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Community forum

Session 10

22 May 2025

Acknowledgement of Country

Evoenergy acknowledges the Traditional Custodians of the lands on which we live and work. We pay respect to the Elders, past and present and celebrate all First Peoples' continuing connections and contributions to Country.

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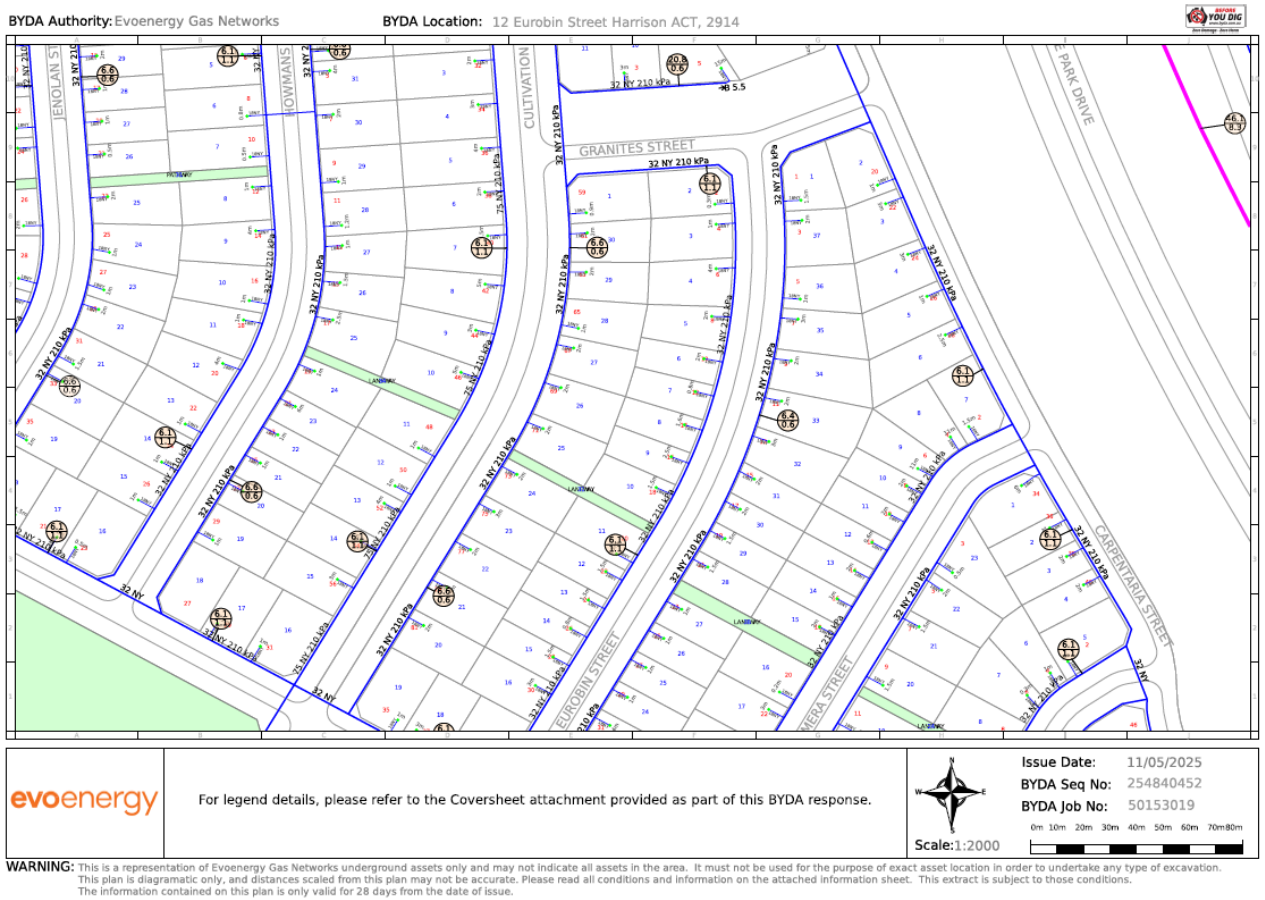
Safety share

Bruce Hansen,
Group Manager Gas Networks

Improved visibility on asset maps

BEFORE YOU DIG
www.byda.com.au



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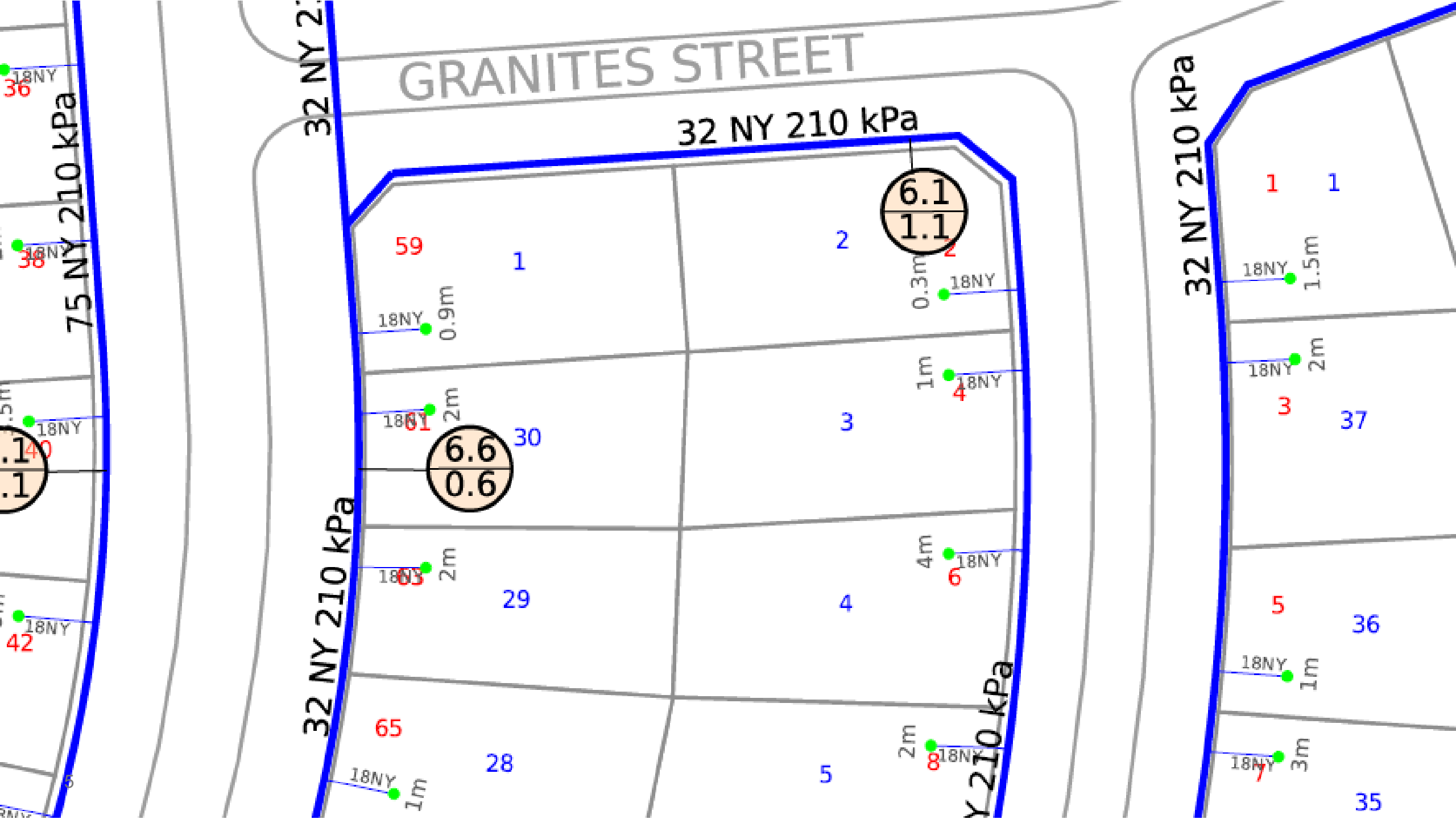
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Welcome

