

**Gas Access Arrangement  
Regulatory Review 2026–31 (GN26)**  
*Energy Regulatory Advisory Panel (ERAP)*

Meeting 6: Tuesday 24 September 2024, 1.30-4.30pm



# Acknowledgement of Country

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



# Technical housekeeping

- Turn cameras on if you can
- Keep yourself on mute while people are presenting
- Use the 'raise hand' feature or the chat for questions
- Timekeeping
- Meeting recording

# Declaration of conflict of interest

# Welcome and introductions



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## Agenda

- Safety share
- Capital redundancy provisions in the NGR (AER presentation)
- Engagement outcomes
- Preliminary 2026–31 gas demand forecasts
- Preliminary 2026–31 expenditure forecasts
- Options for recovery of network costs beyond the regulatory framework

# Outcomes sought

1. Confirm the AER's perspective on capital redundancy provisions in the National Gas Rules
2. Discuss outcomes of recent community and stakeholder engagement
3. Discuss Evoenergy's preliminary demand forecast for the 2026–2031 regulatory period
4. Discuss Evoenergy's preliminary operating and capital expenditure (opex and capex) forecasts for the 2026–2031 regulatory period
5. Status update on progress of options for recovery of network costs beyond the regulatory framework



## 2. Safety share

Lauren Wachniewski, Communications  
& Engagement Manager (5mins)



# Outstanding action

Action	Status
Action 4.4: ERAP recommended Evoenergy contextualise the capital base recovery tasks in relation to the value of emissions reductions (i.e. the benefits and costs of emissions reductions) and consider ways to graphically demonstrate the value of emissions reductions against the capital recovery task.	Ongoing: We agree that there is value in consideration of this and have commenced analysis.

Meeting outcome #1: Confirm the AER's perspective on capital redundancy provisions in the NGR

# 3. Capital redundancy provisions in the NGR

AER presentation | Dale Johansen, Director Network Pricing (25mins)



# National Gas Rules, Clause 85: Capital redundancy

## 85 Capital redundancy

- (1) An access arrangement may include (and the AER may require it to include) a mechanism to ensure that assets that cease to contribute in any way to the delivery of pipeline services (redundant assets) are removed from the capital base.
- (2) A reduction of the capital base in accordance with such a mechanism may only take effect from the commencement of the first *access arrangement period* to follow the inclusion of the mechanism in the access arrangement or the commencement of a later *access arrangement period*.
- (3) An applicable access arrangement may include a mechanism for sharing costs associated with a decline in demand for pipeline services between the service provider and users.
- (4) Before requiring or approving a mechanism under this rule, the AER must take into account the uncertainty such a mechanism would cause and the effect the uncertainty would have on the service provider, users and prospective users.

Meeting outcome #2: Discuss outcomes of recent community and stakeholder engagement

# 4. GN26 engagement outcomes

Yolanda Mchao, Regulatory Engagement & Project Manager (35mins)



**Information on engagement including session presentations, summaries and the Community Forum's independent report available on the GN26 webpage**



Communication Link

Ask.  
Listen.  
Understand.  
Achieve.

# What we have heard so far from the Community Forum

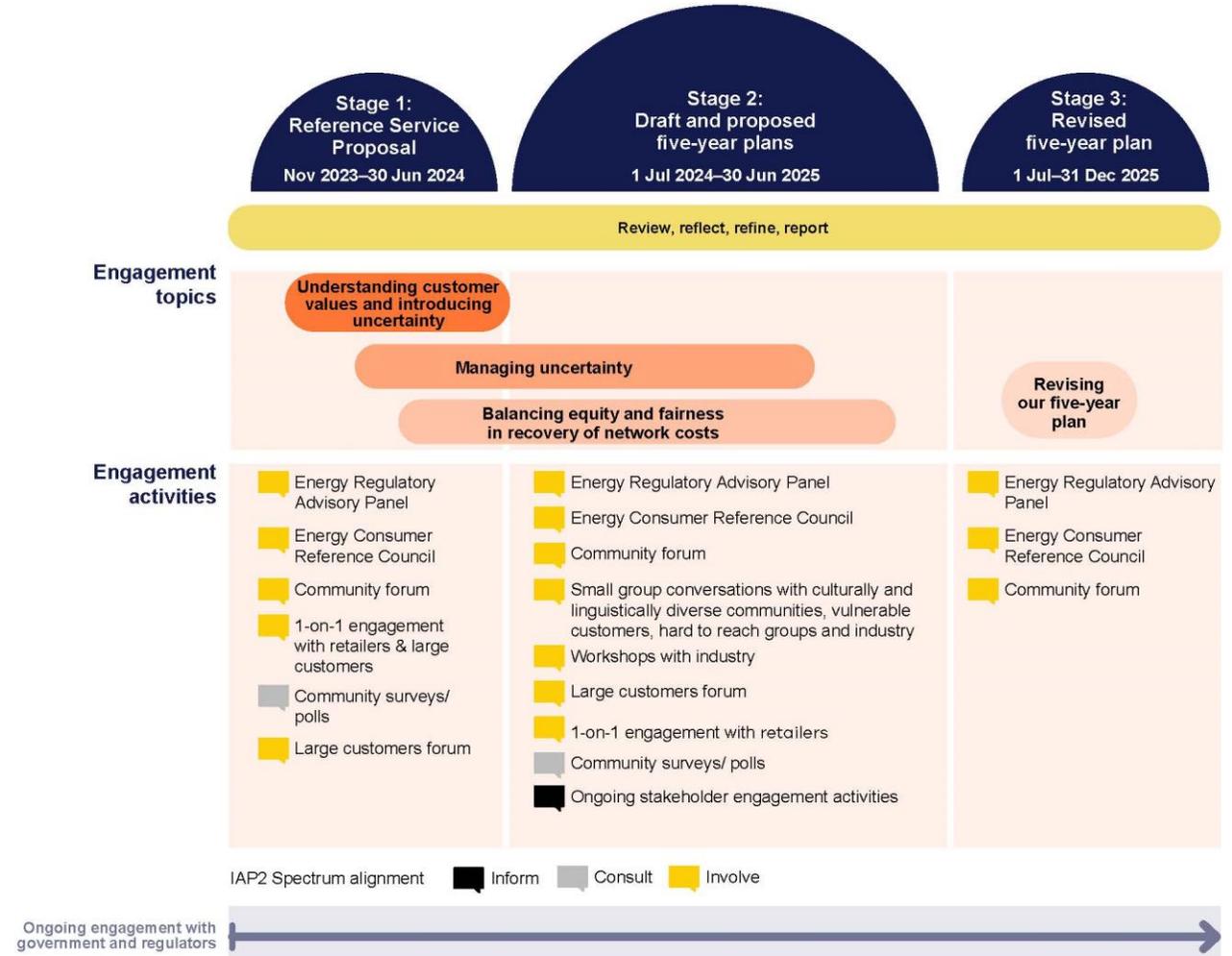
Evoenergy community forum – interim report sessions 4 – 6  
Phase 2 – Draft and proposed five-year plans

Information provided in this presentation is a summary report and not designed to be a comprehensive list of all feedback received. It seeks to fairly balance feedback from all sources, qualitative and quantitative; large group discussion and that documented during small group work.

# Evoenergy GN26 engagement strategy

The community forum:

- Part of a broader engagement strategy
- Recruited and facilitated independently
- Diversely representative
- Hybrid delivery to ensure accessibility



# The community forum

- ✓ Engaged and actively participating
- ✓ Asking lots of questions
- ✓ Contributing to meetings
- ✓ Over 1000 data points have been generated
- ✓ Snapshot reporting at the end of each session directed by the panel



Tools and activities to help everyone contribute



Small group and whole of group discussions



Individual feedback through post-it-notes and the story-wall



Digital polling to provide quick feedback both online and in person



Worksheets to capture group feedback



Providing information in different ways – presentations, written information, FAQs, videos and a site visit, hybrid



Use of personas and scenarios to encourage critical thinking and discussion

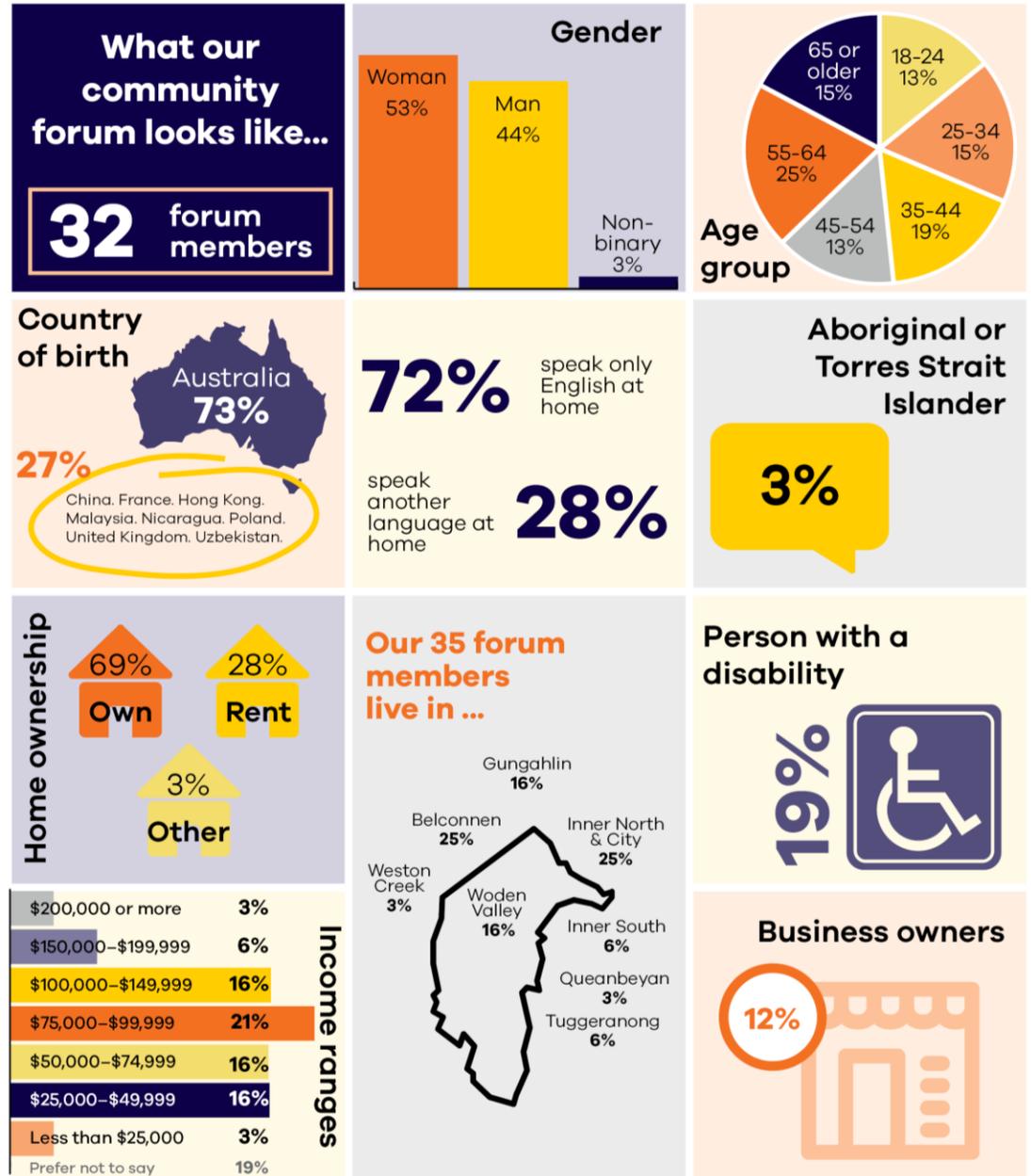


Many ways to ask questions – Slack, story wall, online chat, during presentations

