evoenergy

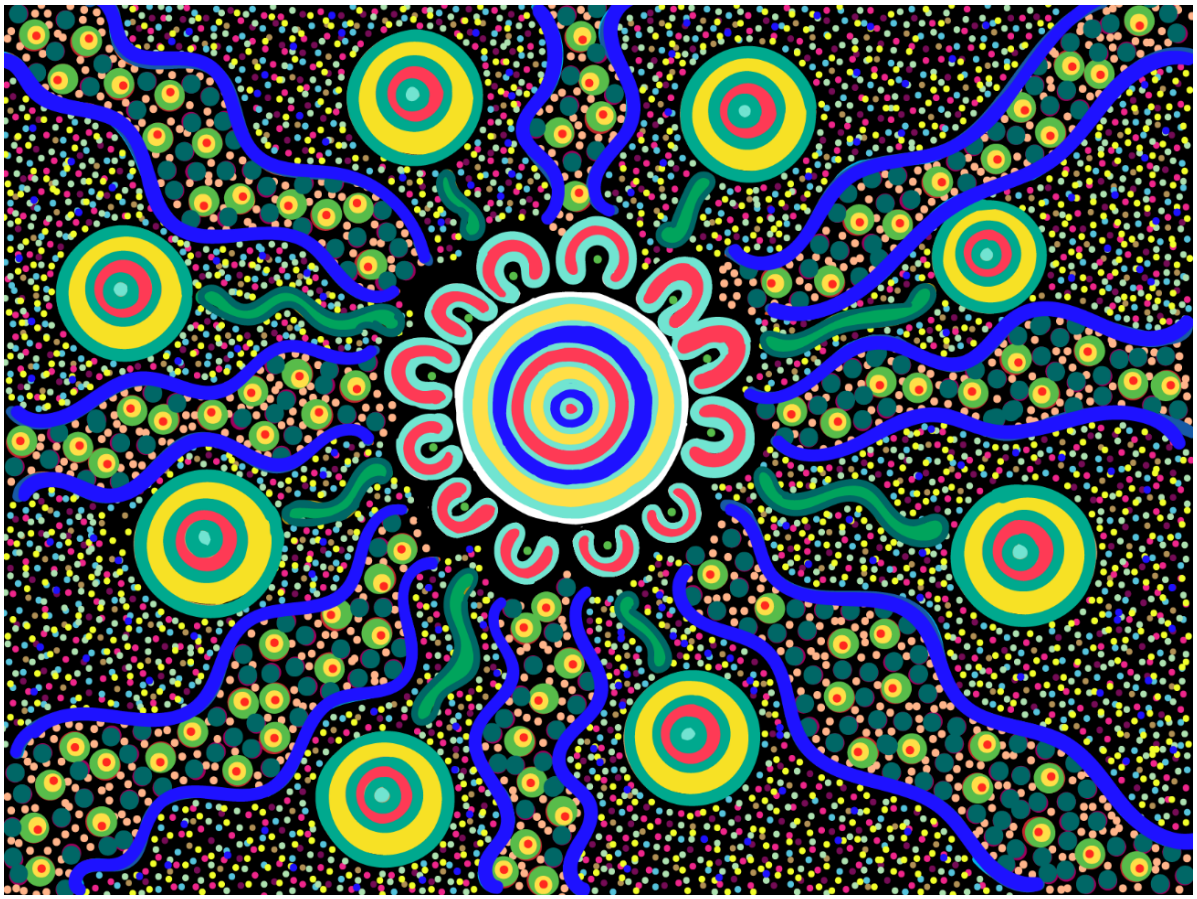
Evoenergy's draft five-year gas plan

Access arrangement proposal 2026–31

March 2025

Acknowledgment 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.



Featured artwork: The Energy of Connection by Shaenice Allan

Shaenice Allan is a Ngunnawal, Bundjalung and Kamilaroi artist. She has been painting for 15 years, telling the stories that are told to her. Shaenice's paintings represent and connect to the Land of her peoples. The stories are an important part of Shaenice's art. They describe the many stories, the many pathways, and the many lines that connect her to Mother Earth.

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Foreword

As the region's gas and electricity network provider, Evoenergy plays an important role in supporting the Australian Capital Territory (ACT) Government's target of net zero emissions by 2045. This draft plan contains our proposal for managing the gas network for the five years commencing July 2026. It reflects our commitment to actively engage with our community, drawing on feedback from a wide range of sources to inform our position.

The ACT's transition to full electrification (the energy transition) is unprecedented nationally. Evoenergy is at the forefront of this change, responding to the technical, social and economic challenges it presents. A smooth energy transition requires, to the extent possible, a planned shift away from gas, a future-ready electricity network and equitable sharing of costs across all stakeholders. These outcomes are best achieved through close collaboration between Evoenergy, the ACT Government and the community and importantly, by taking action now.

Safety, reliability and efficiency will remain priorities for Evoenergy through the ACT's energy transition, both for customers disconnecting from, and those remaining on, the gas network. As the network contracts, we will minimise expenditure to only what is required to maintain safe and reliable services to remaining customers.

Our draft plan also seeks to share network costs associated with the energy transition equitably, particularly for those who are least able to transition early, such as those facing financial hardship, renters, residents of multi-occupant dwellings, and businesses that rely heavily on gas. As customer numbers and gas volumes decline, fewer customers will share the costs of past investment in the network. Taking action now will ensure costs are shared between more customers and this will help to manage the price impacts on those unable to transition early.

An equitable approach also encompasses the use of appropriate price signals that allow customers to make informed choices about their individual electrification plans. This means prices that do not encourage customers to leave the network earlier or remain longer than they otherwise might have.

Over the past four decades, Evoenergy has made substantial investments to build, grow and maintain the gas network to provide safe and reliable gas services to our growing region. Our draft plan reflects the reasonable expectation that we will recover these costs as customer numbers continue to decline.

Evoenergy has engaged extensively with our community over the past twelve months. In publishing this draft plan, we welcome further feedback from all stakeholders on our proposal for managing the gas network over the next five years and beyond. We also test that we have listened and acted in line with our community's values of honesty, transparency, equity and affordability.

Thank you for your interest in the gas network.

John Knox
Chief Executive Officer

Peter Billing
General Manager

1. About our draft five-year gas plan

Evoenergy's 2026–31 draft five-year gas plan outlines our approach to delivering on our community's priorities by safely, fairly and equitably managing the gas network during a critical period in the ACT's transition to full electrification by 2045. Over the past year we have engaged extensively with the community and stakeholders on our gas network plan.[1] They told us they:

- generally support the emissions reduction objectives of the ACT Government
- are concerned about the immediate and longer-term costs of the electrification journey, particularly for hard to transition gas customers
- expect Evoenergy to maintain a safe, efficient and reliable gas network during the transition to electrification, including safely managing customer disconnections
- expect Evoenergy and the ACT Government to work together to ensure a fair and equitable transition to electrification, including in relation to the recovery of infrastructure investment
- expect Evoenergy and the ACT Government to communicate openly about what the energy transition means for them.

This feedback has informed the approach set out in our draft five-year gas plan. The draft plan sets out how we aim to:

- Safely, reliably and equitably provide services to those customers who remain connected to gas.
- Equitably manage gas network costs as customers decline to ensure that those who remain on the network for longer are not unfairly disadvantaged or asked to pay more than their fair share. This includes bringing forward some recovery of past investment costs to share these equitably amongst more customers.
- Manage the safety risk associated with an increase in the number of customers disconnecting from the gas network, while keeping the cost of disconnection as low as possible for customers.

We recognise that the customer impacts of the electrification transition, including those set out in our draft five-year gas plan, will put pressure on households and businesses who are already facing cost of living pressures. We are committed to working to keep these impacts as low as possible by taking the following measures:

- Working with our service providers to ensure that our operational and asset management costs are as low as possible, and absorbing cost increases, such as rising insurance premiums and meter reading costs, wherever possible.
- Working with ACT Government to determine the most efficient way to manage network safety in accordance with our safety obligations and looking to introduce a basic permanent disconnection that will apply to most residential customers.
- Seeking feedback on the option of lowering our fixed and block 1 charges for volume tariff customers to manage bill impacts for residential and small business customers who are only using small amounts of gas.
- Ensuring our customers pay no more and no less than is efficient to deliver a safe, reliable and secure gas service through the application of a revenue cap.

[1] Since December 2023, we have hosted seven community forums, eight Energy Consumer Reference Council (ECRC) meetings, six Energy Regulatory Advisory Panel (ERAP) meetings and six Energy Matters forums for our large customers. We have also undertaken customer research via surveys of residential and commercial customers, and one on one interviews with large customers.

Through this draft five-year gas plan, we are seeking to test whether our community's priorities have been addressed and whether our approach to managing the gas network through this challenging period is consistent with the National Gas Objective (NGO), which includes both emissions targets and consideration of the long-term interest of our customers.[2]

Our draft five-year gas plan provides an overview of Evoenergy, our customers and our challenging context. It also sets out how we have been informed by our community in designing our plan for managing the network over the next five years.

We are keen to hear your feedback on any aspect of this draft plan.

We invite you to share your views with us on our draft five-year gas plan by **Friday 4 April 2025** via GN26feedback@evoenergy.com.au, or you can use our online form.

Your input and feedback will help us shape our five-year gas plan (also known as our access arrangement proposal) for 2026–31 to be submitted to the AER by 30 June 2025.

[2] National Gas Law section 23 sets the NGO as 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— (a) price, quality, safety, reliability and security of supply of covered gas; and (b) the achievement of targets set by a participating jurisdiction— (i) for reducing Australia's greenhouse gas emissions; or (ii) that are likely to contribute to reducing Australia's greenhouse gas emissions.

Our 2026 draft plan overview

The ACT's electrification journey towards net zero emissions by 2045 is unprecedented and Evoenergy plays a key role in reaching this target. Extensive engagement over the past year has helped to shape our draft gas network plan.

What we heard from customers

- Generally support the emissions reductions objectives of the Government.
- Concerned about the immediate and longer-term costs of the electrification journey, particularly for hard to transition gas customers.
- Expect Evoenergy to maintain a safe, efficient and reliable gas network during the transition to electrification, including safely managing customer disconnections.
- Expect Evoenergy and the ACT Government to work together to ensure an equitable transition to electrification, including in relation to recovery of infrastructure investment.
- Expect Evoenergy and the ACT Government to communicate openly about what the energy transition means for customers.

What our draft plan means for customers

Small residential
(usage of 7GJ)

$34
average annual bill increase

13%
% network bill increase

5%
% retail bill increase

Typical residential
(usage of 35GJ)

$84
average annual bill increase

13%
% network bill increase

4%
% retail bill increase

Typical commercial
(usage of 160GJ)

$265
average annual bill increase

13%
% network bill increase

4%
% retail bill increase

Note: Network charges account for around 30 per cent of a retail gas bill. Our draft plan would result in annual increases to retail gas bills of around 4 per cent plus inflation over the five-year period.

Retail bill impacts shown are indicative, as only the distribution component of the bill has been adjusted (approximately 30 per cent of the total bill) and all other components have been held constant in real terms.

To deliver on customers' priorities, we will:

Safely, reliably and efficiently provide services to those customers who remain connected to gas

Our draft plan limits expenditure to only what is necessary to safely and reliably operate and maintain the network while meeting our obligations as gas demand declines.

Seek to minimise the cost for both those disconnecting from, and remaining on, the gas network while managing safety risks

We will maintain a cost-reflective, user-pays approach to disconnections, explore ways to lower disconnection costs, collaborate with the ACT Government on safe network management, and continue working with retailers to share safety information.

Act now to ensure costs are shared equitably between more customers to manage price impacts for all customers now and in the future

Our draft plan brings forward some depreciation costs to share these costs equitably, ensuring that those who remain on the network for longer are not asked to pay more than their fair share.

Openly communicate and engage with stakeholders about our role in the electrification of the ACT's energy needs

We will work with the ACT Government and energy retailers to provide customers with clear, transparent, and consistent information on transitioning off gas, including safety and cost considerations.

2. About us

Evoenergy safely and reliably delivers gas to residential, commercial and very large customers across the ACT and the Queanbeyan-Palerang region in New South Wales (NSW).[3]

The ACT and Queanbeyan-Palerang gas network is a scheme pipeline under the National Gas Rules (the Rules).[4] This means that the network is subject to regulatory decision making by the Australian Energy Regulator (AER) (see section 2.3 below).

A description and map of the ACT and Queanbeyan-Palerang gas network can be found on our website.

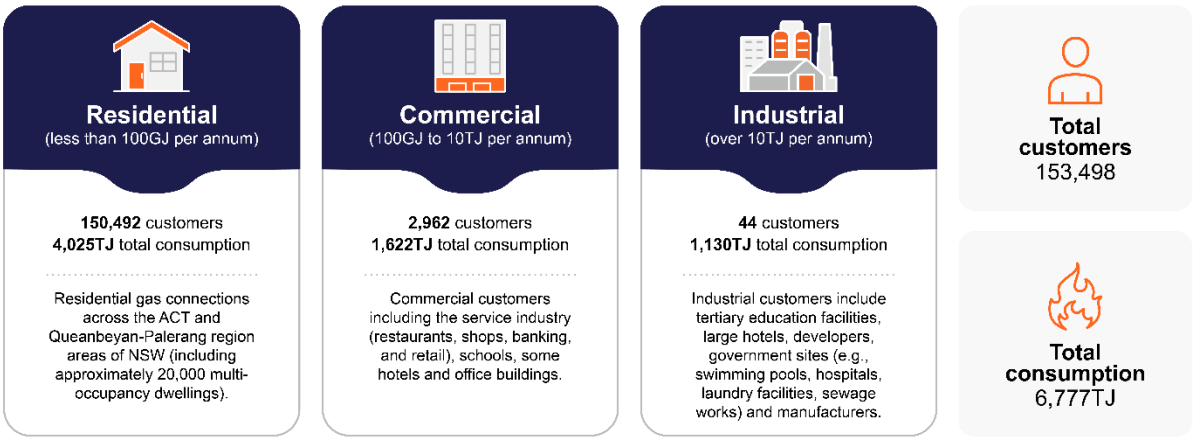
Evoenergy also owns and operates the Nowra gas network in NSW. More information on the Nowra gas network can also be found on our website.

2.1. Our gas network

As of 30 June 2024, Evoenergy had approximately 153,500 customers on the ACT and Queanbeyan-Palerang gas network who consumed a total of 6,777 terajoules (TJs) of natural gas in 2023–24, as shown in Figure 1.[5]

Around 90 per cent of our gas network users are in the ACT.

Figure 1 Evoenergy's ACT and Queanbeyan-Palerang customers (at 30 June 2024)[6]

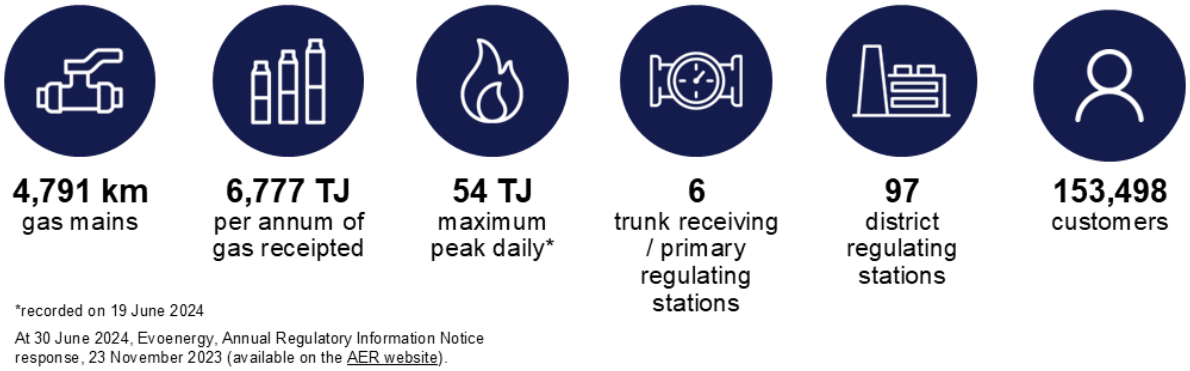


Evoenergy's gas services include the transportation and delivery of natural gas through our ACT and Queanbeyan-Palerang gas distribution network. We also provide metering, connection and disconnection (permanent and temporary) services, as well as emergency management.

The gas transported through our network comes from both the Eastern Gas Pipeline (connecting the Victorian gas fields to Sydney) and the Moomba-Sydney Pipeline (connecting the South Australian Moomba gas fields to Sydney). Gas is received from these transmission pipelines into our network at either Watson or Hoskinstown and then into four primary regulating stations. From these primary regulating stations, gas is distributed to nearly 100 district regulators across the ACT and Queanbeyan and then into our nearly 5,000 km medium pressure gas mains. Gas is distributed to Bungendore supplied through a separate network supplied through a small facility at our Hoskinstown site.

[3] The Network comprises approximately 4,791 km of pipeline within the ACT and Queanbeyan-Palerang areas and includes NSW pipeline licence no. 29 from Hoskinstown to the ACT Border near Oaks Estate.
[4] See: Regulatory classification of gas pipelines | AEMC for more information.
[5] Evoenergy, Annual RIN response, 30 November 2024 (available on AER website).
[6] Evoenergy, Annual RIN response, 30 November 2024 (available on AER website).

Figure 2 Evoenergy's gas distribution network



*recorded on 19 June 2024

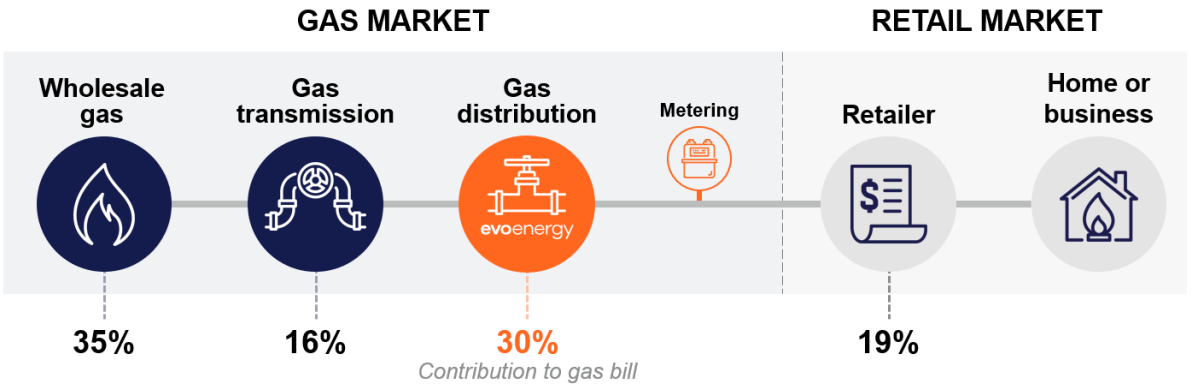
At 30 June 2024, Evoenergy, Annual Regulatory Information Notice response, 23 November 2023 (available on the AER website).

Evoenergy is the smallest regulated gas network in eastern Australia, with around 3.5 per cent of total connections and 2.5 per cent of total consumption in the eastern Australian regulated gas market.

2.2. Evoenergy in the gas supply chain

Evoenergy's gas distribution costs make up approximately 30 per cent of a customer's retail gas bill.[7] The remainder of the bill is made up of non-Evoenergy related costs including the wholesale cost of purchasing gas, the cost of transporting gas from the gas fields to Evoenergy's distribution network (transmission costs), as well as retail costs.

Figure 3 Evoenergy in the gas market supply chain



2.3. We are a regulated business

Every five years, Evoenergy is required to submit a regulatory proposal to the AER that details the proposed services, network investments, revenue and prices required to deliver gas distribution services for the next regulatory period. This includes a proposed access arrangement, which is the document that sets out the services and the terms and conditions of those services. The regulatory proposal is also known as Evoenergy's 2026–31 five-year gas plan, or gas access arrangement proposal.[8]

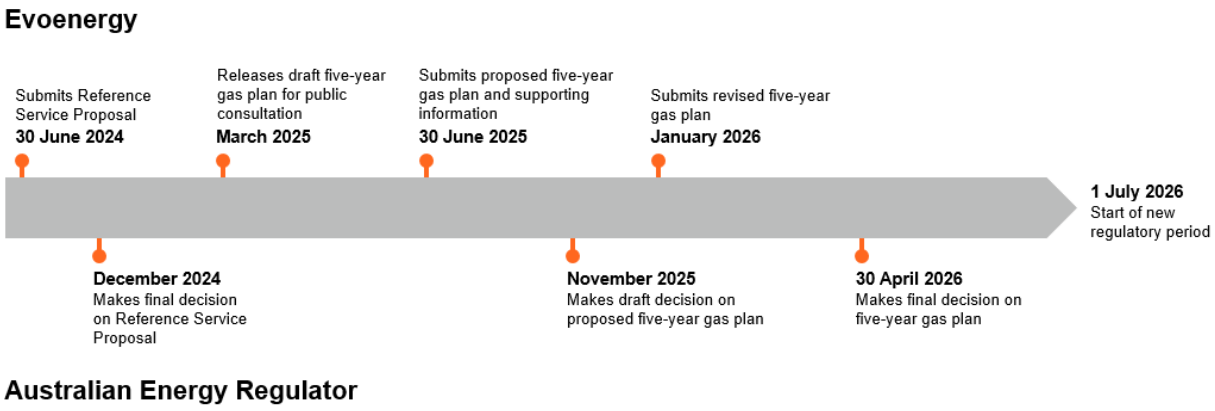
[7] ACT Government, Powering Canberra: our pathway to electrification, August 2022, p.15.