Helen Leayr, Facilitator
Communication Link

Communication Link

Ask.
Listen.
Understand.
Achieve.

Independent facilitation

Facilitation: Helen Leayr

Supporting facilitators:

Rosie Garland

Rennae Sillett

- Build understanding through information
- Know what you can influence
- Be heard and understood

Technical housekeeping

- Emergency exit
- Bathrooms
- Breaks
- Slido – using our phones
- Online participants
- Assistance in participation

2025 community forum work program

Session 8
6 March 2025

Draft five-year gas plan launch

- How we've considered & addressed feedback
- Initial reflections

Session 9
27 March 2025

- Reflect on session 8
- Revisit gas network prices & revenue cap concerns
- Revisit network cost recovery equity & long-term gas bill impacts
- Revisit network permanent disconnections & user pays approach

Session 10
22 May 2025

- Reflect on session 9
- Outline proposed disconnections charges and safety approach
- Share final thinking on how we'll minimise price variability under a revenue cap
- Share stakeholder feedback on draft plan
- Share proposal positions

Agenda

- Welcome
- Recap
- Disconnection services: charges and safety
- **Activity 1** – approach to recovering disconnection charges
- How we've addressed price variability: demand forecasting, tariff rebalancing and adjusting prices for government charges
- *Break*
- **Activity 2** – proposed revenue cap
- Our proposal and what's next
- **Activity 3** – departing summary statement
- Wrap up and session close

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Recap

Session 09: Community forum summary

Session 9, 27 March 2025

- Feedback on draft plan
- Revisit revenue recovery options, network cost recovery options and permanent disconnections

Attendees

- 24 forum members
- 3 observers: Australian Energy Regulator, Consumer Challenge Panel
- 8 Evoenergy staff

Presenters

- Ashlyn Napier, Principal Regulatory Economist
- Gillian Symmans, Group Manager Regulatory Reviews & Policy

Facilitator

Helen Leayr, Communication Link

Activity 1: Comments and feedback on the draft plan

Do you have any further feedback on the draft plan? How well do you think Evoenergy responded to feedback from the community forum? Are there any areas of the draft plan you would like to discuss further?

Forum members would like to further explore the approach to disconnections and the possibility of cost sharing across electricity and gas users. Some members would like to see more open communication and engagement with stakeholders about an individuals role in the electrification of the ACT.

Majority of members felt that the feedback has been taken on board well within current Government policy and regulatory confines.

Some raised whether a change in Government policy will have an impact down the track on the draft plan while others expressed in interest in seeing the data behind disconnection numbers to better understanding whether Evoenergy is on track.

Activity 2: Proposed revenue cap

What are your views on the revenue cap / concerns you about the use of a revenue cap? Do you have any ideas / considerations for how these concerns could be addressed by Evoenergy?

Members are generally supportive and prefer the revenue cap. Some concerns were raised about the revenue cap potentially causing a significant increase in price with a mass reduction exiting the network. There was support for clearly communicating the revenue cap to customers, with some calling for Governments to consider reducing costs further for low-income earners. Others felt cost recovery was a good focus rather than potential profits and highlighted the importance of regularly reviewing the plan to reflect current Government policies and situational prices.

Activity 3: Approaches to depreciation

Are the annual bill increases proposed in our draft plan to recover asset costs reasonable, compared to bill increases under a straight-line approach? Why / why not?

There is general support for the annual bill increases chosen by Evoenergy with the information currently available. Concerns were raised about the practicality of the discussion with so many unknowns, assumptions and any future policy changes. Some queried whether the electrical network has the capacity to receive all the new customers coming on board and how much the costs will go up. Noting high electricity costs may disincentivise people to move off the gas network.

Questions were also raised about apartments and renters and possible other policies to support. Some feel that the ACT Government should play a role in cost recovery impacts as the drivers of the policies. Some suggested that it would be helpful to see analysis of periods beyond 10 years. There were shared concerns around the impact on families and the current cost of living.

Activity 4: Approach to permanent disconnections.

Given our intention to seek a targeted approach to permanent disconnections, do you think it is fair and equitable for the disconnecting property owners to pay for a permanent disconnection? Why / why not?

Some members believe it is fair and equitable for the disconnecting property owners to pay. There was also a suggestion that when selling a property who pays the disconnection costs could become part of sale negotiations.

Next steps

- Update session 9 dashboard summary based on today's feedback
- Keep in touch via Slack

Purpose

- Outline proposed disconnections charges and safety approach
- Share final thinking on how we'll minimise price variability under a revenue cap
- Share stakeholder feedback on draft plan
- Share our proposal positions

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Disconnection services: charges and safety

Ashlyn Napier,
Principal Regulatory Economist

Permanent disconnection: services and charges

Evoenergy provides permanent disconnection when requested

Disconnection service	Description and examples	Charge ($2026-27)
Abolishment (current)	• Gas meter removed • Pressurised gas purged • Removed from 'Customer List', standing charge stops	$916
Basic	• Detached single residential dwelling with electrified appliances	$751
Basic (urgent)	• Completed in under 20 business days • Construction projects or residential demolitions • Single detached residential dwelling sale with electrified appliances	$986
Complex	• Individual factors (e.g., concrete cutting, surface restoration, traffic management) • Multi-occupant buildings with hot water meters • Commercial and demand customers (e.g., restaurants, shopping centres, offices, universities)	Individually priced

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Disconnections: safety

Customers with temporary disconnections may be unaware of pressurised gas on the property

Risk: excavation strike on a non-consuming service for a single detached residential building

Safety assessment findings

- Permanent disconnection costs outweigh risks
- A targeted approach could keep risk reasonably low

Permanent disconnection
Required for:

- Property demolitions (already required)
- Residential property sales *if* all appliances are electrified

Available for:

- Customers who wish to choose the safest option when they fully electrify

Disconnections: safety

Customers with temporary disconnections may be unaware of pressurised gas on the property

We propose to increase awareness of gas network safety.

