader who was fatally mauled by dogs while performing a routine electricity meter check in 2022.[43] Energy Queensland introduced a 'no entry' policy mandating that requested services are not to be completed on a premises where a customer's dog has not been securely restrained.[44]

Similar safety hazards exist in Evoenergy's gas network. Due to such safety concerns, Evoenergy technicians and meter readers do not access unsafe work sites where a dog is unrestrained. An unrestrained dog is not within the control nor avoidable by Evoenergy, but instead a responsibility of customers to ensure that their dog is restrained and there is safe access to the site.

Given that the retailer (on behalf of a retail customer) requests services, Evoenergy has no way of anticipating such circumstances of a wasted site visit, but incurs the costs of dispatching a crew of gas service technicians, regardless of whether the service is completed. Given that ancillary activities are specifically requested by a retailer (on behalf of a retail customer), that customer has a responsibility to ensure that Evoenergy can undertake the requested service to the extent that the customer allows unhindered and safe access to the premises, in accordance with the RSA.

Wasted site visit should be a separate charge to promote economic efficiency

The revenue and pricing principles set out in the NGL includes:[45]

- scheme pipeline service providers should be provided with a reasonable opportunity to recover at least their efficient costs, and that
- economic efficiency to be promoted includes efficient investment in, or in connection with, a pipeline with which the service provider provides reference services.

Evoenergy's proposed wasted visit charges are consistent with the NGL to allow for the recovery of efficient costs and to promote economic efficiency for the provision of services through cost reflective price signals. A separate charge for wasted visits to be recovered on a causer pays basis aligns with the principles of economic efficiency:

- provides efficient price signals to both those customers causing wasted visits and those not causing wasted visits (including consistency with AEMC's recent draft rule enforcing a user pays approach with efficient price signals for permanent disconnections), and
- provides for efficient allocation of the costs and risks associated with wasted visits, by allocating them to those who are best placed to manage them.

[42] Ergon Energy (2025). Crews under threat from aggro dogs and customers.
[43] ABC (2025). Police officer drew gun on dog after fatal mauling of meter reader Kane Minion, inquest hears - ABC News.
[44] ABC (2025). Almost 150 dog attacks reported by Ergon Energy workers across Queensland in 12 months - ABC News.
[45] NGL 24.

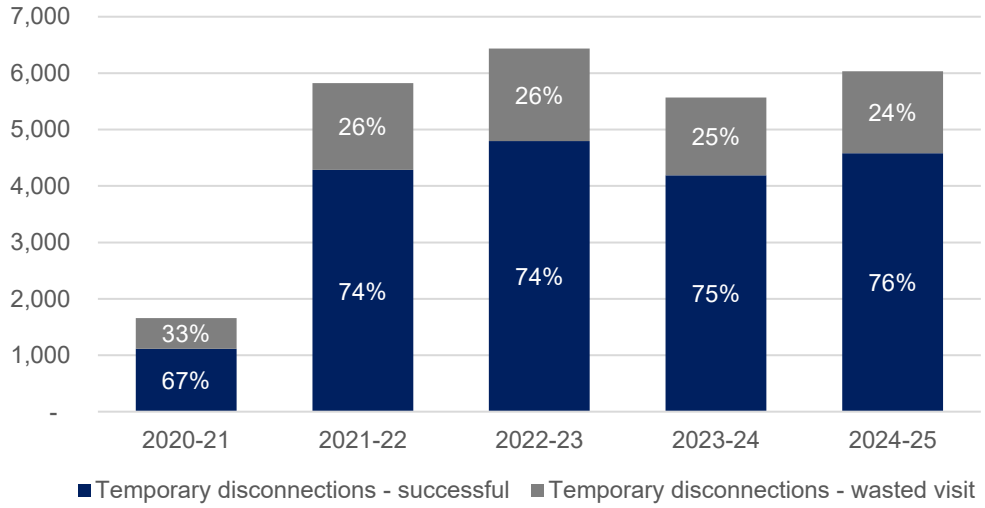
Additionally, the NGR provides that 'costs directly attributable to reference services are to be allocated to those services'.[46] As such, Evoenergy allocated costs incurred for wasted visits to a separate stand-alone wasted visit charge, except for permanent disconnections due to the low volumes.