[8] The first step in the process is the reference service proposal (RSP). Evoenergy submitted our RSP to the AER in June 2024 (available on the AER website). In it we sought to make changes to our reference services and tariff variation mechanism. The AER's decision on our proposal was released in December 2024 (see Appendix A for more information on our proposal and the AER's subsequent decision).

We are required to submit our proposed changes to the access arrangement and supporting access arrangement information to the AER by 30 June 2025, as shown in Figure 4.

Before we submit the regulatory proposal, we are inviting feedback from our community and stakeholders on our draft five-year gas plan for the 2026–31 regulatory period. The publication of a draft five-year gas plan is not a regulatory requirement—the purpose of this document is to seek feedback on our approach to delivering on our community's priorities for the gas network over the next five years and demonstrate how those priorities have informed our approach to our draft plan.

Figure 4 Evoenergy's 2026–31 access arrangement review timeline

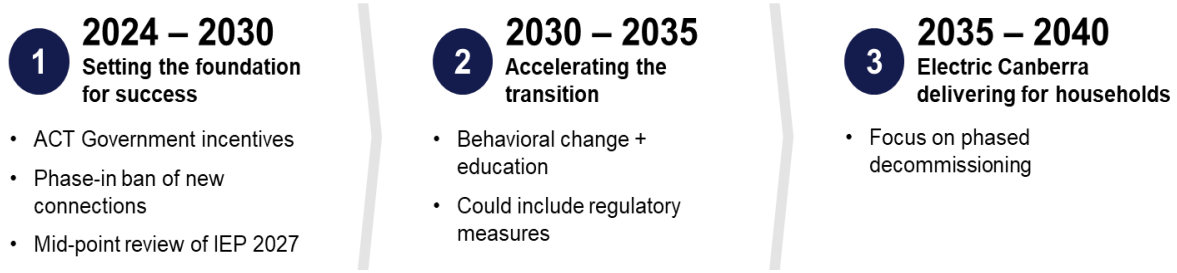


3. The ACT is at the forefront of Australia's energy transition

The ACT's electrification journey is unprecedented nationally and Evoenergy's networks play a critical role in this change.

The ACT Government through its first Integrated Energy Plan 2024–30[9] (IEP) has commenced implementation of its plan to fully electrify the ACT's energy needs, including phasing out the gas network in the ACT by 2045, as shown in Figure 5 below.

Figure 5 ACT Government's Integrated Energy Plan phases



Unlike other jurisdictions, including Victoria[10] and NSW,[11] the ACT Government is not considering repurposing the gas network for distributing hydrogen or biogas in the future.[12]

We are currently in the first phase of the ACT Government's IEP, which involves a ban on new gas connections[13] and incentives aimed at encouraging consumers to electrify (i.e. customer-led phase). From 2030, the ACT Government aims to accelerate the transition from gas to electricity, with the period from 2035 onward focused on decommissioning the gas network.

This puts the ACT in a unique position relative to other Australian jurisdictions. While there is no uncertainty around whether the gas network in the ACT will be phased out or by when, the pace and extent of the consumer-led energy transition over the next five-year period is uncertain.

3.1. What the electrification of the ACT means for Evoenergy

The electrification of the ACT presents significant technical, social and economic challenges for Evoenergy and our customers. These challenges include safely and reliably operating and maintaining the network in light of the ACT Government's intended future decommissioning of the gas network. There are other social and economic challenges associated with the transition that relate to forecasting the pace of the transition and importantly, equitably managing gas network costs as customer numbers decline.

3.1.1. The future of the gas network in the ACT and Queanbeyan-Palerang

Our network was built and has always been owned, operated and regulated as a single network. Major network assets located in both NSW and the ACT serve end users in both jurisdictions and as such, the geographical boundary is arbitrary for operating the network.

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[9] ACT Government, The Integrated Energy Plan 2024–2030, our pathway to electrification, June 2024.
[10] Victorian Government, Victoria's Gas Substitution Roadmap, December 2024.
[11] NSW Government, NSW Hydrogen Strategy | NSW Climate and Energy Action.
[12] ACT Government, The Integrated Energy Plan 2024–2030, our pathway to electrification, June 2024, pp.18–19.
[13] Connections are banned in all residential, commercial and community facility land-use zones. There are some limited exemptions to the ACT Government's ban in commercial and community zones, where an applicant cannot feasibly operate without a gas connection and is unable to move to a location with an existing connection. Connections are not banned in industrial, transport and services and non-urban zones (see ACT Government Climate Choices website).

We are working to understand the practicality and viability of maintaining elements of Evoenergy's gas network to service NSW and any remaining gas customers. Based on the information we have available now, we have concerns about the practical and economic implications of running separate decommissioning timelines for a gas network meshed over geographical boundaries.

Over the coming months we will carry out further engagement with our NSW gas customers on the future of the gas network post 2045.

Question: Future of demand for gas in the ACT and Queanbeyan-Palerang

1. What are NSW customers views on the future need for gas infrastructure to service Queanbeyan-Palerang post the ACT Government's plan to decommission the gas network by 2045?

3.1.2. Phased decommissioning

Based on the ACT Government's IEP, the planned decommissioning of the gas network will occur between 2035 and 2045. Until this time Evoenergy expects that its entire gas network will need to continue to be utilised and operational to service the gas needs of its customers until all, or nearly all, customers in an area have ceased using gas.

Evoenergy has been unable to find precedent for a large gas network shutdown and decommissioning example either nationally or internationally.[14]

3.1.3. Forecasting gas demand

Forecasts of gas demand typically draw on recent historical trends in usage, connections and disconnections.[15] However, in Evoenergy's case, the recent trends indicate considerable change in demand, suggesting that future usage of gas from our network is significantly uncertain. Meanwhile, our electricity network has observed three consecutive years of increased maximum demand especially in the winter early mornings and late evenings—a potential indicator of increased electrification of gas heating loads.

The variability in our recent trend data makes it particularly challenging to predict the rate of decline in customer numbers and average consumption, and therefore total expected demand for our services over the next five years, and beyond. Adding to this challenge:

- the next five years of the ACT Government's IEP is consumer-led, with a mid-point review scheduled for 2027.[16] It is unclear what policy changes may arise following this review.
- there is no like-for-like policy setting aligned with the ACT Government's IEP, meaning we cannot look to other jurisdictions for precedent in their forecasting approaches.

For more information on our gas demand forecasts, see section 5.1.

3.1.4. Recovering past infrastructure investments

Over the past four decades, Evoenergy has made substantial investments to build, grow and maintain the gas network to provide safe and reliable gas services to the growing region.

[14] The Esperance gas network in Western Australia serviced only 400 customers and ceased to supply gas to those customers in 2023. These customers were assisted in their electrification transition by Horizon Power and the Western Australian Government (Esperance Gas Distribution Transition).
[15] Adjusted for a range of factors, including weather, price, policy settings.
[16] ACT Government, The Integrated Energy Plan 2024–2030, our pathway to electrification, June 2024.

As a regulated business, the amount of revenue we can earn from providing gas services is set by the AER and this amount includes the recovery of past infrastructure investments.[17] Our total revenue is recovered from customers in the form of our charges or tariffs. As gas demand declines in line with the ACT Government's policy there will be fewer customers to share the costs.

Using standard approaches to recovering these costs will have significant price implications for those customers who are least able to electrify early, such as those facing financial hardship, renters, multi-occupant dwelling residents and businesses that rely heavily on gas. We are proposing to adapt our depreciation approach to reflect the policy context facing Evoenergy and take action now so that costs are shared between more customers.

For more information on our proposed approach to recovering past infrastructure investments, see section 5.3.

3.2. What the electrification of the ACT means for our customers

In deciding to shift their energy use away from gas, some customers have told us that they will be influenced by the cost of electrification and the remaining life of existing appliances, as well as the suitability of their home or business to transition. Some customers have said they are likely to find it more difficult to make the transition, for example those living in a rental property or apartment complex, restaurants and large customers. In contrast, we also know that some customers' electrification journey is less impacted by costs and is instead influenced by their desire to take action to reduce their own emissions.

Customer research undertaken in April 2024[18] suggests that customers are increasingly likely to replace gas appliances with electric ones at the point of failure, and that the point of failure for most appliances is expected to occur within the next five to ten years. We also heard that the key drivers for many of our customers who are electrifying their homes are gas prices and environmental concerns.

We have recently completed another round of customer research where we have sought more detailed information from our residential and large (commercial and industrial) customers about their future energy needs. Results from this research will be used to refine our five-year gas plan due to the AER on 30 June 2025.

3.2.1. Our residential customers

There are approximately 213,000 households in the ACT and Queanbeyan-Palerang region[19] and of those, around 76 per cent have a gas connection:[20]

- Connections: Our Gungahlin customers have the highest take up of natural gas with approximately 30,400 of 32,000 households connected to gas (95 per cent), while the lowest gas connection rates are in Woden (approximately 60 per cent) and East Canberra (20 per cent).[21]
- Disconnections: The highest number of permanent disconnections (abolishments) from the network have occurred in Belconnen and the Inner North.

[17] This amount also includes as well as a return on investment which has been set at a level which reflects a relatively low level of risk in the past.
[18] Sagacity Research, Demand for natural gas – understanding future demand, April 2024. See also: Energy Consumers Australia, Consumer Energy Report Card: how households use gas and their attitudes towards electrification, February 2025.
[19] There are approximately 186,000 private dwellings in the ACT and 26,500 private dwellings in Queanbeyan-Palerang region (source: ABS Snapshot of Australia, 2021).
[20] Including temporarily disconnected and non-consuming customers.
[21] East Canberra includes households living in temporary accommodation, such as caravan parks.

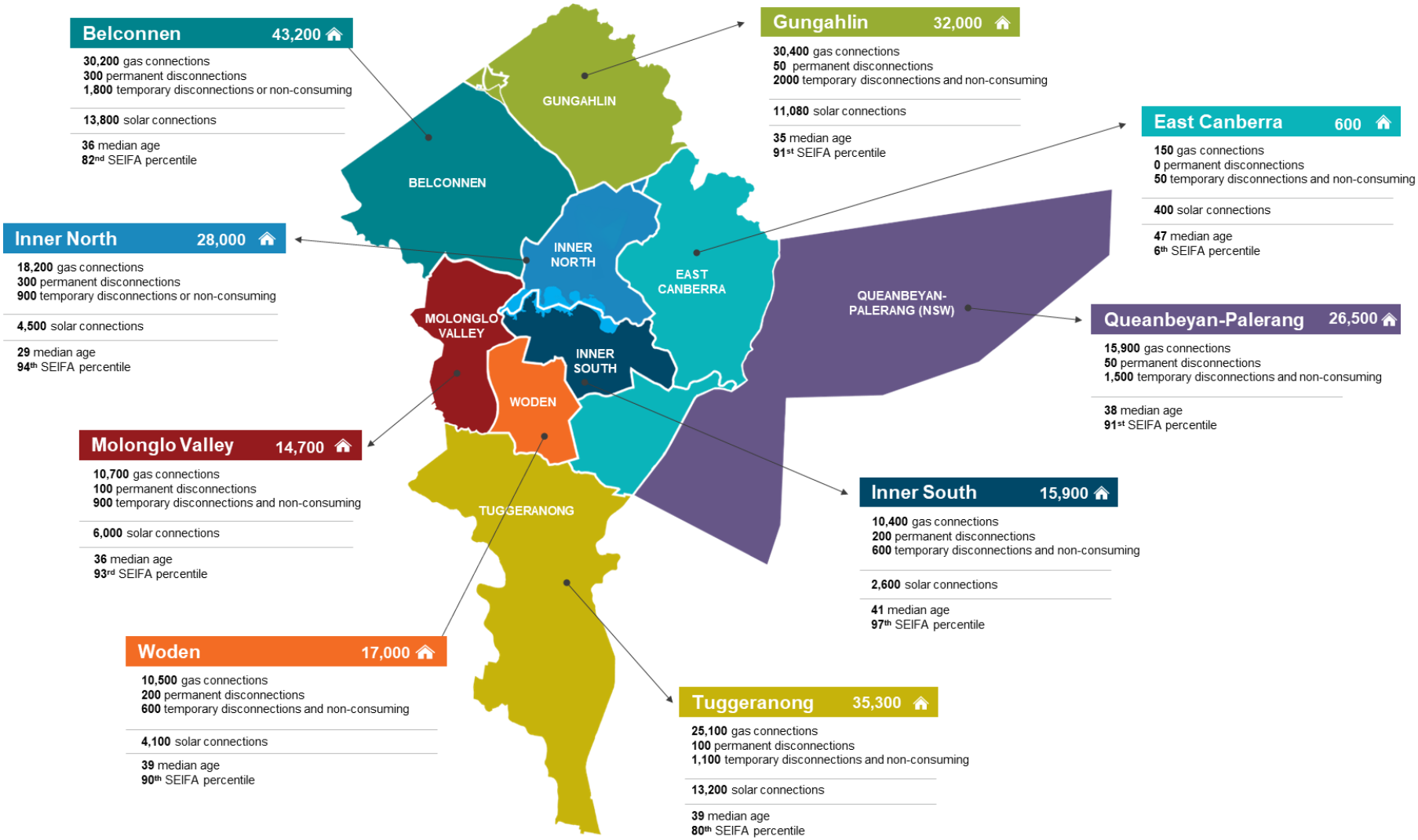
- Non-consuming customers: In Queanbeyan-Palerang, Gungahlin and Molonglo Valley there is a significant proportion of residential customers who have either temporarily disconnected from the gas network or who have not consumed gas in over 12 months.
- Multi-occupancy dwellings: There are approximately 20,000 households connected to gas living in apartment complexes, flats or townhouse complexes (also known as multi-occupant dwellings) across the region.[22]

While overall, ACT and Queanbeyan-Palerang households generally have a high rate of employment and are well educated, the regional breakdown hides pockets of disadvantage. The Australian Bureau of Statistics (ABS) index of social and economic advantage and disadvantage measures the ACT region as one of the least disadvantaged regions in the country.[23.] However, the ACT's policy of spreading public and community housing across the region means that within regions of apparent high wealth and high advantage, such as Canberra's inner south, households are facing genuine financial hardship or other vulnerabilities[24] with growing rates of energy hardship across the region.[25]

Figure 6 provides a snapshot of the demographic profile of our customers across the region.

[22] There are approximately 32,670 flats or apartments in the ACT (ABS, 2021 Census of Population and Housing, ACT (8)) (of which approximately 20,000 are connected to gas).
[23] ABS, Socio-Economic Indexes for Areas (SEIFA), Australia, released 27 April 2023 (available on ABS website).
[24] The term vulnerable households is broad and may refer to someone with low education or literacy levels, it may be a person with a disability, or someone experiencing financial hardship. It may apply to someone who has experienced domestic violence or is socially isolated, or someone who relies on a continuous energy supply for health, quality of life or survival. People can move in and out of vulnerability through various stages of their lives (Australian Institute of Family Studies, Vulnerable Families, June 2023)..
[25] ACT Council of Social Services(ACTCOSS), Energy hardship is growing in the ACT: urgent action needed, 3 January 2025.

Figure 6 Evoenergy's ACT and Queanbeyan-Palerang gas network residential customers



Note: Figures shown for illustrative purposes and may not sum due to rounding (30 June 2024).

What does the electrification journey look like for our residential customers?

As the ACT and its surrounds is considered one of the most advantaged regions in Australia[26] many in the community have access to the resources necessary to electrify their homes. Many residential gas customers have already commenced their energy transition with around 30 per cent of ACT households having installed solar panels and electric vehicles now representing over 25 per cent of new cars purchased.[27] We also know that Canberrans are accessing incentive programs to assist their electrification journey with over 21,000 energy efficient upgrades financed under the ACT Government's Sustainable Household Scheme.[28]

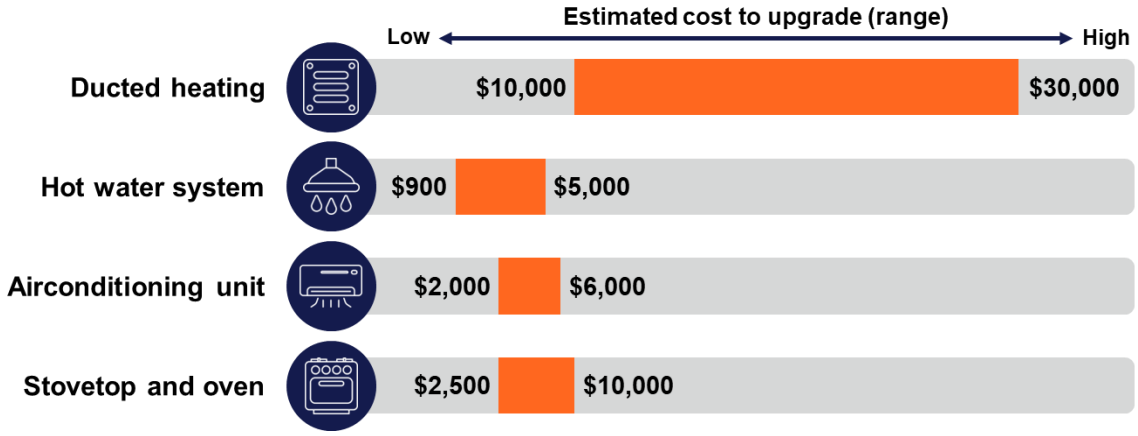
The electrification process will be relatively straight forward for some homes, but for others it will be complex and costly.

For example, electrifying some multi-occupancy dwellings will be particularly challenging due to the nature of the building construction, configuration and ownership arrangements of these buildings.[29]

Research indicates that the cost to electrify could exceed $50,000 for some households, depending on the appliances requiring replacement. While these costs will be partially offset by savings in energy efficiency and government incentives or rebates where applicable, the initial outlay can be significant.[30]

We also know that some of our gas customers prefer gas, particularly for cooking, and may choose to electrify later than others.[31]

Figure 7 Estimated cost to electrify household gas appliances[32]



[26] ABS, SEIFA – Index of Relative Socio-economic Advantage and Disadvantage (IRSAD) Quintiles for all LGAs, released 27 April 2023 (available on ABS website).
[27] Australian Automobile Association, Electric Vehicle Index, 2024.
[28] ACT Government, Sustainable Household Scheme Dashboard, accessed 15 January 2025.
[29] ACT Government, The Integrated Energy Plan 2024–2030, our pathway to electrification, June 2024.
[30] ACIL Allen Consulting, Household Energy Choice in the ACT Modelling and Analysis, November 2020; Sagacity Research, Demand for natural gas – understanding future demand, April 2024; . Frontier Economics, Victorian & NSW residential case studies, January 2023; Frontier Economics, Cost of switching from gas to electric appliances in the home, A report for the Gas Appliance Manufacturers Association of Australia, June 2022.
[31] Sagacity Research, Demand for natural gas – understanding future demand, April 2024.
[32] ACIL Allen Consulting, Household Energy Choice in the ACT Modelling and Analysis, November 2020; Sagacity Research, Demand for natural gas – understanding future demand, April 2024; . Frontier Economics, Victorian & NSW residential case studies, January 2023; Frontier Economics, Cost of switching from gas to electric appliances in the home, A report for the Gas Appliance Manufacturers Association of Australia, June 2022.

3.2.2. Our commercial customers

Our nearly 3,000 commercial customers comprise a diverse mix of businesses with gas consumption of more than 100GJ/year and less than 10TJ per year. They include shops, restaurants, clubs and pubs, and a range of small industrial businesses, as well as schools, government offices, religious sites and embassies.

What does the electrification journey look like for our commercial customers?