- Invest $1.5m to improve safety awareness and **notify customers with live gas on their property**
- Help customers make informed disconnection choices
- Recover costs via temporary disconnection fees ($134/service - incl $29 for safety control program)

Group activity:

Consider the proposed approach to recovering disconnection charges

In small groups discuss these questions:

1. Do you support the proposed means of collecting safety control program costs as part of the temporary disconnection charge from customers requesting that service?
2. What ideas do you have for Evoenergy's proposed gas network safety control program?

Record your answers on our worksheet and be ready to share with the forum.

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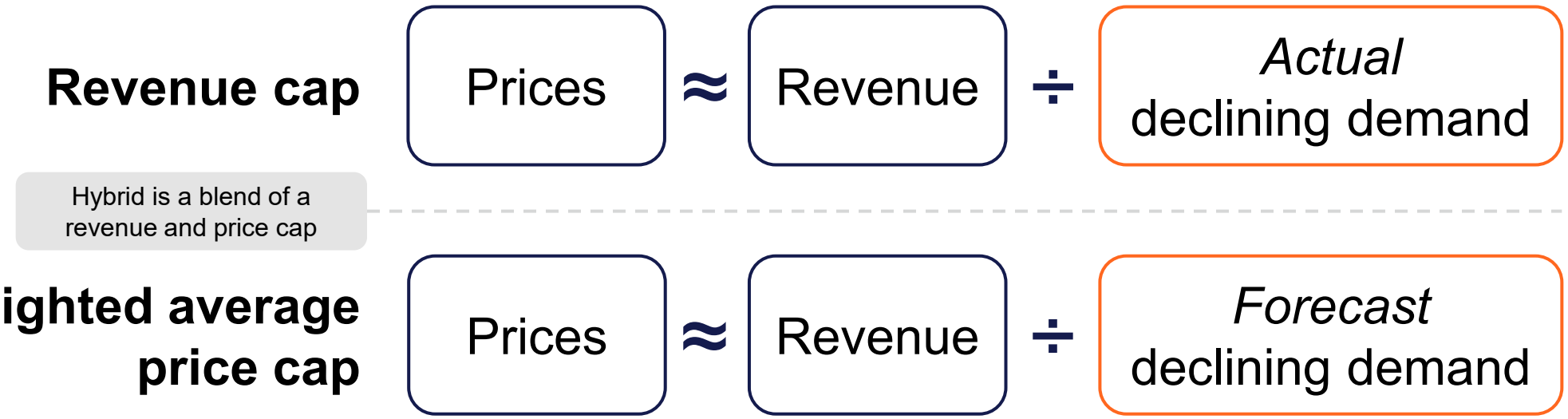
Our approach to adjusting prices and minimising price variability

Adjusting prices: recap of options



What we heard and how we are responding

What you ranked as important for annual price adjustments		How we are responding
1	Customers only pay what is needed to maintain a safe and reliable gas network	✓ Revenue cap = customers *pay exactly* what is needed ✘ Price cap = customers *pay more/less* than needed
2	Low price variability if declining demand is faster/slower than forecast (short term + long term)	a) Demand forecasting b) Tariff structures c) Reducing forecast risk for ACT Government taxes & levies
3	Consistency between gas and electricity network pricing	✓ Revenue cap for gas + Revenue cap for electricity ✓ Forecasting ACT Government taxes and levies

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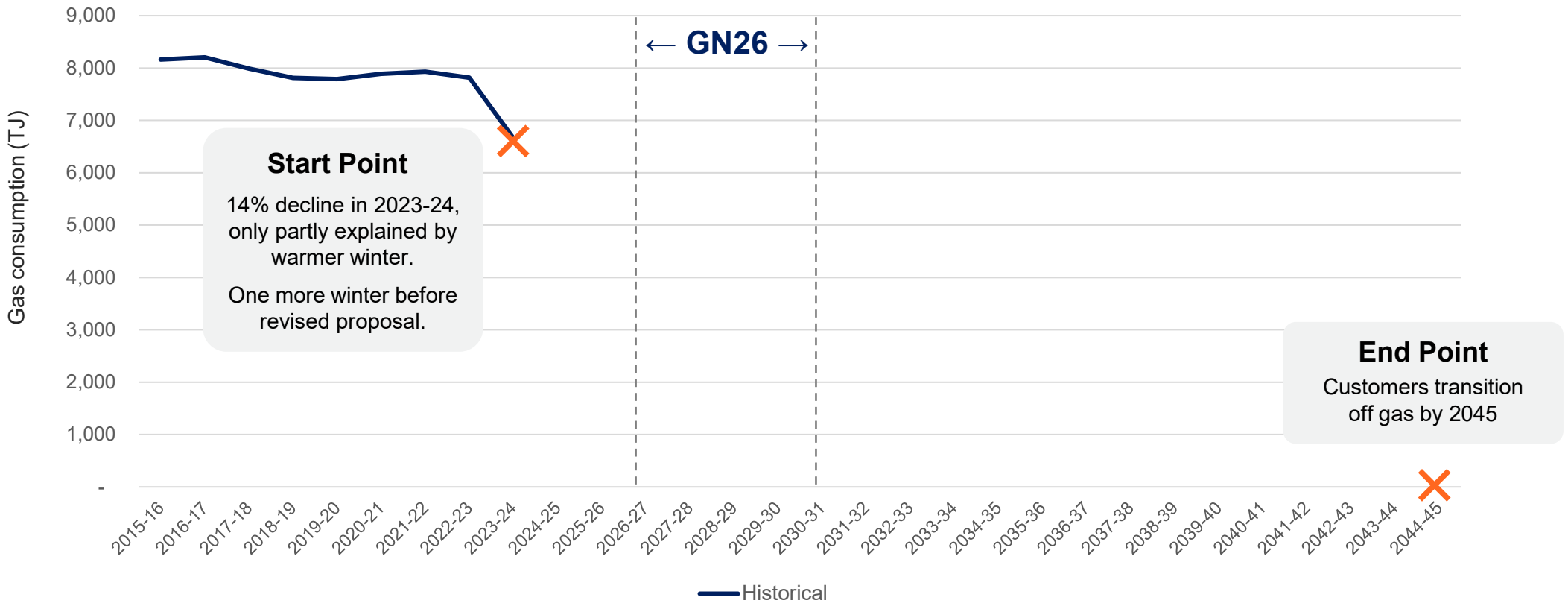
Demand forecasting