Wasted visit volumes are high, and can be minimised through providing efficient cost reflective price signals, consistent with standard industry practice

The AER's draft decision requires Evoenergy to provide 'evidence on the number of wasted visits'.[47]

The proportion of wasted site visits for temporary disconnection services has been relatively consistent, but is high, shown in Figure 3. Over the five-year period from 2020–21 to 2024–25, the average proportion of wasted visits for requested temporary disconnection services was 26 per cent.

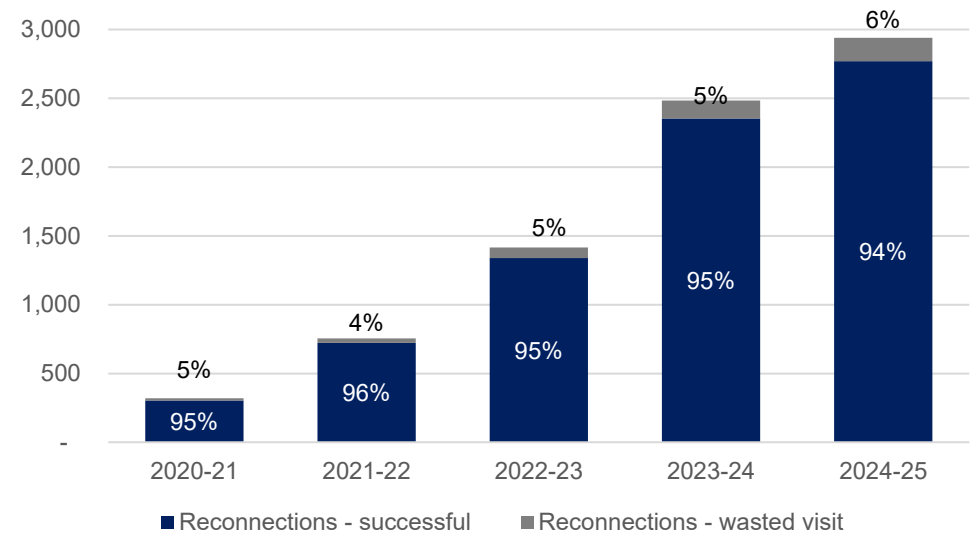
Figure 3 Temporary disconnection – wasted visits based on service requests



The proportion of wasted site visits for reconnection services has remained relatively flat, shown in Figure 4. Over the five-year period from 2020–21 to 2024–25, the average proportion of wasted visits for requested temporary disconnection services was 5 per cent.

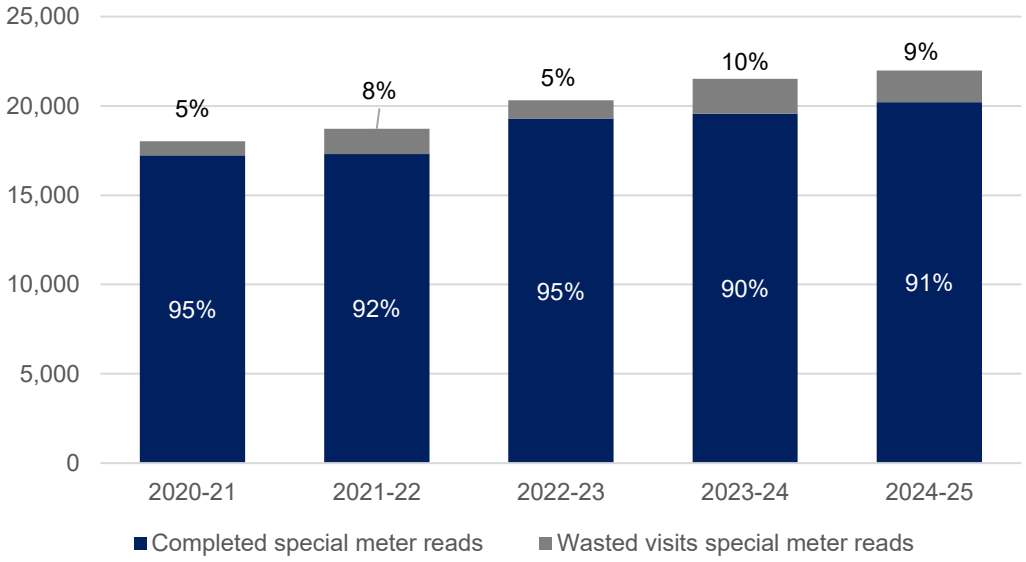
[46] NGR 93(2)(a).
[47] Evoenergy (2025). ACT and Queanbeyan-Palerang gas network access arrangement 2026–31 - Overview, November, p. 39.