Approximately 90 per cent of our large customers (consuming over 1TJ per year) have told us that they are considering electrifying their businesses, and of these 74 per cent intend to undertake this transition over the next five years.[33] In discussions with us, our large customers have identified cost as a barrier to electrification. Our large customers have told us that while they have plans to electrify their businesses in the next five to ten years, that decision will be influenced by not just the investment costs for new electric equipment but also availability of new electric equipment and the nature of the buildings they tenant.

As with residential customers, the electrification process looks different for different types of commercial properties. Many of these customers are tenants in buildings connected to gas, so they face similar challenges to multi-occupant residential buildings. Some rely heavily on gas to do business, and electric alternatives may not currently be feasible. Other commercial customers have told us that their electrification journey will be more straightforward, and they intend to replace gas appliances with electric ones at the end of appliance life.

3.2.3. Our very large customers (commercial and industrial)

There are 44 very large commercial and industrial customers that consume over 10TJ per year connected to Evoenergy's gas network. These customers are geographically dispersed and include tertiary education facilities (such as the Australian National University (ANU)), large hotels, ACT Government sites such as swimming pools, hospitals and associated laundry facilities, and manufacturing customers. Our very large customers also include Commonwealth Government owned institutions including Parliament House, the National Archives and several cultural institutions.

What does the electrification journey look like for our very large and industrial customers

Fully electrifying large facilities will require significant planning and investment, both on the customer side as well as the network side, to ensure Evoenergy's electricity network has the capacity to provide the additional load required.

Some of our very large government customers are subject to electrification objectives set by the ACT and Commonwealth Governments.[34]

We will continue to work closely with our largest customers to plan network requirements to ensure a smooth transition.

[33] Evoenergy, Annual Customer Satisfaction Survey, 2024; Evoenergy Large Customer Annual Survey, 2024.
[34] Both the ACT Government and Commonwealth governments have committed to electrification of government buildings targets by 2040 (ACT Government, The Integrated Energy Plan 2024–2030, our pathway to electrification, June 2024; Department of Finance, APS Net Zero Roadmap, December 2024).

Case study: Australian National University

As part of its ambition to reach below zero emissions by 2040, the ANU plans to electrify its ACT buildings, including both the Acton and Mt Stromlo campuses.[1]

The university's Acton campus expands over 145 hectares and comprises more than 150 buildings. These buildings reflect the diversity of the campus with a mix of offices, teaching facilities, laboratories, entertainment venues, student accommodation and an art gallery.

As part of its strategy to achieve full electrification of its buildings, the ANU is replacing its gas-powered infrastructure with electric systems and prioritising buildings with gas boilers at, or near, the end of useful life.

Nine buildings with end-of-life boilers have already had electric heat pumps installed, and the electrification of another building is currently in progress. With its gas boilers reaching end-of-life, the electrification of the entire Mt Stromlo campus is also in progress. The project will include a smaller thermal hub that supplies four adjacent buildings.

The ANU's decarbonisation plan includes building three central thermal hubs on its Acton campus. The thermal hubs would house substations to serve the surrounding buildings. These hubs would use waste heat from sources such as data centres to reduce the peak heating and electricity demand. The hubs would be constructed in stages, with the first planned to be in operation between 2030 and 2035.

Like Evoenergy and our other customers, the ANU's electrification transition also faces technical and economic challenges.

- Technical challenges: include the additional space requirements, electrical loads, structural loads, heritage constraints and acoustic impacts of the new infrastructure. The ANU plans to overcome these challenges by using the proposed central thermal hubs to ease the impacts on the broader campus.
- Economic constraints: the university sector is under financial strain, and there are currently no government incentives to support appliance switching or electrification by commercial customers. Rising energy costs also add to this strain.

This case study was produced with the permission of the ANU.

4. Consumer and stakeholder engagement has helped to shape our draft plan

Our conversation with the community on the future of Evoenergy's gas network started over five years ago when the ACT Government announced its plans to phase out gas. In preparing our five-year gas plan, we have continued those discussions focusing not only on the now but also on the longer-term implications of the ACT electrification policy. This includes challenges and opportunities for a fair and equitable transition for our customers.

Engagement with the community on our five-year gas plan is guided by our five-year gas plan engagement strategy which is underpinned by principles-based engagement as set out in Evoenergy's Stakeholder Engagement Strategy.

Evoenergy's engagement principles:

We are adaptive, curious, courageous, transparent and committed.

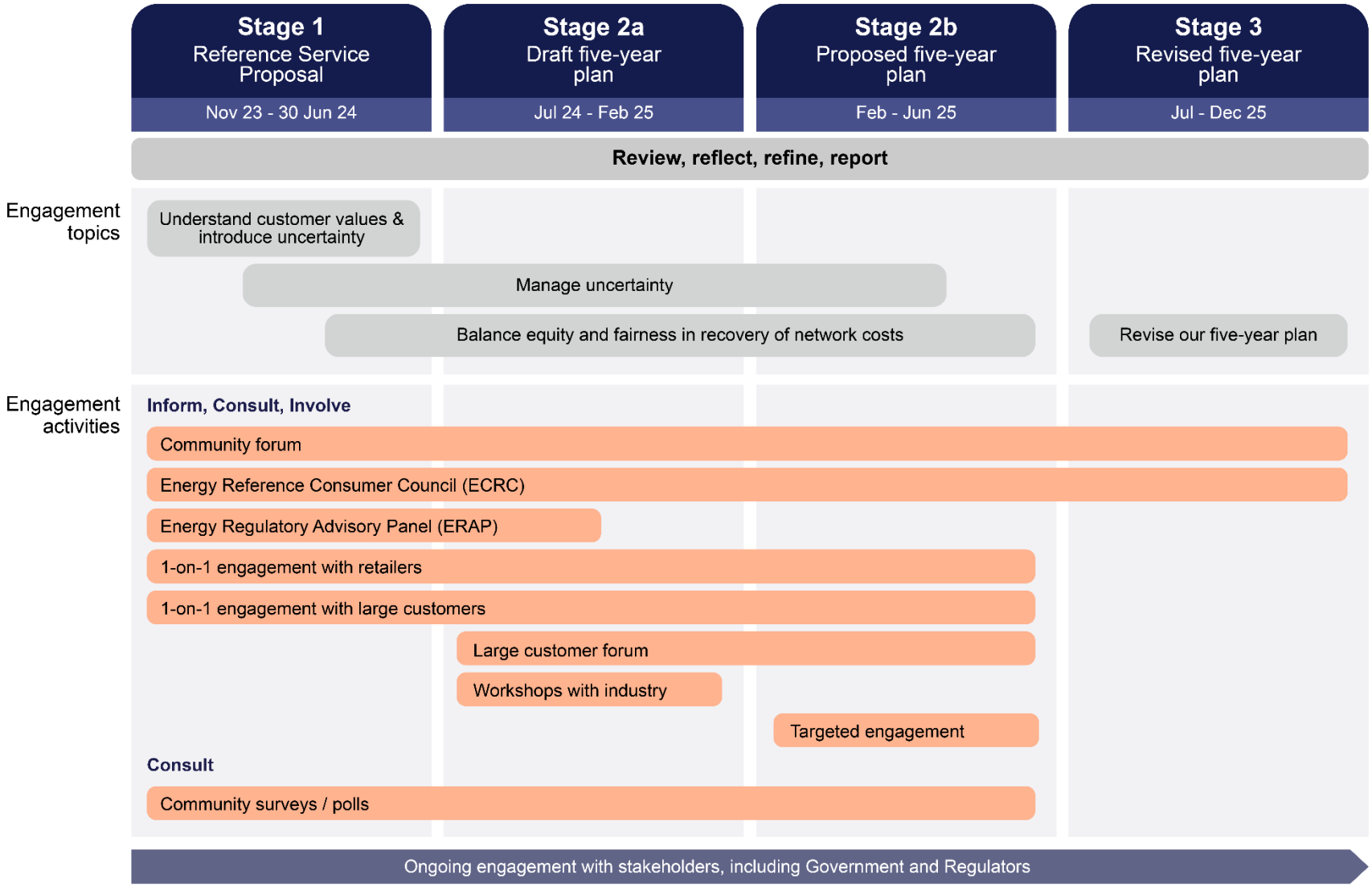
We seek to achieve the ***involve*** level of the International Association for Public Participation (IAP2) Engagement Spectrum with our consumers and key stakeholders.[35]

4.1. Our phased approach to engagement on our draft five-year gas plan

Evoenergy has engaged extensively with our community over the past twelve months. We have adopted a phased approach to engagement with key stakeholder voices on our draft five-year gas plan, as shown in Figure 8. This approach ensures we consider the perspectives of our consumers and other stakeholders as we develop our five-year plan and allows for capacity-building and in-depth discussion on key issues.

[35] Involve means we will work with our customers to ensure that their concerns and aspirations are directly reflected in the alternatives we develop and provide feedback on how their input influenced our positions.

Figure 8 Evoenergy's phased approach to engagement on the draft five-year gas plan



Our engagement aims to be transparent and draw on the best available information, scenarios and forecasts to show the potential impacts of different regulatory approaches.

We allow for robust discussions by clearly articulating our assumptions and inviting stakeholders to challenge those assumptions and present alternative views. We have also been transparent in excluding options that we do not consider apply to our current circumstances.

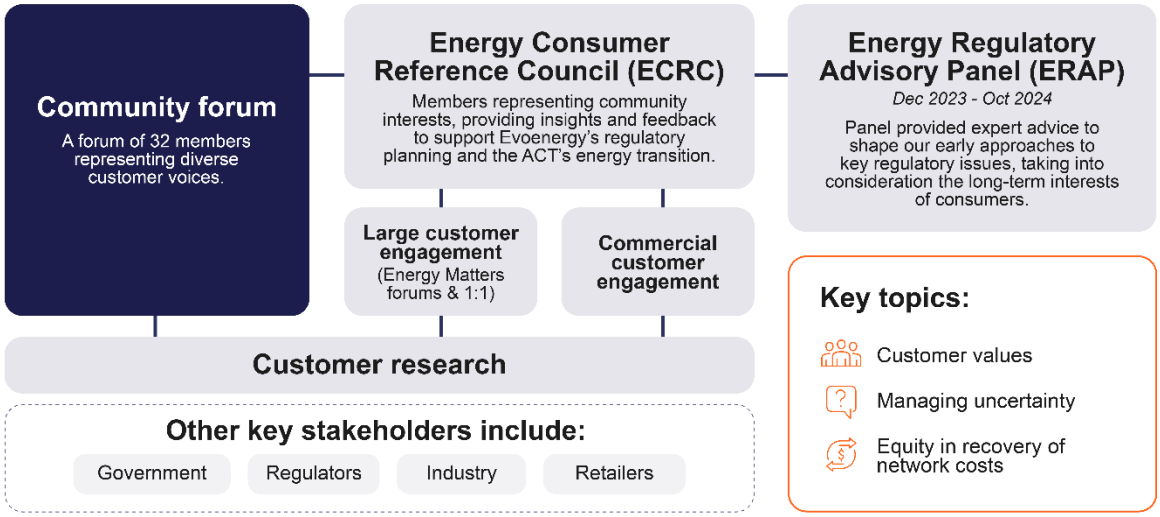
We recognise that engagement is a two-way conversation, and our forums and one-on-one meetings provide an opportunity for our community and customers to raise issues of concern with us. We are committed to continuing the conversation with our community to better understand their energy needs, values, and long-term interests.

4.2. Our key stakeholder voices

To ensure we engage effectively, we recognise the need to hear from our diverse community and ensure continuity as we consider the transition from a holistic point of view. Our approach considered the key stakeholder voices whose diverse needs and interests we need to understand and reflect on. Key stakeholder voices are represented through existing and new forums.

Since December 2023, we have held seven community forums (plus an optional guest speaker series), eight Energy Consumer Reference Council (ECRC) meetings, six Energy Regulatory Advisory Panel (ERAP) meetings and six Energy Matters forums for our large customers. We have also undertaken customer research via surveys of residential and commercial customers, and one-on-one interviews with large customers and retailers. A summary of our key stakeholder voices is provided in Figure 9 and more details can be found on our website. Outcome reports from our engagement are also available on our website.[36]

Figure 9 Our key stakeholders



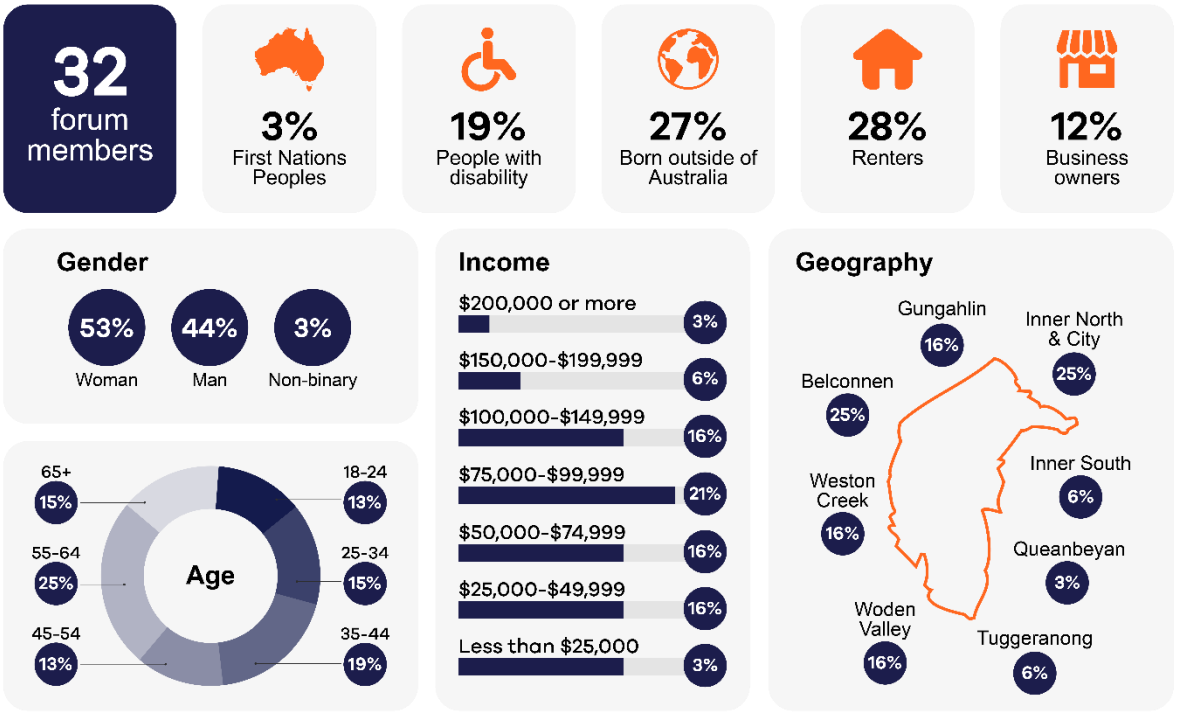
[36] Our webpage also includes links to the Community forum's recommendations report and Communication Link's Stage 1 engagement report.

4.2.1. Community forum

Our 32-member community forum was established in May 2024 to help us better understand the values and long-term interests of our customers and make informed decisions over the next five years and beyond. Our forum participants represent a diverse mix of the ACT and Queanbeyan-Palerang communities, as shown in the snapshot in Figure 10.[37]

We have shared our community forum's report with the ACT Government and AER.

Figure 10 Our community forum



4.2.2. Energy Consumer Reference Council

Evoenergy's long-standing ECRC was established in 2014. The ECRC consists of diverse representatives from community, business and social services. Members include the ACT Council of Social Services, Council of the Ageing, Ministerial Advisory for Multiculturalism, Canberra Institute of Technology Student Association, Electrify Canberra, National Capital Authority, Canberra Business Chamber, Australian Electric Vehicle Association, Australian Hotels Association and building associations. The ECRC meets bi-monthly and provides a regular forum for members to represent their constituents' views and interests through open dialogue on key operational and long-term strategic considerations for the ACT's electrification journey.

4.2.3. Energy Matters Forum (large commercial and industrial customers)

Energy Matters Forums are designed to engage Evoenergy's large energy (gas and electricity) customers. These forums provide an opportunity for us to share information about our planning process and to open discussions around large energy customers' concerns and considerations.

[37] Our community forum was recruited and established independently in May 2024. The forum was recruited through an expression of interest (EOI) process which we promoted through social media and direct customer interactions. From over 180 expressions of interest, a blind selection process was undertaken to randomly select forum members ensuring a diverse mix of our ACT and NSW customers.

4.2.4. Energy Regulatory Advisory Panel

In December 2023, we established an independent five-person advisory panel, the ERAP. The panel consisted of industry experts from a variety of interests and expertise, who challenged us in our thinking and provided advice on key regulatory issues that promote the long-term interests of gas customers. Its member contributions informed our engagement program and discussions on regulatory approaches, providing guidance by helping us to ask the right questions and challenging us to consider all options. The ERAP concluded in October 2024.

Other key stakeholders include the ACT and NSW Governments, regulators, retailers and industry. We have existing relationships with these stakeholders and ongoing discussions with them as part of our business-as-usual engagement.

4.2.5. What's next on our journey

Stage 2b of our engagement is underway. We are continuing engagement through our existing forums and new targeted channels based on identified gaps and opportunities, such as NSW customers and our commercial customers, to better understand how the transition affects them.

4.3. How our community has shaped our draft five-year gas plan

4.3.1. What we have heard from our community

In our early conversations with our customers we sought their views on the values that they consider are most important for us to consider as we develop our five-year gas plan. Our community and stakeholders have told us they:

- generally support the emissions reduction objectives of the ACT Government
- are concerned about the immediate and longer-term costs of the electrification journey, particularly for hard to transition gas customers
- expect Evoenergy to maintain a safe, efficient and reliable gas network during the transition to electrification, including safely managing customer disconnections
- expect Evoenergy and the ACT Government to work together to ensure a fair and equitable transition to electrification, including in relation to the recovery of infrastructure investment
- expect Evoenergy and the ACT Government to communicate openly about what the energy transition means for them.

Question: Our community and stakeholder's views

2. Do you consider that what we have heard from our key stakeholder voices reflects your views and priorities? If not, what do you consider to be a priority area(s) for Evoenergy's five-year gas plan (2026–31)?

4.3.2. How we have responded to what we've heard from our community

We have drawn on what we have heard to inform Evoenergy's approach to delivering on our community's priorities by safely and equitably managing the gas network during a critical period in the ACT's transition to full electrification by 2045. Our draft five-year gas plan sets out how we aim to:

- Safely, reliably and efficiently provide services to those customers who remain connected to gas.
- Equitably manage gas network costs as customers decline, particularly for those who are least able to transition off gas, to ensure that those who remain on the network for longer

are not unfairly disadvantaged or asked to pay more than their fair share. This includes bringing forward some recovery of investment costs to share these equitably amongst more customers.

- Manage the safety risk associated with an increase in the number of customers disconnecting from the gas network while keeping the cost of disconnection as low as possible for customers.

We recognise that the customer impacts of the electrification journey, including those set out in our draft five-year gas plan will put pressure on households and businesses who are already facing cost of living pressures. We are committed to working to keep these impacts as low as possible by taking the following measures:

- working with our service providers to ensure that our operational and asset management costs are as low as possible, and absorbing cost increases, such as rising insurance premiums and meter reading costs, wherever possible.
- working with ACT Government to determine the most efficient way to manage network safety in accordance with our safety obligations and looking to introduce a basic permanent disconnection that will apply to most residential customers.
- seeking feedback on the option of lowering our fixed and block 1 charges for volume tariff customers to manage bill impacts for residential and small business customers who are only using small amounts of gas.
- ensuring our customers pay no more and no less than is efficient to deliver a safe, reliable and secure gas service through the application of a revenue cap which involves updating demand forecasts annually.

Table 1 summarises the feedback we have received and our proposed response to that feedback on key aspects of our draft five-year gas plan.