Lev Yulin,
Group Manager Regulatory Pricing and Analysis

Recent demand trends contribute to forecasting challenge



A leading-edge forecast driven by customer research

The challenge: past trends ≠ future trends

Our approach

- Built on input from households and businesses
- Considers our customers' unique electrification circumstances and decisions
- First-of-its-kind approach from the Centre for International Economics

A leading-edge forecast driven by customer research

Base forecast

- Gas use trends
- ACT's gas connection ban
- Weather and climate
- Assumes customers stay on gas (avoids double counting)

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Customer appliance and disconnections forecast

- 'Choice modelling' residential survey: price-demand response
- Commercial customer input
- Large customer interviews
- Feedback loop: demand shifts with price changes
- Possible future policy to 2045 under Integrated Energy Plan

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Demand forecast
2025 to 2045

The community is at the centre of our forecast

We asked gas customers about their appliances, preferences, and what they'd do in future

We asked:

Who	Demographic and household information
Appliances	Appliance mix (electricity/gas), appliance age, energy bills
Energy use	Appliance preference, factors driving choice, timing of appliance changes, awareness of government policy
In the future	Asked if, and when, they would switch appliances under different cost scenarios

A unique forecast was developed for around **1,900 households** who took the survey

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What we learned from our research

Many reasons behind energy switching choices

Most households will wait until appliances break or home renovations before switching

1 in 10 plan to switch early; before their appliances fail

Ageing gas appliances, approaching replacement

Average age of gas heaters: ~11 years
(typical lifespan 16 years)

Many will need replacing in next five years – triggering switching decisions

For many households, switching not sensitive to network prices

More than half plan to electrify, regardless of prices and rebates

For roughly one third, the choice depends on prices

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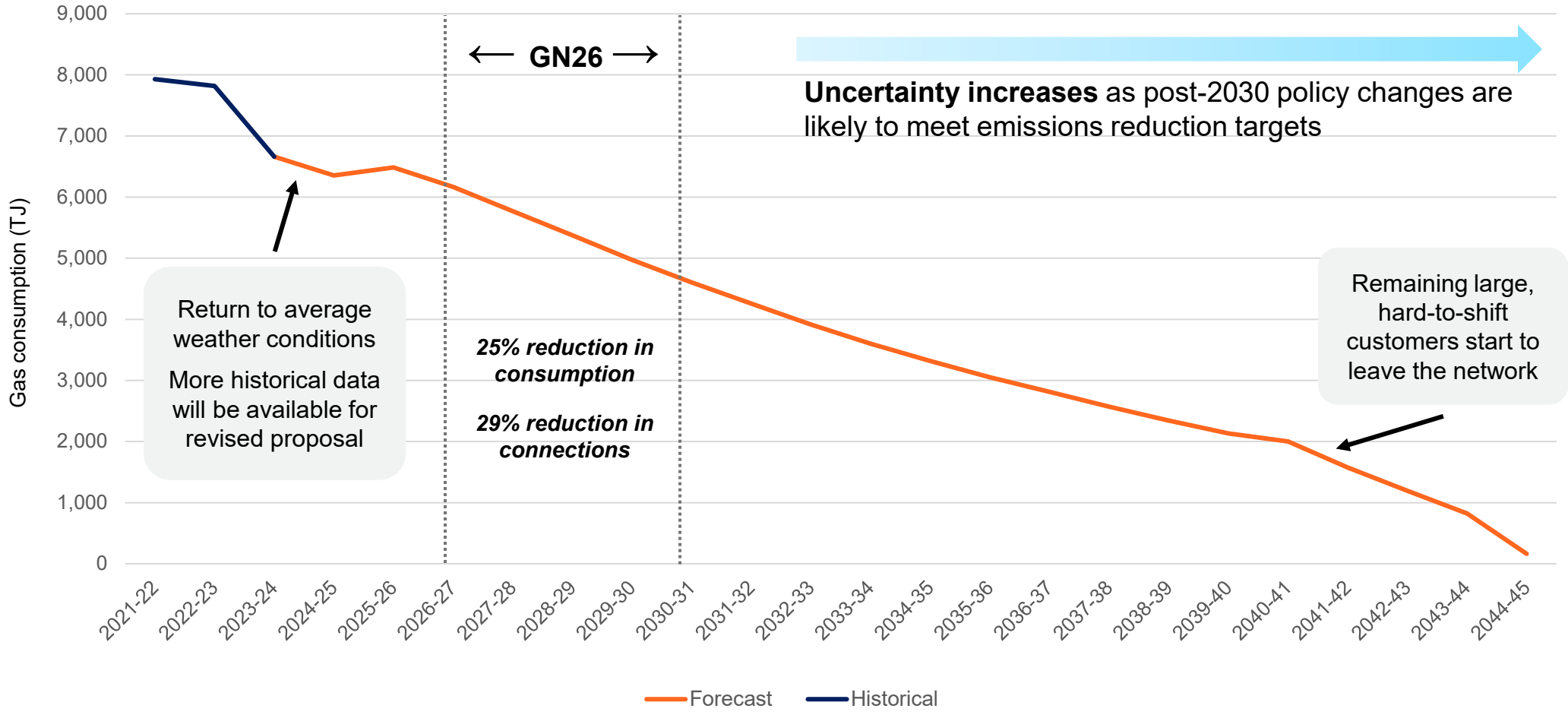
Forecast results – gas usage to 2045



