

Attachment 8: Ancillary activities reference service and tariffs

Access arrangement information

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

Submission to the Australian Energy Regulator

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1. Introduction

In November 2024, the AER approved Evoenergy's proposal to separate the existing transportation reference service into two services for the 2026–31 access arrangement period, as follows:

- Transportation (including metering) reference service
- Ancillary activities reference service.

This attachment sets out our proposed approach to calculating the charges for Ancillary activities reference services for the first year of the 2026–31 access arrangement period. Attachment 9: Tariff variation mechanism discusses the approach to varying Ancillary activities reference service charges over the remaining years of the access arrangement period.

We have adopted a bottom-up cost-based approach to develop charges for ancillary services, with the exception of complex permanent disconnections. We propose that complex permanent disconnections be individually priced to account for the individual circumstances of the service being provided. Further details of our permanent disconnection and temporary disconnection services are provided in Appendix 8.1: Disconnection services.

The costs included in our ancillary services charges are:

- contractor costs, which we have built up using contractor labour rates, task time, travel time, contract costs and material costs
- safety support costs for temporary disconnections
- corporate overheads.

We have used the AER's standardised ancillary network services model to calculate ancillary service charges, and this model is provided as Appendix 8.2: ANS model. The model inputs are in 2024–25 dollar terms, and the model escalates costs using CPI and real wage escalators to convert costs to 2026–27 dollar terms. We engaged Oxford Economics to forecast the real wage escalators for the ACT utilities sector. The Oxford Economics report is provided as Appendix 3.8.

The remainder of this attachment provides details of each of the input costs and resulting ancillary service charges for 2026–27.

2. Contractor costs

Evoenergy's ancillary services are provided by contractors. Contractor costs are broken down into the following categories:

- non-field-based labour: covering four front and/or back office labour rates
- field-based labour: covering a standard field labour rate and a hydrovac labour rate
- contract rate for special meter reads
- materials.

Labour rates are provided in confidential Appendix 8.2: ANS model (confidential).

The labour rates are multiplied by the number of minutes on task and travel time, and by the number of full-time equivalent (FTE) staff required to perform the task (Table 1), to arrive at a total labour cost for each ancillary service (Table 2).

Table 1 Minutes on task and travel time, and FTE

Ancillary service	Non-field 1	Non-field 2	Non-field 3	Non-field 4	Field standard	Field hydrovac
	Minutes on task and travel time (FTE)					
Temporary disconnection ≤25m ³ /hr (per meter)	1 (1)	2 (1)	1.5 (1)	-	41 (1)	-
Temporary disconnection >25m ³ /hr (per meter)	1 (1)	2 (1)	1.5 (1)	-	60 (1)	-
Reconnection ≤25m ³ /hr (per meter)	1 (1)	8 (1)	5.26 (2)	-	46 (1)	-
Reconnection >25m ³ /hr (per meter)	1 (1)	8 (1)	5.26 (2)	-	70 (1)	-
Special meter read	1 (1)	-	-	-	-	-
Basic permanent disconnection	7.25 (4)	-	-	-	120 (2)	120 (1)
Basic (urgent) permanent disconnection	7.25 (4)	-	-	-	175 (2)	175 (1)
Non-standard retail-initiated requests and queries (per hour)	-	-	-	60 (1)	-	-
Wasted visit temporary disconnection	1 (1)	2 (1)	1.5 (1)	-	30 (1)	-
Wasted visit reconnection	1 (1)	8 (1)	5.26 (2)	-	30 (1)	-
Wasted visit basic permanent disconnection	7.25 (4)	-	-	-	30 (1)	30 (1)
Wasted visit basic (urgent) permanent disconnection	7.25 (4)	-	-	-	75 (1)	75 (1)
Wasted visit special meter read	1 (1)	-	-	-	-	-

In addition to labour costs, there are the following material and contract costs associated with providing ancillary services:

- for temporary disconnections, the materials cost covers an out of service tag and a metal wad, with the cost of a metal wad dependent on meter size
- for permanent disconnections, the materials cost is the cost of a cap for capping the service (nylon or polyethylene)
- for special meter reads, the contract cost reflects the fixed rate charged by the contractor for a special meter read (the same charge applies to wasted visits)
- for permanent disconnections, the contract cost reflects the cost of waste disposal and the cost of sand and soil for backfilling.