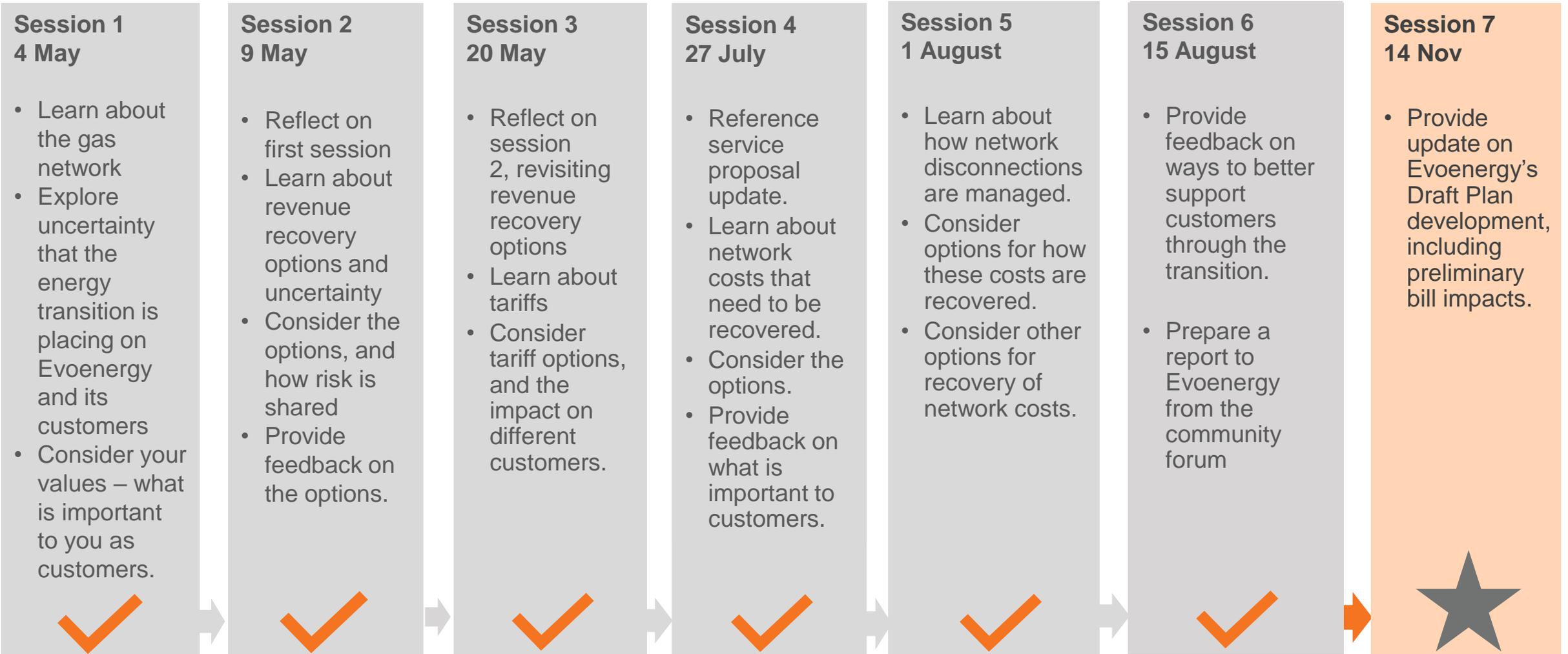


Access to experts and leadership at Evoenergy

# The community forum



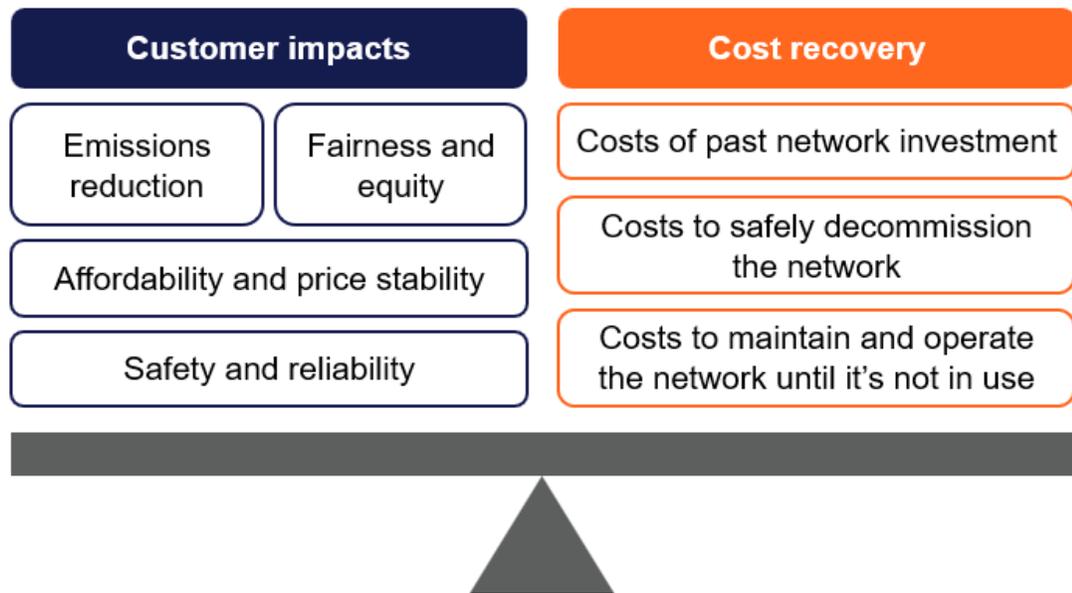
# Updated community forum work program



# Recovery of network investment costs

In session 4, the community forum was introduced to the concept of recovery of network investment costs and depreciation. The challenge of how to fairly recover asset costs in the face of uncertainty and declining customer numbers.

## How can Evoenergy fairly recover asset costs as customer numbers decline?



### What should Evoenergy focus on?

Working in groups, participants considered the challenge of recovering costs as customer numbers declined. The areas they felt were important were (in order of frequency mentioned):

- **The costs** - the magnitude, how they will be shared, what is to be recovered.
- **Fairness and equity** – how to share the costs equitably, potential for different costs for different customer types.
- **The role of incentives** to facilitate the transition and recovering of associated costs.
- **The ACT Government's** roles and responsibilities.



# Ideas to support customers

The community forum identified a number of ways that Evoenergy could support customers during the transition.

## Ways to support customers

- **Providing clear information** – one-stop shop; customer information phone line; tailored to different customer types; information on timeframes and estimated cost of transition.
- **Access to trades** – such as a list of qualified installers for new appliances.
- **Incentivising** customers to transition.



There were mixed views as to whether Evoenergy should be the provider of the ideas shared above or that it should be a shared responsibility between Evoenergy and the ACT Government.



# Different approaches to depreciation

The Community Forum considered the different approaches to depreciation and potential implications for different customer types. The feedback is summarised below.

## Straight line depreciation

### Strengths:

- Easier concept to calculate and understand.
- Creates an incentive to leave the network earlier, as there are lower costs for those who transition early.
- Could fast track the potential transition for those that can afford it.
- Allows time to transition.
- Gives businesses time to plan.

### Weaknesses:

- Late adopters/transitions have a huge bill shock.
- Disadvantages those that can't transition easily e.g. vulnerable customers, renters, apartments.
- Is unsustainable, less economically viable, no control over future costs.
- Harder to exit for customers and Evoenergy.
- May encourage reactive decision making rather than proactive - delaying the transition.
- May not be fair on future customers, young people.
- Only gas customers paying for the transition.



## Customer weighted depreciation

### Strengths:

- Customers have less bill shock.
- More consistent, stable costs over the longer term.
- Balanced for all users, costs shared more equitably.
- Allows costs to be reweighted every 5 years depending what happens.
- May provide more flexibility for businesses to plan for transition.

### Weaknesses:

- Customers have no incentive to leave earlier.
- Not encouraged to disconnect - susceptible to further regulating action from government.
- Uncertainty and lack of control of future price.

The Community forum did not indicate a clear preference for a depreciation method. There was strong interest in how different cost recovery methods influenced the incentive to transition. There was a view that Evoenergy should consider not recovering 100% of the network investment costs.

# Considering an exit fee

The Community forum did not support an exit fee as it was considered contrary to government policy and a disincentive to disconnecting.

The Community Forum considered the strengths and weaknesses of an exit fee. Their feedback was as follows:

## **Strengths:**

- Will reduce the costs of those on the network the longest – the final amount to recover.
- Allows Evoenergy to recover costs.
- Won't impact those with the means to transition easily.

## **Weaknesses:**

- Further disadvantages vulnerable customers.
- Is contradictory to the government objectives to encourage transition.
- Some customers, particularly businesses, may delay transition.



# Other ideas to address the challenge of recovering network costs

The Community Forum were asked to consider other ideas to address the challenge of recovering network costs and indicate their preferred ideas as a group.

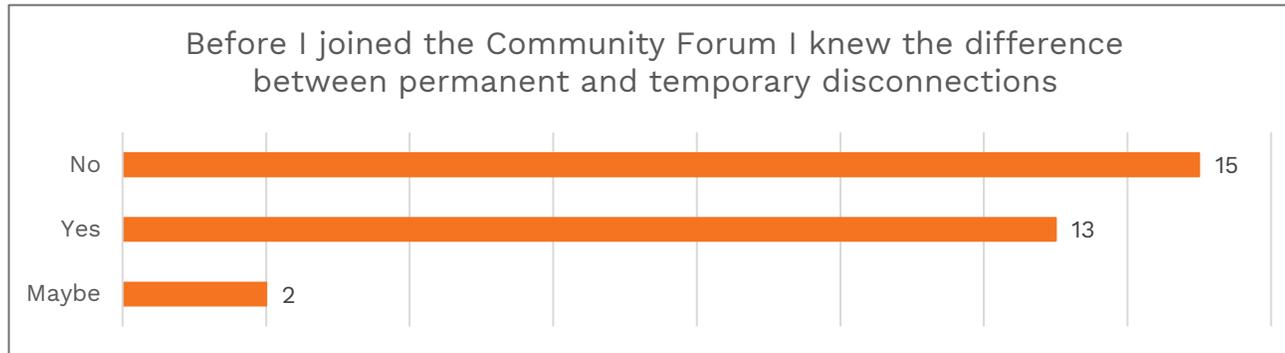
The following ideas were preferred:

- The current regulatory framework is no longer appropriate
- Energy network owners carry some of the cost though not getting 100% return on their assets
- Change the role of governments, so that they contribute more
- Evoenergy transition faster than the Government timeframe
- Be innovative and revolutionary
- The disconnection bank idea and managing transition on a suburb-by-suburb basis
- Bringing together all the energy (gas and electricity) to be considered as a whole

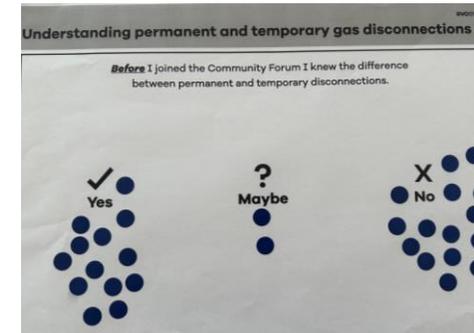
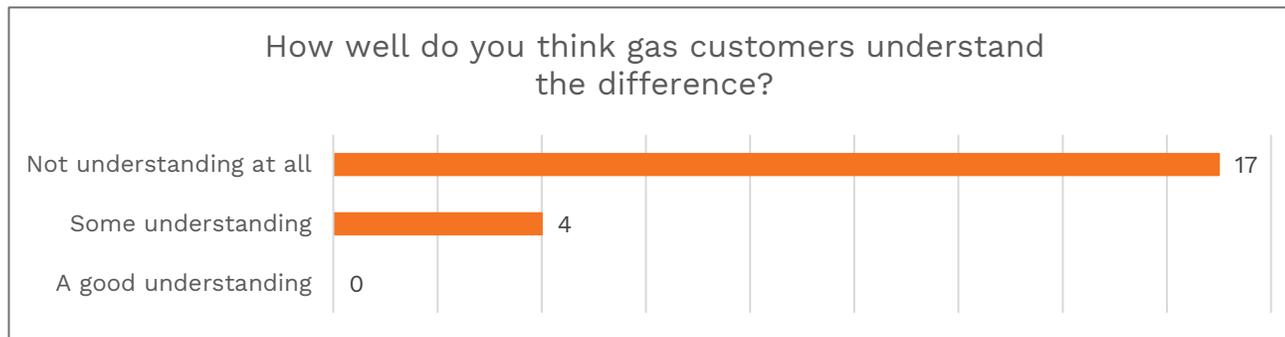


# Gas disconnections – permanent vs temporary

In session 5, the Community Forum learnt about the difference between permanent and temporary disconnections.