Table 1 How our community has shaped our draft five-year gas plan

What we heard from our community and stakeholders	How we propose to respond in 2026–31
Emissions reduction • **Our customers told us that they generally support the emissions reduction objectives of the Government**	As the region's electricity and gas network provider, Evoenergy plays an important role in supporting the ACT Government's target of net zero emissions by 2045. Our draft five-year gas plan demonstrates that we are committed to playing our role in facilitating the electrification transition and will continue to proactively work with the ACT Government to plan a fair and efficient pathway to 2045.
Future use of gas (demand) • **Our customers are not sure how quickly they will be able to transition from gas to fully electric in the short and medium term.** • **In making the decision to shift their energy use away from gas, customers have told us that they will be influenced by the cost of the transition and the remaining life of existing appliances, as well as the suitability of their home or business to transition (e.g. rental property, apartment complex, restaurants and large customers).** • **Some customers have told us their electrification journey is less affected by the cost and is instead influenced by their desire to take action to reduce their own emissions.**	While the ACT Government's goal to phase-out fossil fuel gas by 2045 is clear, the expected pace and extent of the transition over the next five years is uncertain, particularly through the customer-led phase of the transition. To develop our best estimate of gas demand for the next five years and beyond, Evoenergy has engaged independent economic experts to prepare demand forecasts that will be used to inform our gas plan. These forecasts will be based on the most current data, customer trends and analysis. The forecast will be informed by the transition phases set out in the IEP and supported by a recently commissioned customer research study to help us better understand our customer's future energy needs. Given the degree of uncertainty over gas demand for the next five years, Evoenergy will continue to update its demand forecast with the most recent available data at each stage of the regulatory review process. ***See section 5.1 for more information about our expectations for gas demand over the next five years.***

What we heard from our community and stakeholders	How we propose to respond in 2026–31
Cost of running the network • **Expenditure on the gas network should be limited to only costs required to ensure the network is safely, securely and reliably maintained and operated.** • **There were mixed views from the community about the extent of Evoenergy's role to provide support for customers through the electrification transition.**	The costs of operating a gas distribution network safely and reliably are largely fixed, meaning the cost does not materially decrease as customers leave the network. However, Evoenergy will ensure that over the next five years network expenditure will be limited to only what is required to safely and reliably operate and maintain the gas network and meet our obligations to supply gas services as demand continues to decline. Evoenergy is working with our service providers to ensure that our operational and asset management costs are as low as possible, and absorbing cost increases, such as rising insurance premiums, wherever possible. We are seeking views from the community on whether our five-year gas plan should include additional expenditure for a customer support measure (e.g. public awareness and behaviour-change campaign about the importance of safely disconnecting from the gas network). ***See section 5.2 for more information on our proposed approach to efficiently, safely and reliably maintain the gas network over the next five years.***
Recovery of infrastructure investment • **There is concern about medium-long term bill impacts for those remaining on the network and a general view that bringing forward some cost recovery would be more equitable than maintaining the straight-line approach to depreciation.** • **There is concern in the community about the price impacts associated with full capital base recovery through the regulatory framework only.** • **There was strong stakeholder feedback for consideration of:**	As customer numbers and gas volumes decline, fewer customers will share the costs of past investments in the network. Taking action now will provide the greatest opportunity for an equitable transition. Our draft five-year gas plan proposes to align the remaining life of gas assets to 2045 and accelerate the depreciation profile of gas network assets over the next five years while there is still a large customer base. This means that these costs will be shared across a wider customer base and reduces the risk of significantly rising prices for those customers who are least able to transition early, such as those facing financial hardship, renters, multi-occupant dwelling residents and businesses that rely heavily on gas. ***See section 5.3 for more information on our proposed approach to recovering infrastructure investment over the next five years.***

What we heard from our community and stakeholders	How we propose to respond in 2026–31
○ **ACT Government contributing through tax-payer funding** ○ **Costs recovered through both the electricity and gas networks** ○ **Evoenergy not fully recovering its costs.**	
Recovering network costs and the implications for affordability • **The community is concerned about the immediate and longer-term costs of the energy transition, particularly for hard to transition and vulnerable customers.**	Our draft five-year gas plan outlines Evoenergy's approach to delivering on our community's priorities by safely and equitably managing the gas network during a critical period in the ACT's transition to full electrification by 2045. In our draft five-year gas plan, we have sought to strike a balance between gas network price increases for the next five years while managing a safe and equitable energy transition through to 2045. ***See section 6.2.1 for more information on the proposed bill impacts for customers over the next five years.***
Recovering revenue: tariff structures • **Tariffs should signal emissions reduction objectives (especially for larger customers).** • **Tariffs should support customers moving off gas while managing impacts for those left behind (including vulnerable customers).** • **Tariffs should consider customers' ability and willingness to respond and should be easy to understand and simple for retailers to adopt.**	Evoenergy is seeking feedback on gradual and measured change to the structure of tariffs for the majority of our customers, which could involve a lowering of the Fixed and Block 1 charges in our volume tariff. This change could better signal the value of emissions reductions, especially for larger customers and help manage small customer bill impacts. We do not propose to make changes to the tariff structure for demand (large) customers. ***See section 6.2.2 for more information on our proposed approach to setting tariffs over the next five years.***
Recovering revenue: tariff variation mechanism • **There were mixed views about the benefits of a price cap or revenue cap.**	Our draft five-year gas plan proposes to adopt a consistent approach to revenue recovery between the gas and electricity networks—through a revenue cap approach. Given the significant challenges in forward forecasting demand through the customer-led phase of the energy transition, we consider this

What we heard from our community and stakeholders	How we propose to respond in 2026–31
• **Customers observed that a price cap may provide price predictability through the period, while a revenue cap provides certainty for Evoenergy through the energy transition.** • **Some customers considered there is merit in exploring a hybrid approach.**	approach best ensures customers pay no more and no less than is efficient to deliver a safe, reliable and secure gas service. ***See section 6.2.3 for more information on our proposed approach to varying our tariffs over the next five years.***
Safely disconnecting from the network • **The cost of permanent disconnections is currently too high and may be acting as a disincentive to request the service.** • **More information should be provided to the community on the safety risks associated with temporary disconnections.** • **The community raised questions about the appropriateness of offering a temporary disconnection service in the ACT.**	We propose to maintain a cost-reflective user pays approach for disconnections. This approach ensures that the primary beneficiary of the service pays for the costs of the service and avoids shifting the cost burden to remaining customers. Shifting the costs of the disconnection service to remaining gas customers will place increasing pressure on gas prices with the potential to have the greatest impact on those who can least afford it or will find it harder to transition off the gas service (e.g. those living in rental properties, multi-occupant buildings). Evoenergy is exploring opportunities to keep the cost of safely disconnecting from the network as low as possible. This includes working with the ACT Government to determine the most efficient way to manage network safety in accordance with our safety obligations and looking to introduce a basic permanent disconnection that will apply to most residential customers. Evoenergy will continue to work with retailers to share safety information about temporary and permanent disconnections with customers. ***See section 7 for more information on our proposed approach to safely managing customer disconnections over the next five years.***

5. Key considerations in developing our five-year gas plan

5.1. Future demand for gas is uncertain

Like all regulated energy network businesses, Evoenergy's tariffs are set by the AER at a level that aims to recover the approved revenue across our customers based on a forecast of demand. Demand forecasts are also an input into our expenditure requirements. As such, Evoenergy's gas demand and customer number forecasts are a critical input into our draft five-year plan.

Demand for gas in the ACT and Queanbeyan-Palerang peaks in winter periods, when households and businesses typically use gas heating appliances the most. The demand for gas is heavily driven by weather patterns and climate variability. Other drivers of gas demand include the rate at which customers are switching gas appliances for electric ones, jurisdictional emissions reduction objectives, and the price of gas and electricity. It is particularly difficult to predict how customers will respond to these drivers at this stage of the region's energy transition, with the first phase of the ACT Government's IEP reflecting a consumer-led transition to 2030.[38]

Evoenergy customers also have some unique characteristics in the nature of their gas demand. The network has a high proportion of residential customers, with fewer commercial and industrial loads compared with other jurisdictions in Australia. The ACT and surrounding region also has a relatively cooler climate in the winter periods, with our residential customers traditionally relying upon the gas service for space heating through the winter months. Space heating usually consumes more gas than other household gas appliances, such as hot water or cooking. This combination of residential customer dependency and strong winter peaks relative to other seasons, means that it can be more difficult to observe the trends as our customers gradually switch their appliances from gas to electric. To understand our declining customer demand we are increasingly informed by the most recent year of observed gas demand. For Evoenergy, this means there is considerable uncertainty as to the timing and extent of the reduction in gas demand over the next five years and beyond.

What our customers have told us about their future gas demand

Our customers are not sure how quickly they will be able to transition from gas to fully electric in the short and medium term. In making the decision to shift their energy use away from gas, customers have told us that they will be influenced by the cost of the transition and the remaining life of existing appliances, as well as the suitability of their home or business to transition (e.g. a rental property, apartment complex, restaurants and large customers). Some customers have told us their electrification journey is less affected by the cost and is instead influenced by their desire to take action to reduce their own emissions.

5.1.1. Our 2026–31 demand forecasts

We can see the electrification transition in our data, where the number of new gas connections has been trending downwards since late 2022, while the number of gas disconnections has been trending upwards. In recent years, we have observed the lowest level of gas consumption on the network in over a decade, when we had far fewer customers on the network.

In our most recent year of complete data (2023–24), we have seen a 14 per cent drop in gas consumption on our network (7 per cent when adjusted to account for weather). This is a

[38] ACT Government, Developing the ACT's Integrated Energy Plan, Position Paper, August 2023.

significant change to the recent historical trend where the year-on-year change in gas consumption has seen a more moderate decline, as shown in Table 2 and Figure 12.

In recent times, we have also observed an acceleration in customers disconnecting[39] from the network, in addition to approximately almost 14,800 customers[40] who are connected to the network, but have not consumed gas in over twelve months. On our electricity network, we have observed the third consecutive year of increased maximum demand occurring in winter mornings and late evenings, suggesting electrification of gas heating appliances.[41]

Table 2 Historical gas consumption 2017–18 to 2023–24[42]

	2017–18	2018–19	2019–20	2020–21	2021–22	2022–23	2023–24
Change in consumption (%)	-3.5	-2.0	-2.1	2.4	0.3	-1.2	-13.7
Change in consumption per connection (%)	-6.9	-4.7	-4.1	1.1	-0.4	-0.4	-12.6
Change in number of connections	3.6	2.8	2.0	1.2	0.7	-0.8	-1.2

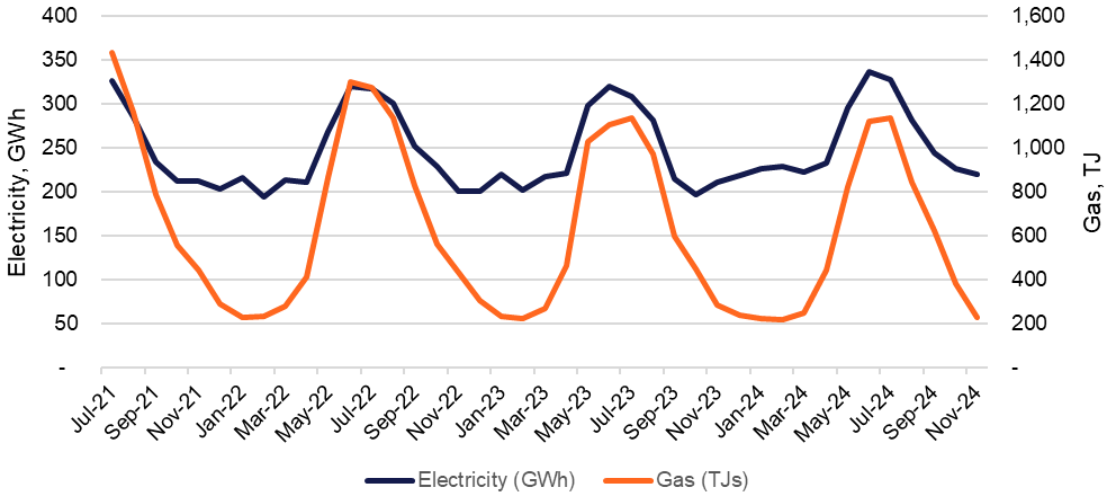
Note: numbers have not been adjusted for weather.

It is too early at this stage to truly understand the implications of this recent year-on-year fall. It is also unclear whether the steep year-on-year decline in demand will become the new trend for gas consumption in the ACT or whether the 2023–24 decline is a one-off adjustment that will return to a moderate declining trend over the next five years. It is possible that the steep decline in 2023–24 occurred in response to the ACT Government's ban on new gas connections and the release of the IEP Position Paper in August 2023.[43] It is also possible that the decline relates to cost-of-living pressures, customer preferences, or heating appliances switching from gas to reverse-cycle air-conditioning.[44]

We also know that the past three years have seen above average winter temperatures in the region resulting in a lowered demand for household heating.[45] The reduction in winter gas consumption[46] is evident in Figure 11 below, with the largest annual reduction recorded for winter 2023 (-13 per cent). The following spring, summer and autumn months also saw record reductions in year-on-year gas consumption. There was a further reduction in winter gas consumption of -4 per cent in 2024, which was accompanied by an offsetting increase in electricity consumption (+4 per cent).

[39] Disconnections in this context refers to both temporary and permanent (abolishment) disconnections.
[40] At January 2025, Evoenergy had an estimated 4,500 connected and non-consuming customers and over 10,300 temporarily disconnected and non-consuming customers. Evoenergy must maintain the meter and service for each of these customers.
[41] Evoenergy, Annual Planning Report 2024, December 2024.
[42] Annual RIN responses N1.1 and S1.1
[43] ACT Government, Developing the ACT's Integrated Energy Plan, Position Paper, August 2023.
[44] Reverse cycle air-conditioning systems have been displacing other forms of room air-conditioners and heating for more than a decade: Frontier Economics, Review of the Energy Efficiency Improvement Scheme, Final report, 26 March 2024, pp.97–99.
[45] Bureau of Meteorology, ACT seasonal summary.
[46] Note the winter period (June, July, August) overlaps two separate financial years.

Figure 11 Changes in electricity and gas winter consumption since July 2021



Given the significance of our demand forecasts to customer bills, further analysis is required to ensure forecast consumption and customer patterns for the five-year period to 2031 reflect the best estimate in our circumstances.

The usual approach to forecasting demand involves predominately relying upon historical data and long-term trends. However, in the ACT context, given the recent clarity of policy direction, including the connection ban in December 2023 and the publication of the IEP 2024–30 in June 2024, the reliance on historical data and long-term trends is no longer a reasonable basis to forecast future demand.

The next five years of gas demand in the ACT will predominantly depend upon our customers' response to the ACT policy to transition away from gas through a consumer-led incentive-based approach. There is no comparable precedent available for Evoenergy to rely upon to forward forecast our customer response through the next five years.

This means that to develop our demand forecasts out to 2031 we will need to rely on the most recent data available and emerging trends, as well as our customer research and the policy intent. This makes demand forecasting more challenging than ever before and more susceptible to risk of inaccuracy of greater magnitude than in the past.

To help us with this challenge, we have engaged independent economic experts, the Centre for International Economics to develop a demand forecast out to 2045. This forecast will be available in June 2025 and will include the most current data, trends, customer research and analysis.

For the purpose of the analysis and the customer bill impacts shown in this draft five-year gas plan, Evoenergy has used its most recent historical actual consumption and customer numbers to 2023–24 as a starting point and applied a declining profile that aligns with a moderate paced energy transition scenario, as shown in Figures 12 and 13.[47]

Given the uncertainty surrounding customer's response to the ACT's government's policy through the customer-led phase of the transition, and the steeper declines in gas demand observed in 2023–24, Evoenergy's demand forecast will be regularly updated at each stage of the regulatory review process.

[47] Assumptions under this scenario include disconnections and consumption falling in line with the mid-point of the ACT Government's IEP measure of success, as well as a transition period before the commencement of additional regulatory measures ACT Government, Developing the ACT's Integrated Energy Plan, Position Paper, August 2023. We chose to rely on this scenario, rather than a faster or slower transition, based on broad feedback from our stakeholders about their expectations about the electrification journey.

Figure 12 Historical and placeholder forecast gas consumption

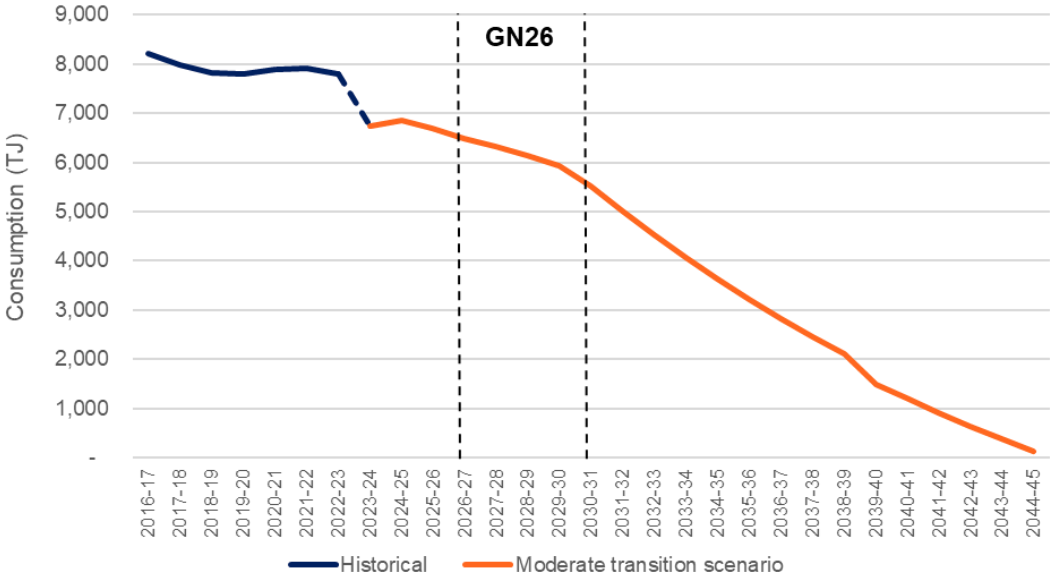
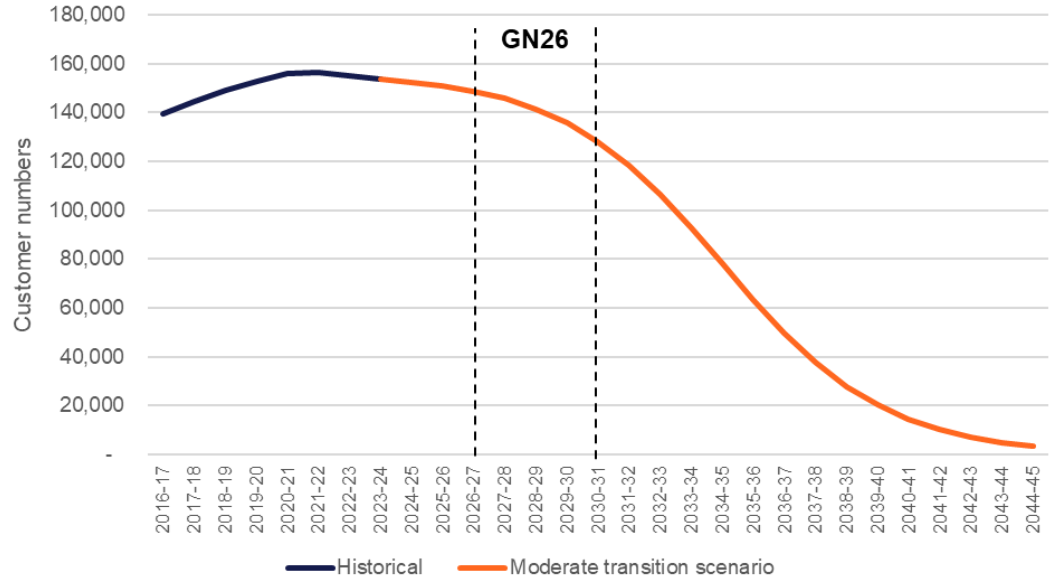


Figure 13 Historical and placeholder forecast gas customer numbers



Question: Forecasting demand over the next five years

3. Do you think that the region will experience a fast, moderate or slow energy transition over the next five years? What are the main drivers for your response?

5.2. Ensuring the gas network is safe and reliable over the next five years, and beyond

The costs of operating and maintaining a gas distribution network safely and reliably are largely fixed, meaning the cost does not materially decrease as customers leave the network. It is also necessary to continue to invest some capital in the network to ensure it is safe and that our regulatory obligations are met.

We have clearly heard from our community that they expect Evoenergy to only invest in the gas network to the extent that it is necessary to maintain a safe and reliable system. Over the next five years, Evoenergy is committed to limiting network expenditure to only what is required to safely and reliably manage the gas network and meet legal obligations to supply gas services as gas demand continues to decline.

What our customers have told us about ensuring the gas network is safe and reliable over the next five years and beyond

Expenditure on the gas network should be limited to only costs required to ensure the network is safely, securely and reliably maintained and operated.

There were mixed views from the community about the extent of Evoenergy's role to provide support for customers through the electrification transition.

5.2.1. Efficiently, safely and reliably operating and maintaining the gas network

Operating expenditure (opex) refers to the ongoing costs Evoenergy incurs to deliver safe and reliable gas network services to our customers. Over a third of our operating costs are made up of costs that Evoenergy has no control over, including ACT Government charges and levies.