Total contractor costs (excluding corporate overheads), broken down by labour, materials and contract costs for each ancillary service, are presented in Table 2.

Table 2 Total contractor costs for 2026–27, \$2026–27

Ancillary service	Labour	Materials	Contracts	Total
Temporary disconnection $\leq 25\text{m}^3/\text{hr}$ (per meter)	82.24	3.21	0.00	85.46
Temporary disconnection $> 25\text{m}^3/\text{hr}$ (per meter)	118.90	41.88	0.00	160.78
Reconnection $\leq 25\text{m}^3/\text{hr}$ (per meter)	109.55	0.00	0.00	109.55
Reconnection $> 25\text{m}^3/\text{hr}$ (per meter)	155.38	0.00	0.00	155.38
Special meter read	See Appendix 8.2: ANS model (confidential)			12.05
Basic permanent disconnection	679.60	5.02	62.25	746.87
Basic (urgent) permanent disconnection	913.95	5.02	62.25	981.22
Non-standard retail-initiated requests and queries (per hour)	135.88	0.00	0.00	135.88
Wasted visit temporary disconnection	62.40	0.00	0.00	62.40
Wasted visit reconnection	80.04	0.00	0.00	80.04
Wasted visit basic permanent disconnection	210.88	0.00	0.00	210.88
Wasted visit basic (urgent) permanent disconnection	445.24	0.00	0.00	445.24
Wasted visit special meter read	See Appendix 8.2: ANS model (confidential)			12.05

3. Temporary disconnection safety control program

We forecast that most of our disconnections will be temporary, which is a safe way to disconnect from the gas network for most customers. Our approach is based on a safety assessment of Evoenergy's gas network, detailed in Appendix 8.1: Disconnection services. The independent safety assessment recommended a targeted permanent disconnection approach for property demolitions and for a single detached residential building that is being sold, if all appliances have been electrified.

Given our changing circumstances with an increasing volume of temporary disconnections, to continue meeting our safety obligations, we propose a safety control program aimed at supporting safety outcomes, given our targeted permanent disconnection approach.

Evoenergy proposes to include \$1.5 million in costs aimed at increasing public awareness of the safety risks associated with temporarily disconnected services and how these can be minimised. Details of the safety awareness program are provided in Appendix 8.3: Temporary disconnections safety control program.

Our community forum expressed support for our temporary disconnection charges, including an allowance for the safety control program.¹

The National Gas Rules (NGR) (Rule 93(2)(a)) require costs directly attributable to reference services to be allocated to those services. Consistent with the Rules, we have allocated these costs to temporary disconnections. We forecast 52,720 temporary disconnections over the 2026–31 access arrangement period (see Attachment 2: Demand forecast). This gives a safety support cost of \$28 per temporary disconnection (\$2025–26). This is escalated in the ancillary services model by CPI and the real wage escalator to arrive at a safety support cost for 2026–27 of \$30 per temporary disconnection.

¹ Appendix 1.2: Communication Link, Report of feedback from community forum sessions 1-10, June 2025, p. 44.

4. Corporate overheads

A corporate overhead rate of 16.5 per cent has been added to all ancillary services except for permanent disconnection services. We have excluded a contribution to corporate overheads on our permanent disconnection services to minimise these proposed charges in response to stakeholder feedback.

The corporate overhead rate has been calculated based on the historic rate of corporate overheads to direct operating expenses over the five-year period to 2023–24 as set out in Table 3.

Table 3 Corporate overheads as share of direct operating expenses, million \$2025–26

	2019–20	2020–21	2021–22	2022–23	2023–24	Total
Corporate overheads	3.65	3.40	2.76	2.65	4.10	16.56
Direct operating expenses	23.64	21.01	19.52	17.54	18.74	100.45
Corporate overheads %	15.42%	16.19%	14.15%	15.12%	21.88%	16.49%

5. Total ancillary charges

Based on the above costs, our proposed ancillary charges for 2026–27 are set out in Table 4.