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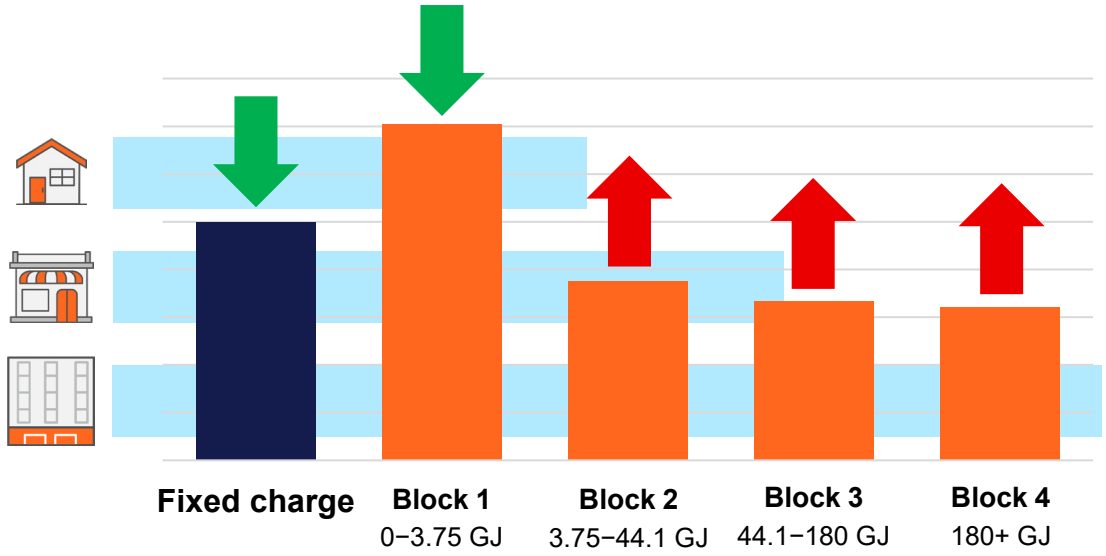
Tariff rebalancing and price stability

A ‘flatter’ tariff structure

Draft Plan – a flatter tariff in 2026–31



Tariff rebalancing is revenue neutral
Reducing one charge, means other charges must increase

Current structure

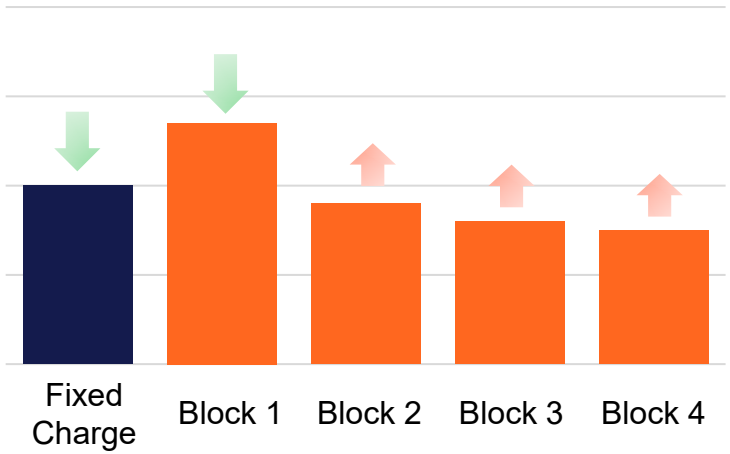
- **‘Declining block’:** lower price for higher usage
- **Stabilises bills:** eases winter bill shock with lower Block 2 charge
- **Promotes gas uptake**

Flat tariffs

- **More affordable** for small customers
- Better **emissions signals** for large customers
- **More even cost sharing** across residential and commercial users

We heard broad support for flatter tariffs

We sought feedback on a gradual 10% reduction in the **fixed charge** and **block 1 charge** by 2031 (excluding inflation)

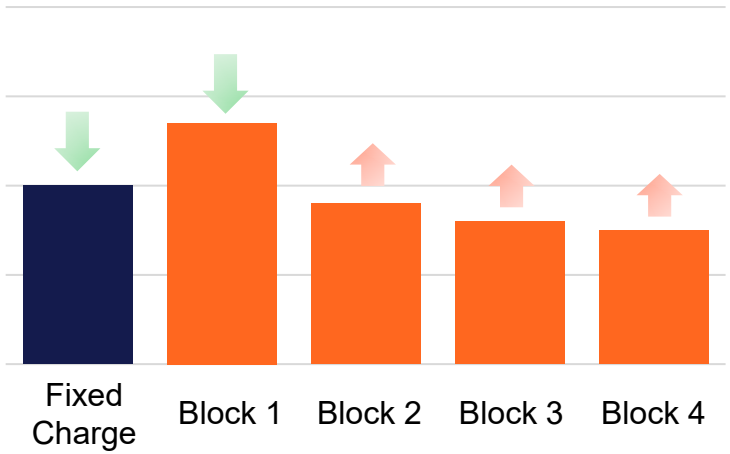


Fairness and equity

- High fixed and Block 1 charges may disadvantage small or vulnerable customers
- Lower fixed charges have mixed support due to cost shift risks under demand uncertainty

We heard broad support for flatter tariffs

We sought feedback on a gradual 10% reduction in the **fixed charge** and **block 1 charge** by 2031 (excluding inflation)

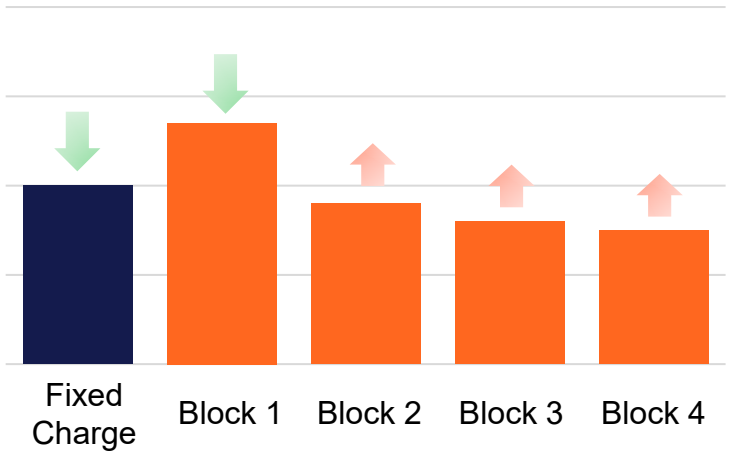


Supporting electrification and emissions reduction

- Tariffs should help gas transition
- Declining blocks may conflict with emissions goals (especially for large customers)

We heard broad support for flatter tariffs

We sought feedback on a gradual 10% reduction in the **fixed charge** and **block 1 charge** by 2031 (excluding inflation)



Customer and market impacts

- Flatter tariffs could push large customers off the network, raising costs for others
- Tariffs should be simple and user-friendly for customers and retailers

Flatter tariffs can increase bill variability

Demand is more uncertain in Blocks 2,3,4 – where flatter tariffs place more weight