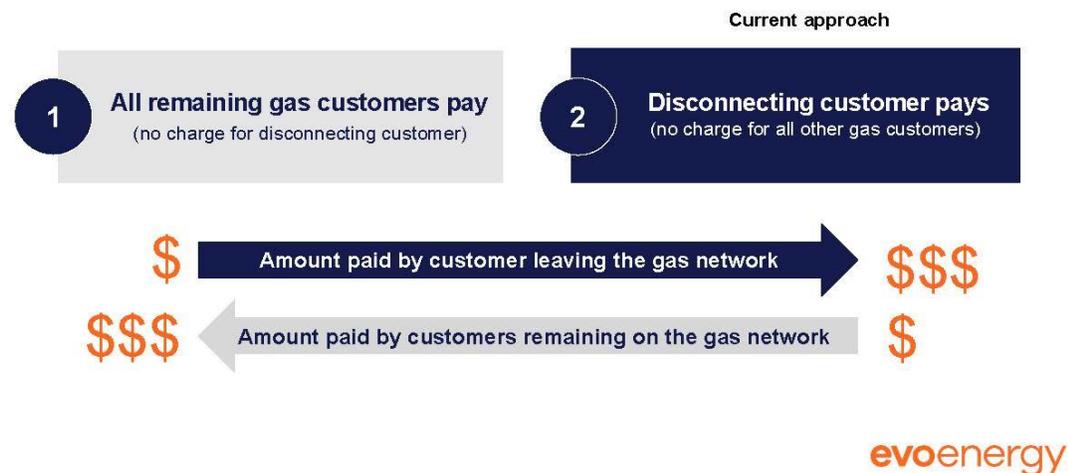
Energy customers do not have a strong understanding of disconnection options



# Gas disconnections

In session 5, the Community Forum was informed about disconnection options and implications. They considered the cost of recovery options as they related to disconnecting customers versus those remaining on the network.

## Cost recovery approaches for permanent disconnections



### Community Forum views on most appropriate way to recover the costs

#### Disconnecting customer pays larger proportion

- **Advantages:** those unable to afford disconnection don't pay more over the longer term.
- **Disadvantages:** adds yet another cost when transitioning and affects people with less appliances more proportionally.

#### All remaining gas customers pay larger proportion

- **Advantages:** incentivises customers to transition faster and may encourage permanent disconnections.
- **Disadvantages:** participants were unclear on how much money is required for this option.

**Participants generally felt a balanced (50/50) split was reasonable due to the cost at this level being seen as an acceptable amount to pay.**

# Gas disconnections

In session 5, the Community Forum was informed about disconnection options and implications. They considered the cost recovery options as they related to disconnecting customers versus those remaining on the network.

## Incremental bill impacts of different approaches

Current average residential customer retail bill is approximately \$1,630 per year for household using ~35GJ pa

	Current approach				
% of costs paid by disconnecting customer (balance paid by disconnecting customers)	100%	75%	50%	25%	0%
\$ permanent disconnection charge paid by disconnecting customer	\$949*	\$712	\$474	\$237	\$0
Bill impact for remaining customers <small>Note that the bill impacts are indicative and incremental</small>	\$0 annual average additional costs for remaining customers	\$9 annual average additional costs for remaining customers	\$17 annual average additional costs for remaining customers	\$26 annual average additional costs for remaining customers	\$34 annual average additional costs for remaining customers

Analysis assumes:

- the cost to disconnect reflects the current AER-approved fee adjusted for inflation
- permanent disconnections will apply when a customer has no remaining gas appliances
- moderate gas transition scenario

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## Most appropriate way to recover the costs with consideration of bill impacts

Participants had a mixed response about whether their opinion changed when asked to consider the potential bill impacts.

Concerns were expressed about bill impacts and disconnection costs going up for those left on the network over future regulatory periods.

A higher upfront price may be a disincentive to disconnect and make it harder to communicate the safety implications.

Other thoughts at each end of the bill costs spectrum include:

- **\$0:** annual average may not lead to informed decisions and people are less likely to disconnect if cost of the annual average bill is \$0.
- **\$34:** annual average incentivises people to permanently disconnect but leaves the cost up to the people left on the network which was not seen as equitable.

## Other feedback

- The ACT Government should contribute to cost of disconnection – a policy decision on behalf of all taxpayers
- Allow Evoenergy to enforce permanent disconnections as it is safer
- Consider spreading the payments of many years before the actual disconnection – like a ‘disconnection bank’
- Consider incentivising people to disconnect early by offering a ‘street/neighbourhood price’



# Community Forum Report to Evoenergy

The Community Forum Report to Evoenergy summarises and outlines priorities for Evoenergy's 2026-2031 gas network access arrangement regulatory proposal according to the Forum.

The report is an independent record of the collective views of the participants. It includes overarching priorities – see in the adjacent box, as well as feedback and suggestions in the areas of:

- Customer impacts
- The cost of the transition
- The regulatory environment
- Customer values



*'The forum recognised the uncertainty associated with the speed of this transition and encourages flexibility as we respond.'* Considering this, the Community Forum identified the following priorities:

- More information should be provided to the community about the energy transition and its impact on customers.
- Evoenergy has a role to encourage customers to move off gas, while not disadvantaging customers who may not be able to transition as easily, including vulnerable customers.
- The cost of the transition should be shared fairly across all energy consumers.
- We support a move away from separate gas and electricity networks to consider the energy system as a whole, including the impacts on the electricity network and its costs to customers.
- The transition is ACT Government policy, and the ACT Government should be taking a greater role in facilitating the transition.'

# Values defined by the community forum

**Adaptability + empathy**

**Community + family**

**Communication + collaboration**

**Fairness + equity**

**Honest, transparent + genuine**

**Integrity + ethics**

**Kindness + compassion**



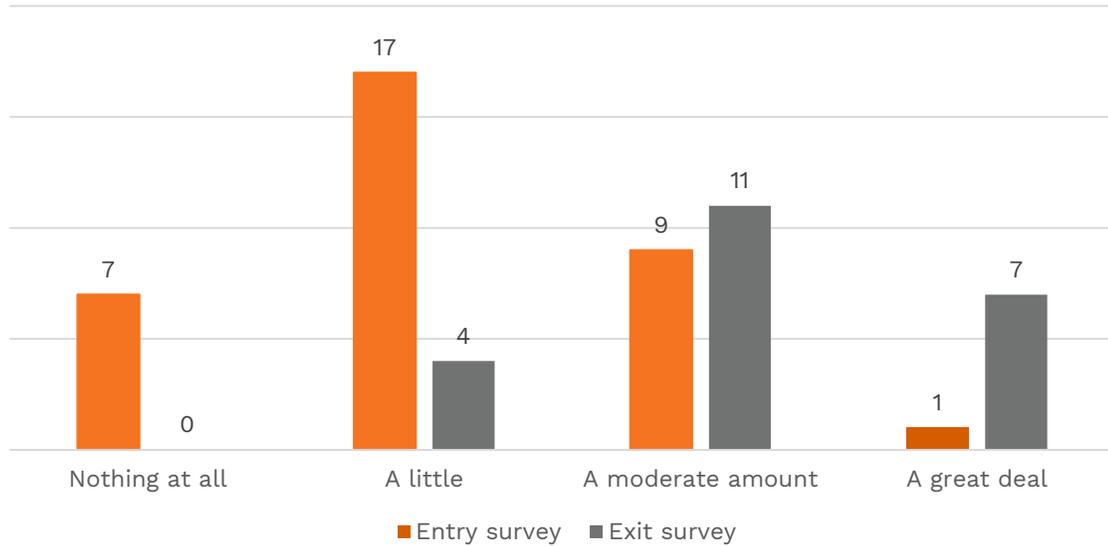
## The values as they relate to gas

- Ensure that no one is left behind, recognising that **one size does not fit all**.
- Remember that **not everyone can adapt to the transition at the same pace** and some people will need more help than others. Be flexible and empathetic.
- The transition needs to be **affordable for everyone** in our community and not contribute to 'haves and have-nots'.
- Everyone should be entitled to participate in the transition in a fair way. Consider how to achieve **equity and fairness across all customers** including home-owners, renters and businesses. Seek to be fair over time and consider future generations.
- Maintain **transparency** across all areas including the options available to customers; the costs at different stages in the transition; and safety implications for the network.
- Be adaptable, **adopt innovation and new technology** where appropriate.
- **Keep the community informed** so they can make informed choices, through education campaigns and easy to understand information in multiple languages. Outline the journey and the final outcome. Seek to counter misinformation without being divisive.
- Consider the **implications of job losses** in the gas sector.
- **Consider community-based activities** such as community energy solutions and impacts on individual suburbs.

# Entry/exit survey comparison

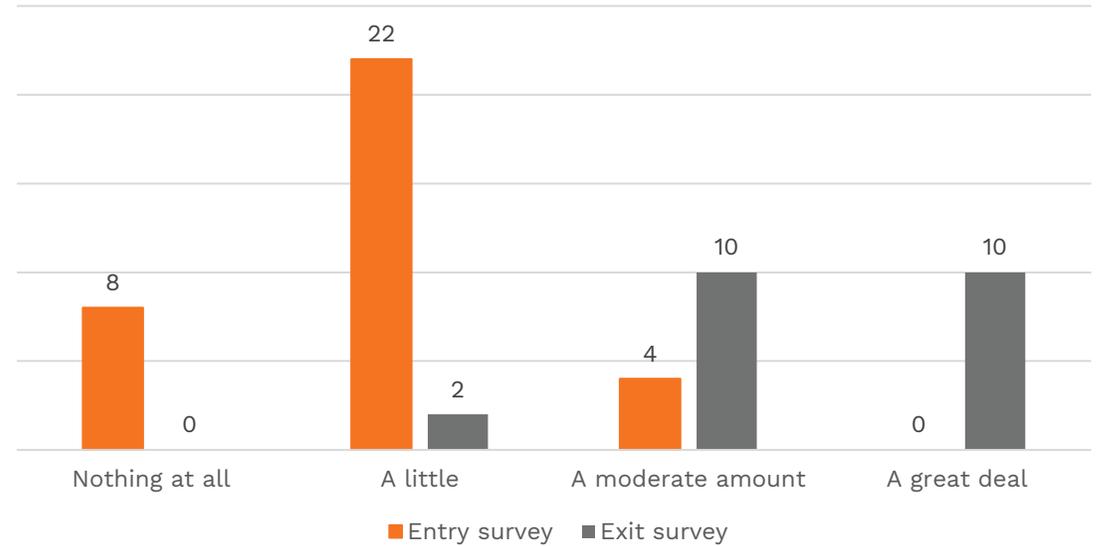


How much do you know about deliberative community forums?



➔ Levels of understanding have increased

How much do you know about Evoenergy's gas network?