Table 4 Proposed ancillary charges for 2026–27, \$2026–27

Ancillary service	Contractor costs	Safety support costs	Corporate overheads	Total
Temporary disconnection $\leq 25\text{m}^3/\text{hr}$ (per meter)	85.46	29.50	18.96	133.92
Temporary disconnection $> 25\text{m}^3/\text{hr}$ (per meter)	160.78	29.50	31.38	221.66
Reconnection $\leq 25\text{m}^3/\text{hr}$ (per meter)	109.55		18.06	127.62
Reconnection $> 25\text{m}^3/\text{hr}$ (per meter)	155.38		25.62	181.00
Special meter read	12.05		1.99	14.04
Basic permanent disconnection	746.87		0.00	746.87
Basic (urgent) permanent disconnection	981.22		0.00	981.22
Non-standard retail-initiated requests and queries (per hour)	135.88		22.41	158.29
Wasted visit temporary disconnection	62.40		10.29	72.69
Wasted visit reconnection	80.04		13.20	93.24
Wasted visit basic permanent disconnection	210.88		0.00	210.88
Wasted visit basic (urgent) permanent disconnection	445.24		0.00	445.24
Wasted visit special meter read	12.05		1.99	14.04

We have compared our proposed charges for key ancillary services with the AER's recent final decisions for the Victorian gas distribution businesses (Australian Gas Networks (AGN),² AusNet,³ Multinet Gas (MGN)⁴) and Jemena Gas Networks (JGN) in NSW.⁵ We find that:

- Evoenergy's proposed temporary disconnection charge (excluding safety support cost) is slightly higher than the charges approved by the AER for other gas networks (Figure 1)
- Evoenergy's proposed reconnection charge is above the charges approved by the AER for Victoria and NSW (Figure 2). Evoenergy has historically set its reconnection charge relatively low (\$58 per reconnection in 2025–26) and its temporary disconnection charge relatively high (\$172 per temporary disconnection in 2025–26). However, under the cost build-up methodology undertaken to prepare our 2026-31 proposal, charges for these services have been reset to reflect underlying costs⁶
- Evoenergy's proposed charge for special meter reads falls within the range of charges approved by the AER (Figure 3)
- Evoenergy's proposed charge for a basic permanent disconnection is below the approved charges, excluding socialisation, for these services in Victoria and NSW (Figure 4).⁷ For the reasons discussed in Appendix 8.1: Disconnection services, Evoenergy does not consider it appropriate to socialise a proportion of these charges across the transport reference service
- Evoenergy's proposed permanent disconnection charge for basic (urgent) permanent disconnections is below the approved charges (excluding socialisation) for providing these services in Victoria and NSW, except for AusNet's, which is slightly lower (Figure 4).

² AER 2023a, Attachment 9: Reference tariff setting | Final decision – AGN (Victoria & Albury) Access Arrangement 2023–28, Table 9-1, p. 10.

³ AER 2023b, Attachment 9: Reference tariff setting | Final decision – AusNet Access Arrangement 2023–28, Table 9-1, p. 10.

⁴ AER 2023c, Attachment 9: Reference tariff setting | Final decision – MGN Access Arrangement 2023–28, Table 9-1, p. 10.

⁵ AER 2025, Attachment 9: Reference tariff setting | Final decision – Jemena Gas Networks (NSW) 2025–30, Table 9.3, p. 7.

⁶ The reconnection service requires a technician to purge air from the customer's piping. This increases the cost of the reconnection service relative to the disconnection service (excluding safety support costs).

⁷ The most recent decisions by the AER for Victorian gas businesses and JGN approved total charges for these services but set the final charge to customers at \$220 (\$2022–23) for the Victorian gas businesses and \$250 (\$2025–26) for JGN. The balance of the approved charges is to be 'socialised' through recovery from gas transport charges for the remaining customers.

