

NSW Customer Forum

Session 1

10 November 2025





Acknowledgement of Country

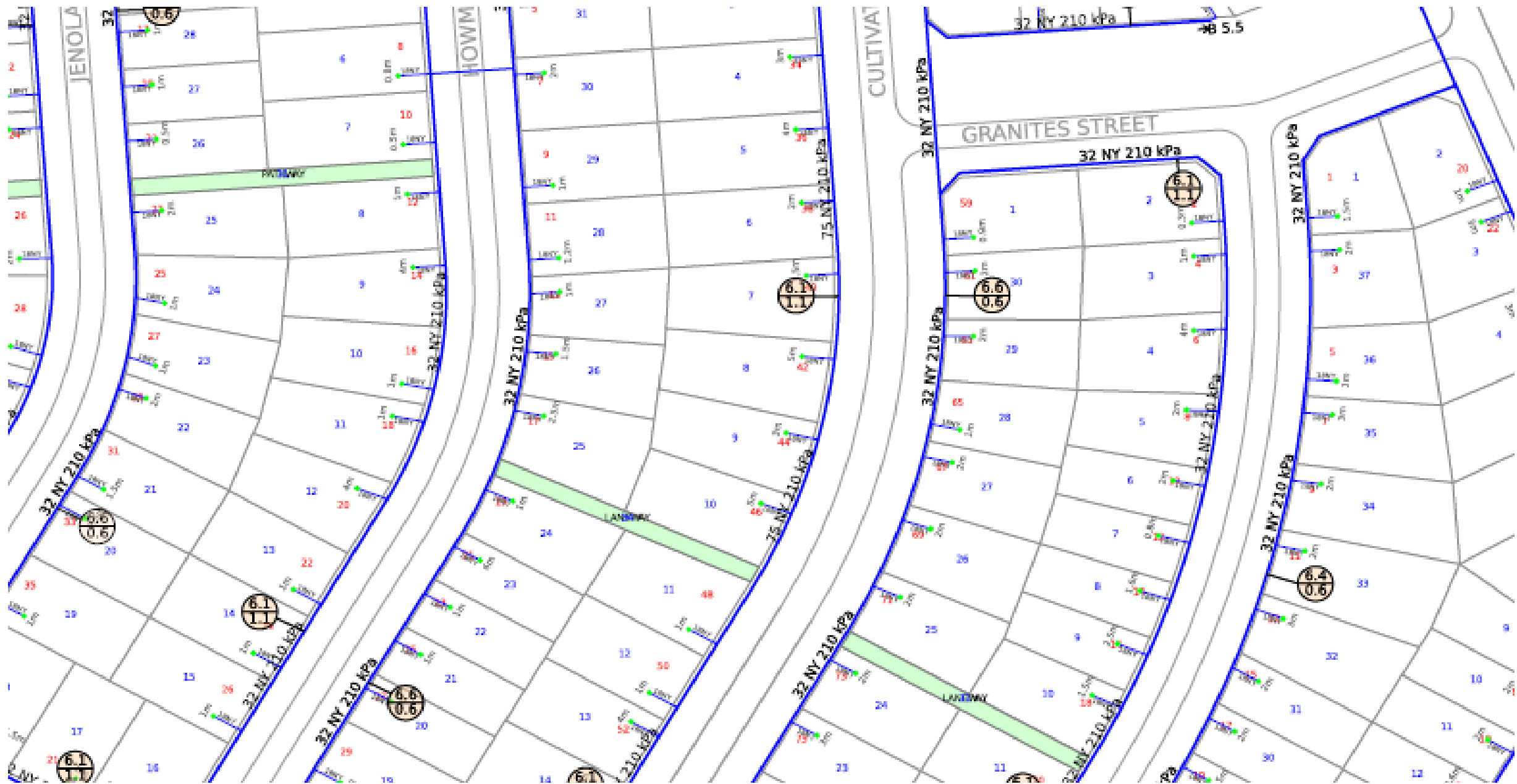
Evoenergy acknowledges the Traditional Custodians of the lands on which we live and work. We pay respect to the Elders, past and present, and celebrate all First Peoples' continuing connections and contributions to Country.

Safety share

Bruce Hansen, Group Manager Gas Networks

Living safely near the gas network





Welcome

Helen Leayr, Facilitator
Communication Link





Communication Link

Ask.
Listen.
Understand.
Achieve.

Independent facilitation

Facilitation: Helen Leayr

Supporting facilitators:

Rosie Garland

Rennae Sillett

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

communicationlink.com.au

Technical housekeeping

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



Today's agenda

- Welcome
- About our Customer Forum, its members and how we want to operate
- Presentation: Who is Evoenergy
- Presentation: The future of the gas network

Dinner

- Presentation: Considerations when planning for the future of the gas network
- Feedback activity: How might the options impact NSW gas customers?
- Wrap up session and close



evoenergy

Official welcome

John Knox, Chief Executive Officer

What is a Customer Forum and how does it work?





A customer forum

- A space for informed dialogue
- Deliberative, not just consultative
- Inclusive and representative
- Two-way engagement
- Customer-led insights
- Part of a broader engagement strategy

Effective group deliberation

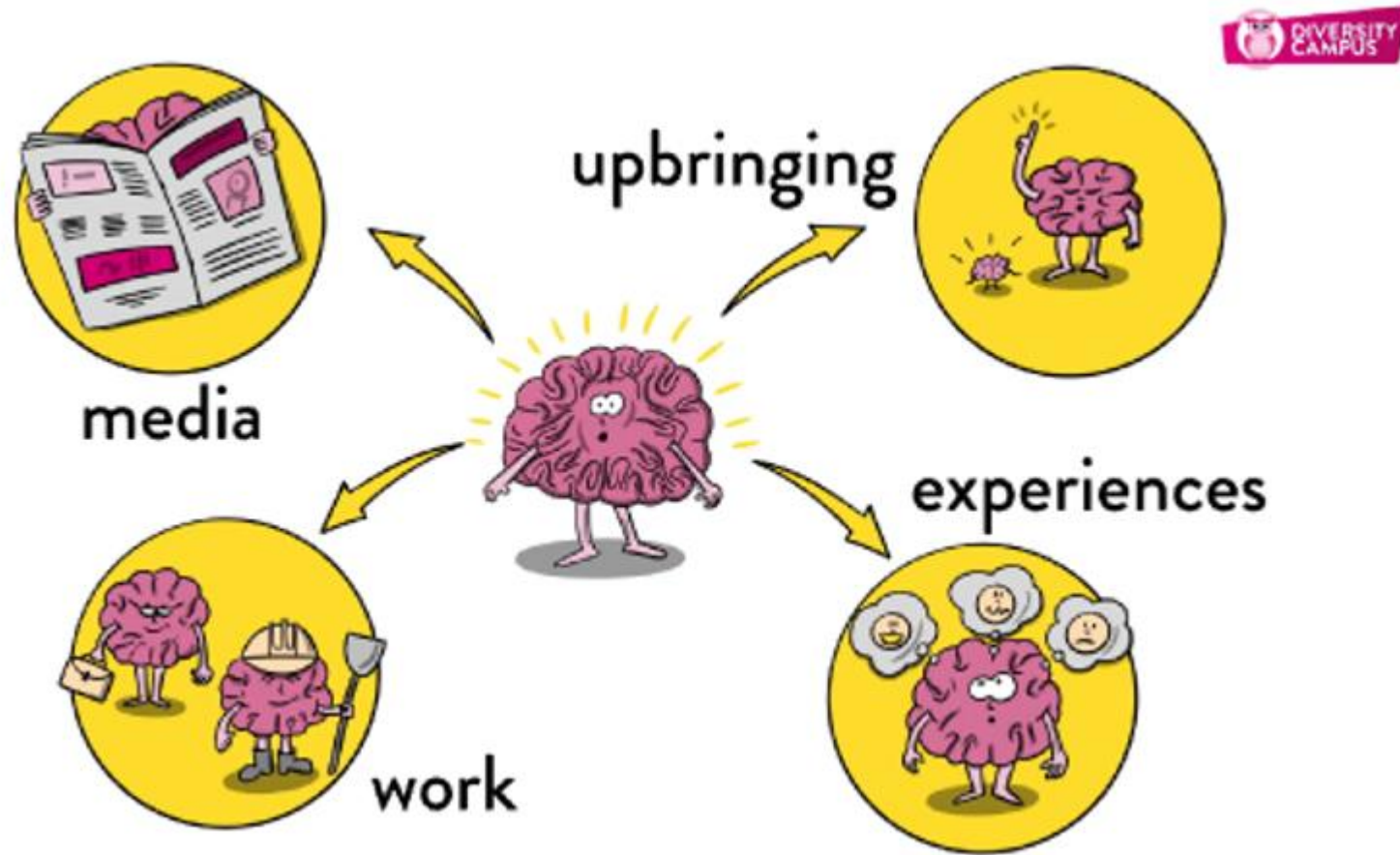
You each bring important perspectives and experiences to discussions.