Figure 4 Reconnections – wasted visists based on service requests



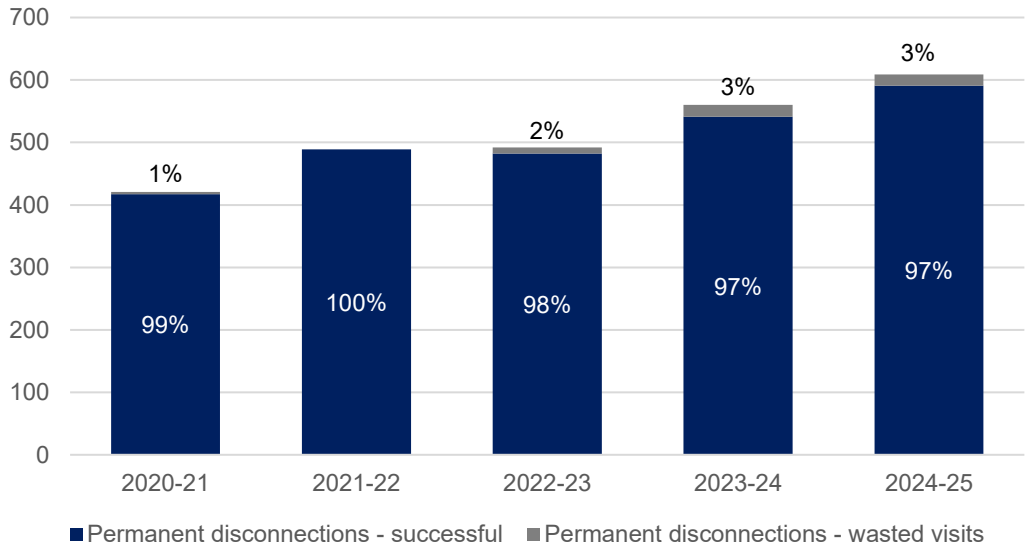
As shown in Figure 5, over the five-year period from 2020–21 to 2024–25, the average proportion of wasted visits for requested temporary disconnection services was seven per cent.

Figure 5 Special meter reads – wasted visits based on service requests



Wasted visits for abolishment services has historically been relatively low, averaging about two per cent for the period 2020–21 to 2024–25.

Figure 6 Permanent disconnections – wasted visits based on service requests



Despite reasonable gas meter accessibility, wasted site visits are high. Wasted visits for temporary disconnections are predominantly due to no access (such as for internal meters), access refused by the customer, locked gates, or a dog in the customer's backyard but able to interfere with the technician safely carrying out the work. For disconnections, reconnections, and special meter reads, gas service technicians and meter readers require safe and unhindered access to the meter. In the ACT, gas meters are generally in the front yard of the premises without a fence due to planning restrictions. This means that gas meters in the ACT are relatively accessible compared to other jurisdictions.