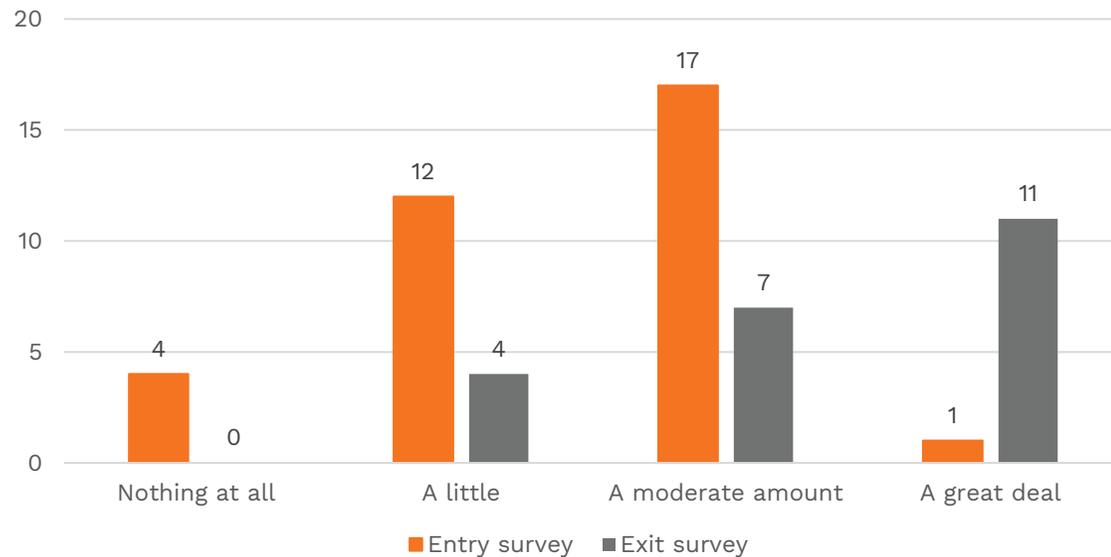
➔ Levels of understanding have increased



# Entry/exit survey comparison

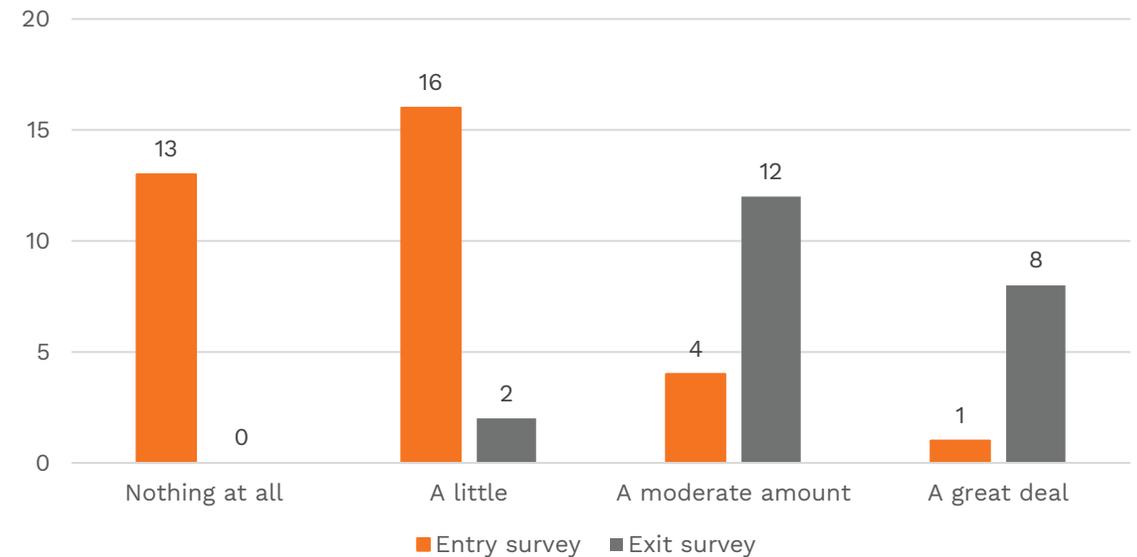


How much do you know about the ACT or NSW Government's approach to energy transition?



➔ Levels of understanding have increased

How much do you know about the process of decommissioning the gas network?



➔ Levels of understanding have significantly increased

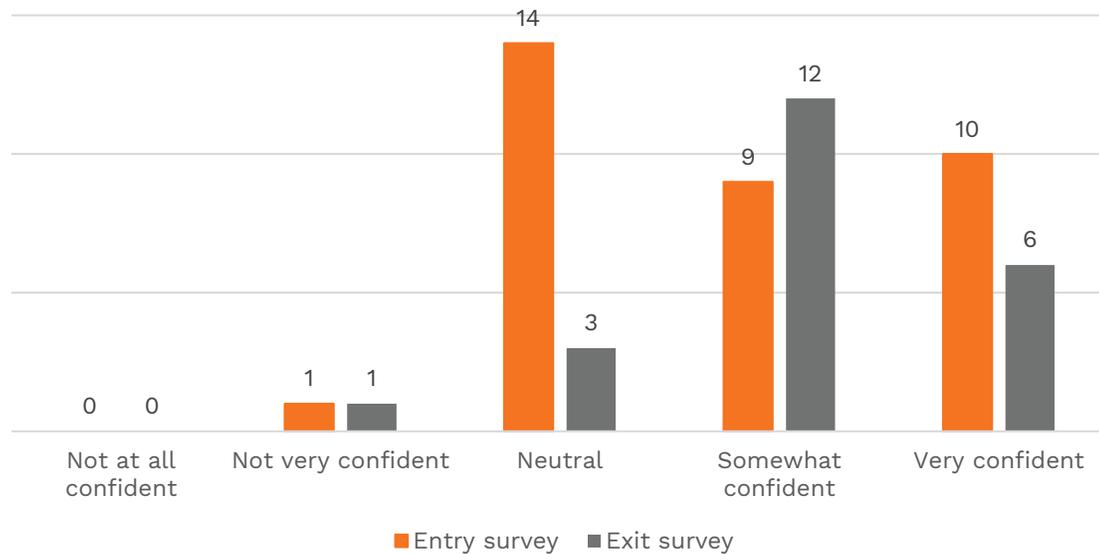


# Entry/exit survey comparison

ENTRY SURVEY: 34/35 RESPONSES

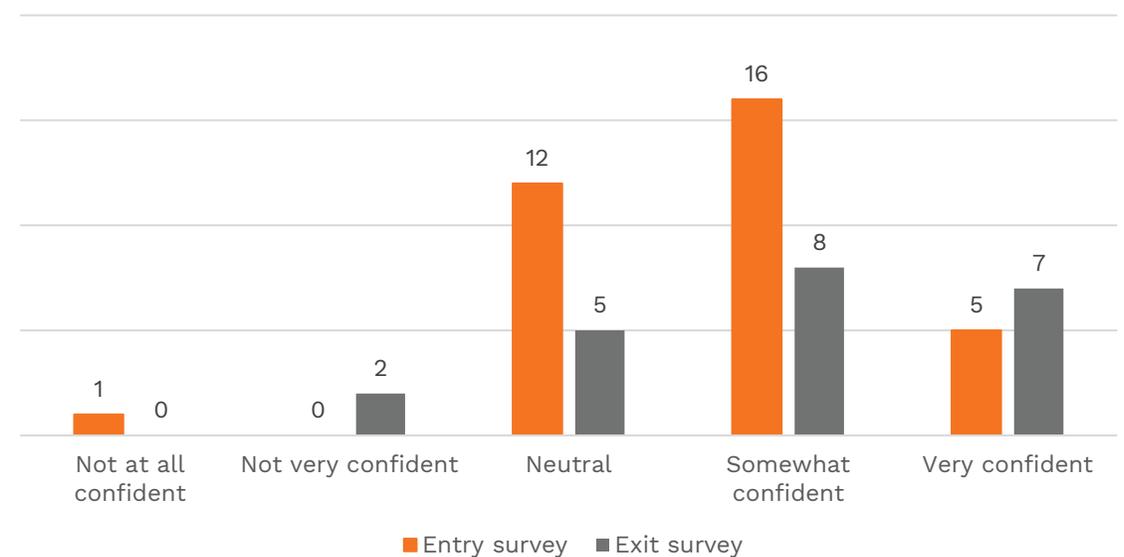
EXIT SURVEY: 22/32 RESPONSES

How confident are you that the community forum will lead to useful recommendations?



➔ Somewhat confident has increased

How confident are you that the community forum will influence Evoenergy's planning?



➔ Very confident has increased

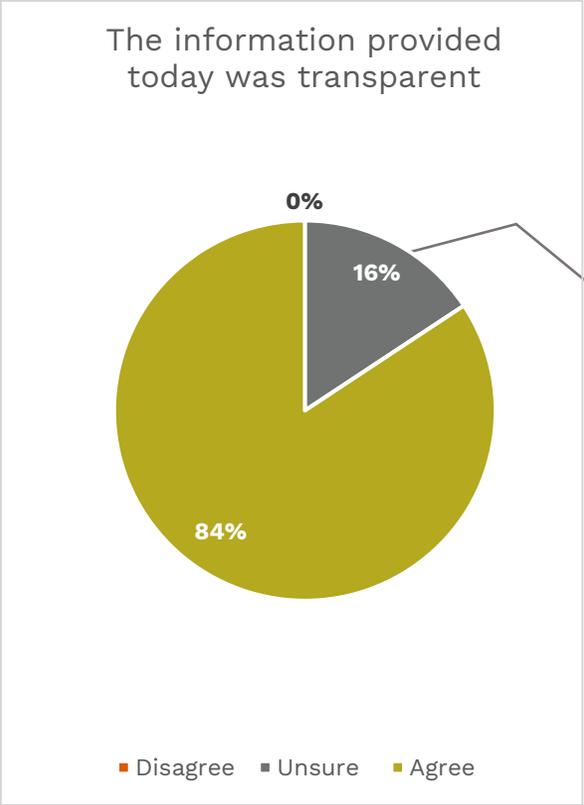
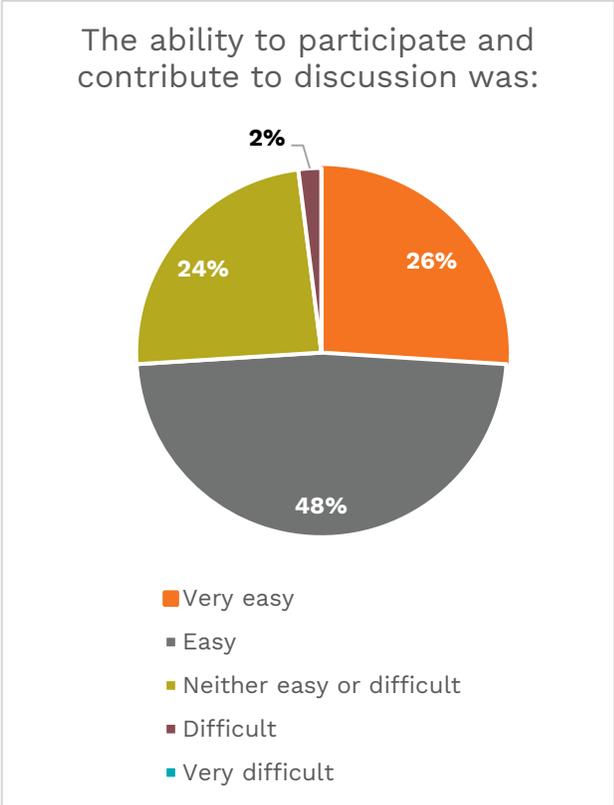
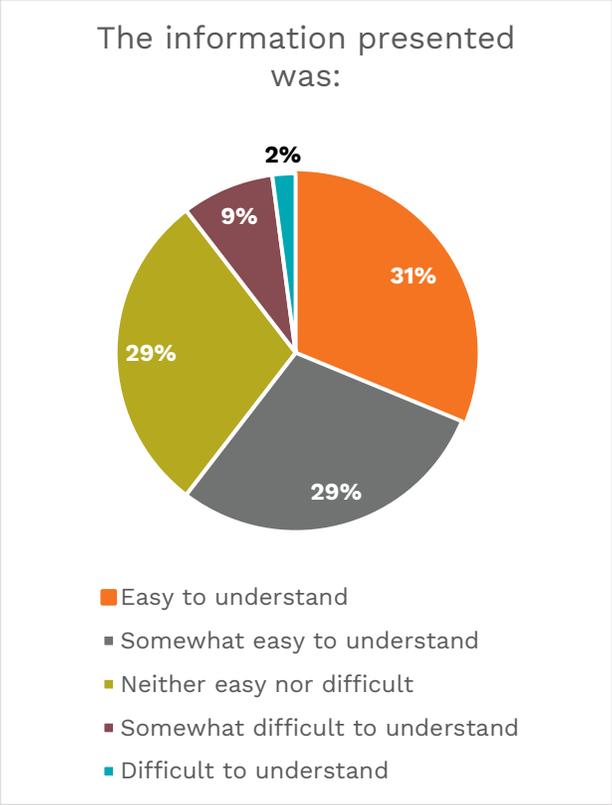
## Level of Interest to attend additional community forum sessions in 2025

All 22 survey respondents are interested in attending additional Evoenergy community forum sessions in 2025. In addition, 21/22 respondents are interested in sharing their contact details with Evoenergy for future energy engagement opportunities outside of the community forum.



# Feedback on the process

At the end of each session a standard check-in with participants allows feedback on how well they can participate. Feedback has been largely consistent across sessions 1-3.