Our experiences and who we are shape our thoughts, opinions and decision making.

Deliberative:

- Listening and learning
- Equality and inclusiveness
- Reasoning and justification
- Reflecting
- Mutual respect and consideration of others and their thoughts and experiences.

Unconscious bias



What is this Customer Forum?

- This forum will complement the work of an existing community forum Evoenergy established in 2024
- Diverse representation reflecting our NSW customers
- 2 sessions to give us time to understand and reflect
- Provide feedback and input to Evoenergy
- A third session to engage with the existing Community Forum

Our forum looks like ...

22

NSW forum members



27%

Born outside of Australia



5%

People with disability



9%

Renters



14%

Business owners

Gender

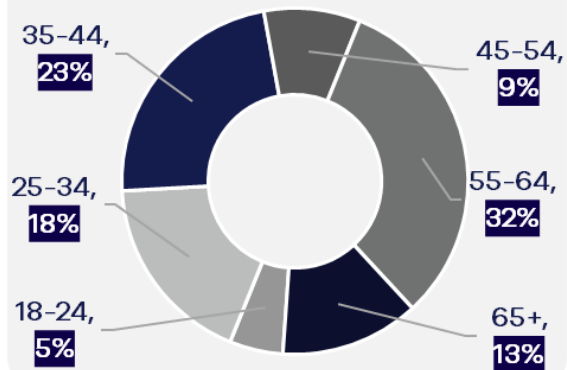
59%

Woman

41%

Man

Age



Energy use



56%

Have a solar system installed



28%

Have a residential battery installed

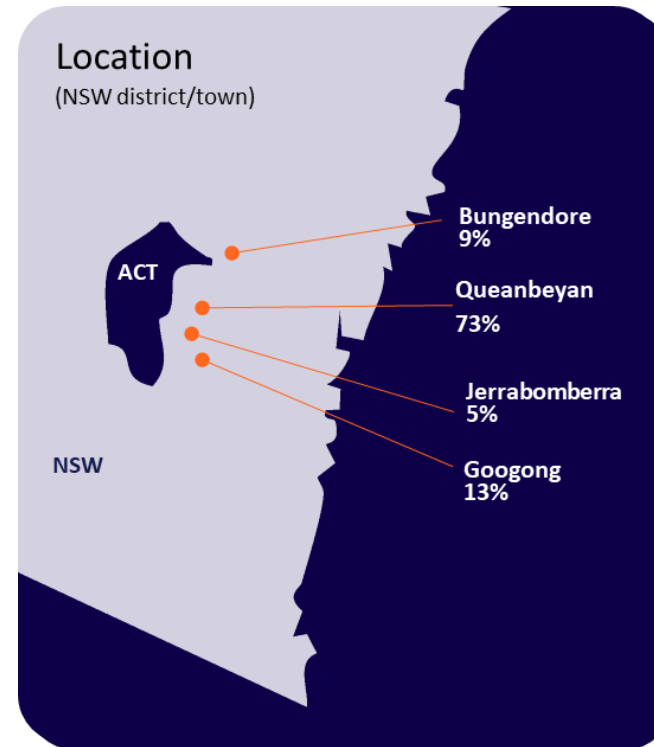


11%

Have an electric vehicle or plan to buy one

Location

(NSW district/town)



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But let's learn a little more about the people on our forum...



A bit about us quiz

There are lots of players in the energy sector



NSW Customer Forum program

Session 1

10 November 2025

- Learn about a Customer Forum
- Learn about the gas network
- Explore uncertainty that the energy transition is placing on Evoenergy and its customers
- Learn about network costs that need to be recovered
- Consider what the impacts may be for NSW customers

Session 2

17 November 2025

- Reflect on session 1
- Explore equity and fairness considerations of recovering network costs and potential bill impacts for different customers
- Provide feedback on Evoenergy's approach with respect to equity and fairness

Optional Session 3

9 December 2025

- Hear about the AER's draft decision on Evoenergy's proposed gas plan
- Consider Evoenergy's revised gas plan positions taking into consideration consumer and stakeholder feedback
- Provide feedback on Evoenergy's revised proposal

How shall we operate as a Customer Forum?

Forum principles

Group discussion: What behaviours and expectations do you want to guide the work of this forum?