The AER's draft decision requires that Evoenergy explain 'what controls Evoenergy has to ensure that wasted visits are kept to a minimum… and what further controls it will develop to ensure that wasted visits are kept to a minimum'.[48]

A separate standalone wasted visit charge is an effective control for keeping wasted visits to a minimum and reducing inefficiency through cost reflective price signals and a causer pays cost recovery approach. Charging for wasted site visits, where the customer is at fault, as a separate charge provides an economic incentive (including for retailers to inform customers if passing through charges) to allow safe and unhindered access for Evoenergy to undertake the service requested.

Given the volumes of wasted visits for ancillary services, efficient price signals will provide customers with economic incentives based on the efficient costs incurred in circumstances where the site is unsafe or access is hindered and the customer is at fault, but to not charge customers where Evoenergy cannot locate the meter. This approach reflects a cost-reflective causer pays approach, consistent with our ancillary activities reference service.

Charging for wasted visits is standard industry practices that is consistent with regulatory precedent. For example:

[48] AER (2025). Draft decision – Evoenergy access arrangement 2026–31 – Overview, November, November, p. 39.

- Wasted visits for the Jemena Gas Network range between $17 and $196 depending on the service ($2025–26),[49] and
- Rescheduled site visits in the ACT for the electricity network alternative control services ranges from $365.17 to $1,030.35 ($2024–25).[50]

Proposed wasted visit charges are efficient

The AER's draft decision requires Evoenergy to 'clearly explain the cost build up for the charges' and 'why each element cannot be avoided'[51]

Evoenergy's regulatory proposal included a breakdown of how ancillary charges were derived.[52] A version the model is publicly available for stakeholder transparency.[53]

Evoenergy used the AER's own standardised ancillaries model for developing charges to provide a detailed cost build up for wasted site visit charges. The build-up of ancillary charges is based on costs incurred for providing wasted visit services, including:

- non-field and field-based labour rates (approved by the AER in its draft decision for other ancillary services),
- travel time (approved by the AER in its draft decision for ancillary services) and time to safely complete the task, and
- corporate overhead rates (approved by the AER in its draft decision of other ancillary services).

In its draft decision, the AER expects Evoenergy to explain why each element of the wasted visit cost cannot be avoided.[54]

It is not possible for Evoenergy to avoid incurring the costs outlined above when a wasted visit occurs. Evoenergy incurs costs for dispatching a crew of gas service technicians to deliver a service requested by the retailer (on behalf of a retail customer), regardless of whether the requested service can be successfully completed. Evoenergy cannot avoid the cost of gas service technician travel time and costs associated with attempting to undertake a service request by a retailer (on behalf of a retail customer) but where the customer is at fault of the service not being completed (such circumstances include restricted access, an unsafe site, or refusal by the customer to allow the requested works to be completed).

In its draft decision, the AER requires 'that Evoenergy reduce its proposed basic permanent disconnection service wasted visit charge of $211 and permanent disconnection (urgent) service wasted visit charge of $445.'[55]

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[49] AER (2025). Final decision - JGN access arrangement 2025–30 - Attachment 9 - Reference tariff setting, May, p. 7.

[50] AER (2025). Final decision - JGN access arrangement 2025–30 - Attachment 9 - Reference tariff setting, May, p. 7.

[51] AER (2025). Draft decision – Evoenergy access arrangement 2026–31 – Attachment 5 Reference services, tariffs and non-tariff components, November, p. 17.

[52] Evoenergy (2025). ACT and Queanbeyan-Palerang gas network access arrangement 2026–31 - Attachment 8-Ancillary activities reference service and tariffs, June.

[53] Evoenergy (2025). ACT and Queanbeyan-Palerang gas network access arrangement 2026–31- Appendix 8.2 ANS model, June.

[54] AER (2025). Draft decision – Evoenergy access arrangement 2026–31 – Attachment 5 Reference services, tariffs and non-tariff components, November, p. 17.