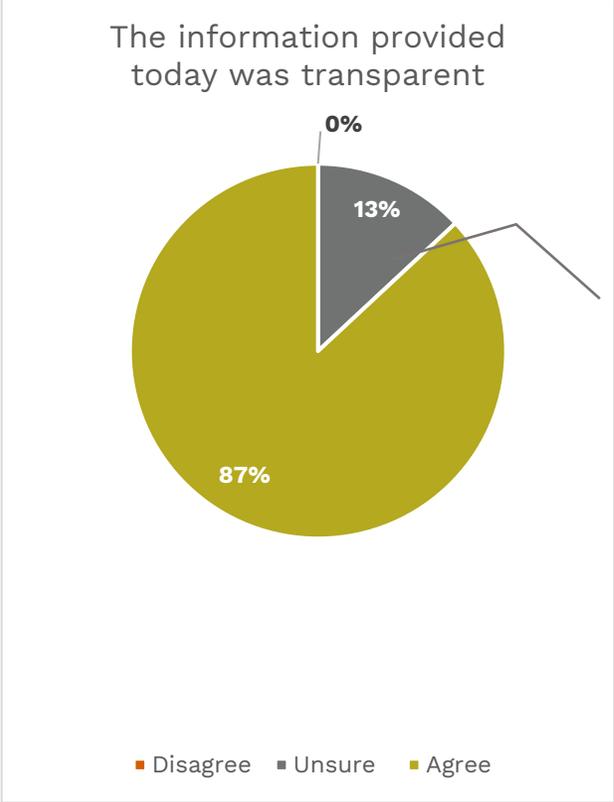
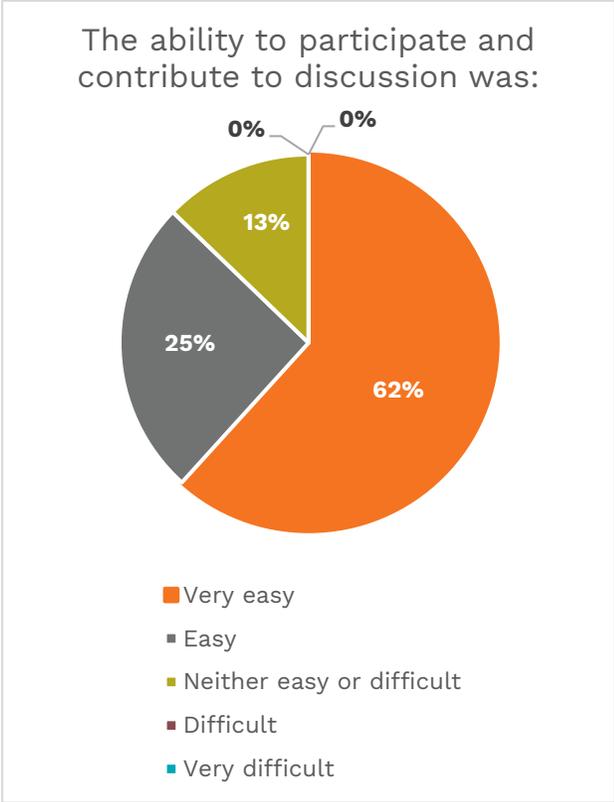
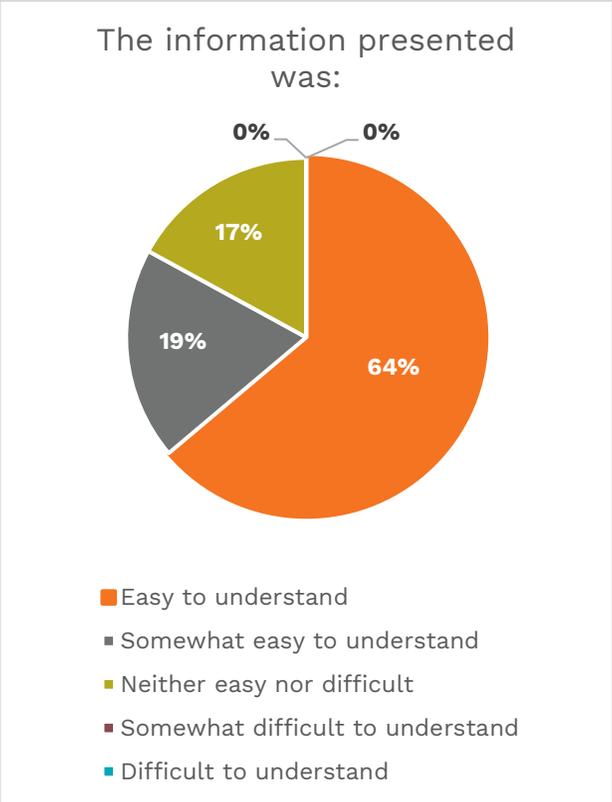


There was a slightly higher level of 'unsure' selected during session 2 (TVM discussion)



# Feedback on the process

At the end of each session a standard check-in with participants allows feedback on how well they can participate. Feedback has been largely consistent across sessions 4-6.



There was no 'unsure' responses selected in session 6 (ideas to support customers and Community Forum Report to Evoenergy)



# What we're hearing from other engagement



**Key themes: transparency of information, costs of transition, impacts on hard to transition and vulnerable customers, safety and cost concerns (disconnections), role of ACTG, recovery of capital asset base**

<p><b>Large customers (Energy Matters Forums)</b></p>	<ul style="list-style-type: none"> <li>• Carefully considering their transition plans, including assessing new and existing technologies and government incentives.</li> <li>• Ensuring energy affordability and providing support for vulnerable households and businesses through the transition will be important.</li> <li>• Through the transition, large customers expect transparency on Evoenergy's infrastructure plans (including electricity network upgrades), the costs to customers and availability of subsidies. Customers want to see evidence that customer feedback has been incorporated into Evoenergy's planning.</li> <li>• Would like more information on any changes to tariffs (to be covered in future sessions).</li> </ul>
<p><b>ECRC</b></p>	<ul style="list-style-type: none"> <li>• Evoenergy should be transparent about the costs of transition (including disconnections and hidden expenses).</li> <li>• Expressed concerns about the impacts on different customer segments, particularly vulnerable customers and renters and identified a need for targeted support and assistance.</li> <li>• Permanent disconnections should be affordable and better safety communication on temporary disconnections is required.</li> <li>• Significant challenges are faced by multi-unit residential buildings and commercial properties, particularly in the hospitality industry.</li> <li>• The ACTG has a role to provide information, solutions and support to achieve the ACT's electrification goal.</li> </ul>
<p><b>AER</b></p>	<ul style="list-style-type: none"> <li>• Building its own long-term models to inform its assessment of Evoenergy's access arrangement.</li> <li>• Representatives have observed Community Forum sessions and provided positive feedback on engagement approaches and content.</li> </ul>
<p><b>ACT Government</b></p>	<ul style="list-style-type: none"> <li>• ACTG disconnections working group met this month. Evoenergy shared analysis presented to stakeholder groups (including ERAP, ECRC and Community Forum) and feedback from these discussions. ACTG recognised the importance of accurate information and an efficient process at the point of interaction with retailers when requesting a permanent disconnection.</li> </ul>
<p><b>ECA</b></p>	<p>ECA representative observed 15/8 ECRC and community forum sessions in person and provided positive feedback on the sessions. The ECA has commissioned Brotherhood of St Lawrence to prepare a report on the impact on customers of decommissioning Victorian gas networks.</p>

# Submissions on the RSP

Proposed position	ACT Government (Minister Rattenbury)	ERAP
Revenue cap	<ul style="list-style-type: none"> <li>Revenue recovery should ensure customers pay no more than is necessary, while Evoenergy receives sufficient revenue to maintain its operations</li> <li>A revenue cap for transportation services transfers demand risk to consumers</li> </ul>	<p>Does not support revenue cap:</p> <ul style="list-style-type: none"> <li>Demand risk shifted to consumers who cannot manage the risk</li> <li>Hybrid TVM could share the risk</li> <li>Difficulty engaging with customers on the TVM</li> </ul>
Combined temporary disconnection and reconnection service for ACT residents	<p>Does not support:</p> <ul style="list-style-type: none"> <li>Customers paying for a service they do not receive</li> <li>Implementation issues for retailers</li> </ul>	<ul style="list-style-type: none"> <li>Generally supportive</li> </ul>
Establishing two reference services: 1. Transportation and metering 2. Ancillary services	<ul style="list-style-type: none"> <li>No comment</li> </ul>	<ul style="list-style-type: none"> <li>Generally supportive</li> </ul>
Proposed rebalancing of tariffs (flattening block structure)	<ul style="list-style-type: none"> <li>Current declining block structure does not send appropriate signals to large customers to reduce demand</li> </ul>	<ul style="list-style-type: none"> <li>Generally supportive, noting further engagement</li> </ul>



# Upcoming engagement

Forum	Date	Topics
Energy Matters Forum (large customers)	26 September 2024	Large government and private sector customers: Capital asset base recovery options ( <i>inform/consult</i> )
ECRC	24 October 2024	Agenda to be confirmed: recap on disconnections, tariff structures and rebalancing ( <i>inform/consult</i> )
Energy Matters Forum (large customers)	31 October 2024	Large government and private sector customers: Tariff structures and rebalancing ( <i>inform/consult</i> )
ERAP #7	11 November 2024	Agenda to be confirmed: Draft Plan development update including preliminary bill impacts, tariff structures and rebalancing, and TVM ( <i>inform</i> )
Community Forum #7	14 November 2024	Draft Plan development update including preliminary bill impacts, tariff structures and rebalancing, and TVM ( <i>inform/consult</i> )
ECRC	10 December 2024	Draft Plan development update including preliminary bill impacts, tariff structures and rebalancing, and TVM, update on disconnections ( <i>inform/consult</i> )
<i>Release Draft Plan</i>	<i>Mid-late February 2025</i>	<i>Release Draft Plan for public consultation</i>
Community Forum #8 TBC	February-March 2025	Draft Plan positions for public consultation (considering option to invite ECRC, ERAP, large and small/medium size business customers) ( <i>inform/consult</i> )

Meeting outcome #3: Discuss Evoenergy's preliminary demand forecast for the 2026-2031 regulatory period

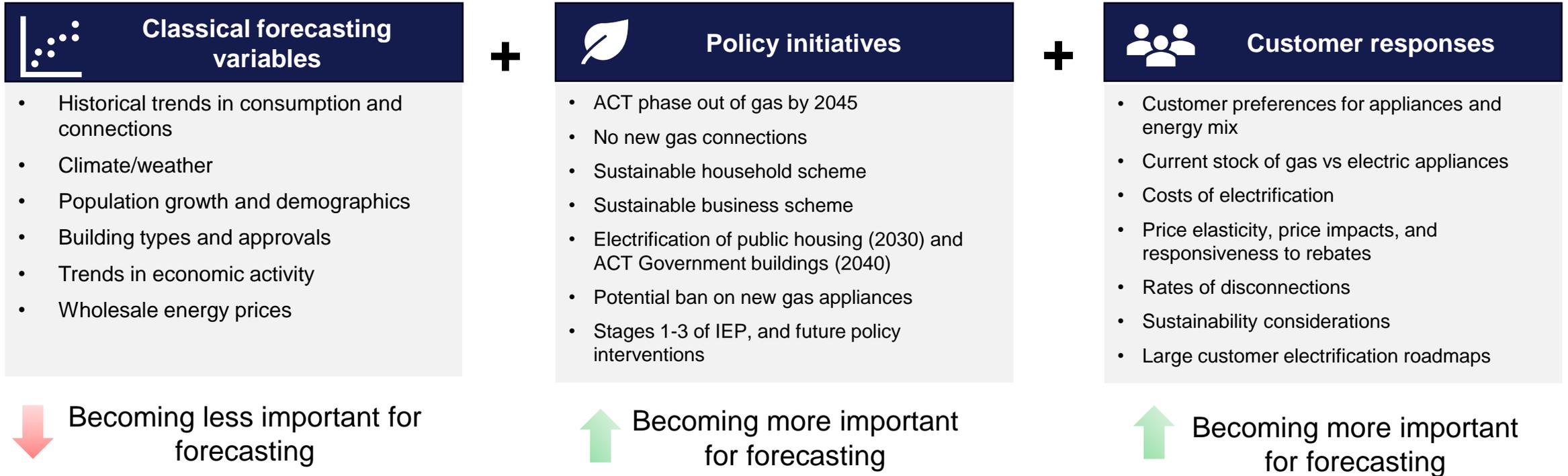
## 5. Early preview: GN26 gas demand forecast

Lev Yulin, Group Manager Regulatory Pricing & Finance (40mins)