Respect for
all members

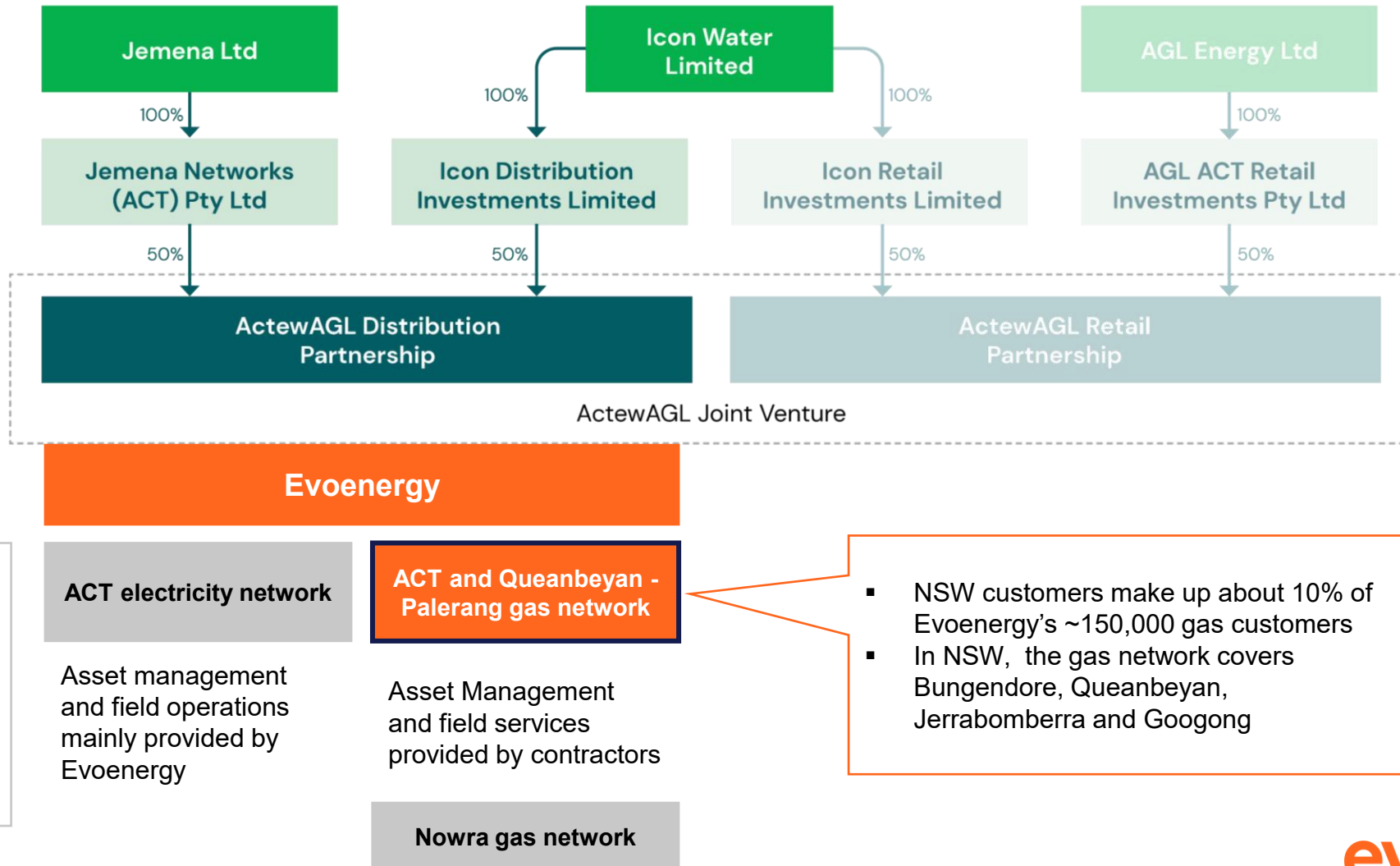
Understanding
of views

Ensuring
everyone has
a voice

Who is Evoenergy?

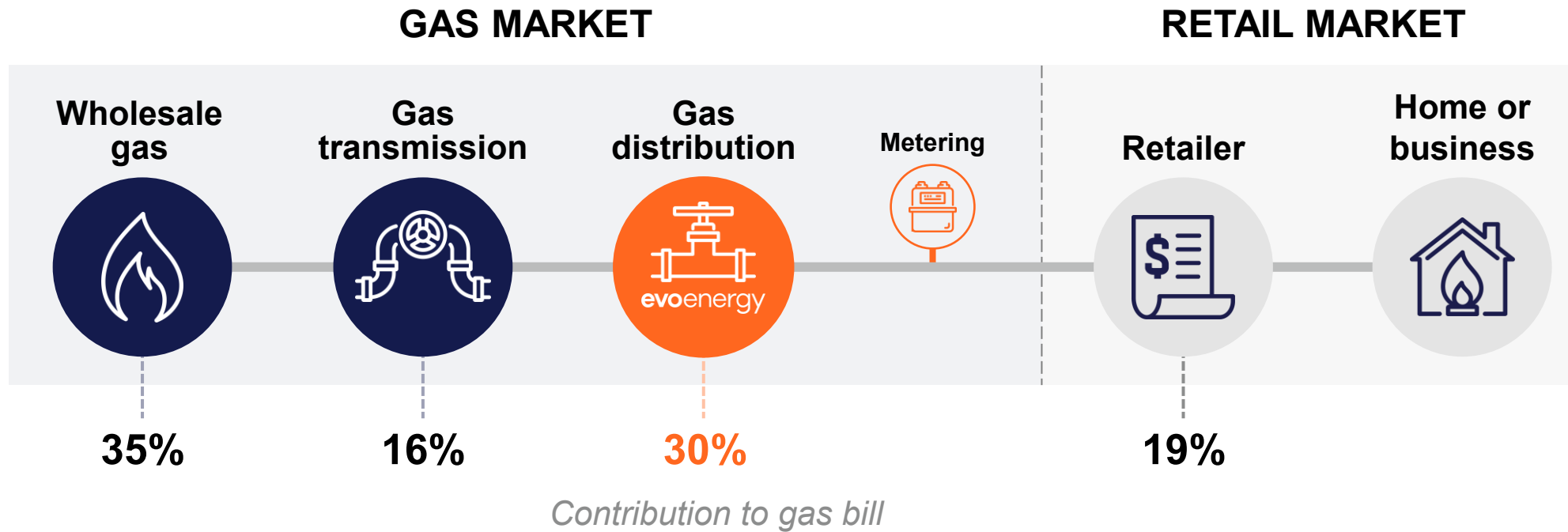
Megan Willcox, General Manager Economic Regulation

Evoenergy ownership and operational structure



Our gas network video

Evoenergy in the gas supply chain



Australia's energy system bodies

Energy and Climate Change Ministers

Set national energy policy direction and legislative framework – oversee the national energy governance framework.



Australian Energy Market Commission

Rule maker, market developer and expert adviser to governments

Protects consumers and achieves the right trade-off between cost, reliability and security.



Australian Energy Regulator

Economic regulation and rules compliance

Polices the system and monitors the market.



Australian Energy Market Operator

Electricity and gas systems and market operator

Works with industry to keep the lights on.

Evoenergy is a monopoly provider of gas services and is subject to a range of Territory, State and Commonwealth regulation