Opex is divided into two categories (controllable opex and category specific costs) reflecting the different forecasting methodologies applied.

Controllable opex

Controllable opex refers to the costs within Evoenergy's control and includes activities such as ongoing network maintenance, emergency response, network planning, customer service, field operations and corporate support. Our draft five-year gas plan uses the 'base-step-trend'[48] methodology for forecasting controllable opex.

The base-step-trend methodology starts with Evoenergy's actual opex for a representative efficient base year. It then adds step changes, which are costs that are expected to be incurred during the forecast period but are not reflected in the base year. Opex is trended forward to account for forecast changes in the cost of inputs, outputs and productivity.

Our controllable opex forecast for the five-year gas plan 2026–31 is $111 million, which is detailed in Figure 14.[49] We are seeking to minimise our forecast expenditure by using an efficient base year and adjusting our forecast downward for the expected decline in customer numbers. We have also not included any step changes[50] in our draft five-year gas plan forecast.

[48] The 'base-step-trend' methodology for forecasting opex is the AER's preferred approach, see AER, Expenditure Forecast Assessment Guidelines, October 2024.
[49] Our forecast includes several 'placeholder' assumptions which will be updated prior to finalising the forecast for the June 2025 proposal to the AER.
[50] Step changes are costs incurred undertaking new activities, meeting new regulatory obligations or capex/opex trade-offs that are not included in the base year costs.

Table 3 Controllable opex forecast

Base year	Step changes	Trend
$112m	$0	-$0.8m
We are proposing 2023–24 as our efficient base year. It is the most recent year for which actual expenditure is available	We have not included any step changes in our draft plan forecast, and we intend to absorb rising costs for insurance and meter readings. We will continue to assess potential additional expenditure requirements that may be material ahead of finalising our plan.	The rate of change applied to trend base opex includes: • Real labour price growth • Network growth, which is negative due to declining customer numbers. • Expected productivity growth, which is set to zero given the decline in customer numbers.

While we have excluded step changes from this draft plan, we are seeking feedback on a potential customer support step change, which could be included in our proposal to the AER.

During our community consultation, we heard that reliable information, education and support is required to assist ACT consumers through the transition from gas to electricity. The regulatory framework allows us to propose additional funding for initiatives that have strong customer support, and we have seen some other gas network businesses put forward expenditure programs to support customers.

We sought feedback from our community forum on priority areas for support and the role of different industry participants and the ACT Government in providing that support. We received mixed views on whether this was the responsibility of Evoenergy or the ACT Government.

To assist us in determining whether we should include a consumer support measure (step change) in our five-year gas plan for 2026–31, we are seeking feedback on whether there are specific support measures that Evoenergy could provide to assist consumers through their electrification journey. It is important to note that such funding would be included in our expenditure forecast and it would impact customer gas bills.

An example, discussed in the box below, is additional funding to provide customers with further information about how to disconnect from Evoenergy's gas network safely.

Informing the community about safely disconnecting from Evoenergy's gas network

At a typical residential property, the gas supply service connects the gas distribution pipeline in the street to the property's gas meter (usually located on the side of the house). Sometimes the service pipe runs under driveways, but typically, the supply service runs through the front yard at a depth of 450–600mm to the meter on the side of the building.

For properties no longer using gas but that are still connected to the gas network, there is a risk of gas leaks through un-wadded (uncapped) meters and excavation strikes on a pressurised gas pipe (which can occur as a result of landscaping or renovations). To address this, a public safety awareness and behaviour-change campaign could help customers understand the safety implications of leaving unused gas services connected and encourage safe disconnection. Such a campaign would use a mix of owned, earned, and paid media—including direct customer communications, social media, advertising, and traditional channels like radio, and outdoor advertising. It would also involve targeted communication with key stakeholders to support policy and behavioural change.

The estimated cost of delivering this campaign over five years is approximately $1.5 million, which would be included in our expenditure forecast and recovered through customer gas bills.

Category specific costs

Category specific costs include opex that is outside our control such as ACT Government taxes and levies as well as the costs associated with unaccounted for gas.[51] To forecast these costs, we use a 'bottom-up' methodology, which gives a placeholder forecast of $62 million for the five-year gas plan period. Unlike controllable opex, these costs are updated annually throughout the access arrangement period for the difference between actual and forecast costs.

Operating expenditure forecast

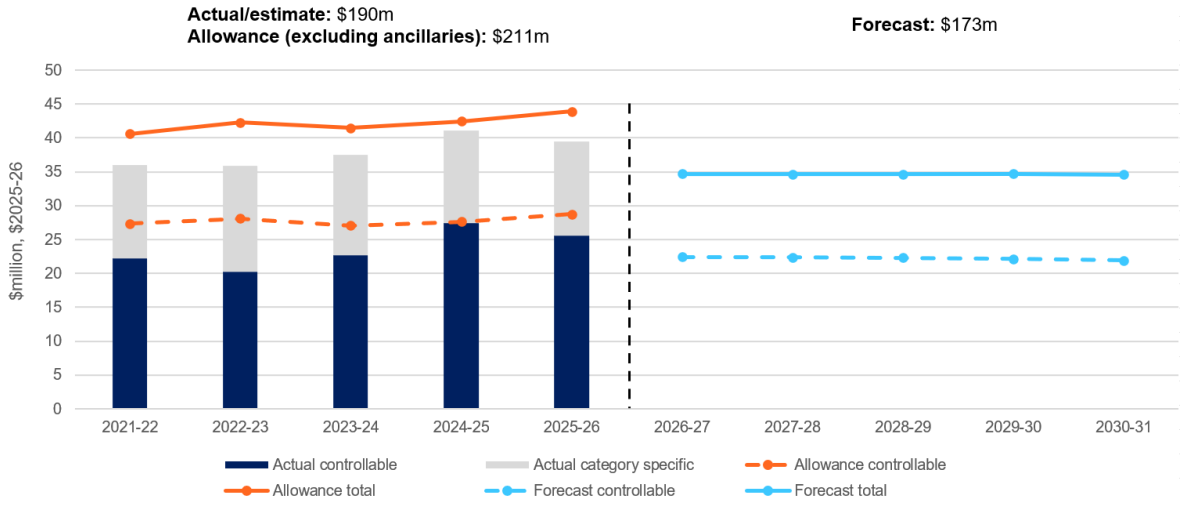
Our total opex forecast for the 2026–31 period is $173 million (controllable opex and category specific costs). This is $17 million or 9 per cent lower than expected opex for the current five-year planning period (2021–26) (see Figure 14). The main drivers of the reduction are:

- removal of ancillary reference services, which is being treated as a separate reference service, with a separate cost build-up methodology applied (the opex forecast is $7 million or 4 per cent lower than expected opex for the current access arrangement when ancillaries are excluded)
- forecast decline in customer numbers resulting in a negative output trend
- reduction in unaccounted for gas, as wholesale gas prices are forecast to decline during the access arrangement period 2026–31 relative to the current five-year planning period
- offset to some extent by an increase in the Utilities Network Facilities Tax.[52]

[51] Unaccounted for gas (UAG) is the difference between the measured gas entering the network and the measured gas delivered to customers. Differences can arise because of measurement errors (due to meter accuracy and estimation of various gas measurement parameters including energy density of the gas, ambient temperature and ambient pressure), leaks, venting of gas for normal operation and gas theft. Evoenergy is responsible for purchasing the additional gas required to replace UAG.

[52] Utilities Network Facilities Tax is imposed by the ACT Government and is payable by the owners of any network facility on land in the ACT.

Figure 14 Actual and forecast operating expenditure



Opex accounts for a large share of the charges customers pay to use our network and we understand the importance of ensuring our costs are efficient to provide safe and reliable gas network services at the lowest prices.

We are confident that our controllable opex forecasts reflect efficient costs based on the following assessment:

- Benchmarking of our opex performance against other gas distribution businesses demonstrates that our productivity has been improving over time, and we are operating efficiently relative to our peers.
- We have been operating under an incentive scheme for opex during the current regulatory period, which provides a continuous and consistent incentive to efficiently lower costs.

5.2.2. Efficient expenditure to maintain safety and reliability

Question: Views on measures to support the energy transition

4. Noting that any additional expenditure proposed by Evoenergy will be recovered from customers:
    a. What is your view on Evoenergy including a public safety campaign in its five-year gas plan?
    b. Are there alternative customer support measures that should be considered by Evoenergy?

Capital expenditure (capex) reflects the costs associated with replacing, maintaining or expanding our asset base. Evoenergy replaces assets as they age and are no longer performing. We maintain the integrity of our network assets to ensure the quality and reliability of supply. We expand our network with new assets where required.

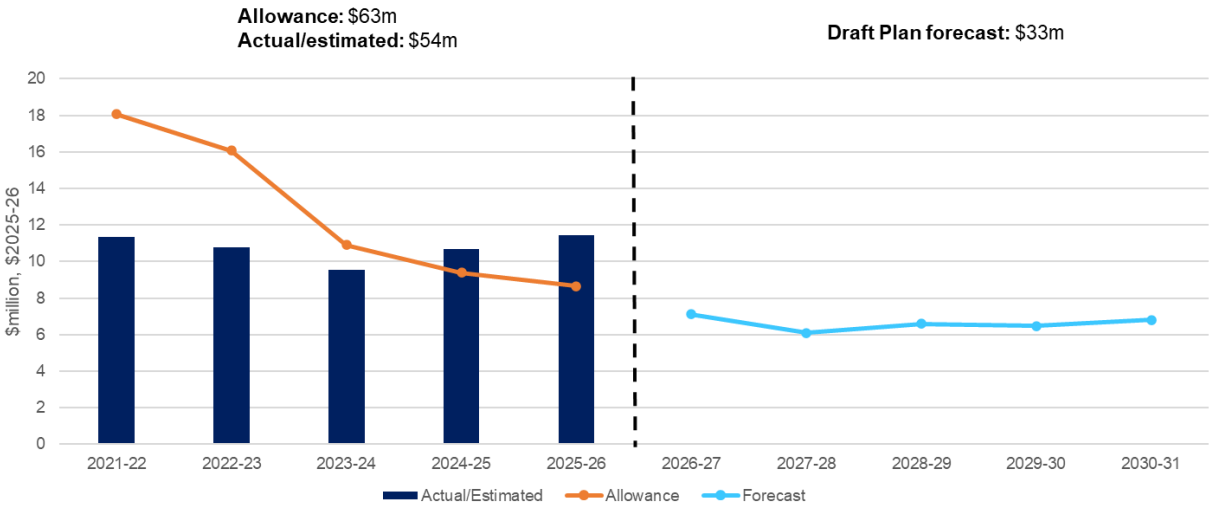
Given that the ACT Government has legislated to phase out the gas network in the ACT by 2045, Evoenergy is committed to constraining its capex for the period 2026–31 to minimise growth in the capital asset base (CAB).

Evoenergy's capex forecast for the period 2026–31 is $33 million, which is $21 million or 39 per cent below the expected capex for the five-year planning period (2021–26) (see Figure 15).

Forecast capex is limited to the following categories:

- Meter renewal: Evoenergy is obligated to replace meters that have reached the end of their useful life.[53]
- Market expansion: consistent with ACT legislation, Evoenergy is forecasting no new gas connections in the ACT and therefore there is no capex related to market expansion in the ACT. In contrast, Evoenergy's gas network extends to Queanbeyan and surrounding areas in NSW where Evoenergy is required to connect customers on request.[54] While Evoenergy expects relatively low volumes of new connections on its network in NSW, there is some market expansion capex forecast for our network in NSW.
- Network renewal: Evoenergy expects to spend minimal capex on network renewal. The only significant project planned is an electrical and instrumentation replacement of damaged components at Bungendore primary regulating station.

Figure 15 Actual and forecast capital expenditure



To further minimise capex, Evoenergy has explored the possibility of charging a separate connection fee for new connections in NSW. The Rules (rule 119M) only allow a connection charge to be imposed if the capex required to connect the customer exceeds the revenue generated from them over the expected life of the connection. Given the Rules criteria for connection charges and the relatively small volume of forecast new connections in NSW (approximately 2,000), Evoenergy considers the application and impact of charging a connection fee in NSW would be limited. Therefore, we do not propose to introduce a separate connection fee for new connections in NSW.

Question: Views on connecting NSW customers

5. Should Evoenergy further explore options to impose a separate connection charge for new NSW customers?

[53] Under the Utilities (Technical Regulation) (Gas Metering Code) Approval 2021 Evoenergy is required to replace meters that are defective, damaged or that no longer meet accuracy requirements specified in the Code.
[54] Evoenergy has an obligation to connect customers under the National Gas Law, unless prevented by jurisdictional legislation such as the ACT's *Climate Change and Greenhouse Gas Act 2010.*

5.3. Recovering Evoenergy's past infrastructure investment

What our customers have told us about recovery of past investment

There is concern about medium-long term bill impacts for those remaining on the network if assets continue to be recovered using a historical (straight line) approach.

There is concern in the community about the price impacts associated with full capital base recovery through the regulatory framework only. There was strong stakeholder feedback for consideration of:

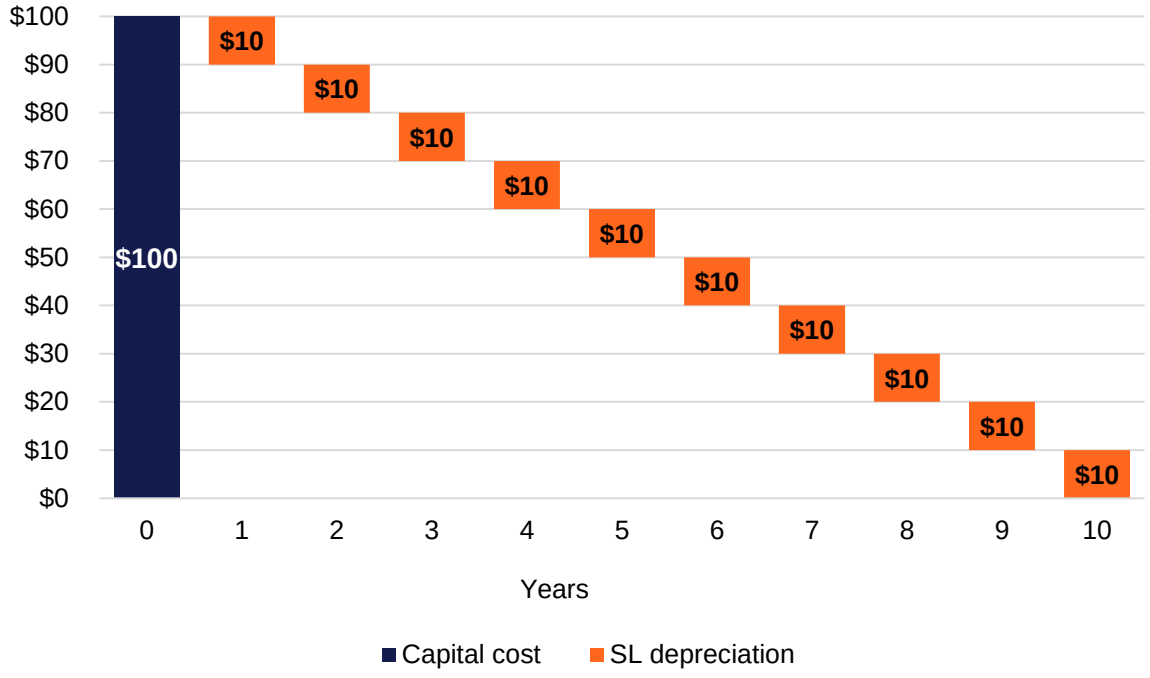
- ACT Government contributing through tax-payer funding
- costs recovered through both the electricity and gas networks
- Evoenergy not fully recovering its costs.

Over the past four decades, Evoenergy has made substantial investments in expanding and replacing its network assets to ensure it provides safe and reliable gas services to its customers. On 30 June 2026, we expect the value of our asset base to be $418 million.

As a regulated business, the amount of revenue we can earn from providing gas services is set by the AER and this amount includes the recovery of past infrastructure investments.[55] Our total revenue is recovered from customers in the form of charges for our services.

Historically the AER's approach to the recovery of past infrastructure has been to depreciate the value of the asset base over the technical life of that asset using straight-line depreciation. For gas pipeline assets with long technical lives (typically 50 to 80 years) this means the value is depreciated slowly over the period. It also means that the cost of that depreciation is equally shared over the period. The straight-line depreciation method is illustrated in Figure 16, where the asset value is assumed to be $100 and the asset life assumed to be 10 years.

Figure 16 Illustrative example of straight-line depreciation



[55] NGL Division 2 (24)(2); NGR Rules 76-78 and 89.

The straight-line depreciation method for recovering gas pipeline assets is appropriate and equitable when at least the following conditions are met:

- the time period over which the asset can be recovered is at least as long as the asset's life, and
- the value of the depreciated asset can be recovered over a largely stable customer base over the period (i.e. demand for gas services is mostly stable over the period).

With the ACT Government's electrification policy these conditions are no longer met as:

- the time period over which the asset can be recovered has been shortened to 2045, and
- the electrification of households and businesses in the ACT means that Evoenergy's customer base and the gas use per customer is declining.

The result is both significant price rises for those customers who remain on the network longer as there are fewer customers to share the costs, as well as under-recovery of Evoenergy's investment.

Investment certainty is central to the regulatory framework that applies to Evoenergy, and all regulated businesses in Australia. This "regulatory contract" means that in exchange for providing services at a price that is regulated (capped), that price reflects the efficient cost of providing those services, including past investments.[56]

We recognise that fully recovering the costs of providing gas services through the regulatory framework alone will lead to material increases in customers' gas bills over time, particularly for those customers that stay on the gas network for longer. We are particularly concerned about the bill impacts in the second half of the transition period when we expect a significant reduction in the number of customers on the gas network. The remaining customers are likely to be those who are least able to transition early, such as those facing financial hardship, renters, multi-occupant dwelling residents, and businesses that rely heavily on gas.

Evoenergy is proposing to address the dual objectives of cost recovery and managing bill impacts over the long term by making two changes to the historical (straight-line) depreciation approach to asset base recovery:

- replace the technical asset lives for Evoenergy's assets (up to 55 years) with the remaining economic asset lives to estimate depreciation to reflect the ACT Government's policy to phase out gas by 2045
- use accelerated depreciation to share the recovery of the asset value over a larger customer base.

5.3.1. Replacing technical lives with economic lives to reflect the ACT Government's policy

In the past, the use of technical lives has provided a good approximation of economic asset lives, but with the ACT Government's policy this is no longer the case for Evoenergy's gas network in the ACT and Queanbeyan-Palerang.

The use of economic lives, rather than technical lives, has been widely accepted in regulatory decisions.[57] The current regulatory framework for gas requires that the depreciation schedule be designed so that each asset or group of assets is depreciated over its economic life and to reflect changes in the expected economic life of assets.[58]

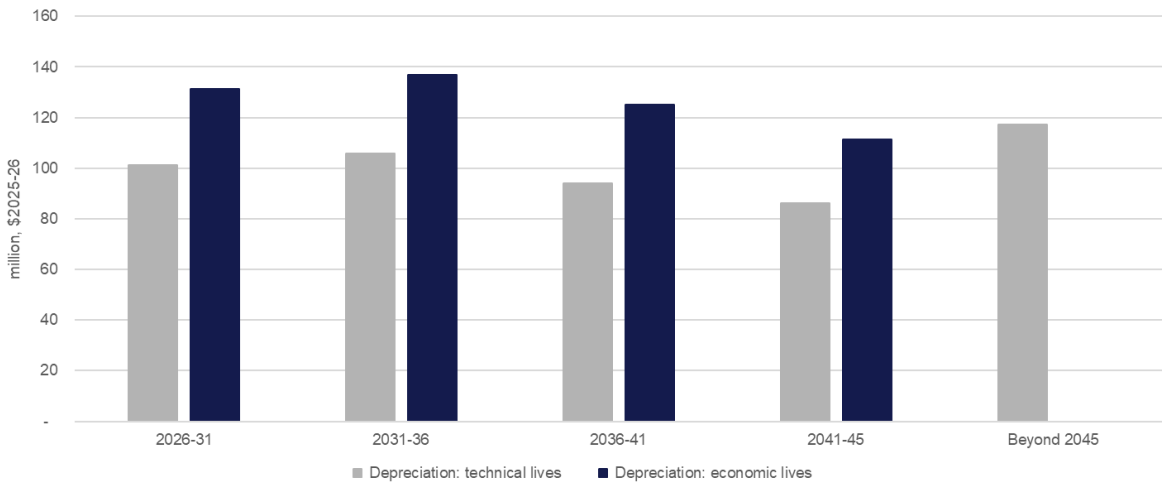
[56] National Gas Law section 23 (National Gas Objective) and section 24 (revenue and pricing principles) available National Gas (South Australia) Act 2008 | South Australian Legislation.