Figure 1 Temporary disconnection charge

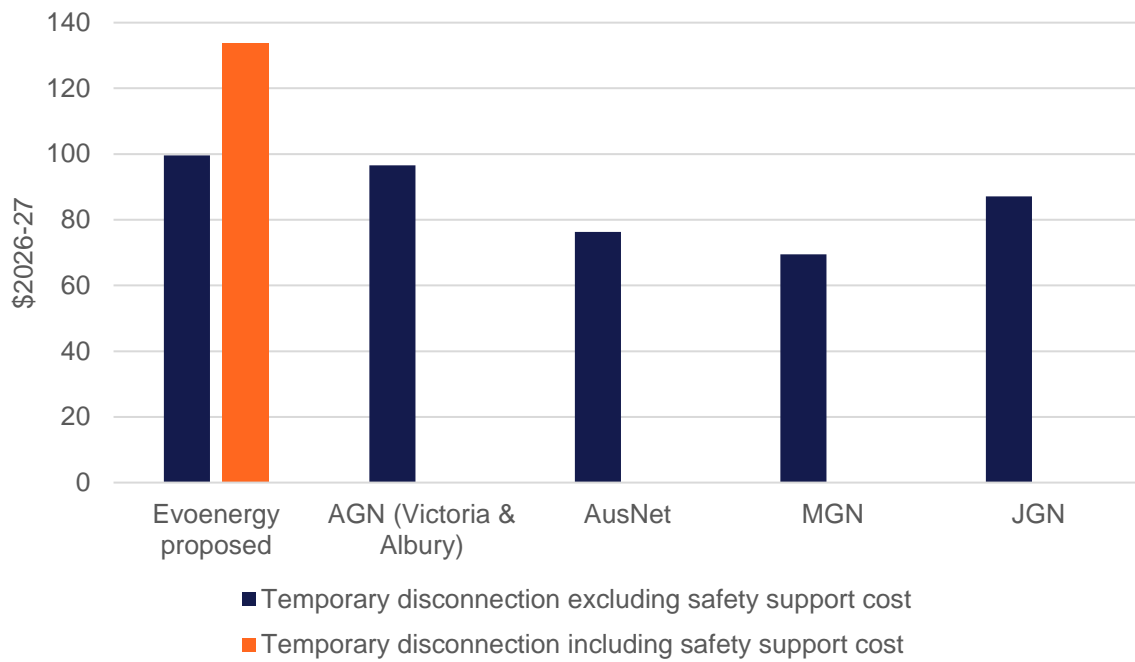


Figure 2 Reconnection charge

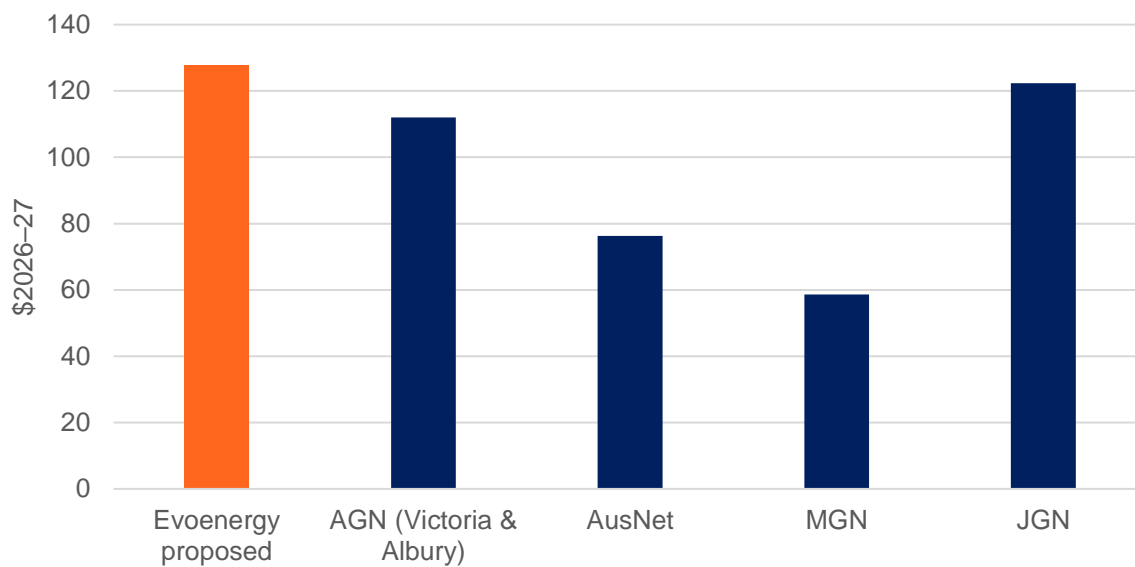


Figure 3 Special meter read charge

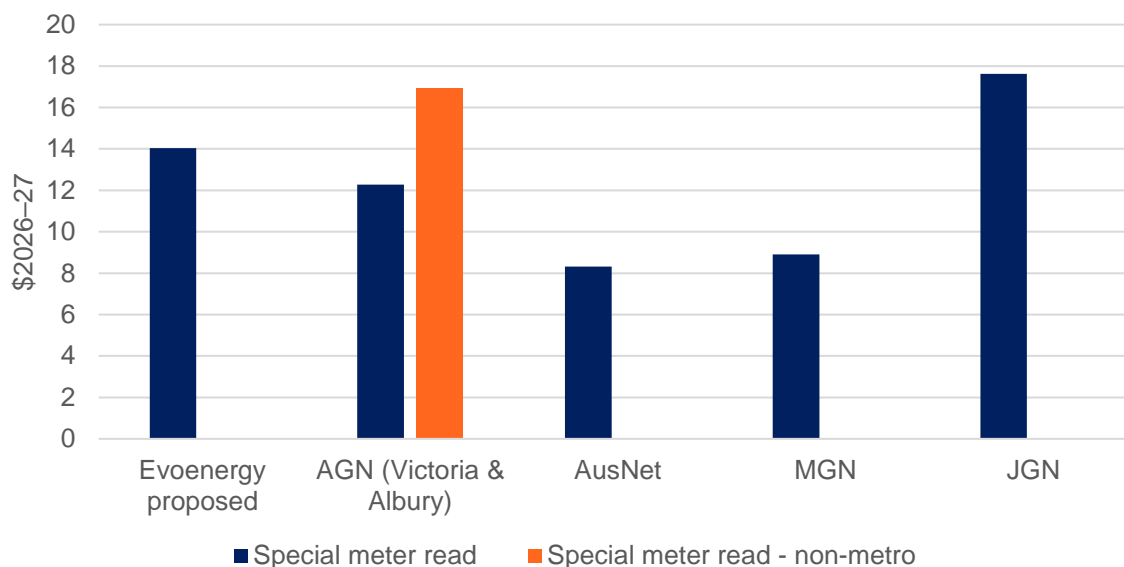
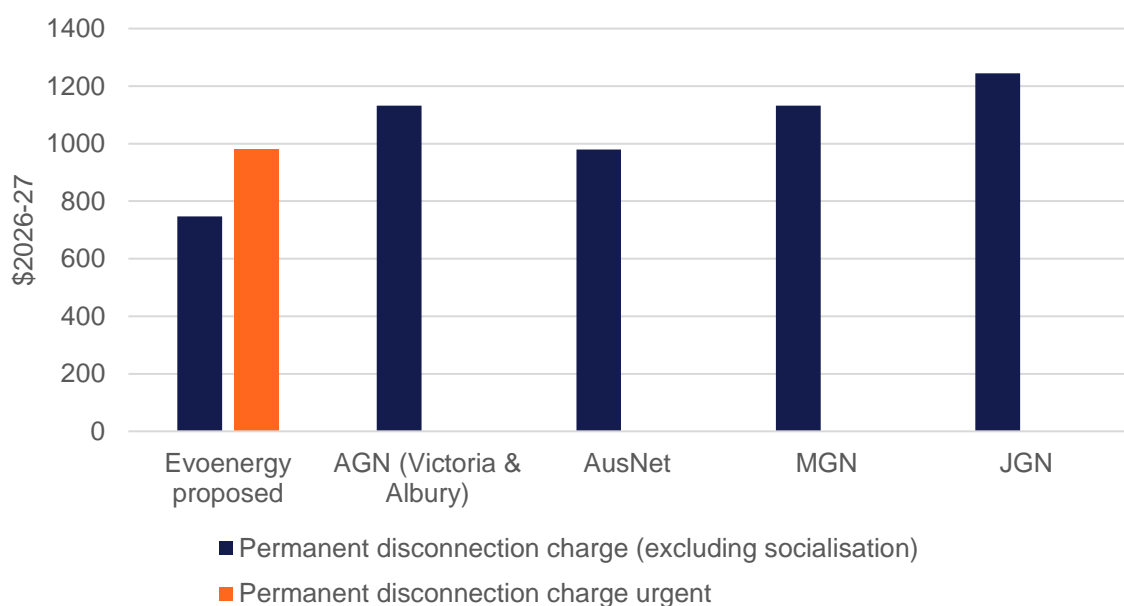


Figure 4 Basic permanent disconnection charge (small customers)



Note: The AER decision for JGN allowed a one year delay to implement the updated partially socialised abolishment charge for small customers and did not apply any socialisation to the construction related disconnection charge. A more detailed comparison is provided in Appendix 8.1: Disconnection services.