Safety and reliability of gas services



ACT ban on new gas connections



Prices, services and revenue



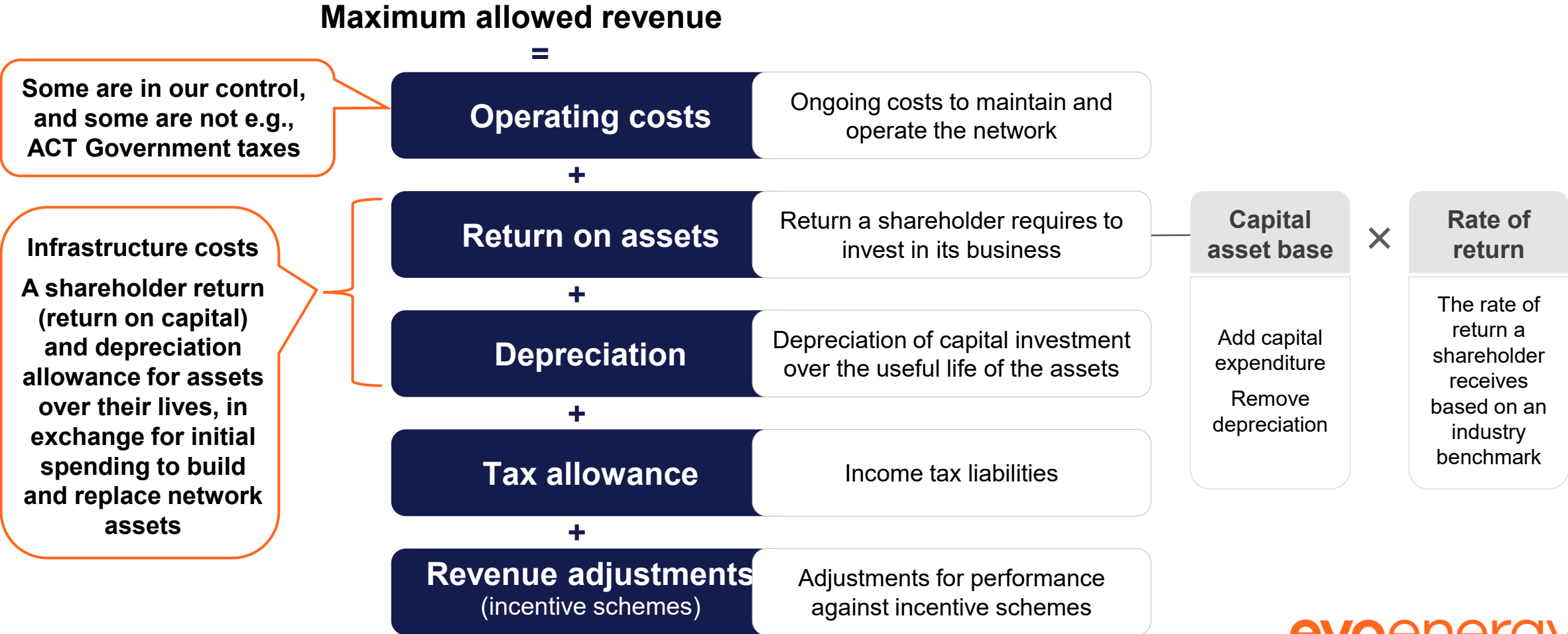
Security of Critical Infrastructure



Workplace safety

- Gas and electricity network businesses do not operate in a competitive market
- To ensure the interests of consumers are protected, the maximum revenue we can earn is regulated by the Australian Energy Regulator (AER)
- Every five years we submit a plan to the AER for review to determine the amount of revenue we can earn from our customers
- The regulatory framework is set out in the National Gas Rules and requires Evoenergy to submit proposals to the AER for assessment
- The main role of economic regulation is to set *efficient prices* for customers who use the gas network, while balancing *customer outcomes* in terms of *quality, safety, reliability, security and achieving emissions reductions policies* – National Gas Objective

Our revenue requirement is made up of:



How Evoenergy's revenue is recovered from customers



Where we are in the AER's review process

Evoenergy



Australian Energy Regulator



Why our NSW Customer Forum?

Every 5 years Evoenergy must submit a regulatory proposal to the Australian Energy Regulator (AER)

- We have engaged with our NSW customers through representation on our Community Forum, surveys on gas preferences and ongoing conversations with the Queanbeyan-Palerang Regional Council
- We want to understand if our NSW customers' intentions, preferences and perspectives are consistent with those of our broader customers
- If not, how are they different?
- Your feedback will help inform Evoenergy's revised gas plan to be submitted to the AER in January 2026

Questions?

The future of Evoenergy's gas network

Gillian Symmans, Group Manager
Regulatory Reviews and Policy



National energy transition underway, but there are different approaches across jurisdictions

- Australia has a target of net zero emissions by 2050
- Gas-fired power generation likely to support Australia's transition to an energy system using renewable energy resources
- Current uncertainty about the future role of gas distribution networks in supplying gas to households and small commercial customers

	ACT	NSW	VIC	QLD	SA	WA	NT	TAS
Legislated net zero emissions by 2045	●	●	●	●	●	●	●	●
Ban on new gas connections	●	●	●	●	●	●	●	●
Gas network decommissioning expected from 2035	●	●	●	●	●	●	●	●
Green gas alternatives for residential customers not being explored	●	●	●	●	●	●	●	●

ACT Government's plan to phase out natural gas

Stage 1 Consumer led transition supported through a wide range of ACT Government customer facing programs and incentives including...

- Sustainable Household Scheme
- Energy Efficiency Improvement Scheme
- Large-scale feed-in tariffs
- Small and medium feed-in tariffs

1 2024 – 2030 **Setting the foundation for success**

- ACT Government incentives
- Ban on most new connections
- Mid-point review of IEP 2027

2 2030 – 2035 **Accelerating the transition**

- Behavioral change + education
- Additional regulatory measures
- Pathway for decommissioning to become clear

3 2035 – 2040 **Electric Canberra delivering for households**

- Phased decommissioning to commence

NSW Government's net zero emissions plans

Net Zero Plan Stage 1: 2020-2030

foundation for action on climate change and goal to reach net zero emissions by 2050. Range of incentives including:

- NSW Energy Savings Scheme
- Household energy saving upgrades
- Solar for Apartment Residents grant
- Federal Government rebates

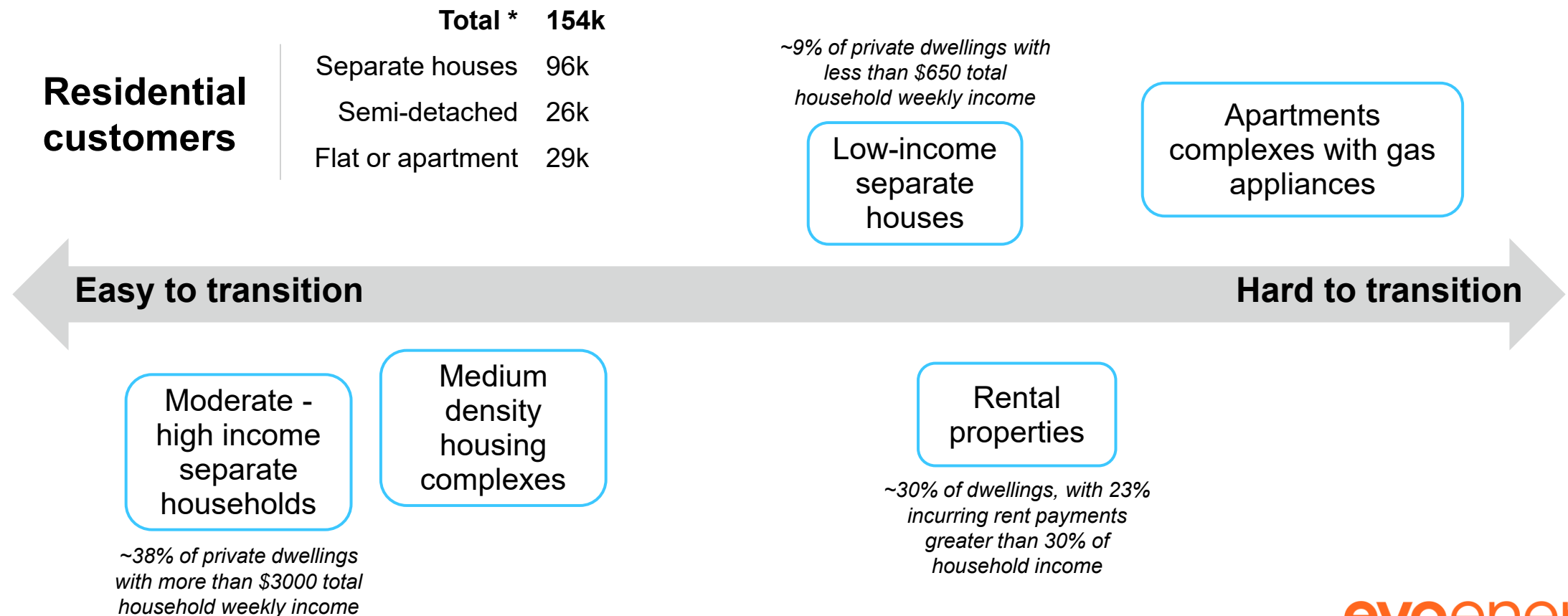
NSW Government Legislation

The Climate Change (Net Zero Future) Act 2023

- Emissions reduction targets for NSW:
- 50% reduction on 2005 levels by 2030
- 70% reduction on 2005 levels by 2035
- Net zero by 2050