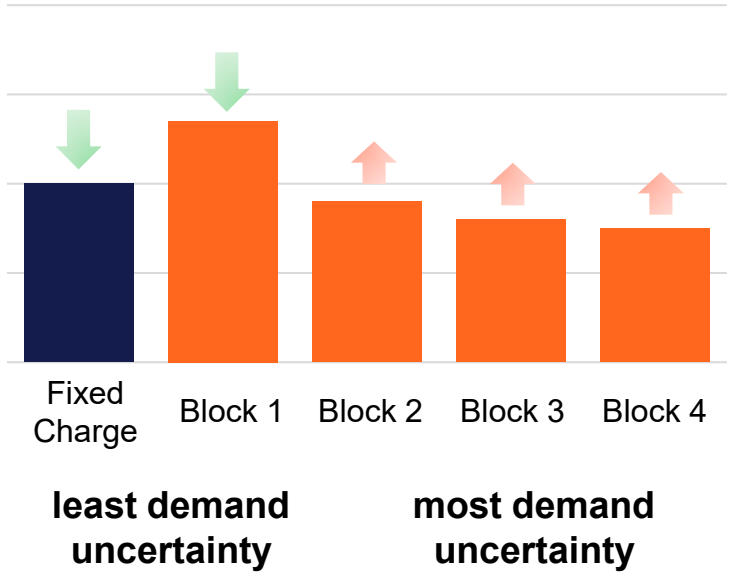
Demand falls fastest in Blocks 2,3,4

2023-24 demand decline

Fixed charge (connections)	**-1%**	most stable
Block 1	**-5%**	
Block 2	**-21%**	least stable
Block 3	**-11%**	
Block 4	**-12%**	

Flatter tariff shifts more revenue to blocks 2,3,4

Greater risk of price and revenue variability

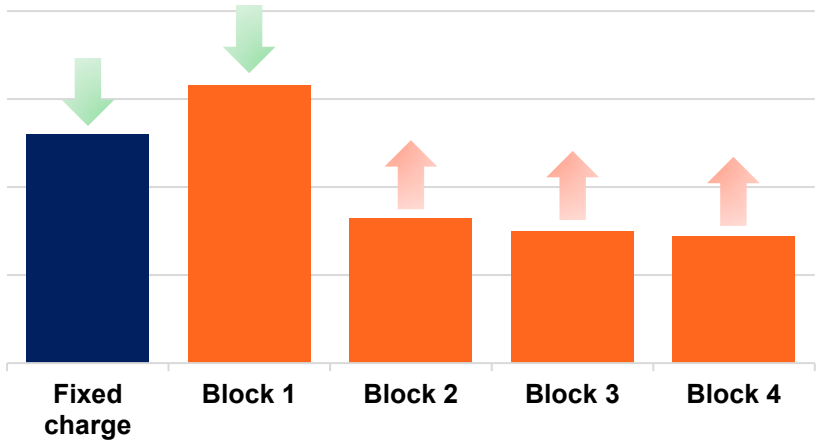


Updated approach to tariffs

Keeping the benefits of flatter pricing while reducing risk of price variability

Draft Plan:

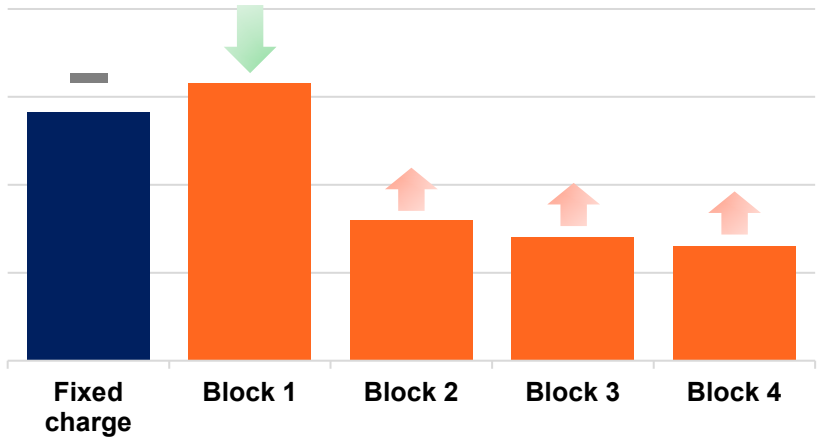
Gradual 10%* reduction in Fixed Charge and Block 1



more risk of price variability

A more stable and balanced approach

Gradual 10%* reduction in Block 1



more stable prices under uncertain demand

* Tariff rebalancing excludes inflation

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Updated approach to tariffs

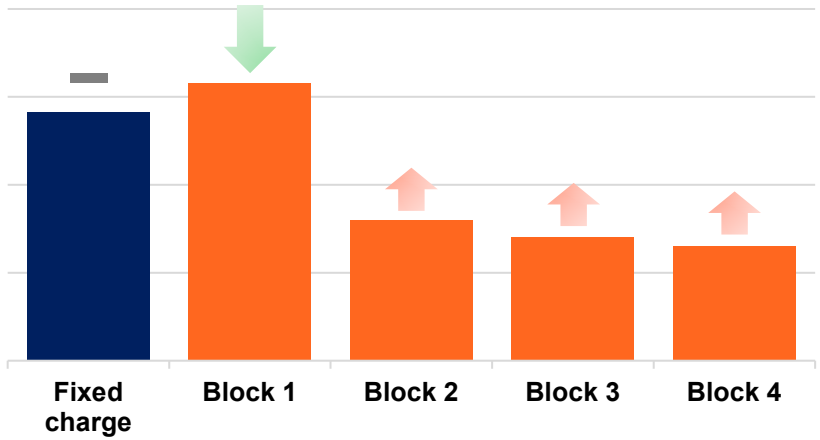
Keeping the benefits of flatter pricing while reducing risk of price variability

The updated approach addresses feedback and demand uncertainty

- Reduces price and revenue variability
- Better alignment with fixed network costs
- Still supports affordability for small customers
- Still improves incentives to reduce emissions for large users

A more stable and balanced approach

Gradual 10%* reduction in Block 1



more stable prices under uncertain demand

* Tariff rebalancing excludes inflation

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Adjusting prices for government charges

ACT Government charges in our prices

Make up around 10% of gas network bills

Utilities Network Facilities Tax (UNFT)

Tax for using ACT land for utility infrastructure

~$10m per year

Energy Industry Levy (EIL)

Levy to fund regulating the energy sector in the ACT

<$1m per year

recovered from customers through Evoenergy's network charges

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Locked-in forecasts can lead to unpredictable bills