[55] AER (2025). Draft decision – Evoenergy access arrangement 2026–31 – Attachment 5 Reference services, tariffs and non-tariff components, November, p. 17.

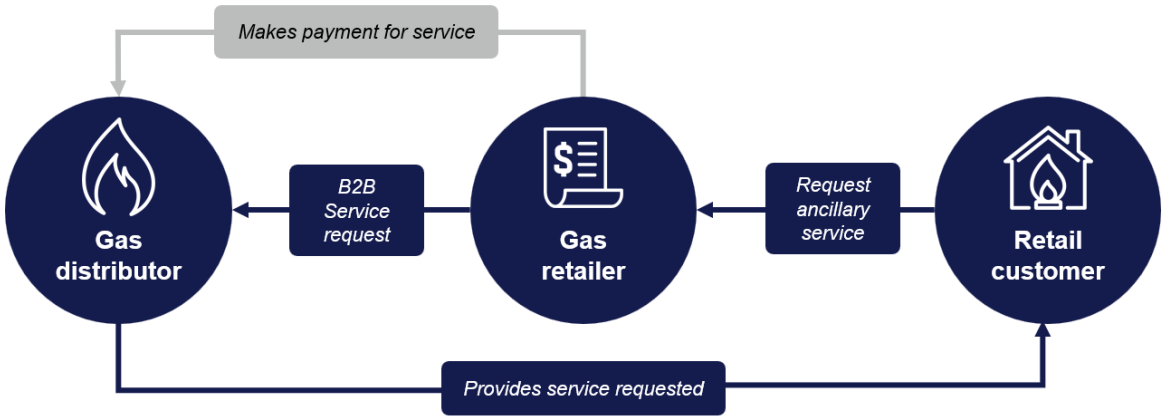
Evoenergy considers our proposed charges efficient and cost reflective. However, in response to the AER's draft decision, and given that forecast volumes are low, Evoenergy has withdrawn the separate charge for wasted visits associated with permanent disconnections. Instead, incurred costs, based on historical volumes, is included in the permanent disconnection charge (discussed in section 2.3).

Informing customers may contribute to avoiding wasted visits, but information sharing is subject to the market structure and procedures

An additional measure to minimise wasted visits is to ensure customers are informed. Given the market structure, if retailers intend to charge customers for wasted visits, we encourage retailers to notify that customer.

Retail customers must request services from their gas retailer. As shown in Figure 7, the energy market is structured such that Evoenergy delivers services if requested by the retailer (on behalf of a retail customer) based on the agreed terms, conditions, and charges set out in the RSA and AA, and in accordance with Retail Market Procedures (or B2B service request). After delivering the service, Evoenergy charges the retailer for the service delivered, in accordance with the RSA. The retailer may or may not pass the charge directly onto its retail customer.

Figure 7 Market structure for gas distribution ancillary services



The AER's draft decision requires Evoenergy to 'explain how it will ensure customers are fully informed of the wasted visit charges before it confirms the related service'.[56]

While Evoenergy takes reasonable steps to ensure retailers have access to information to ensure retail customers are informed, we consider it appropriate that retailers take the lead in communicating these charges to customers for the following reasons:

- Given that retail customers request services from their retailer (and typically not Evoenergy), it is appropriate that retailers inform customers if it intends to pass on the cost of a wasted visit, and the circumstances in which a wasted visit charge applies. This same approach is being adopted for the sharing of information for permanent disconnections under the AEMC rule change. The AER should account for energy market structures, including the relationship between customers, retailers, and distributors, embedded in the regulatory framework in its decision-making.
- Based on the market structure, and that Evoenergy provides services at the request of retailers (on behalf of retail customers), based on agreed terms, charges should be

[56] AER (2025). Draft decision – Evoenergy access arrangement 2026–31 – Overview, November, p. 39.

designed for retailers. As suggested by the AEMC in its review of electricity pricing, 'We want tariffs to be designed for energy service providers and their customers and break the current nexus of energy service providers directly passing on risks and additional costs arising from network tariff structures to consumers.'[57]