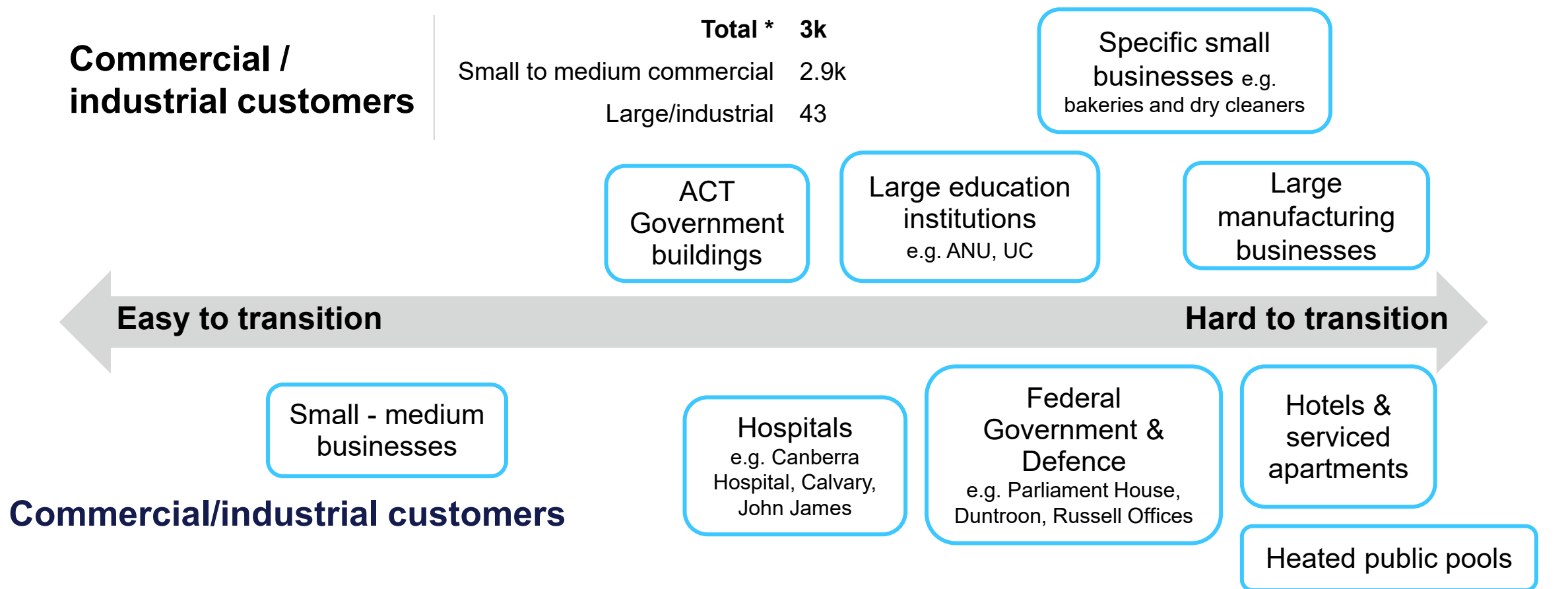
What does this mean for gas customers?

The ease of the transition will be different for each customer group



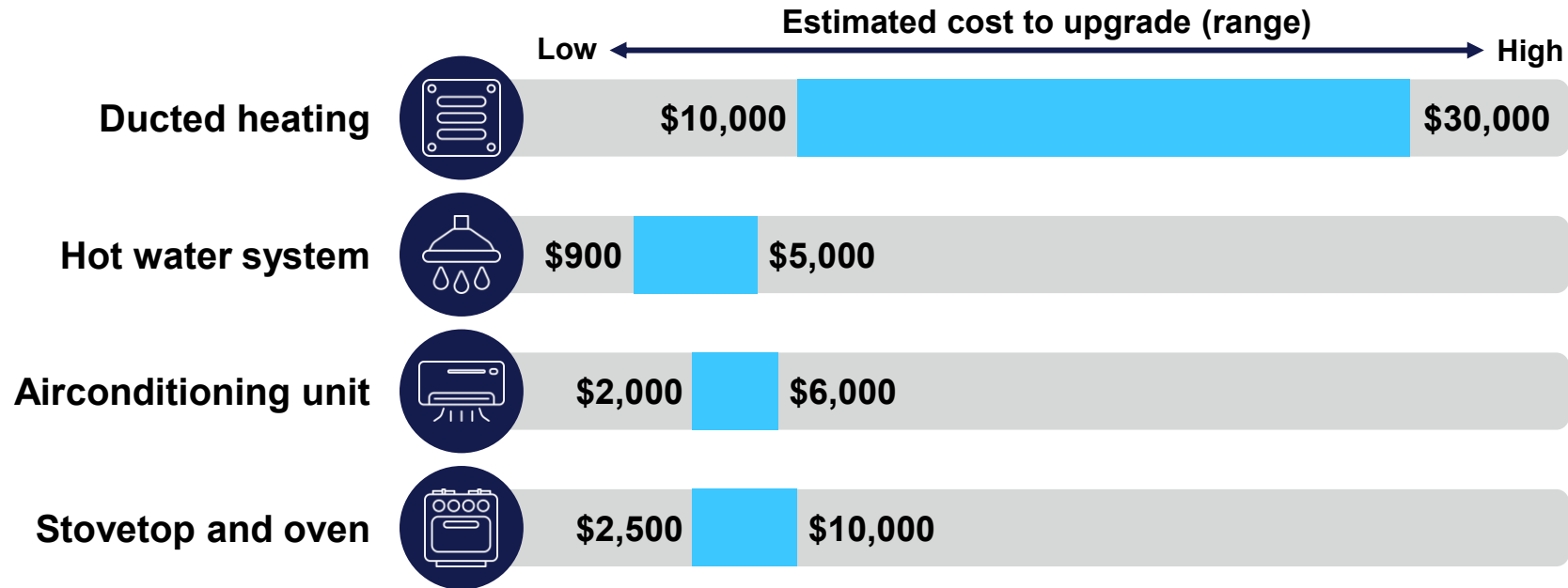
*Estimates based on 2021 Census data and Evoenergy 2022-23 data

The ease of the transition will be different for each customer group



*Estimates based on 2021 Census data and Evoenergy 2022-23 RIN data

The estimated cost of upgrading to electric appliances ranges up to \$30,000+



These costs may be partially offset by savings in energy efficiency as well as government rebates and use of solar, where applicable

Sources: ACT Government & various research reports

We undertook research to understand our customers intentions

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



Who

Demographic and household information



Appliances

Appliance mix (electricity/gas), appliance age, energy bills



Energy use

Appliance preference, factors driving choice, timing of appliance changes, awareness of government policy



In the future

Asked if, and when, they would switch appliances under different cost scenarios

Unique forecast was developed for around **1,900 households (around 8% from NSW)** who took the survey