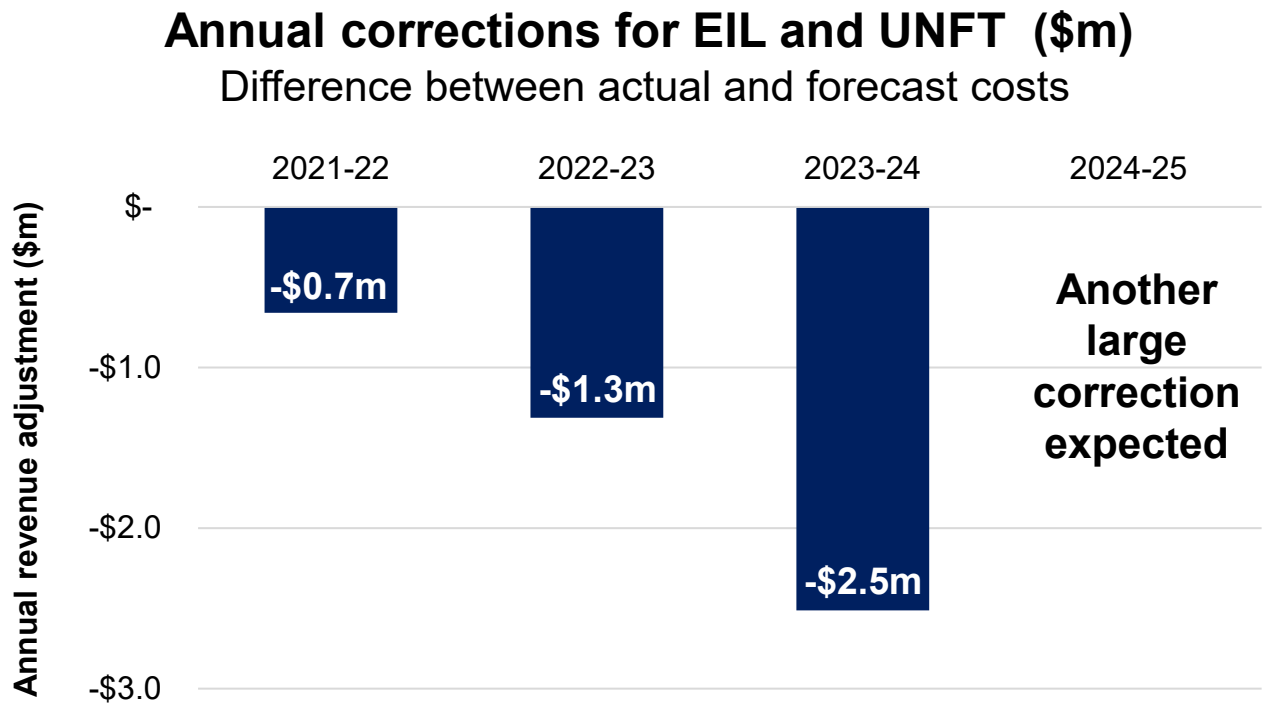
Forecast taxes and levies
set five years ahead

minus

Actual costs
(change yearly)

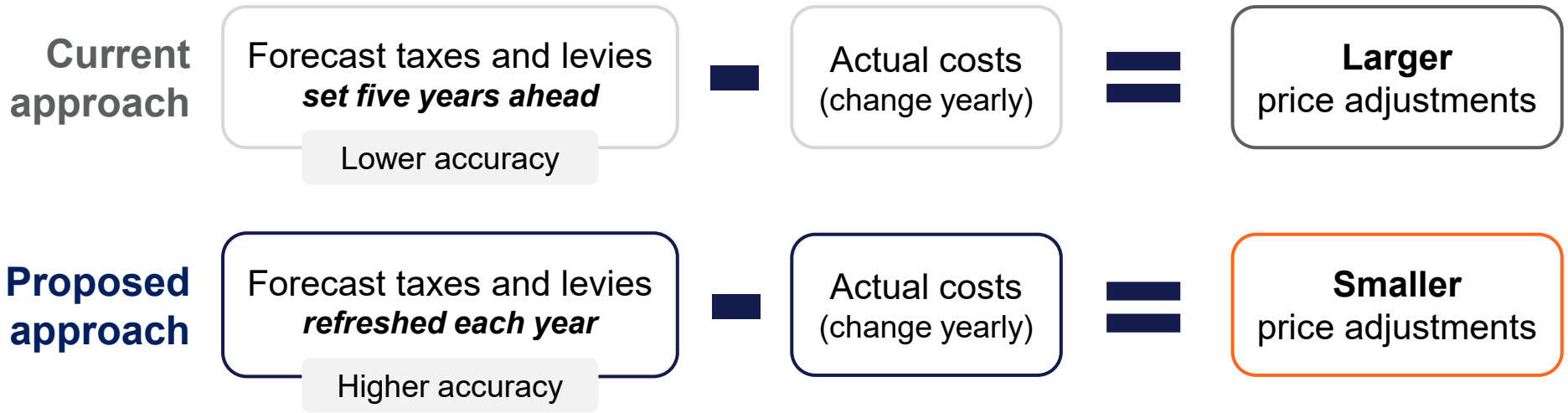
=

Big corrections when there is a mismatch



Our approach – update cost forecasts yearly

Updating forecasts each year helps smooth the bill impacts of government taxes and levies



- Customers only pay what's charged by government – no more, no less
- Reduces bill changes when the forecast is wrong
- Aligns approach for gas and electricity networks

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Recap: addressing the risk of price variability

A demand forecast driven by customer research	A robust demand forecast built on customer research – reflects how and when our customers said they will switch off gas
Flatter tariffs while protecting against uncertainty	Gradual 10% reduction in Block 1 charge – no rebalancing of fixed charge reduces risk of price variability
Updating forecasts for government taxes and levies	Annual updates prevent small forecast errors adding up to big bill changes

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Dinner break

Group activity:
Consider the proposed revenue cap

In small groups discuss these questions:

1. What feedback do you have on our proposed approach to minimising price variability under a revenue cap?
   a) Demand forecast driven by customer research
   b) Measured approach to tariff rebalancing
   c) Updating forecasts annually for ACT Government taxes and levies

Record your answers on our worksheet and be ready to share with the forum.

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Bringing it all together: our proposal positions

Gillian Symmans,
Group Manager Regulatory Reviews and Policy

What we've heard from you and other stakeholders

In addition to the Community Forum, we've also been engaging with our Energy Consumer Reference Council, large customers, ACT Government, Queanbeyan-Palerang Council, and energy retailers.

Topic	What we're hearing
Recovery of capital asset base	• Concern about full investment recovery via regulatory framework alone. • ACT Government funding role debated, and if Evoenergy should fully recover its costs.
Accelerated depreciation	• Some support for some accelerated asset base recovery to improve long-term equity.
Revenue cap tariff variation mechanism	• Some support for revenue cap on the basis costs cover network safety and reliability. • Short-term price variability concerns for vulnerable customers.
Rebalancing of tariffs (flattening block structure)	• General support for flatter tariffs, acknowledging trade-offs.
Permanent disconnection targeted approach	• Support proposed approach to target permanent disconnection upon house sale / demolition, with cost assurances.
NSW network	• Some would like to see an upfront contribution charge for new Queanbeyan-Palerang residential connections.