[57] Some examples include the Economic Regulation Authority of Western Australia's (ERA)'s decision for the Dampier to Bunbury Pipeline, the AER's current access arrangement decision for Evoenergy, the New Zealand Competition Commission's decision for gas piplelines, Queensland Competition Authority's decision for Dalrymple Bay Coal Terminal and IPART decision for Hunter Valley Coal Network.

[58] Rule 89(1)(b) and 89(1)(c).

The depreciation profile associated with shortening asset lives from technical lives to economic lives is shown in Figure 17 below for the next four planning periods (also known as access arrangement periods).[59] Continuing to use technical asset lives instead of economic lives would result in $117 million of depreciation to be recovered beyond 2045, when the ACT gas network is no longer operational, making cost recovery from gas customers impossible.

Figure 17 Straight-line depreciation using technical lives versus economic lives



5.3.2. Accelerating depreciation to share the recovery of the gas network over a larger customer base

Accelerated depreciation refers to a change to the profile of asset cost recovery over time. Accelerated depreciation brings forward cost recovery, allowing more costs to be recovered while there are still a relatively large number of customers on the gas network and relatively higher gas usage than there will be in any future period. There is a corresponding reduction in cost recovery in the later years of the transition period when the number of customers on the gas network and the volume of gas consumed will be much lower. Importantly, accelerating depreciation does not change the total amount of depreciation that will be recovered from customers.

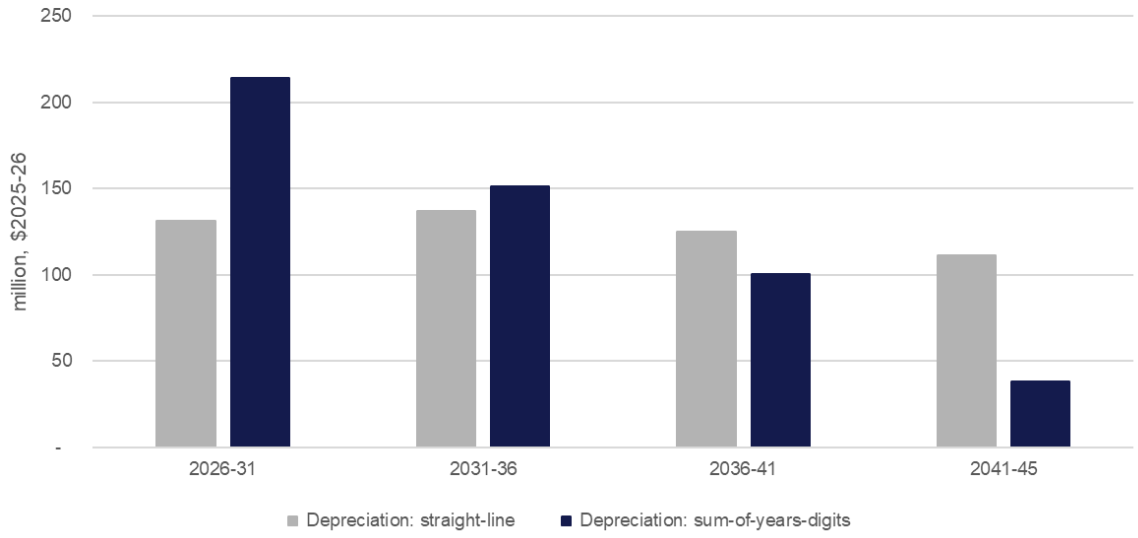
The accelerated depreciation profile that we propose to adopt in this draft five-year gas plan is known as sum-of-years-digits.[60] This is the approach adopted by the regulator in the United Kingdom (Ofgem) for depreciating gas distribution and transmission assets.[61] Using the sum-of-years-digits approach, the depreciation profile changes when compared to the straight-line depreciation[62] profile to "bring forward" depreciation charges to the earlier stages of the electrification transition (that is, the period 2026 to 2036) when more customers are expected to be connected to the network. The approach leaves a lower depreciation amount to be recovered over the latter stage of the transition, when fewer customers will remain connected to the network and those that remain are expected to be customers who are harder to transition, such as those facing financial hardship, renters, residents of multi-occupant dwellings, and businesses that rely heavily on gas. This is shown in Figure 18.

[60] Sum-of-years-digits depreciation is calculated by dividing the remaining useful life of the asset by the sum of the years of the asset's life. For example, consider an asset with an initial cost of $100 and a useful life of 4 years. The sum of the years for this asset is 1+2+3+4=10. Depreciation is the first year will be 4/10 * $100 or $40, depreciation in the second year will be 3/10 * $100 or $30, depreciation in the third year will be 2/10 or $20 and depreciation in the fourth and final year will be 1/10 or $10.

[61] Ofgem, RIIO-3 Sector Specific Methodology Decision – Finance Annex, 2024,pp.167–174.

[62] Straight-line depreciation in this section refers to the flat profile of asset base recovery over economic asset lives, as illustratively shown in Figure 17.

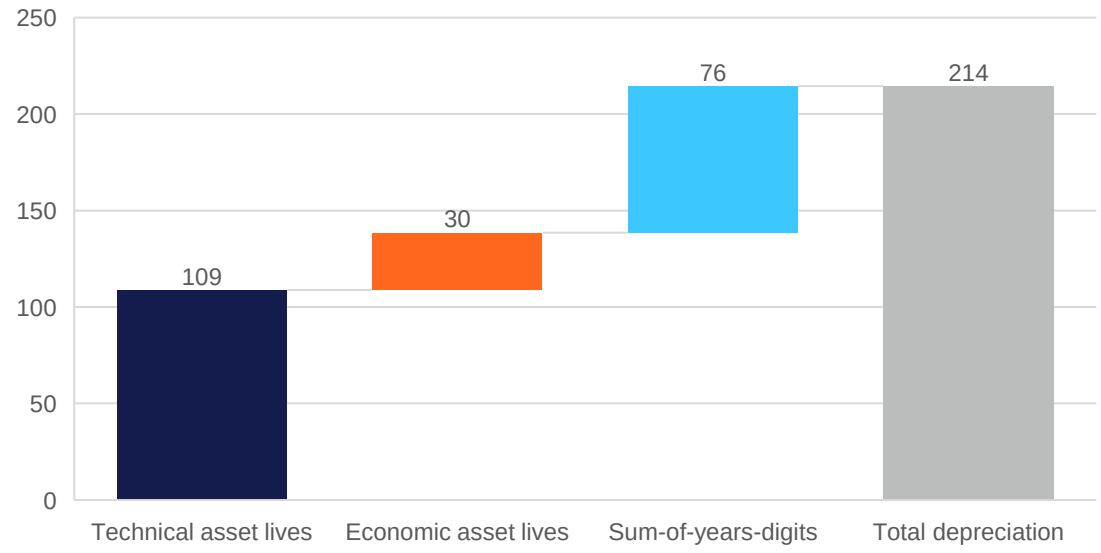
Figure 18 Depreciation profile using straight-line versus sum-of-years-digits



5.3.3. The impact of making these changes

The cumulative effect of making these changes over the 2026–31 period is shown in Figure 19. The chart shows the difference in total depreciation over the period relative to total depreciation if we do not take action now to share the costs between more customers to help manage the price impacts on those unable to transition early.

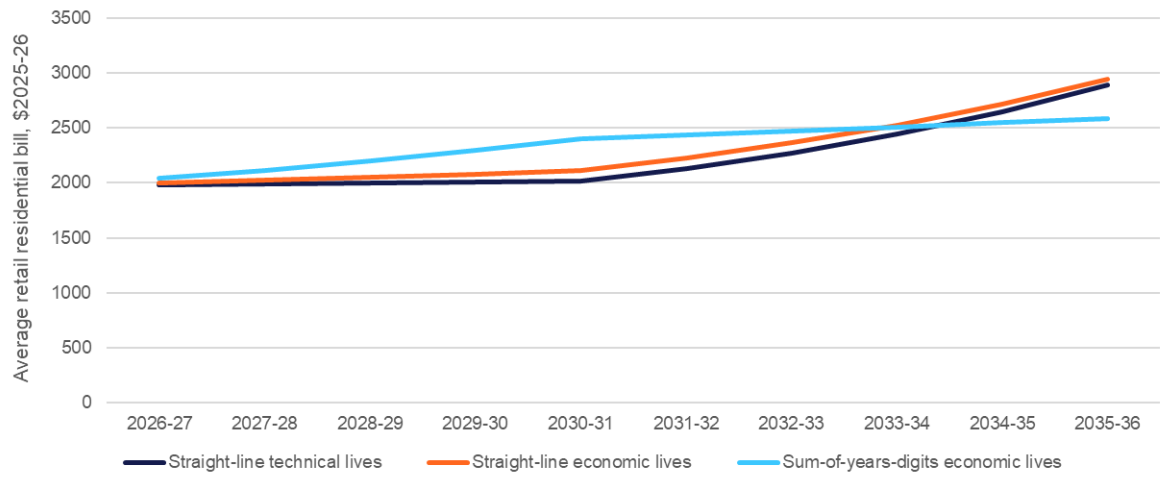
Figure 19 Impact of depreciation approaches on total depreciation over the 2026–31 period



Figures may not sum due to rounding

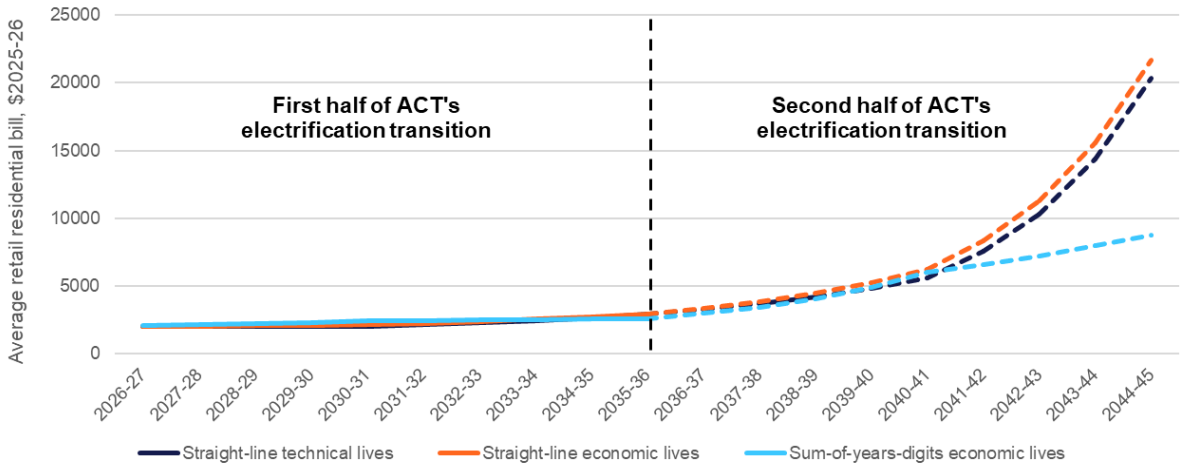
The retail bill impacts associated with the sum-of-years digits approach using economic (rather than technical) asset lives compared to straight-line depreciation profiles with both technical and economic asset lives over the next ten years using a placeholder demand forecast (as discussed in section 5.1) are shown in Figure 20 below.

Figure 20 Illustrative retail bill impacts of depreciation approaches over the period 2026–2036



As can be seen in Figures 20 and 21, the sum-of-years-digits approach results in slightly higher retail bills than straight-line depreciation in the first half of the transition period but lower retail bills in the second half of the transition period, particularly the last five years where there is a very material difference in the retail bill impacts.

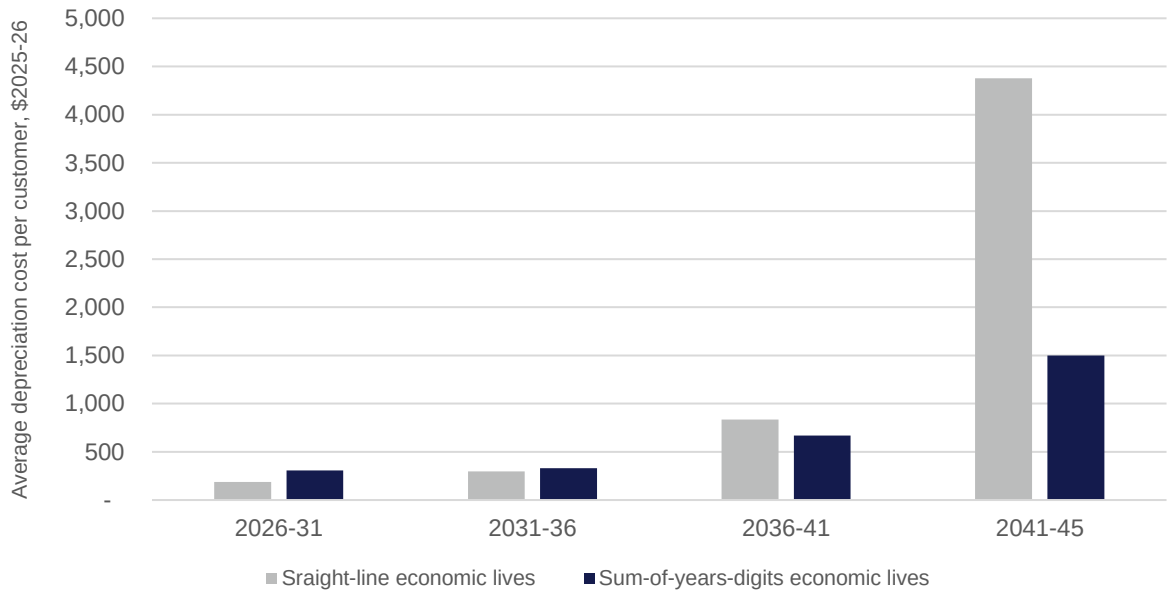
Figure 21 Illustrative retail bill impacts of depreciation approaches over the period 2026–2045



The difference in bill impacts between the two depreciation approaches is explained by the difference in anticipated gas demand over the next 20 years of the ACT's electrification transition. As discussed above, as customers progressively electrify their households and businesses and leave the network, there will be fewer customers over which to share the cost of past investments in the network.[63] The sum-of-years-digits depreciation approach results in a relatively small increase in depreciation costs per customer over the first half of the transition (i.e. to 2036) but a significantly lower depreciation cost per customer in the second half of the transition relative to straight-line depreciation, as shown in Figure 22.

[63] Efficient investments made by Evoenergy to ensure the ACT and Queanbeyan-Palerang gas network remains safe and reliable.

Figure 22 Depreciation costs per customer over the electrification transition to 2045



As customer numbers and gas volumes decline, fewer customers will share the costs of past investments in the network. We heard from our community and stakeholders that there is concern about medium-long term bill impacts for those remaining on the network if assets continue to be recovered using a historical (straight-line) approach.

Taking action now will provide the greatest opportunity for an equitable transition, and our draft five-year gas plan proposes to accelerate the depreciation profile of gas network assets over the next five years while there is still a relatively large customer base. This means that these costs will be shared across a wider customer base and reduces the risk of significantly rising prices for those customers who remain on the network for longer, including those who are least able to transition early.

We also heard from some members of our community and stakeholders that Evoenergy should consider not fully recovering its past investments. As noted above, the Australian energy regulatory framework acts to mimic a competitive market and to provide a reasonable expectation of cost recovery as an incentive for investment in a regulated market. Specifically the revenue and pricing principles of the National Gas Law set out that gas service providers, such as Evoenergy, should be provided with a reasonable opportunity to recover at least the efficient costs incurred in providing the gas network service accessed by the majority of its users (i.e. its reference service).[64]

5.3.4. Limitations of the regulatory framework

We recognise that the gas regulatory framework, on its own, may not be the only pathway for achieving full cost recovery and managing long term customer bill impacts. During our consultation process, we heard that there is concern about the price impacts of recovering the gas assets through the regulatory framework alone. Our community forum members and other stakeholders suggested that we work with the ACT Government to identify other options for cost recovery given that it is the ACT Government that set the policy to phase out the gas network by 2045.[65]

[64] National Gas Law, section 24.
[65] Community Forum, Evoenergy Community Forum Report, August 2024, pp.1.–2.

We are committed to continuing to engage with the ACT Government on possible complementary options for achieving a full cost recovery for the gas network over the long term. However, without any certainty of the outcomes, our draft five-year gas plan is prepared based on the regulatory framework.

Question: Recovering Evoenergy's past infrastructure investment

6. What are your views on Evoenergy's proposed approach to taking action now to recover past infrastructure investment while there is still a large customer base connected to the gas network?
7. Are there other factors Evoenergy should consider in its approach to recovering past infrastructure investments?

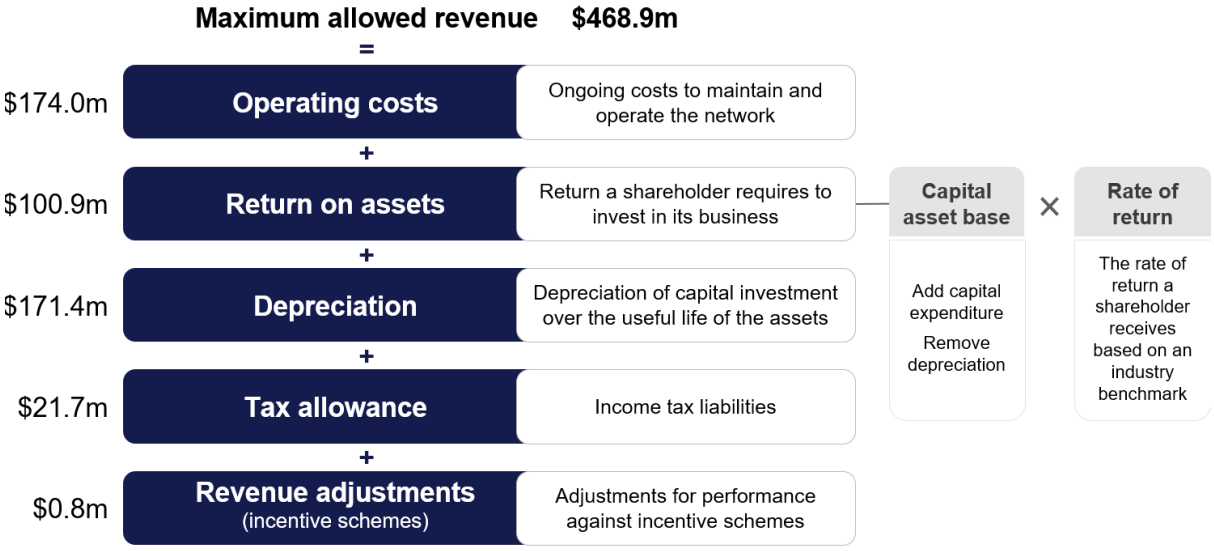
6. Evoenergy's revenue requirement and approach to recovering revenue

Our network charges are set to allow us to earn revenue to cover our forecast efficient costs. The AER assesses our proposed charges against the 'building block' cost categories. The building block costs are added together to determine our total revenue requirement. The revenue requirement is then spread over forecast volumes to determine gas distribution network charges.

6.1. Revenue requirement

Our forecast revenue requirement over the period 2026–31 is $468.9 million ($real, 2025–26, unsmoothed), as shown in Figure 23.