- As required in the AER's draft decision, a significant uplift in resourcing and associated expenditure allowances is required to 'ensure customers are fully informed of the wasted visit charges before it confirms the related service'.[58] For example, an uplift in IT systems or FTEs to notify customers. Given that retailers already communicate directly with customers requesting services, we consider it to be more efficient for retailers to inform those customers of charges for wasted visits if that retailer intends on passing through charges. Additional processes would need to be developed to support information sharing, which could cause confusion for retail customers, depending on whether the retailer chooses to charge that customer or not, and where the charges may differ between the amount Evoenergy charges the retailer and the amount the retailer charges the retail customer.

We engaged with gas retailers and heard that most retailers inform customers of charges if passed through to the customer. Currently, wasted visits are typically not on-charged to most customers in the ACT. Some retailers do not pass on the charge, such as for electricity rescheduled site visits in the ACT. We heard from one retailer that it would be useful to share the reason for the wasted visit when it applies, such as where there is a locked gate or a dog preventing safe and unhindered access to the meter, to assist retailers justifying the charge for their customer. Evoenergy notes that information is shared through the Retail Market Procedures (B2B process), with reasons included in the code entered by field workers. Evoenergy will continue to engage with retailers on how to extract such information if required.

[57] AEMC (2025). Draft report The pricing review - Electricity pricing for a consumer-driven future, December, p. 39.

[58] AER (2025). Draft decision – Evoenergy access arrangement 2026–31 – Attachment 5 Reference services, tariffs and non-tariff components, November, p. 17.

5. Ancillary activities reference service tariff variation mechanism

5.1 Evoenergy's regulatory proposal

Evoenergy's proposed tariff variation mechanism (TVM) for Ancillary Activities Reference Service consists of individual price caps for each element of that service. We proposed that the ancillary activities reference services be adjusted annually to include updated CPI, X-factor, bespoke adjustments and cost pass throughs. Our proposal noted that the 'real price change is set as the forecast real labour input cost changes, accounting for expected movements in labour costs that make up most of the costs incurred for providing ancillary services.'[59] The proposed individual price cap TVM for the 2026–31 period included in our initial proposal is outlined in Figure 8.

Figure 8 Proposed tariff variation mechanism for Ancillary Activities Reference Service

The proposed individual price cap TVM to vary fee-based Ancillary Activities Reference Service charges (including any component of those Reference Tariffs) is subject to compliance with:[60]

$$\mathbf{ART}_{\mathbf{t}}^{\mathbf{i}} \leq \mathbf{ART}_{\mathbf{t-1}}^{\mathbf{i}} \times (\mathbf{1} + \Delta\mathbf{CPI}_{\mathbf{t}}) \times (\mathbf{1} - \mathbf{X}_{\mathbf{t}}) \times \left(\mathbf{1} + \mathbf{A}_{\mathbf{t}}^{\mathbf{i}}\right) + \boldsymbol{PT}_{\boldsymbol{t}}^{\boldsymbol{i}}\big)$$

Where

$\mathbf{ART}_{\mathbf{t}}^{\mathbf{i}}$	is the Ancillary Activities Reference Tariff for Ancillary Reference Service i that applies in Regulatory Year $\boldsymbol{t}$.
$\mathbf{ART}_{\mathbf{t-1}}^{\mathbf{i}}$	is the Ancillary Activities Reference Tariff for Ancillary Reference Service that applies in Regulatory Year $t-1$.
$\Delta\boldsymbol{CPI}_{\boldsymbol{t}}$	is the annual percentage change in the Australian Bureau of Statistics (ABS) CPI All Groups, Weighted Average of Eight Capital Cities from the December quarter in year $t-2$ to the December quarter in year $t-1$, calculated using the following method: The ABS CPI All Groups, Weighted Average of Eight Capital Cities for the December quarter in financial year $t-1$ divided by The ABS CPI All Groups, Weighted Average of Eight Capital Cities for the December quarter in financial year $t-2$ minus one.
$\boldsymbol{X}_{\boldsymbol{t}}$	means the X factor for each Financial Year as follows – $X_{2026-27} = -0.952\%$ $X_{2027-28} = -0.930\%$ $X_{2028-29} = -1.080\%$ $X_{2029-30} = -1.199\%$ $X_{2030-31} = -1.289\%$