# Demand forecasting under uncertainty

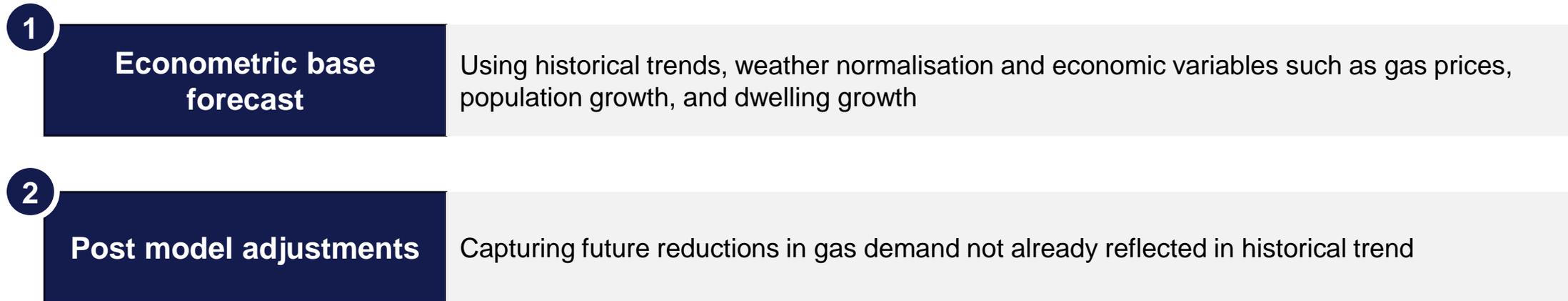
The ACT energy transition is changing the drivers of gas demand



**Future gas demand can no longer be simply extrapolated from the past**

# Recap – demand forecast for GN21

Evoenergy applied a two-step methodology to derive the 2021–26 gas demand forecast

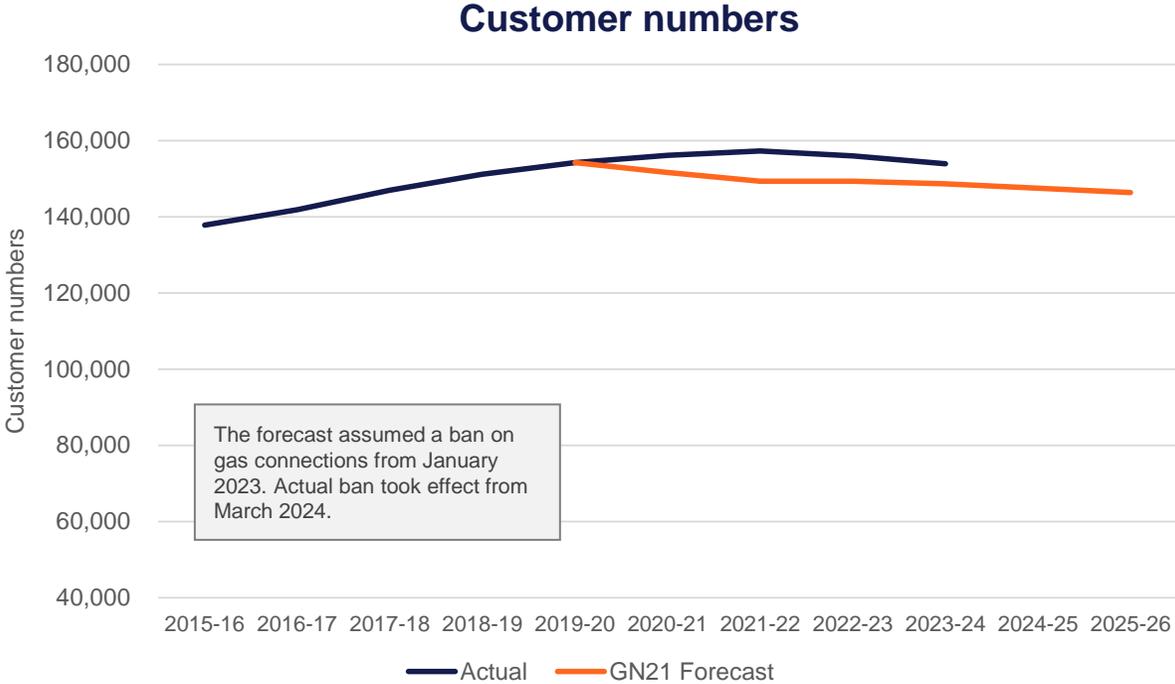
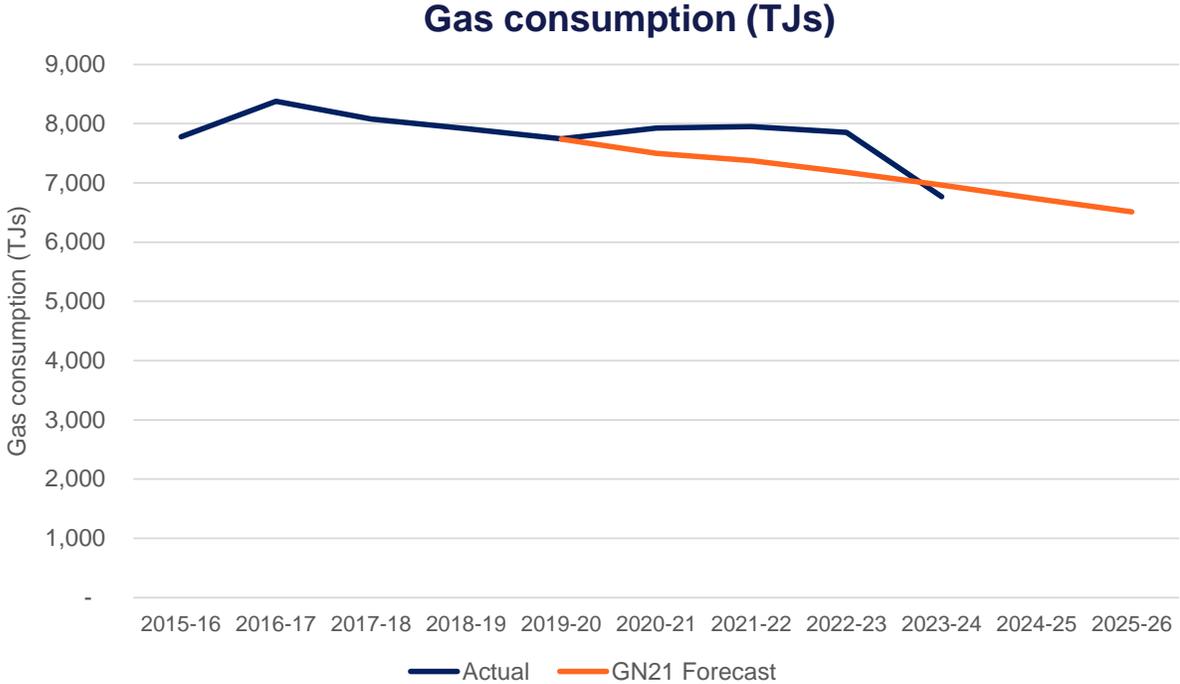


<b>No new gas connections from January 2023</b>	Based on timing for new regulation in ACT Parliamentary and Governing Agreement	
<b>Sagacity survey results on customer energy preferences</b>	Increased disconnections and lower average consumption (based on stated preferences for appliance switching)	<i>✗ Not accepted by AER</i>
<b>Rebates under the Energy Efficiency Improvement Scheme (EEIS)</b>	Increase in disconnections and lower average consumption (based on uptake of EEIS scheme, providing rebates of up to \$5,000 for heater replacements)	<i>✓ Substituted by AER</i>
<b>Disconnection roadmaps for large customers</b>	Lower demand due to planned disconnections and lower consumption for large customers that have announced intention to transition away from gas	
<b>Electrification of ACT Government sites</b>	Lower demand for premises operated by ACT Government based on commitments in ACT Parliamentary and Governing Agreement	

# Historical forecast performance 2021–26

**AER final demand forecast for 2021–26**

- 860 TJ (12%) decrease in gas consumption over 2021–26
- 3,000 less customers (2%) over 2021-26



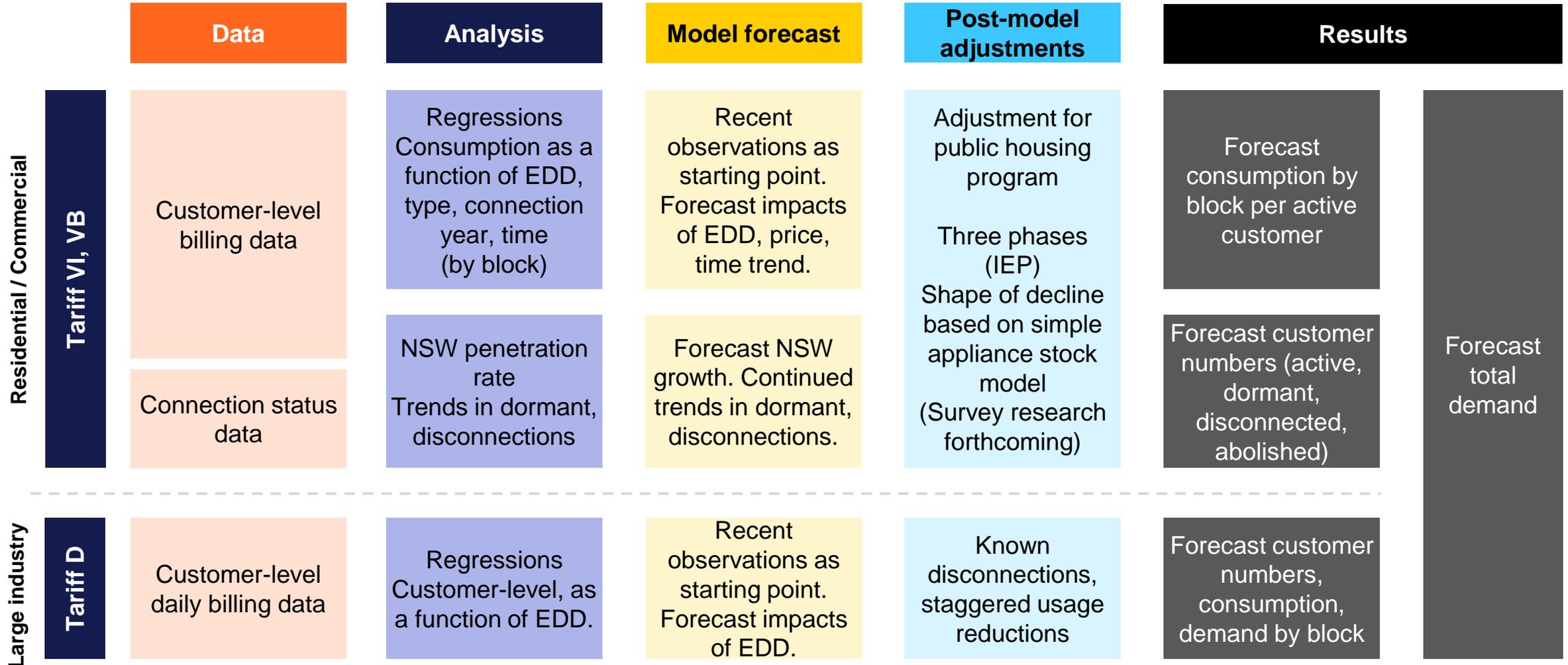
**Forecast vs Actual to date**

- Between 2021-22 and 2023-24, total gas volumes were around 4.9% higher than forecast
- As at 2023-24, customer numbers were around 3.6% higher than forecast

Evoenergy’s GN26 proposal will include analysis of the forecast variance, and how it has been addressed in the 2021–26 forecast

# Forecasting methodology for GN26

Evoenergy has engaged the Centre for International Economics (CIE) to forecast demand for GN26 and to 2045



Note: EDD means Effective Degree Days. This is used to normalise gas demand for weather fluctuations.