Figure 23 Evoenergy's forecast revenue requirement for 2026–31 ($ million real, 2025–26)[66]

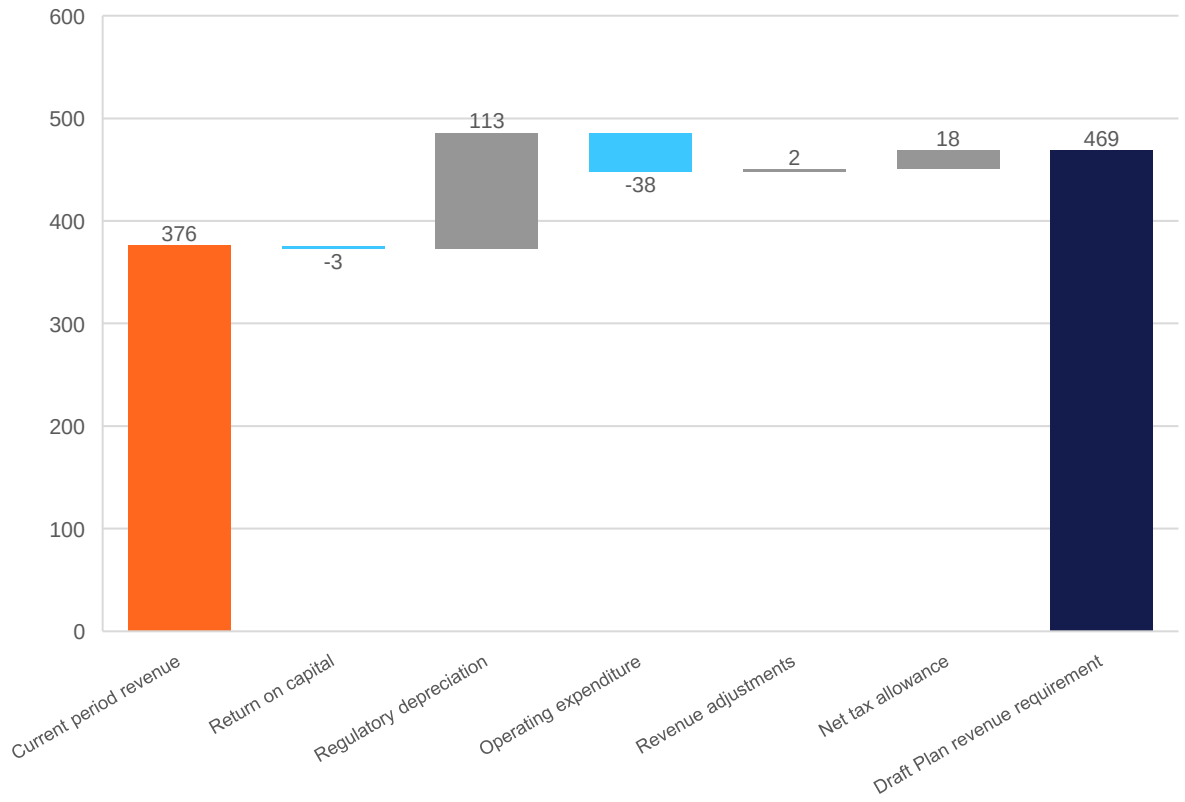


Figures may not sum due to rounding.

Our draft plan revenue requirement for the period 2026–31 is 25 per cent higher than the AER's final decision for the current period 2021–26.[67] The increase is driven mainly by regulatory depreciation (see Figure 24) reflecting our draft proposal to shorten economic asset lives and accelerate depreciation in the forthcoming five-year planning period 2026–31.

[66] Note maximum allowed revenue shown is unsmoothed and operating costs shown include debt raising costs.
[67] For the purposes of this comparison, the AER's final decision updated for the 2024–25 cost of debt was used. Revenue requirement is presented in unsmoothed terms.

Figure 24 Difference between AER final decision revenue requirement for 2021–26 and draft plan revenue requirement for 2026–31 ($million real, 2025–26)

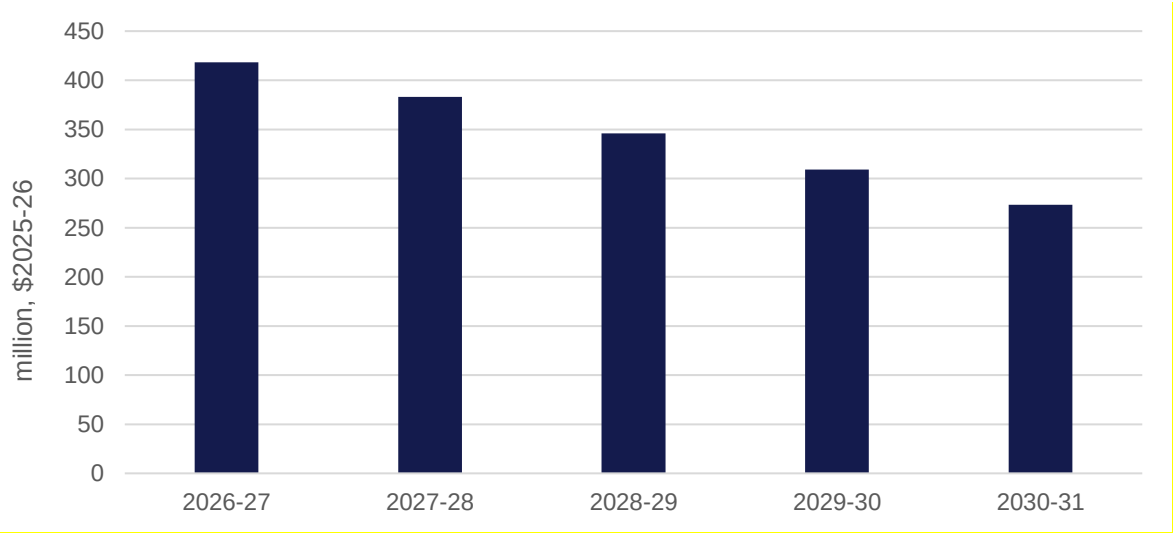


Figures may not sum due to rounding.

6.1.1. Impact on capital asset base

The CAB is calculated for every year of the period 2026 to 2031 by adding new capital expenditure and deducting depreciation. Our CAB is forecast to decrease by 35 per cent over the period 2026–31 (see Figure 25). The substantial reduction in the forecast CAB is driven by minimal new capex, discussed in section 5.2.2, and the regulatory depreciation approach, discussed in section 5.3.

Figure 25 Opening capital asset base ($million, real 2025–26)



The rate of return applied to the CAB each year is set according to the AER's rate of return instrument.[68]

6.2. How revenue will be recovered from our customers

What our customers have told us about recovering revenue and the implications for affordability

The community is concerned about the immediate and longer-term costs of the energy transition, particularly for hard to transition and vulnerable customers.

6.2.1. Indicative customer bill impacts

The indicative customer bill impacts (retail) in 2025–26 dollar terms (i.e. excluding annual inflation) resulting from the forecast revenue requirement outlined in section 6.1 and our current best estimate of demand is shown in Table 4.

We have derived the retail bill impacts by assuming that all other components of the customer's bill, such as wholesale gas, transmission and retail costs, are held constant in today's dollar terms over the period. In reality, these other components will vary over the period and the actual retail bill will differ to those shown below.

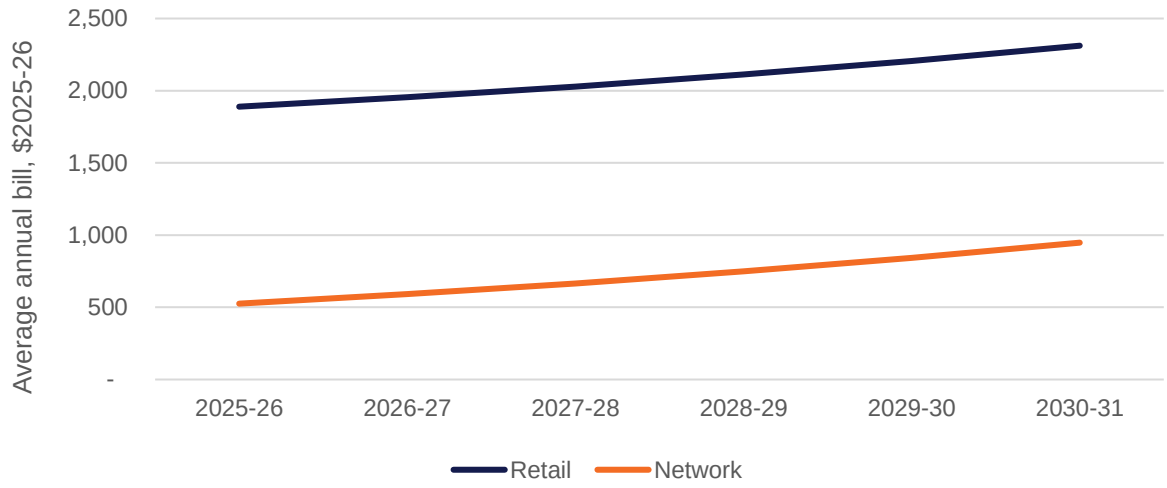
Table 4 Indicative bill impacts ($real, 2025–26) (distribution and retail)

GN26 retail bill ($)	Current bill 2025–26	2026–27	2027–28	2028–29	2029–30	2030–31	Average annual increase over GN26 period
Small residential 7GJ							
Retail	671	698	728	761	799	841	5%
Distribution	212	238	268	302	340	382	13%
Typical residential 35 GJ							
Retail	1,889	1,955	2,029	2,113	2,206	2,312	4%
Distribution	525	591	665	749	842	948	13%
Commercial 160 GJ							
Retail	6,986	7,192	7,424	7,685	7,978	8,309	4%
Distribution	1,646	1,852	2,084	2,345	2,638	2,969	13%

Note: retail bill impacts assume all non-network components remain unchanged. Network bill impacts are based on the moderate gas demand scenario as a placeholder. These bill impacts do not include the impact of annual inflation.

[68] A placeholder rate of return value of 5.89 per cent has been used in this draft plan and will be updated for the latest financial market information prior to submission of our gas plan to the AER.

Figure 26 Indicative bill impacts price path for typical household customer (35GJ per year) ($real, 2025–26) (retail and distribution)



Question: Views on bill impacts

8. How do you think the bill impacts shown will affect you over the next five years?
9. Do you think the increasing gas bills will encourage you, or others, to transition to electric appliances faster than you might otherwise have done?

6.2.2. How our tariffs are structured

What our customers have told us about tariff structures

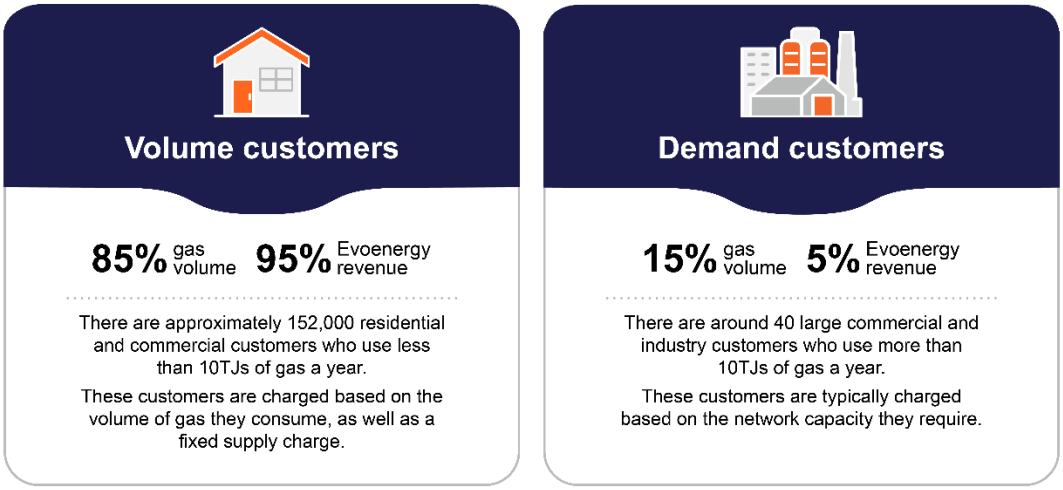
Tariffs should signal emissions reduction objectives (especially for larger customers). Tariffs should support customers moving off gas, while managing impacts for those who remain connected (including some vulnerable customers). Tariffs should consider customers' ability and willingness to respond and should be easy to understand and simple for retailers to adopt.

The bill impacts shown in Table 4 are based on Evoenergy's existing tariffs, which include both fixed and variable charges.[69] Evoenergy charges its tariffs to gas retailers that use Evoenergy's gas network to supply gas to end customers, such as homes and businesses. The final tariff you pay for gas will be determined by your gas retailer. While gas prices vary between retailers, many retailers choose to offer customers tariffs that have a very similar structure to those set by Evoenergy.

Evoenergy splits customers into two main groups: volume customers and demand customers, as shown in Figure 27.

[69] Fixed charges are not based on how much energy you use, but take into account the fixed' costs of operating the gas network and maintaining the connection to your property. It is often called the 'daily supply charge'. Variable charges are also known as consumption charges, and reflect the amount paid for each unit of gas consumed.

Figure 27 Evoenergy's gas customer tariff classes



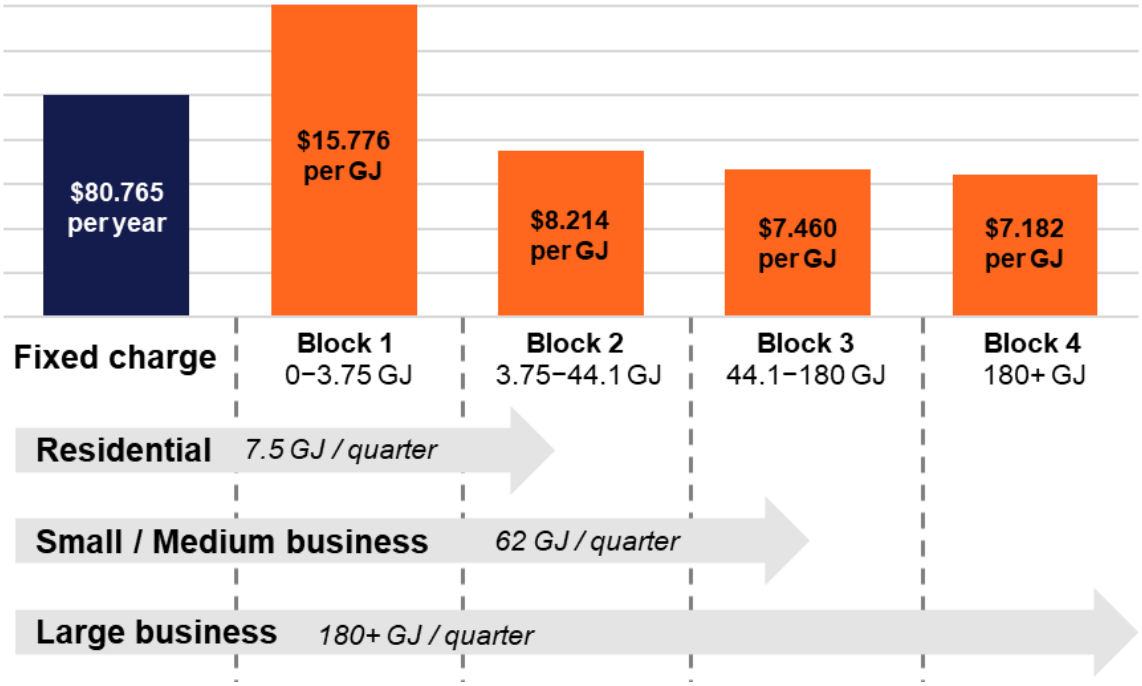
We do not propose to change this tariff grouping in the next five years; however, we are considering ways to 'rebalance' our tariffs to better signal the importance of emissions reductions and to promote fairness, equity and efficiency through the energy transition for our smaller customers.

It is important to note that any tariff rebalancing is revenue neutral. It does not change how much revenue Evoenergy is allowed to recover, only how that revenue is recovered across the mix of different types of charges applying to gas customers.

Volume tariff

The majority of our customers are on the Volume Individual tariff which is currently based on a declining block structure. This means that customers pay less per unit of gas the more they use. We consider that this structure is generally effective in targeting different customer types and consumption patterns, as can be seen in Figure 28. The declining block structure is also based on the costs of operating the gas network which do not grow significantly with higher gas consumption.

Figure 28 Evoenergy's gas network volume individual tariff charges 2024–25



However, we recognise that this structure may not send an appropriate signal to our customers to reduce their gas use in line with the ACT Government's net-zero policy and the emissions reduction objective contained in the NGO.[70]

We also recognise that our community expects us to set tariffs that signal emissions reduction objectives (especially for larger users). In discussions with the community, we heard that tariffs should be set to encourage customers to move off gas while managing the impacts for those who are not yet ready to make the energy transition.

On that basis, we are seeking the community's views on an option to flatten our existing tariff structure gradually over the period 2026 to 2031 by reducing the fixed charge and block 1 charge by 10 per cent (excluding inflation) and making a corresponding increase to block 2, 3 and 4 charges.[71]

As the change to the structure is revenue neutral, this means there will be trade-offs between customers. In this case, it means that larger customers are likely to pay relatively more, while smaller residential customers will pay relatively less for their gas.

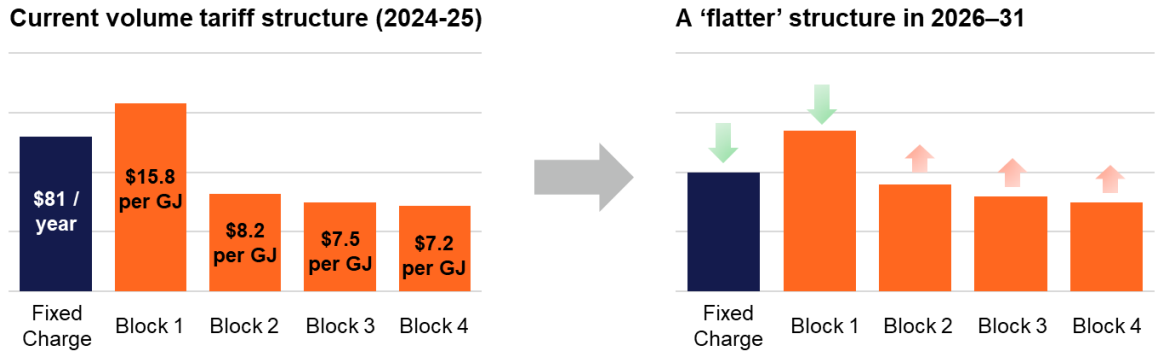
A flatter structure responds to the community's feedback that tariffs should recognise the value of emissions reduction for larger gas users, while minimising bill impacts for smaller customers. It is, however, noted that any such rebalancing should also consider the bill impacts for larger gas users and the regulatory requirement that network tariffs should reflect the efficient costs of operating the gas network, which are largely fixed.[72]

[70] National Gas Law section 23 sets the NGO as 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— (a) price, quality, safety, reliability and security of supply of covered gas; and (b) the achievement of targets set by a participating jurisdiction— (i) for reducing Australia's greenhouse gas emissions; or (ii) that are likely to contribute to reducing Australia's greenhouse gas emissions.

[71] We propose making any change to the tariff structure gradually over the five-year planning period 2026 to 2031. Under the option presented here, we would achieve a 10 per cent reduction (excluding inflation) in the fixed and block 1 charge by 2030-31.

[72] National Gas Rule 94.

Figure 29 Flattening the current volume tariff structure



Question: Views on flattening the tariff structure for residential and some commercial customers

10. What is your view on the option to flatten the volume tariff structure by 10 per cent over the five-year period to 2031?
    a. Do you consider this approach signals the importance of emissions reductions in the ACT and Queanbeyan-Palerang?
    b. Do you think this option is fair for small and large customers?

Demand tariff

There are around 40 demand customers on Evoenergy's network, each using more than 10TJ of gas per year. These customers are typically large government institutions, education campuses and large commercial enterprises.

Unlike smaller customers on the Volume Tariff, most demand customers are charged based on the network capacity they require, rather than the overall quantity of gas they use. Demand customers also pay metering equipment charges which vary based on the size of their connection. The average demand customer pays approximately $82,000 per year in network charges.

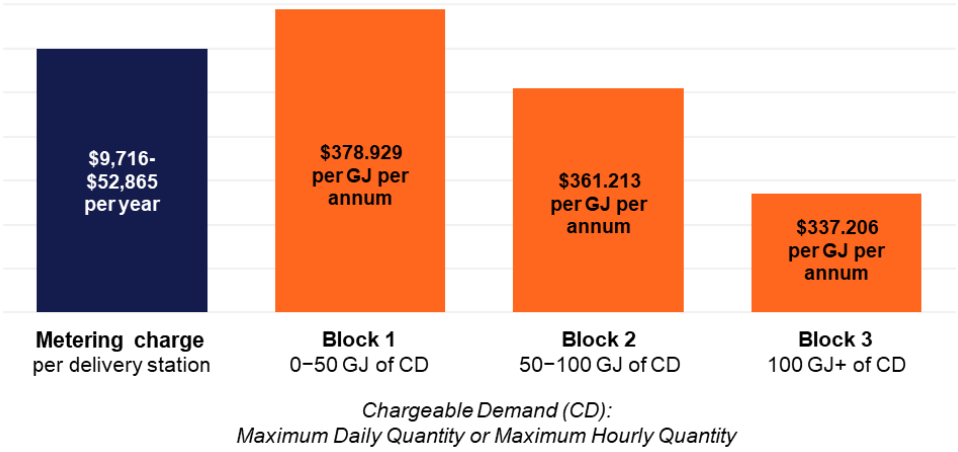
Evoenergy's Demand Tariff is currently relatively flat compared to the Volume Tariff, reflecting the fixed cost nature of using the gas network (as shown in Figure 30).