[59] Evoenergy (2025). , ACT and Queanbeyan-Palerang gas network access arrangement 2026–31 - Attachment 9 Tariff variation mechanism, June., p. 46.

[60] Evoenergy, ACT and Queanbeyan-Palerang gas network access arrangement 2026–31, June, , p. 68.

A_t^i	the sum of any adjustments for service 'i' in year t. This includes any bespoke adjustments the AER deems necessary, applying the time value of money where appropriate.
PT_t^i	is any approved cost pass through amount as determined by the AER for the relevant Financial Year t and Ancillary Reference Service i.

5.2 AER draft decision

The AER's draft decision is to not accept Evoenergy's proposed TVM, and requires Evoenergy to amend the tariff variation mechanism for ancillary activities reference services to limit the annual adjustment of tariffs by CPI only.[61]

The AER considered that Evoenergy's proposed 'approach is likely to produce ancillary reference service tariffs higher than necessary for Evoenergy to recover its efficient costs. It would also be inconsistent with approaches taken by other regulated gas distributors.'[62] In its draft decision, the AER requires 'that Evoenergy's revised access arrangement should apply simple CPI adjustments to escalate these tariffs annually, consistent with AusNet, AGN Victoria and Albury, Multinet and AGN SA.'[63]

5.3 Evoenergy's revised proposal

Evoenergy considers that it is appropriate to vary ancillary charges consistent with the drivers of the underlying costs (inflation, materials, and labour) for those services to ensure that charges provide a cost reflective, efficient price signal for providing services. We maintain the CPI-X variation approach in our initial proposal is appropriate for the 2026–31 period, as it reflects the underlying cost drivers of providing an efficient Ancillary Activities Reference Service, as required under the NGO and NGR where the AER must have regard to the need for efficient tariff structures[64] and provide efficient price signals.

The CPI-X approach in our initial proposal is consistent with the current approach and regulatory precedent. The CPI-X approach is consistent with the AER's form of control applied to alternative network services in its electricity determinations.[65] In its draft decision, the AER has considered 'the desirability of consistency between regulatory arrangements for similar services,' but did not detail its reasons for applying a different approach.[66]

In its draft decision however, the AER considered that the proposed CPI-X approach 'is likely to produce ancillary reference service tariffs higher than necessary for Evoenergy to recover its

[61] AER (2025). Draft decision – Evoenergy access arrangement 2026–31 – Overview, November, p. 39.

[62] AER (2025). Draft decision – Evoenergy access arrangement 2026–31 – Attachment 5 Reference services, tariffs and non-tariff components, November, p. 23.

[63] AER (2025). Draft decision – Evoenergy access arrangement 2026–31 – Attachment 5 Reference services, tariffs and non-tariff components, November, p. 23.

[64] NGR 97(3)(a).

[65] For example, see AER (2024). Final Decision Ausgrid, Endeavour Energy, Essential Energy, Evoenergy, Power and Water Corporation and TasNetworks Electricity Distribution Determination 2024 to 2029 (1 July 2024 to 30 June 2029) Attachment 14 Control mechanisms, April, pp. 10-13.

efficient costs'.[67] Specifically, the AER's draft decision is to vary ancillary activity charges annually in line with CPI and to not vary charges in line with labour costs. Evoenergy notes that the AER's draft decision effectively reflects the view that escalating ancillary charges based on inflation is efficient, but that adjusting for the main underlying driver of ancillary costs (labour) is not efficient.