# Refinements to the GN26 forecasting approach

The GN26 demand forecast will be based on **more recent government policy** and **methodological refinements** compared to the GN21 forecast

## Additional policy direction in the ACT and richer historical data

The GN21 forecast was developed early in the energy transition. We now have more data and policy information:

Regulation to ban new gas connections came into force

Release of the IEP (three stages for transition)

New electrification incentives (Sustainable Household Scheme)

ACT community better informed about gas transition

Evoenergy gas connections peaked in 2021-22

More information on large customer electrification intentions

## More detailed methodology – demand elasticity study

The GN21 forecast relied on Sagacity research. GN26 forecast will use a purpose-built elasticity study:

‘Choice modelling’ survey to quantify energy preferences

Survey techniques to address ‘hypothetical bias’

Financial ‘rational choice’ model to validate survey results

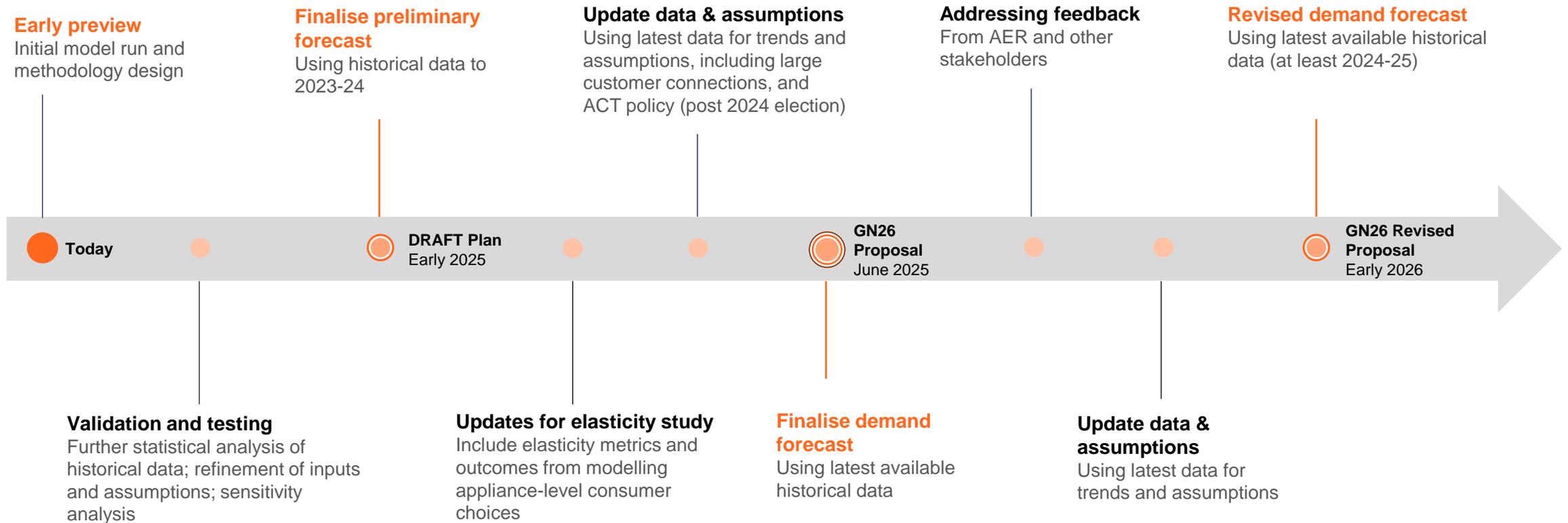
Demographic weighting to achieve representative sample

Considering both Volume Tariff and Demand Tariff customers

Initial pilot survey to test and refine questions

# Next steps for the demand forecast

The demand forecast is currently an 'early preview' and will continue to be developed and updated throughout the GN26 regulatory process.



Meeting outcome #4: Discuss Evoenergy's preliminary opex and capex forecasts for the 2026-2031 regulatory period

## 6. GN26 preliminary expenditure forecasts

Alexis Hardin – Manager Regulatory Finance & Strategy (35mins)



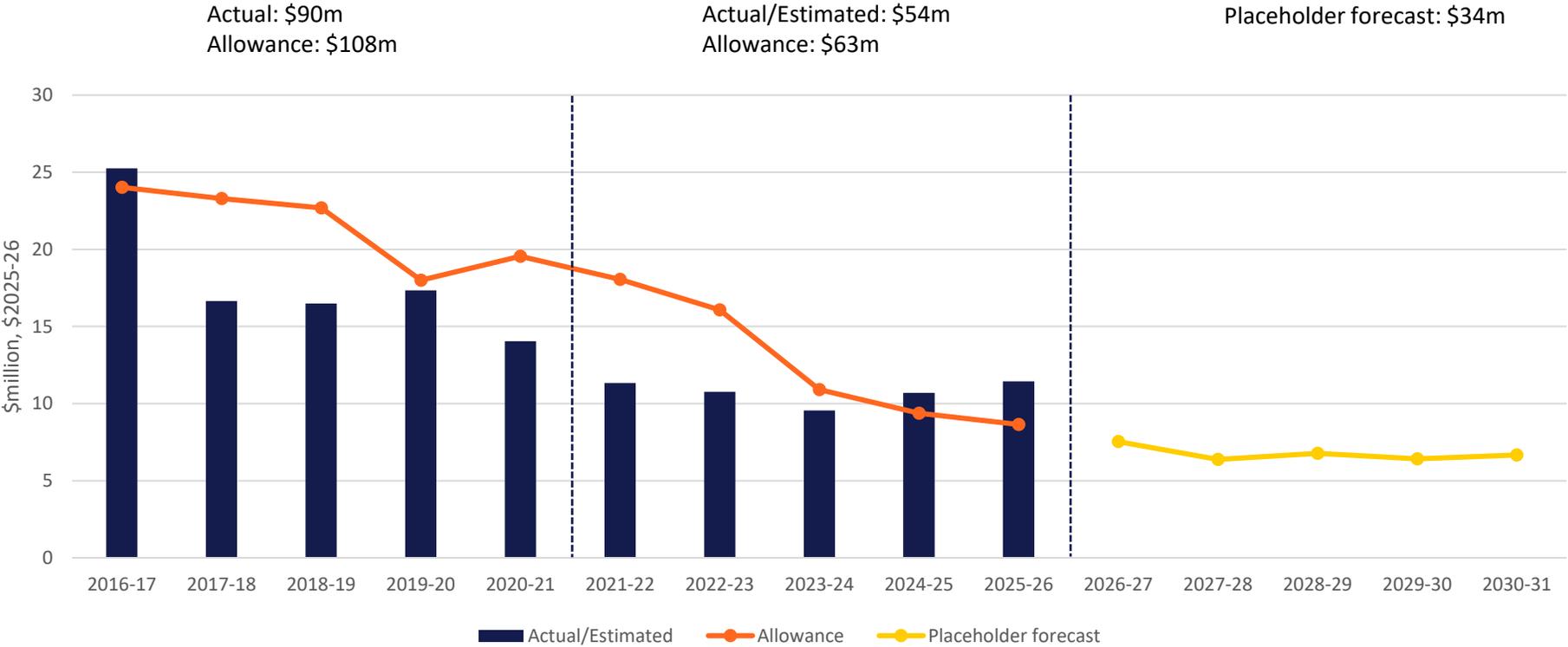
# Update on expenditure forecasts

1. Expenditure forecasts presented are based on placeholders for:
  - demand forecasts
  - real price changes
  - productivity trend
  - ancillary reference service adjustment to base year
  - category specific costs
2. Opex forecast excludes step change for customer support:
  - community forum had mixed views on whether this was the responsibility of Evoenergy or the ACTG and whether this campaign should be funded by Evoenergy
  - for the Draft Plan, Evoenergy proposes to exclude expenditure for this step change and seek further feedback on whether specific support measures should be provided by Evoenergy, and if so, what these would be
3. Opex forecast excludes other step changes
  - for the Draft Plan, Evoenergy does not propose including any other step changes at this time but will continue to assess potential for additional expenditure requirements



# Capital expenditure: placeholder forecasts

Evoenergy's capex has been falling steadily, with forecasts for GN26 aimed at minimising expenditure while maintaining a safe and reliable network

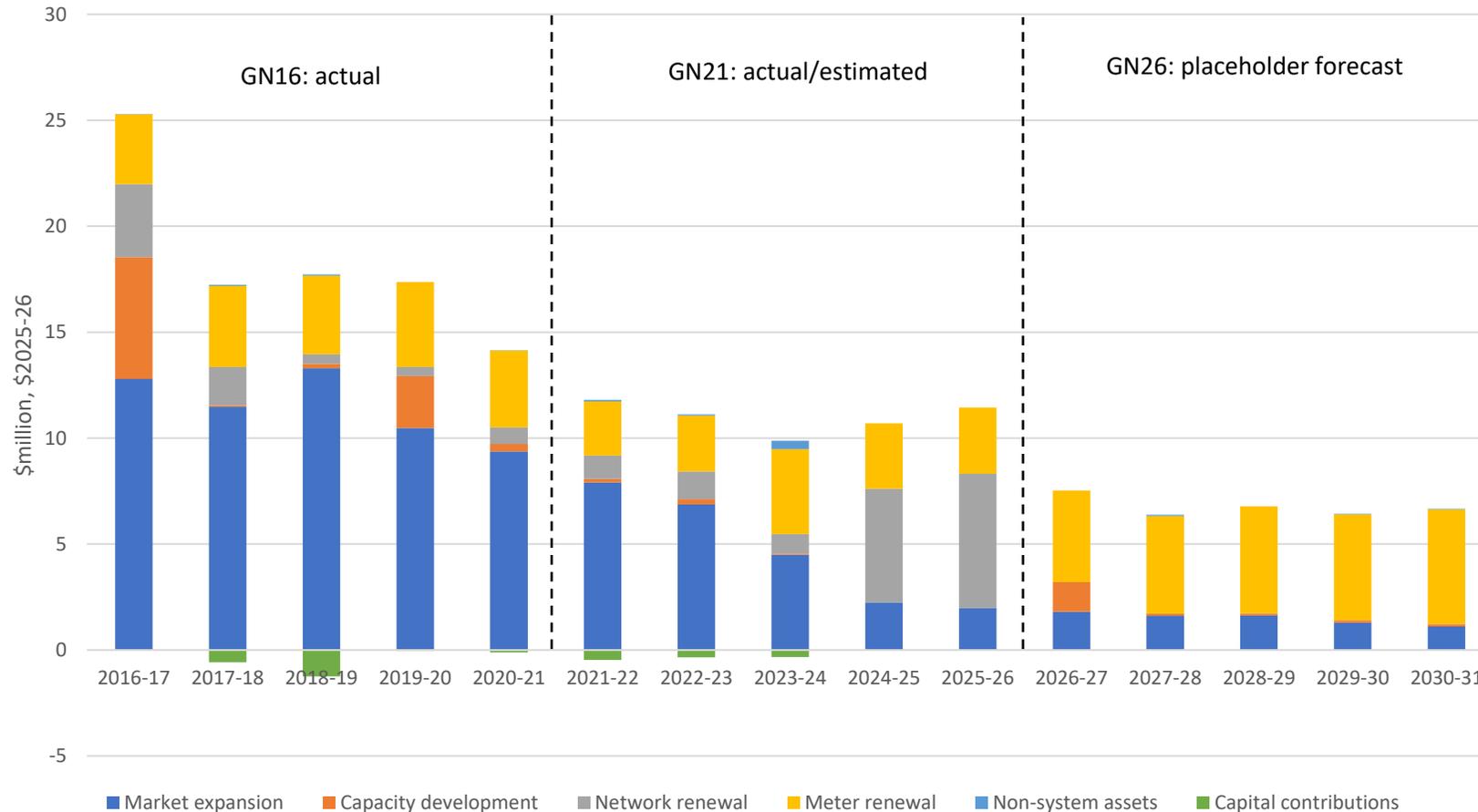


Actual/estimated capex in current period (GN21) expected to be \$9 million (15%) below the allowance

Placeholder forecast for GN26 is \$20 million (37%) below actual/estimated capex for GN21