What we learned from our research



Many reasons behind energy switching choices

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

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



Ageing gas appliances, approaching replacement

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

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



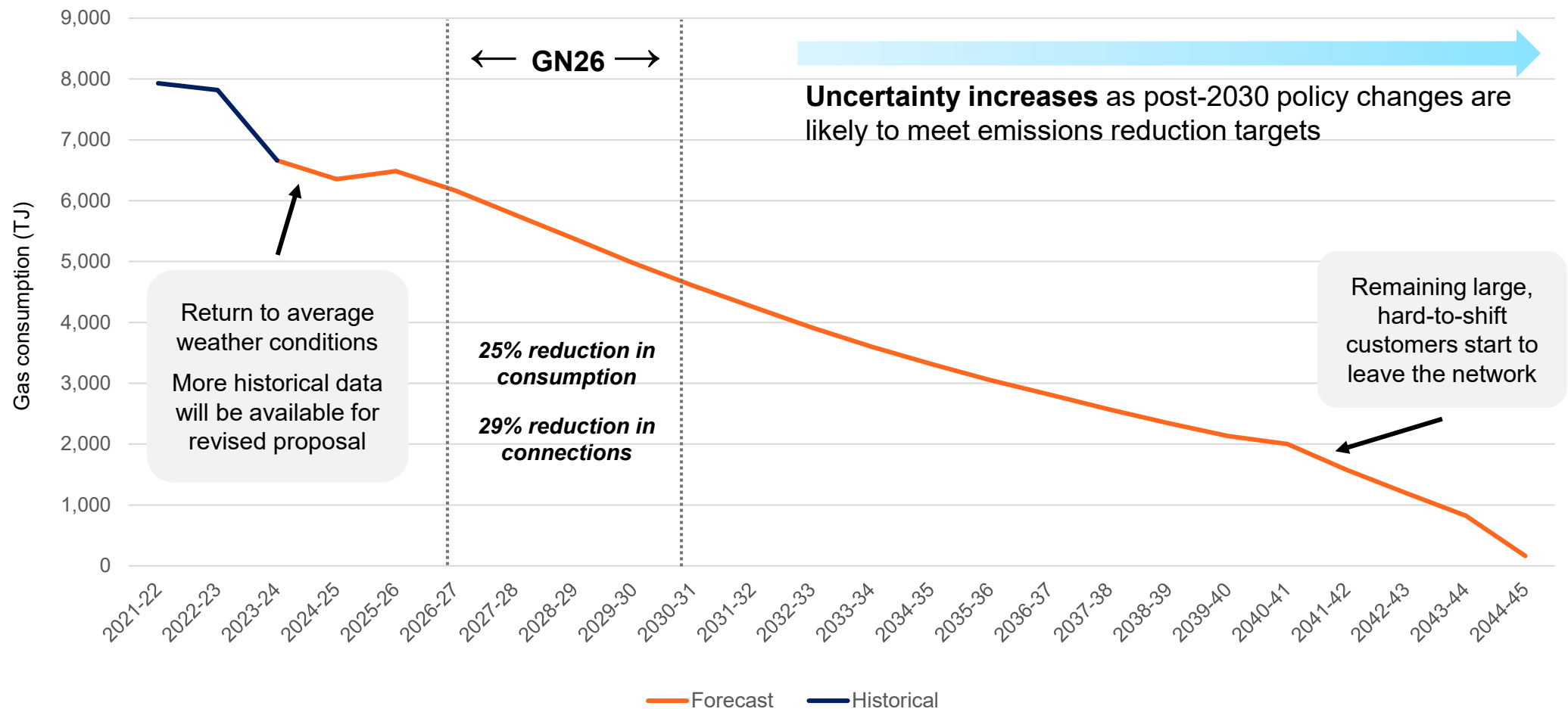
For many households, switching not sensitive to network prices

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

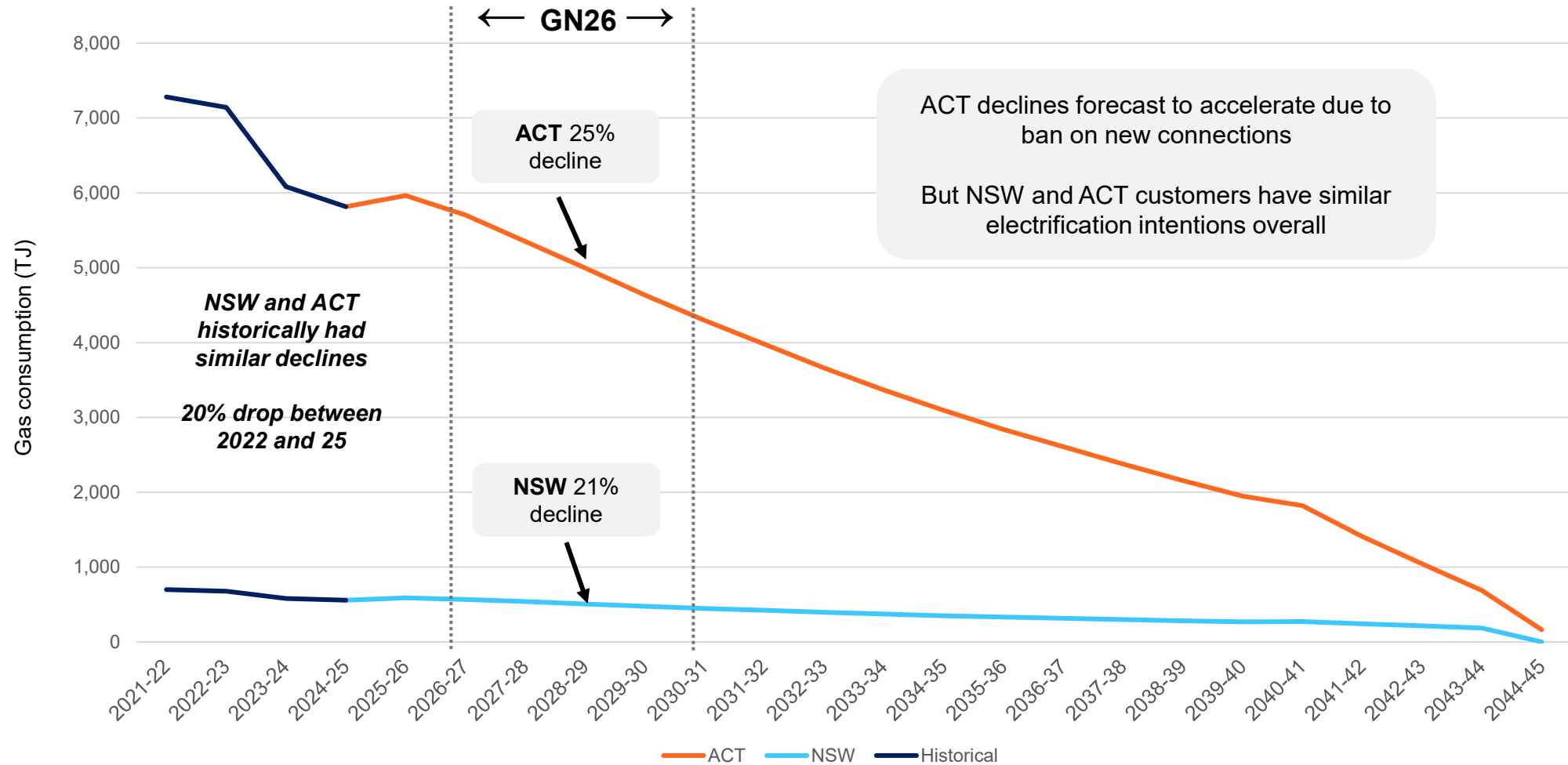
For roughly one third, the choice depends on prices

Rate of forecast disconnections for NSW customers only slightly lower than ACT customers

Proposed forecast (June 2025)



NSW and ACT forecasts



Will these changes to our operating environment impact ACT and NSW customers differently?

- What does this mean for new customers wanting to connect?
- Will Evoenergy still operate in NSW once the ACT has phased out gas?

Similar demographics between our customers in the ACT and NSW

	ACT	Gas network area of Queanbeyan- Palerang*
Population	453,890	63,304
Unemployment (at time of Census)	3.8%	3.1%
% of people working for Federal government (inc. Defence)	22.9%	18.6%
Median weekly household income	\$2,373	\$2,295**

Gas consumption trends are similar

	ACT	Gas network in Queanbeyan- Palerang*
Evoenergy gas customers (estimate 30 June 2025)	135,300	16,000
Forecast disconnections over 2026-31	45,100	5,500
Forecast decline in gas consumption over 2026-31	1,408 GJ (25%)	120 GJ (21%)
Average annual residential consumption	27 GJ	30 GJ

Connecting to the gas network

AEMC review of gas network connection charges

- Currently there is no upfront charge for most new connections
- Draft rule change requiring customers connecting to the network to pay the upfront costs of:
 - connection assets
 - network extension / augmentation
 - design, planning and administration
 - associated tax
- Final rule expected 11 December 2025

Implications for customers

- ACT Government ban prohibits most ACT customers from connecting to the network
- New NSW customers will be required to pay an upfront charge to connect to Evoenergy's gas network around \$2,200 (complex connections will cost more) from July 2026

Questions?