Evoenergy notes that ancillary activity costs are predominantly driven by labour costs (reflected by the x-factor). Because CPI measures household inflation,[68] not real changes in the cost of labour or contractors that drive the cost changes of ancillary activities, we consider that the AER's approach does not adequately vary charges to reflect efficient changes to the underlying costs of providing ancillary services. Therefore, we consider that the AER's draft decision is not consistent with the NGO to promote efficient investment in, and efficient operation and use of, covered gas services for the long-term interests of consumers of covered gas with respect to price, quality, safety, reliability and security of supply of covered gas.

Nevertheless, Evoenergy's revised proposal reflects the AER's draft decision requirement for the 2026–31 TVM to adjust charges for ancillary activities reference services by CPI only. As per the AER's required TVM for the ancillary activities reference service, we have excluded the bespoke adjustment and pass through factors in the formulae. The formula is included in Schedule 5 of the Access Arrangement. We have adjusted the AER's standardised Alternative Network Services (ANS) model to reflect the AER's required CPI only adjustments for the regulatory period.

We welcome an approach in the AER's final decision that more adequately reflects an approach that allows charges to be adjusted in an efficient manner, and include the underlying labour cost driver of ancillary activities provided by a business, rather than solely reflecting a change in metropolitan household expenditure.

[67] AER (2025). Draft decision – Evoenergy access arrangement 2026–31 – Attachment 5 Reference services, tariffs and non-tariff components, November, p. 23.

Glossary

Term or acronym	Definition
AA	Evoenergy's access arrangement
ABS	Australian Bureau of Statistics
ACT	Australian Capital Territory
ACTCOSS	ACT Council of Social Services
ACTG	ACT Government
AEMC	Australian Energy Market Commission
AER	Australian Energy Regulator
ASF	Asset Services Fee
CAB	Capital asset base
Capex	Capital expenditure
CESS	Capital Expenditure Sharing Scheme
CEG	Competition Economists Group
CIE	Centre for International Economics
CPI	Consumer price index
DAMS	Distribution Asset Management Services agreement between ActewAGL Distribution and Jemena Gas Networks
Decommissioning	Decommissioning refers to the complete or partial shutting down and removal of the infrastructure of the gas network that is no longer in use.
ECRC	Energy Consumer Reference Council
EIL	Energy Industry Levy
ERAP	Energy Regulatory Advisory Panel
GJ	Gigajoule – unit of measurement of energy consumption
IEP	ACT Government's Integrated Energy Plan
NGL	National Gas Law
NGO	National Gas Objective
NGR	National Gas Rules
NSW	New South Wales
Opex	Operating expenditure
Permanent disconnection	The permanent disconnection of a gas connection at the premises. A permanent disconnection involves the removal of the gas meter and the physical disconnection of any pipeline to the property. This is considered

Term or acronym	Definition
	the safest option as it removes all risks associated with having a pressurised gas pipe, including the risk of gas leaks and excavation strikes.
PTRM	Post Tax Revenue Model (AER model) used to calculate Evoenergy's revenue forecast
RIN	Regulatory Information Notice
RSA	Reference Service Agreement
RSP	Reference Service Proposal
SA	South Australia
SEIFA	Socio-economic Indexes for Areas
Temporary disconnection	A disconnection is a temporary closure of a gas connection on a premises. It involves disabling the meter equipment by introducing a plug, wad, meter lock or blanking device to the inlet of the meter, preventing gas flow through the meter. A temporary disconnection does not disconnect the pipeline to the premises, meaning the gas pipeline is still active and pressurised. A temporary disconnection can be reversed.
TJ	Terajoule – unit of measurement of energy consumption
The Rules or Rules	National Gas Rules
TVM	Tariff Variation Mechanism
UAG	Unaccounted for gas
UNFT	Utilities (Facilities Network) Tax
VB	Volume Boundary tariff
VI	Volume Individual tariff
VIC	Victoria
WPI	Wage Price Index