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Laying the foundation for an equitable transition

Use best available demand forecast that reflects customer transition

Accelerate depreciation for a more equitable transition for all customers by 2045

Significantly reduce expenditure from the current 5-year period

Revenue cap means customers pay only efficient costs

Manage safety through targeted permanent disconnections and user-pays approach

Gradually flatten tariffs to support emissions policy and manage bill impacts for small customers

What our proposal means for gas bills

A ~4%* annual increase on retail gas bills for a typical residential customer will enable more equitable long-term outcomes

		2025-26	2030-31	Average annual bill increase
 **Small residential** (7GJ per year)	**Network** gas bill	$217	$363	$29 (11%)
	Retail gas bill	$671	$830	$32 (4%)
 **Typical residential** (27GJ per year)	**Network** gas bill	$446	$765	$64 (11%)
	Retail gas bill	$1,537	$1,909	$74 (4%)
 **Typical commercial** (160GJ per year)	**Network** gas bill	$1,556	$2,873	$263 (13%)
	Retail gas bill	$6,831	$8,457	$325 (4%)

*plus the impacts of inflation, holding non-network elements of the bill constant

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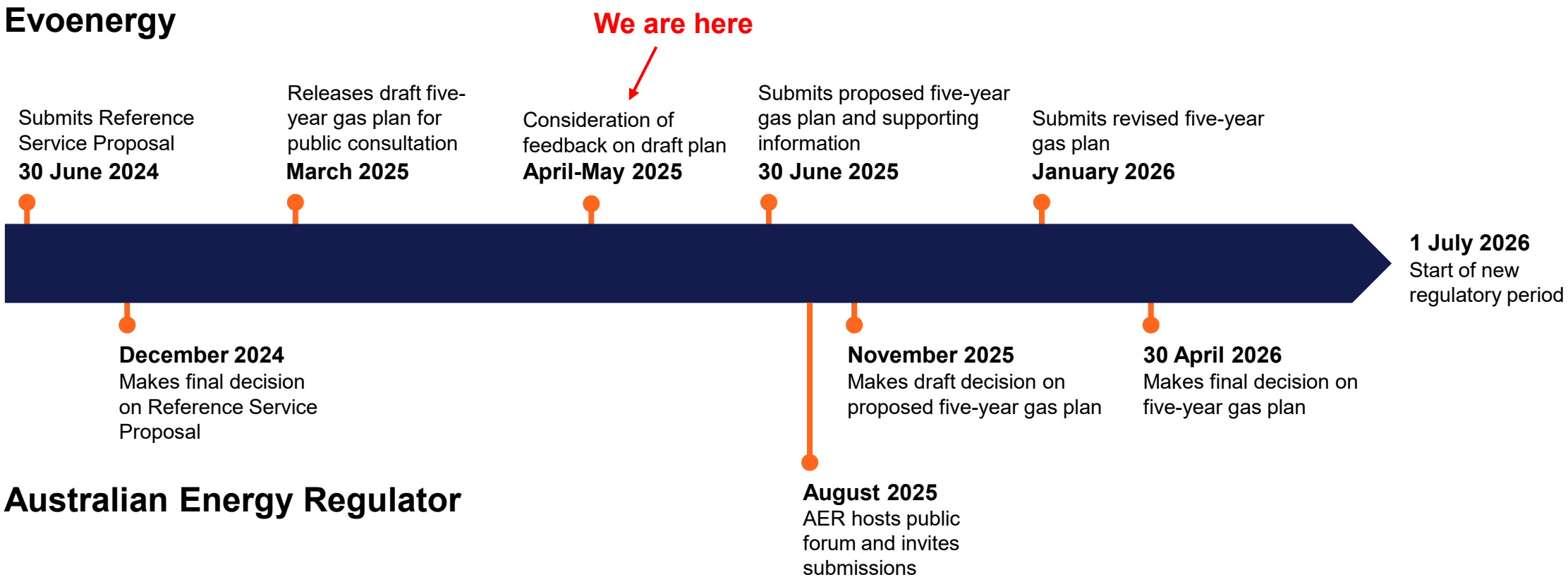
What’s coming up?

Where we are in the review process



Stage 2: Draft and Proposed five-year plans

Stage 3: Revised five-year plan

Mar 2025: draft five-year plan released

Mar-Apr 2025: Public consultation on draft five-year plan

Jun 2025: Submit five-year plan to AER

Nov 2025: AER make draft decision on five-year plan

Jan 2026: submit revised five-year plan to AER

Session 8
6 March 2025

Draft five-year gas plan launch

- How we've considered & addressed feedback
- Initial reflections

Session 9
27 March 2025

- Reflect on session 8
- Revisit gas network prices & understand revenue cap concerns
- Revisit network cost recovery equity & long-term gas bill impacts
- Revisit permanent disconnections & user-pays approach

Session 10
22 May 2025

- Reflect on session 9
- Outline proposed disconnections charges and safety approach
- Share final thinking on how we'll minimise price variability under a revenue cap
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Session 11
30 October 2025

- AER consultation update
- Explore topics needing further engagement
- Provide feedback on customer priorities

Session 12
9 December 2025

- AER draft decision update
- Present revised plan incorporating feedback
- Provide feedback on customer priorities

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Group activity 3:
Final thoughts - ‘Signing off with…’

An individual activity

Before Evoenergy lodges the five-year gas plan – do you have any final thoughts?

Record your answers on the feedback card and pop it on the wall.

DRAFT Community forum summary

Session 10, 22 May 2025

- Outline proposed disconnections approach and costs
- Share final thinking on adjusting gas network prices
- Share stakeholder feedback on draft plan
- Share our proposal positions

Attendees

- 29 forum members
- 3 observers: Australian Energy Regulator, Consumer Challenge Panel
- 10 Evoenergy staff

Presenters

- Ashlyn Napier, Principal Regulatory Economist
- Lev Yulin, Group Manager Regulatory Pricing and Analysis
- Gillian Symmans, Group Manager Regulatory Reviews and Policy

Facilitator

Helen Leayr, Communication Link

Activity 1: Approach to recovering disconnection charges

Do you support the proposed means of collecting disconnection costs from customers?

What ideas do you have for Evoenergy's proposed gas network safety campaign?

Activity 2: Proposed revenue cap

What feedback do you have on our proposed approach to minimise price variability under a revenue cap?

- *A demand forecast driven by customer research*
- *Flatter tariffs – balancing demand uncertainty*
- *Updating forecasts for ACT Government taxes and levies*

Activity 3: Final thoughts - 'Signing off with…'

Before Evoenergy lodges the gas five-year plan – do you have any final thoughts?

Next steps

- Update session 10 dashboard summary based on today's feedback
- Keep in touch via Slack

Heads, hands, heart checkout

Head: Something you are thinking about

Hands: Something you want to do

Heart: Something you are feeling.

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Heads, hand and heart

ⓘ Start presenting to display the poll results on this slide.

Thank you