NSW gas customers

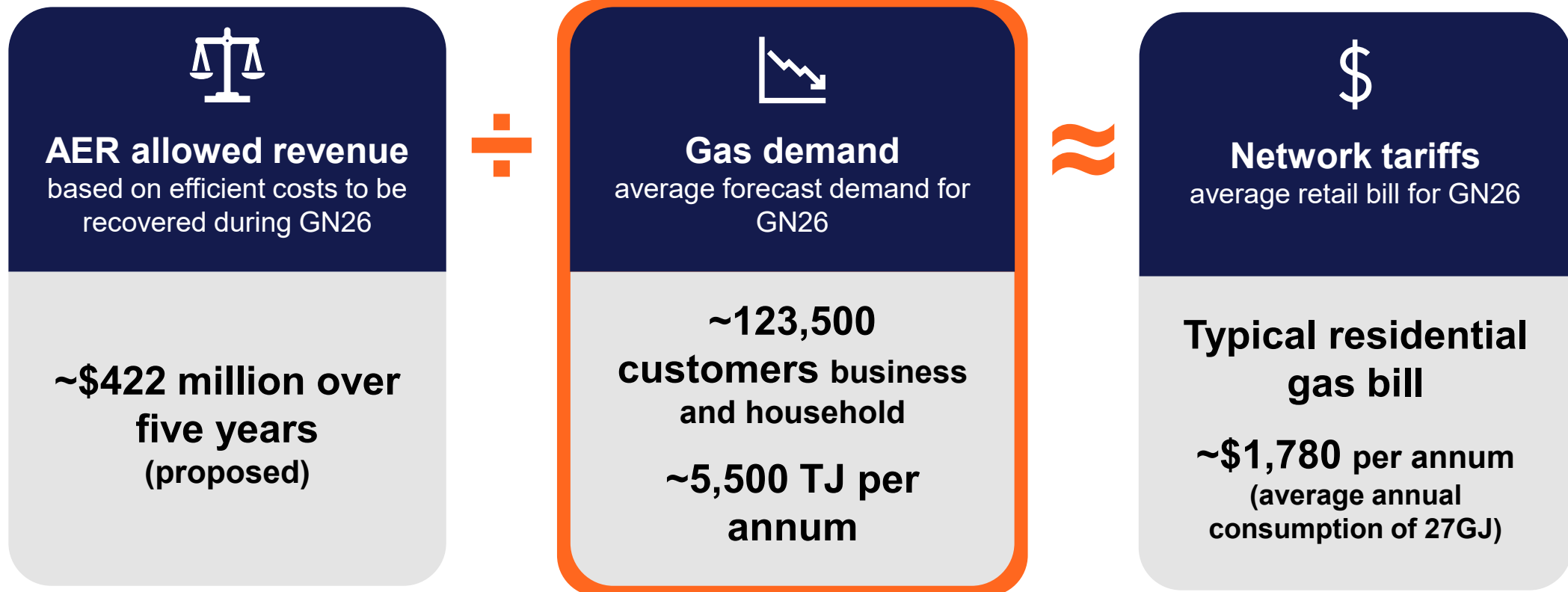
Dinner break



Future gas network funding considerations

Alexis Hardin, Economic Regulatory Manager

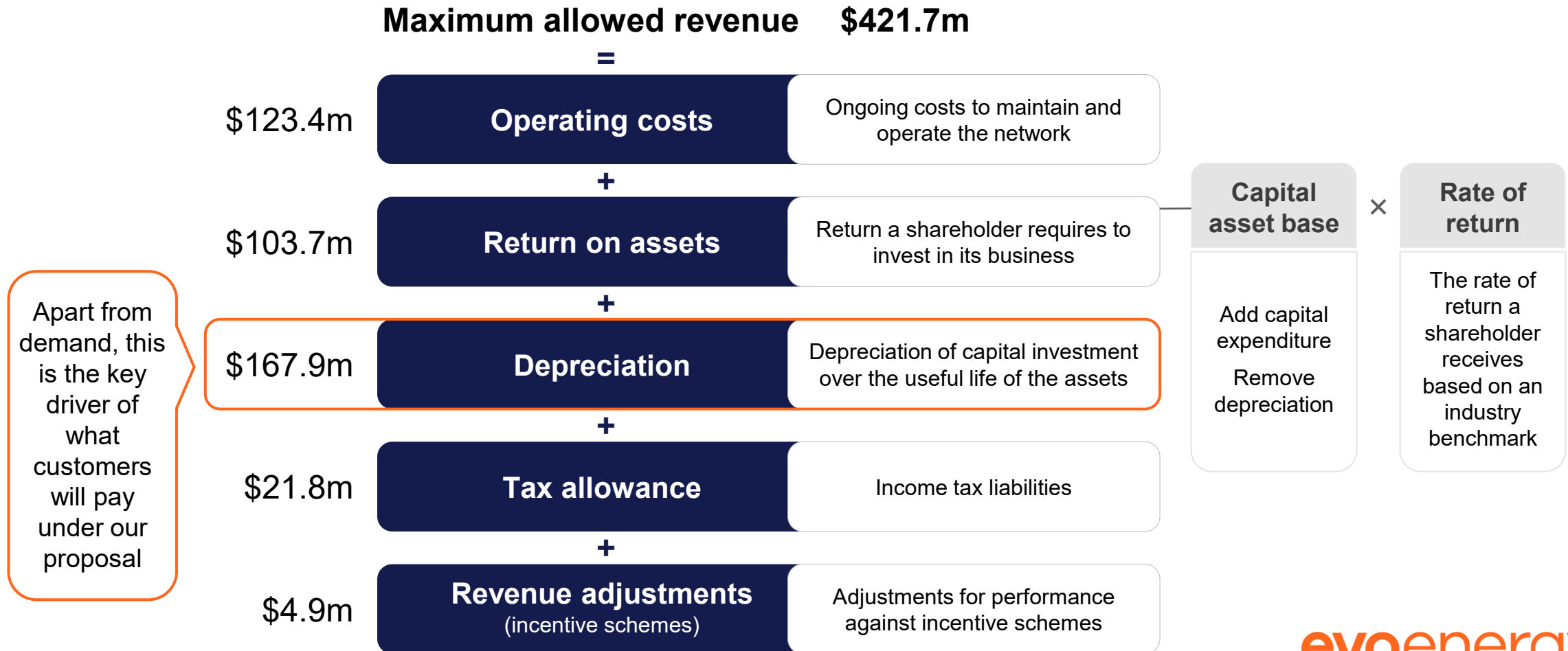
How Evoenergy's revenue is recovered from customers



Because gas network costs are largely fixed, demand has a big impact on what customers will pay