The small number of demand customers, and their very large size, means that any rebalancing between the Demand Tariff blocks could have significant bill impacts for individual customers. Given demand customers already pay large network bills, rebalancing the Demand Tariff may mean some large customers face substantial bill increases, while other large customers would see their bills fall. For some large customers, this could risk accelerating their exit from the gas network, which then represents a significant risk to smaller customers who will need to contribute more to the costs of operating the gas network.

For these reasons we are not currently proposing to make changes to our demand tariff. However, we recognise the views expressed by some stakeholders that the current structure does not sufficiently disincentives large consumers from using gas.[73] We are seeking the views of our community and stakeholders to inform our further consideration of options to flatten the demand tariff.

[73] ACT Government, Submission to Evoenergy's Reference Service Proposal 2026–31, August 2024 (available on AER website); AER, Evoenergy's Reference Service Proposal 2026–31: Final Decision, November 2024 (available on AER website).

Figure 30 Demand capacity tariff (2024–25)



Question: Views on Evoenergy's draft plan to not change the demand tariff

11. What is your view on Evoenergy's draft plan to not propose to change the demand tariff structure?

6.2.3. How we will adjust gas network prices

What our customers have told us about adjusting gas network prices (tariff variation mechanism)

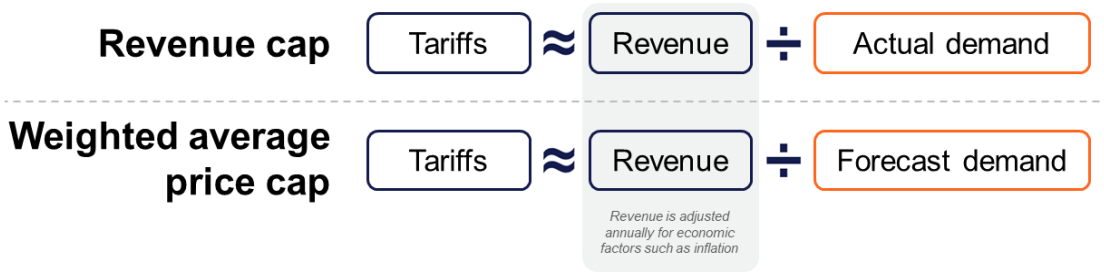
There were mixed views about different approaches. Customers observed that the current approach (known as a weighted average price cap) may provide more price stability through the period, while moving to an alternative approach (a revenue cap) provides more revenue certainty for Evoenergy through the energy transition. Some customers considered there is merit in exploring somewhere in the middle—a hybrid approach.

The AER determines Evoenergy's maximum allowed revenue for each five-year period. Evoenergy recovers the revenue allowance through customer tariffs or prices that are adjusted annually using an AER approved Tariff Variation Mechanism (TVM).

Figure 31 illustrates how gas network prices are derived and varied each year, based on two of the approaches to recover revenue allowed under the Rules.[74]

[74] National Gas Rules, Rule 97.

Figure 31 How Evoenergy recovers revenue: tariff variation



The main difference between tariff variation approaches is associated with whether to use *actual* demand or *forecast* demand when adjusting prices each year:

- Revenue cap: as prices are adjusted for *actual* demand, tariffs will incrementally change at the same pace as demand changes through the customer-led energy transition. A revenue cap facilitates efficiency as it allows recovery of revenue based on actual volumes sold, allowing:
    - customers to pay, and Evoenergy to recover, no more or less than the efficient costs
    - customer prices to be adjusted progressively in response to actual consumer preferences for gas vs alternative energy sources, such as electricity.
- Weighted average price cap (WAPC): prices are set based on *forecast* demand derived in 2025 and locked in for five years to 2031, meaning that the expected price path may be more predictable in the short term (holding economic factors constant). However, in the following regulatory period when revenue and demand is recalibrated, there may be a significant increase or decrease in prices to account for demand forecast inaccuracy. Under the WAPC customers may pay, and Evoenergy may recover, more or less than the efficient costs and prices will not reflect the pace of the energy transition.
- Hybrid: a hybrid can be designed as a blend between a WAPC and a revenue cap.

Evoenergy currently updates tariffs annually using a WAPC. A WAPC is intended to cap prices for customers while providing an incentive for market growth, which has benefited both distributors and customers[75] in the past through improved asset utilisation, meaning prices are relatively lower as costs are shared across more customers. The WAPC has been effective historically in creating positive incentives, as intended, for the network to grow customer connections and increase demand for gas services, including through the way network tariffs are set to encourage consumption.

In the current ACT context however, where there is a clear policy direction and financial incentives to move away from gas and a significant degree of uncertainty over the pace of the customer-led transition, Evoenergy no longer considers a WAPC to be fit-for-purpose.

Our draft plan proposes an approach to adjusting network prices over the next five years

As discussed in chapter 3, the ACT context is very different from other Australian jurisdictions. These differences mean there is significantly more demand uncertainty over the next five years and fewer tools suitable for managing the uncertainty. Key differences in the ACT relevant to the TVM include:

- The clear policy direction and timeline to achieve emissions reduction objectives by fully transitioning customers from gas to electricity by 2045 through a phased approach under the IEP, commencing with a customer-led transition, including the:
    - ban on new gas connections from December 2023, with very limited exemptions

[75] AER, Review of gas distribution network reference tariff variation mechanism and declining block tariffs. Issues paper for stakeholder feedback, May 2023, pp. 17-19.

- prevalence of a wide range of government incentives, rebates and interest-free loans to influence customer choice when to transition
- planned 2027 IEP review, which signals the potential for regulatory interventions to be brought forward to accelerate the transition, for example, by banning purchase of new gas appliances, or prohibiting gas network reconnections in prescribed circumstances
- decommissioning of the gas network that the ACT Government has indicated will commence from 2035.

- The unique characteristics of demand for gas in the ACT, including the high proportion of residential customers, relatively peaky use of gas predominately in the cooler winter months, and high average gas consumption per residential customer in winter, reflecting the traditional reliance on gas for space heating in the region's cold climate. These unique characteristics mean that the transition trends are only really observable in the winter season each year, and each customer's choice has a more material impact on overall gas consumption.
- The ACT's electrification transition is occurring here and now, well ahead of all other Australian jurisdictions (e.g. a 14 per cent reduction in demand in 2023–24 (or 7 per cent weather-adjusted)). In preparing this five-year gas plan, there is limited trend data to rely upon to forward forecast and no precedent to provide insights on the pace of the customer-led phase of the transition. This means less reliance can be placed on objective data and trends, and therefore more reliance must be placed on customer research and policy intent.

The unprecedented degree of demand uncertainty in the ACT, at our critical point in the transition, means there is a much greater likelihood that the demand forecasts made in 2025 for the 2026–2031 period will be materially wrong. This leads to a greater risk than ever before of customers paying materially more (or less) than the efficient costs to operate the gas network, and similarly greater risk to Evoenergy that it materially under-recovers (or over-recovers) the efficient costs to operate the network.

Given the significant challenge of forecasting the pace of the customer-led transition in the ACT and the consequential high likelihood of material financial gains or losses to customers and Evoenergy under a WAPC or hybrid approach, for this draft plan, we consider a revenue cap is the more appropriate approach to adjust prices.

Further benefits of the revenue cap approach for the ACT include:

- Aligning the way prices are adjusted between electricity and gas. As the electricity network is already regulated through a revenue cap, applying the same approach for gas will ensure that price signals for both gas and electricity are moving at the same time to reflect the current state of the ACT's electrification journey. This ensures that in making the choice when to electrify, customers face efficient price signals for both energy sources, replicating the operation of competitive markets. Retaining a WAPC or hybrid approach for gas, on the basis that it provides a more stable price path, risks discouraging customers from transitioning to the electricity network, contrary to ACT emissions reduction policy.
- Avoiding the need to either reopen or bring forward the next review of the gas plan if demand declines significantly faster than anticipated when setting the five-year forecast under a WAPC or hybrid approach. This avoids the administrative cost burden to customers, Evoenergy and the AER of these additional processes, particularly where the revenue cap provides a readily available, simple to implement, transparent and well precedented solution. Evoenergy is also mindful that there is an asymmetric risk to customers under a WAPC or hybrid approach as they do not have the same options available under the Rules to request to reopen or bring forward a review of the gas plan if demand is not falling as fast as expected and customers are paying too much.

We recognise that to date there have been mixed views in our community and from our stakeholders about how to adjust tariffs, particularly in relation to price certainty within and between regulatory periods, the role of the ACT Government in supporting the energy transition, risk sharing arrangements, and the importance of recognising climate change.[76] Some customers prefer a WAPC because they consider it provides price predictability noting that inter-period price stability is eroded over the longer term as the demand forecast is recalibrated. Some customers considered that a revenue cap reflects a fairer energy transition as it promotes equity across customers and over time while valuing emissions reduction. Other stakeholders reflected on the value of a hybrid but noted increased complexity.

In response to our initial view that a revenue cap is more appropriate for ACT-specific circumstances, some stakeholders considered that Evoenergy is seeking to shift the risk of declining demand onto customers. We note that demand is already declining and will continue to do so over the next five years and beyond. Any demand forecast for the forward five years will include declining demand in the ACT policy context. There is no TVM approach that can offset the long-term price impacts of declining gas demand.

In our view, the TVM is not about sharing or moving demand risk between customers and Evoenergy, it is about finding a solution that reduces the risk of forecasting demand incorrectly in the current context of significant uncertainty. A revenue cap removes the risk for customers and Evoenergy of setting the five-year ahead demand forecast materially wrong. The revenue cap allows prices to evolve annually in response to our customer's choice of when to transition, with efficient price signals between alternative energy sources. The revenue cap is, therefore, best aligned with a customer-led transition to achieve the ACT's emissions reduction policy using an efficient approach.

Question: Views on how Evoenergy will update prices annually

12. In the ACT context, do you think annual updates to prices should reflect actual demand or the forecast of demand made up to five years ahead?
13. What are your views on the relative merits of a revenue cap, price cap or hybrid in the ACT context?
14. Which factors do you consider to be most important when choosing a price cap, revenue cap or hybrid?

[76] Communication Link, Evoenergy Community Forum Gas Network 2026-2032 access arrangement regulatory proposal, May 2024.

7. Safely disconnecting from the gas network

What our customers have told us about safely disconnecting from the gas network

The cost of permanent disconnections is currently too high and may be acting as a disincentive to leave the network. More information should be provided to the community on the safety risks associated with temporary disconnections. The community raised questions about the appropriateness of offering a temporary disconnection service in the ACT.

Evoenergy offers two different types of gas network disconnections, a permanent disconnection and a temporary disconnection:

1. A *permanent disconnection (abolishment)* typically involves removing a gas meter, clamping and cutting the gas service at the property boundary or gas main, as well as purging the pipe of natural gas to ensure public safety. Under the *Climate Change and Greenhouse Gas Reduction Act 2010*, a customer cannot connect again to the network.
2. A *temporary disconnection* is intended as a short-term measure. It typically involves a gas technician wadding or placing a disc in the gas meter to prevent gas flow. A temporary disconnection leaves pressurised natural gas pipes on the property. For customers who are temporarily disconnected for an extended period, the risk of a third-party strike on the gas service (pipeline) causing a gas leak increases over time. A temporary disconnection is typically used for the purpose of non-payment of bills or for tenants moving in or out of a rental property.

Our discussions with our community and other stakeholders indicated that there is a lack of awareness about the distinction between a temporary disconnection and a permanent disconnection, and the associated safety risks. In response, Evoenergy has changed the names of the services to improve clarity for our customers from ‘disconnection’ to ‘temporary disconnection’ and from ‘abolishment’ to ‘permanent disconnection’. Our stakeholders support the revised naming approach.

Evoenergy is also seeking the support of ACT gas retailers to offer customers an active choice between a temporary disconnection and a permanent disconnection when requesting to close their gas account.

Evoenergy considers that customers should be given the opportunity to make an informed decision between a permanent disconnection and a temporary disconnection. Customers should be provided with easy-to-understand information about safety implications, such as having pressurised gas on the property. Evoenergy is working with and actively encourages ACT gas retailers to provide customers with all information to inform customer choice.

7.1. Permanent disconnections

While the charge for a permanent disconnection varies between retailers, who have discretion over passing on network charges, Evoenergy currently charges retailers $862 (excluding GST) for a typical residential customer’s permanent disconnection. We recognise that our community considers the cost of a permanent disconnection to be a disincentive to safely disconnecting from the network.

Evoenergy’s permanent disconnection charge is one of the lowest in Australia and we remain committed to ensuring that it is cost reflective and as low as possible. We believe that we can achieve this by offering two types of permanent disconnections:

1. Basic permanent disconnection that excludes some works (e.g. active traffic management) and is completed within a 12-month timeframe to improve delivery efficiencies.

2. Complex permanent disconnection that allows for individually priced services and greater flexibility based on unique customer circumstances (such as welding for high pressure mains or bespoke needs of complex multi-occupant buildings).

We consider retaining the current approach of permanent disconnections being paid for by the disconnecting customer is consistent with our community's stated values of equity and transparency through the energy transition. In contrast, a cross-subsidisation approach, whereby remaining gas customers pay a share of the costs to disconnect other customers, is inappropriate in the ACT's specific circumstances, particularly where there is an end date for the gas network and remaining gas customers will already incur a larger share of the costs of the gas network as more and more customers disconnect.

Further, consideration needs to be given to the most efficient approach to facilitating an electrification pathway while maintaining safety through the relatively short transition period between the customer-led phase and the network decommissioning phase (under the IEP). It is likely to be cost inefficient for large numbers of customers to permanently disconnect their gas service when the ACT Government has indicated decommissioning of the network will commence from 2035. Cross subsidising permanent disconnections is likely to lead to inefficient incentives for more customers to permanently disconnect than necessary to maintain safety and facilitate a low-cost energy transition.

A permanent disconnection is safer than a temporary disconnection. However, an independent safety review has found that, for Evoenergy to maintain safety, not all network disconnections *must* be permanent in nature. Instead, a targeted permanent disconnection program that focuses on controlling identified risks may be more appropriate, A targeted permanent disconnection approach seeks to strike a balance between maintaining risk at a level that is 'as low as reasonably practicable' relative to the cost of controlling identified risks.

7.2. Temporary disconnections

As of January 2025, Evoenergy has an estimated 14,800 connections that have been non-consuming for over 12 months. The proportion of temporarily disconnected and non-consuming customers who have not used gas for over 12 months has steadily increased to around 9 per cent of total connections.[77] Evoenergy expects that the volume of temporarily disconnected customers will continue to increase as the energy transition gains pace.

Each of Evoenergy's connected and temporarily disconnected customers has a meter, and most have a service (pipeline) that Evoenergy must maintain to ensure safety, regardless of whether that customer is consuming or not consuming. Maintenance activities for each customer includes meter reading, emergency and leakage response services.[78] Customers who have a temporary disconnection currently do not contribute to the costs of maintaining their connection. Instead, costs are recovered from connected customers.

7.3. Evoenergy's proposed approach to safely managing the increasing number of disconnections

We propose to maintain a cost reflective user-pays approach for permanent and temporary disconnection services to avoid shifting the cost burden to those customers who can least afford to transition. We also propose to continue to:

- work with retailers to share safety information about temporary and permanent disconnections with customers

[77] In August 2022, Evoenergy had around 160,300 Meter Installation Registration Numbers (MIRNs), of which over 5,700 were disconnected and non-consuming, reflecting 3.6 per cent of total MIRNS. In January 2025, Evoenergy had almost 164,500 MIRNS, of which around 14,800 were disconnected and non-consuming MIRNS, reflecting almost 9 per cent of total MIRNS.
[78] Evoenergy also pays taxes to the ACT Government for each service (pipeline from the property boundary to the meter).

- proactively monitor temporary and permanent disconnection trends to ensure network safety is effectively managed in accordance with our safety obligations
- assess the most efficient way to manage network safety as customers disconnect in collaboration with the ACT Government and Utilities Technical Regulator.

Question: Views on safely disconnecting from Evoenergy's gas network

15. What are your views on Evoenergy's proposed position to maintain a cost reflective user-pays approach for the permanent disconnection and temporary disconnection services?
16. Do you think that remaining customers should pay for (cross subsidise) someone else to permanently disconnect for a lower cost? Why or why not?

8. How to share your feedback with Evoenergy

We are keen to hear your feedback on our proposed approach to delivering on our community's priorities by safely, fairly and equitably managing the gas network during a critical period in the ACT's transition to full electrification by 2045.

The full list of questions we've asked throughout this document is provided in Appendix A.

We invite you to share your views with us on our draft five-year gas plan by **Friday 4 April 2025** via GN26feedback@evoenergy.com.au, or you can complete our online form.

Your feedback will inform our five-year gas plan proposal to the AER in June 2025.

Appendix A: Evoenergy's questions for the community about our draft five-year gas plan

In each section of our draft five-year gas plan we have included questions to prompt consideration and discussion. Please do not feel limited by these questions in providing feedback on our draft plan.

Topic	Questions
Future of demand for gas in the ACT and Queanbeyan-Palerang	1. What are NSW customers views on the future need for gas infrastructure to service Queanbeyan-Palerang post the ACT Government's plans to decommission the gas network by 2045?
Our community and stakeholder's views	2. Do you consider that what we have heard from our key stakeholder voices reflects your views and priorities? If not, what do you consider to be a priority area(s) for Evoenergy's five-year gas plan (2026–31)?
Forecasting demand over the next five years	3. Do you think that the region will experience a fast, moderate or slow energy transition over the next five years? What are the main drivers for your response?
Views on measures to support the energy transition	4. Noting that any additional expenditure proposed by Evoenergy will be recovered from gas customers: a. What is your view on Evoenergy including a public safety campaign in its five-year gas plan? b. Are there alternative customer support measures that should be considered by Evoenergy?
View on connecting NSW customers	5. Should Evoenergy further explore options to impose a separate connection charge for new NSW customers?

Topic	Questions
Recovering Evoenergy's past infrastructure investment	6. What are your views on Evoenergy's proposed approach to taking action now to recover past infrastructure investment while there is still a large customer base connected to the gas network? 7. Are there other factors Evoenergy should consider in its approach to recovering past infrastructure investments?
Views on bill impacts	8. How do you think the bill impacts shown will affect you over the next five years? 9. Do you think the increasing gas bills will encourage you, or others, to transition to electric appliances faster than you might otherwise have done?
Views on flattening the tariff structure for residential and some commercial customers	10. What is your view on the option to flatten the volume tariff structure by 10 per cent over the five-year period to 2031? a. Do you consider this approach signals the importance of emissions reductions in the ACT and Queanbeyan-Palerang? b. Do you think this option is fair for small and large customers?
Views on Evoenergy's draft plan to not change the demand tariff	11. What is your view on Evoenergy's draft plan to not propose to change the demand tariff structure?
Views on how Evoenergy will update prices annually	12. In the ACT context, do you think annual updates to prices should reflect actual demand or the forecast of demand made up to five years ahead? 13. What are your views on the relative merits of a revenue cap, price cap or hybrid in the ACT context? 14. Which factors do you consider to be most important when choosing a price cap, revenue cap or hybrid?

Topic	Questions
Views on safely disconnecting from Evoenergy's gas network	15. What are your views on Evoenergy's proposed position to maintain a cost reflective user-pays approach for the permanent disconnection and temporary disconnection services? 16. Do you think that remaining customers should pay for (cross subsidise) someone else to permanently disconnect for a lower cost? Why or why not?

Glossary of terms and acronyms

Term or acronym	Definition
ABS	Australian Bureau of Statistics
ACT	Australian Capital Territory
AEMC	Australian Energy Market Commission
AER	Australian Energy Regulator
ANU	Australian National University
CAB	Capital asset base
Capex	Capital expenditure
CSIRO	Commonwealth Scientific and Industrial Organisation
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
ERAP	Energy Regulatory Advisory Panel
Five-year gas plan	Evoenergy's publication of an initial position on its access arrangement proposal shaped by consumer and stakeholder engagement, for public consultation
GJ	Gigajoule – unit of measurement of energy consumption
IEP	ACT Government's Integrated Energy Plan
MIRN	Meter Installation Registration Number is the unique reference number associated with gas connection points for business and residential customers.
NGL	National Gas Law
NGO	National Gas Objective
NSW	New South Wales
Opex	Operating expenditure
Permanent disconnection (abolishment)	The permanent disconnection (abolishment) of a gas connection at the premises. A permanent disconnection (abolishment) 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.

PJ	Petajoule– unit of measurement of energy consumption
RSP	Reference Service Proposal
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	National Gas Rules
TVM	Tariff Variation Mechanism
UAG	Unaccounted for gas