5.1 Wasted visits

We are proposing to introduce wasted visit charges for our disconnection, reconnection and special meter read services. This approach is consistent with Rule 93(2)(a) and ensures that the costs associated with wasted or abandoned visits are not recovered through all customers through the Transportation (including metering) Reference Tariff.

The introduction of wasted visit charges was highlighted in discussions with retailers in May 2025.⁸ No objections were raised, although it was suggested by one retailer that consideration be given to a single wasted visit charge. We note this approach would be inconsistent with the Rules, as the proposed wasted visit charges reflect the costs associated with the different services, as shown in Table 4.

Wasted visit charges will apply where Evoenergy attends a site and is unable to gain safe or unhindered access to complete the request. This includes circumstances where there is restricted access, an unsafe site, or refusal by the customer to perform the work. Wasted visit charges will not apply in circumstances where Evoenergy is unable to locate the meter or where the meter has already been removed by Evoenergy.⁹

6. Total ancillary revenues

We have forecast total ancillary revenues by multiplying our proposed charges (Table 4) by forecast ancillary volumes (Table 5). Our total ancillary revenues are presented in Table 6 (real 2025–26 dollars).

Table 5 Forecast ancillary volumes

Ancillary service	2026–27	2027–28	2028–29	2029–30	2030–31
Temporary disconnection ≤25m ³ /hr (per meter)	9,870	10,696	11,128	10,828	10,198
Temporary disconnection >25m ³ /hr (per meter)	-	-	-	-	-
Reconnection ≤25m ³ /hr (per meter)	1,061	985	905	827	753
Reconnection >25m ³ /hr (per meter)	-	-	-	-	-
Special meter read	33,576	31,180	28,661	26,141	23,739
Basic permanent disconnection	68	68	68	68	67

⁸ Evoenergy met with ActewAGL Retail, Origin Energy, Energy Australia and Red Energy through May 2025 to discuss its proposed access arrangement 2026–31 and reference service agreement (RSA). A copy of the draft RSA was provided for feedback by end May 2025.

⁹ Evoenergy, access arrangement 2026–31, Schedule 3, clause 5.1.

Ancillary service	2026–27	2027–28	2028–29	2029–30	2030–31
Basic (urgent) permanent disconnection	373	372	371	371	370
Non-standard retail-initiated requests and queries (per hour)	13	13	13	13	13
Wasted visit temporary disconnection	3,172	3,438	3,576	3,480	3,278
Wasted visit reconnection	177	164	151	138	125
Wasted visit basic permanent disconnection	3	3	3	3	3
Wasted visit basic (urgent) permanent disconnection	16	16	16	16	16
Wasted visit special meter read	-	-	-	-	-

Note: We have not split special meter read volumes into successful and wasted visits, given that the charge is the same.

Table 6 Forecast ancillary service revenue, million, \$2025–26

	2026–27	2027–28	2028–29	2029–30	2030–31
Ancillary revenue, \$2025–26	2.51	2.62	2.66	2.60	2.49

Glossary of terms and acronyms

Term or acronym	Definition
access arrangement	Evoenergy's access arrangement
ACT	Australian Capital Territory
AER	Australian Energy Regulator
AGN	Australian Gas Networks
CPI	Consumer price index
FTE	Full-time equivalent
JGN	Jemena Gas Networks
MGN	Multinet Gas Networks
NGR	National Gas Rules
NSW	New South Wales
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 the safest option as it removes all risks associated with having a pressurised gas pipe, including the risk of gas leaks and excavation strikes.
RSA	Reference Service Agreement
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.
The Rules or Rules	National Gas Rules