# Forecast capital expenditure by category

Capex forecast dominated by meter replacement with no major projects planned



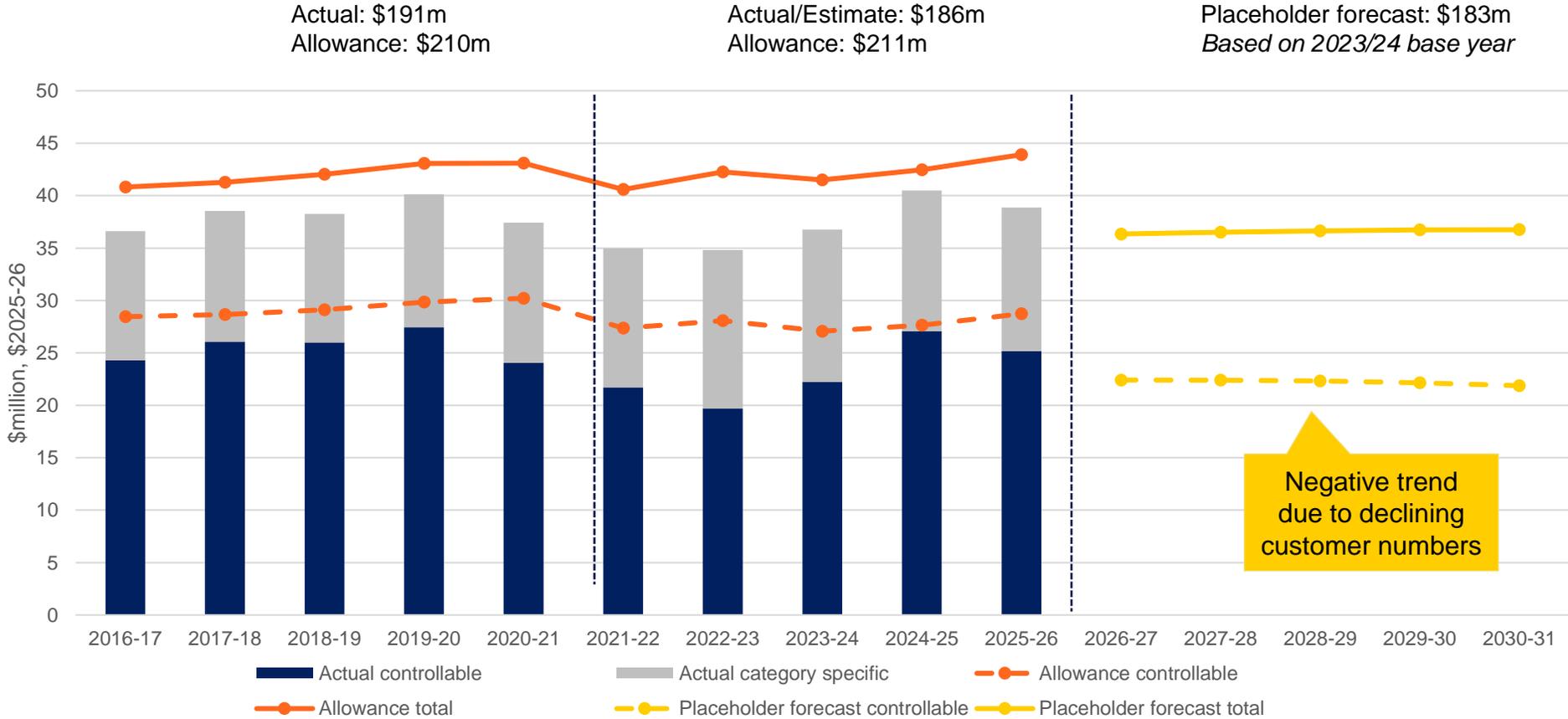
Meter renewal expenditure in GN26 is forecast to be higher than GN21 due to higher volume of meters reaching end of life

Capacity development expenditure in 2026-27 for electrical and instrumentation upgrade at Bungendore (NSW) Primary Regulating Station

Market expansion dominated by NSW and will be updated based on revised demand forecasts

# Operating expenditure: placeholder forecast

Base-step-trend methodology adopted, resulting in \$5 million reduction in controllable opex relative to actual/estimated opex for GN21

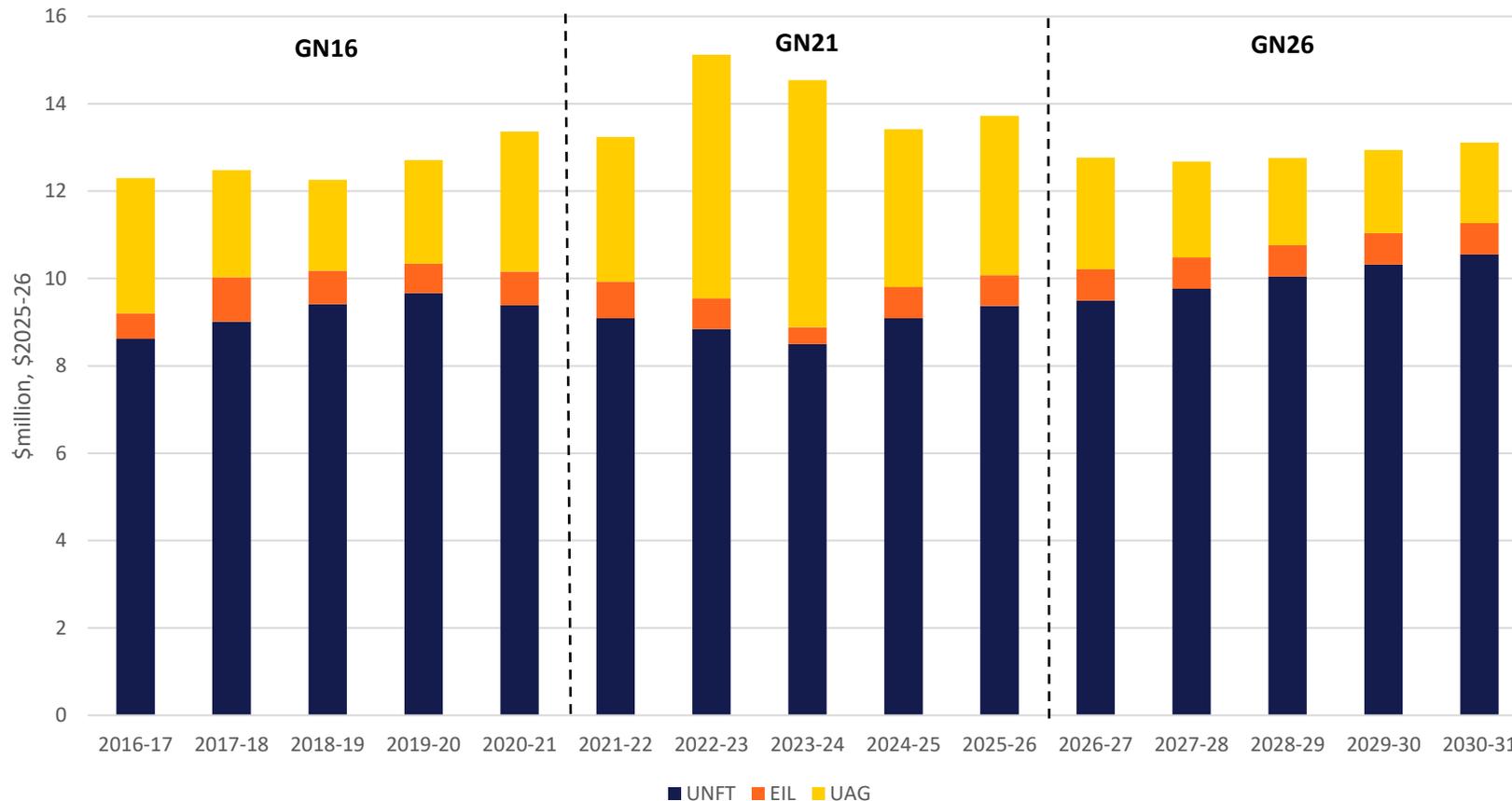


## GN26 placeholder forecast:

- uses 2023-24 as base year
- excludes ancillary reference services
- excludes step changes
- includes negative output growth
- uses zero productivity trend

# Operating expenditure: category specific costs

Category specific costs account for 39% of total forecast opex, compared with 38% in GN21 and 33% in GN16



Category specific costs comprise:

- Utilities Network Facilities Tax (UNFT)
- Energy Industry Levy (EIL)
- Unaccounted for gas (UAG)

UNFT accounts for the majority of category specific costs

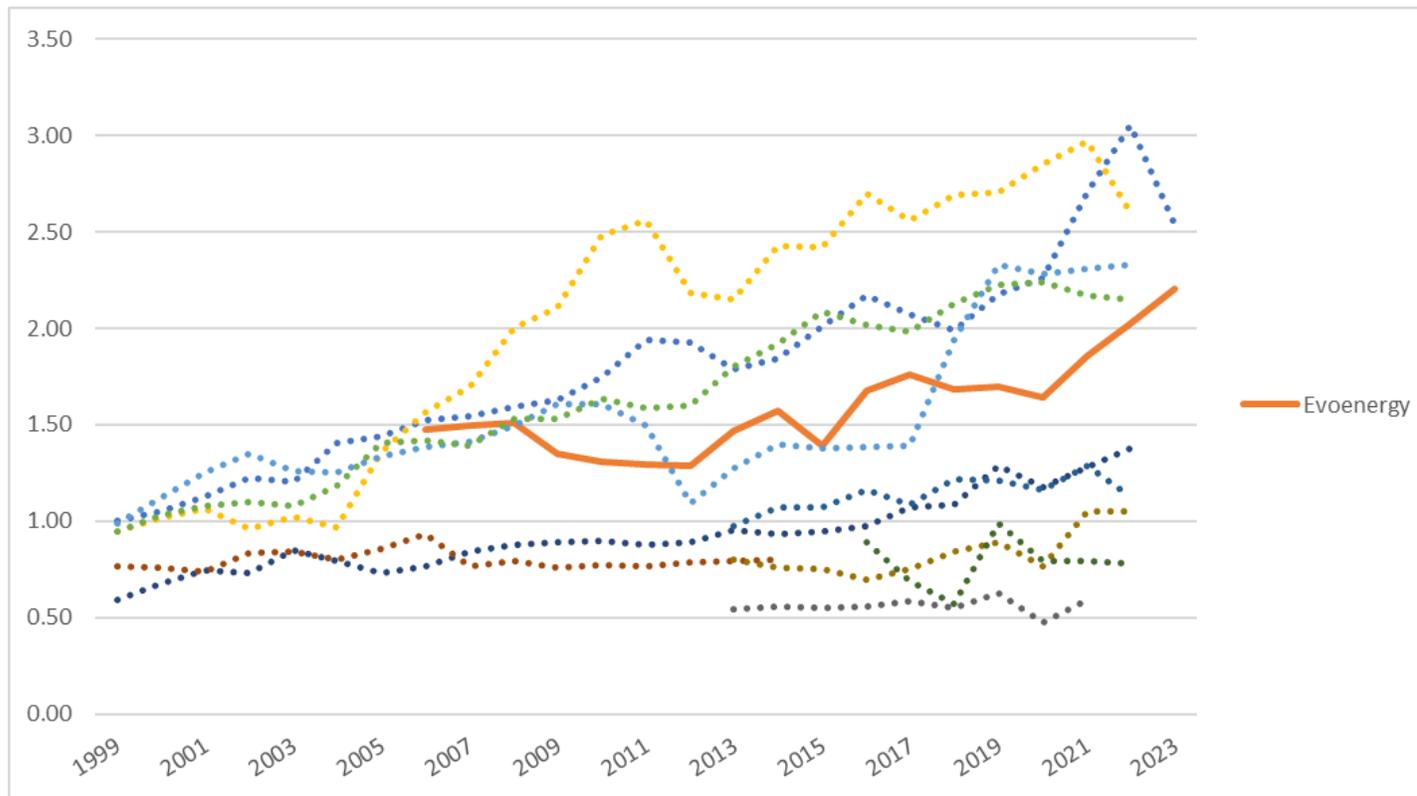
- 72% for GN26 based on preliminary forecasts
- UNFT rate is indexed annually at 2.5 percentage points above the nominal ACT wage price index and is applied to total gas network lengths (mains length plus service length)

UAG is expected to decline over the GN26 period in line with forecast reductions in wholesale gas prices

# Preliminary benchmarking results

Preliminary benchmarking supports efficiency of opex base year

## Multilateral Opex Partial Factor Productivity Index



Meeting outcome #5: Status update on progress of options for recovery of network costs beyond the regulatory framework

## 7. Options for recovery of network costs beyond the regulatory framework

Gillian Symmans – Group Manager Regulatory Reviews and Policy (15mins)





## Status update

- Consultant engaged to assist development and assessment of options
- Working towards shortlist of proposed options for consideration by November 2024
- Cost recovery working group established with ACTG/AER – first meeting to be held October 2024

# 8. Other business



**Meeting close ~4.30pm**