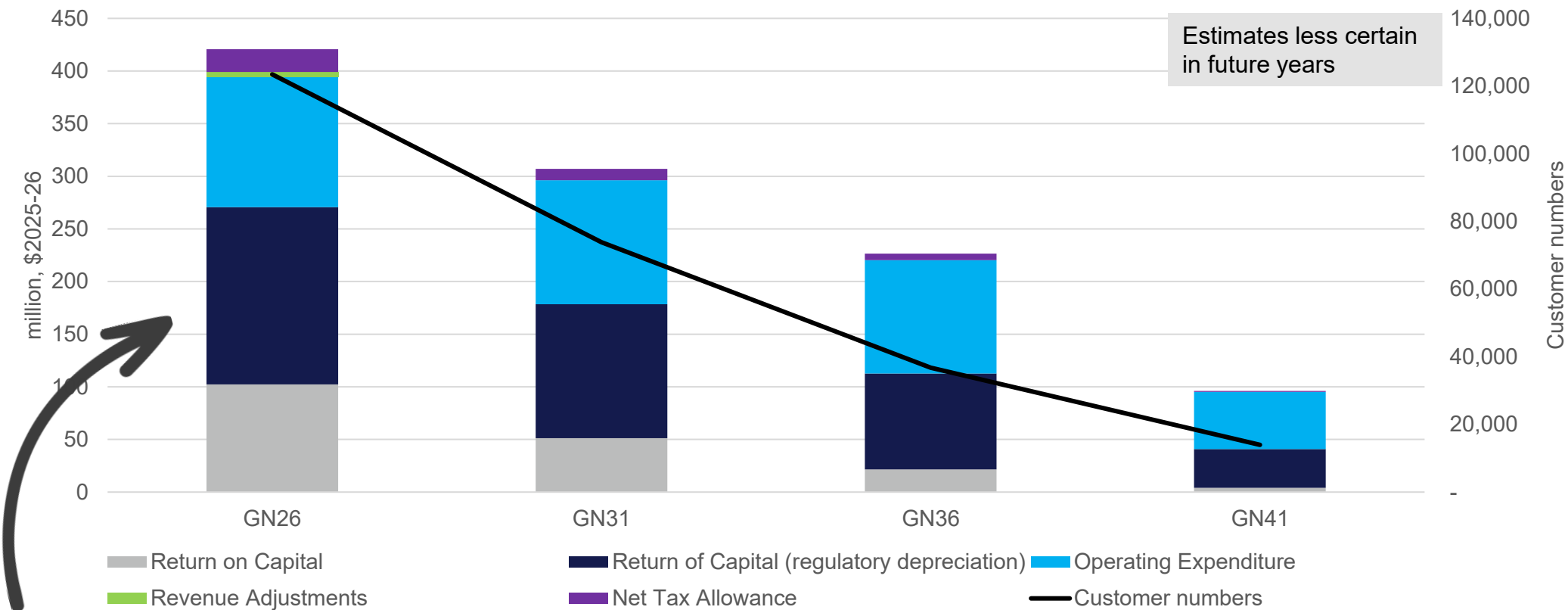
Our proposed revenue requirement is made up of:

Evoenergy's forecast revenue requirement for 2026–31 (\$real, 2025–26)



Customers and demand will decrease faster than costs

Indicative revenue requirement forecasts

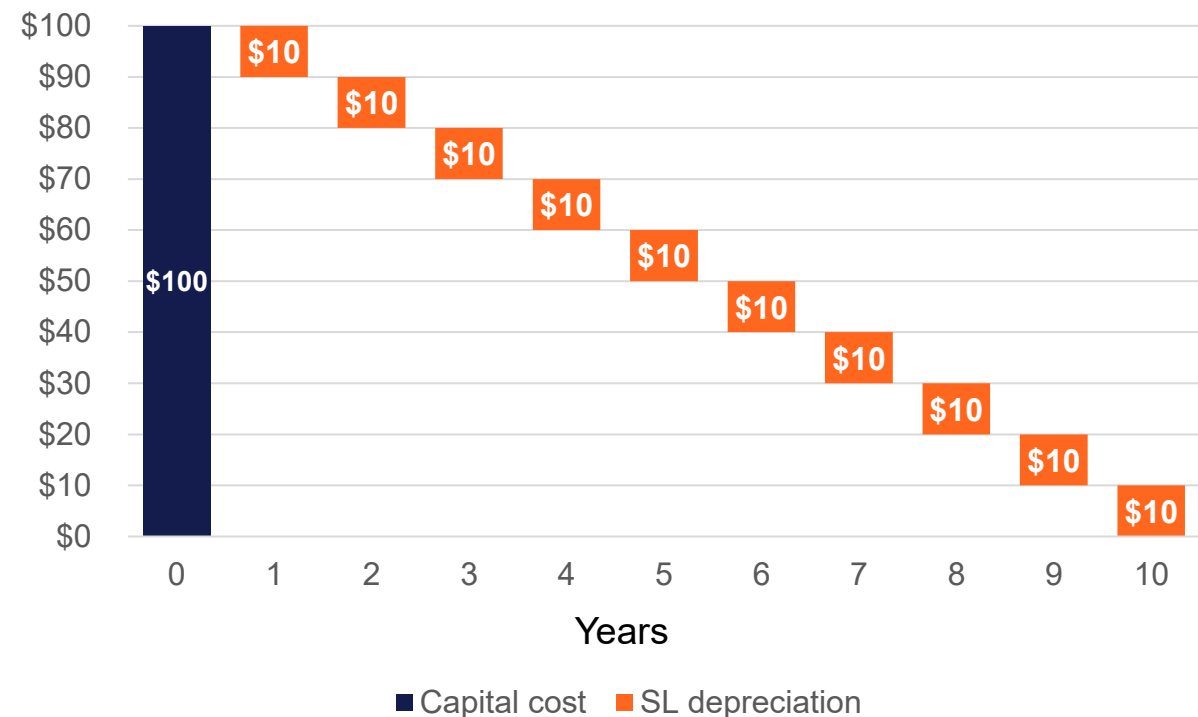


Today's focus: capital base recovery (depreciation)

What is depreciation?

- Gas network owners **invest** heavily in infrastructure, which lasts 50-80 years.
- Costs are **recovered** from customers over the asset's useful life, as per regulatory framework.
- Usually, this is done using 'straight-line' (SL) depreciation, recovering value **evenly** each year.
- There are **other ways** assets can be depreciated.

Example of straight-line depreciation



When it works well



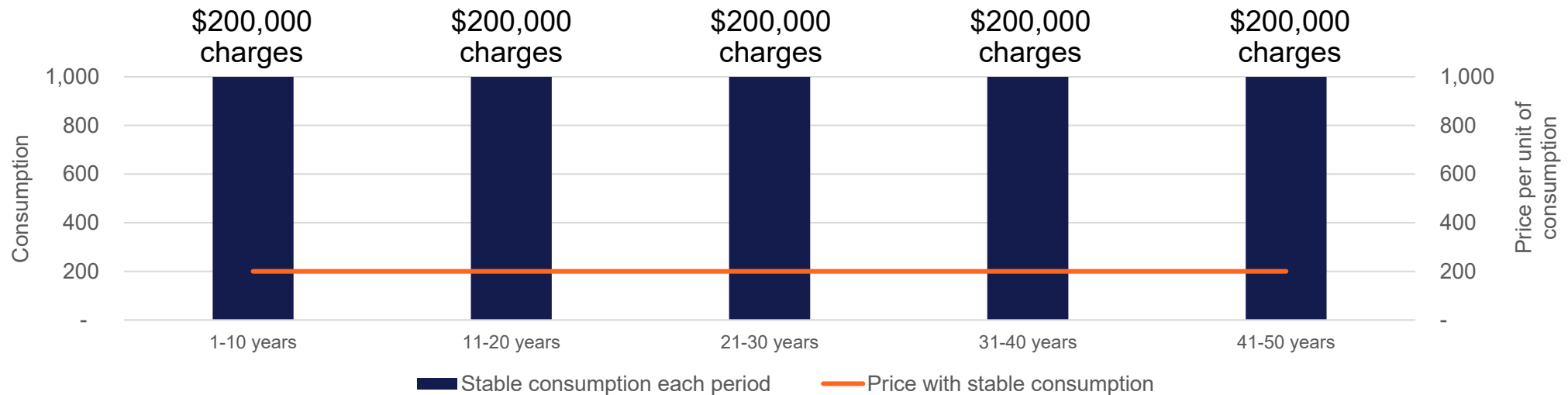
Time available is at least as long as the asset life



Demand is mostly stable

Example

A \$1 million asset with a life of 50 years:
Depreciation charge = \$20,000 per year

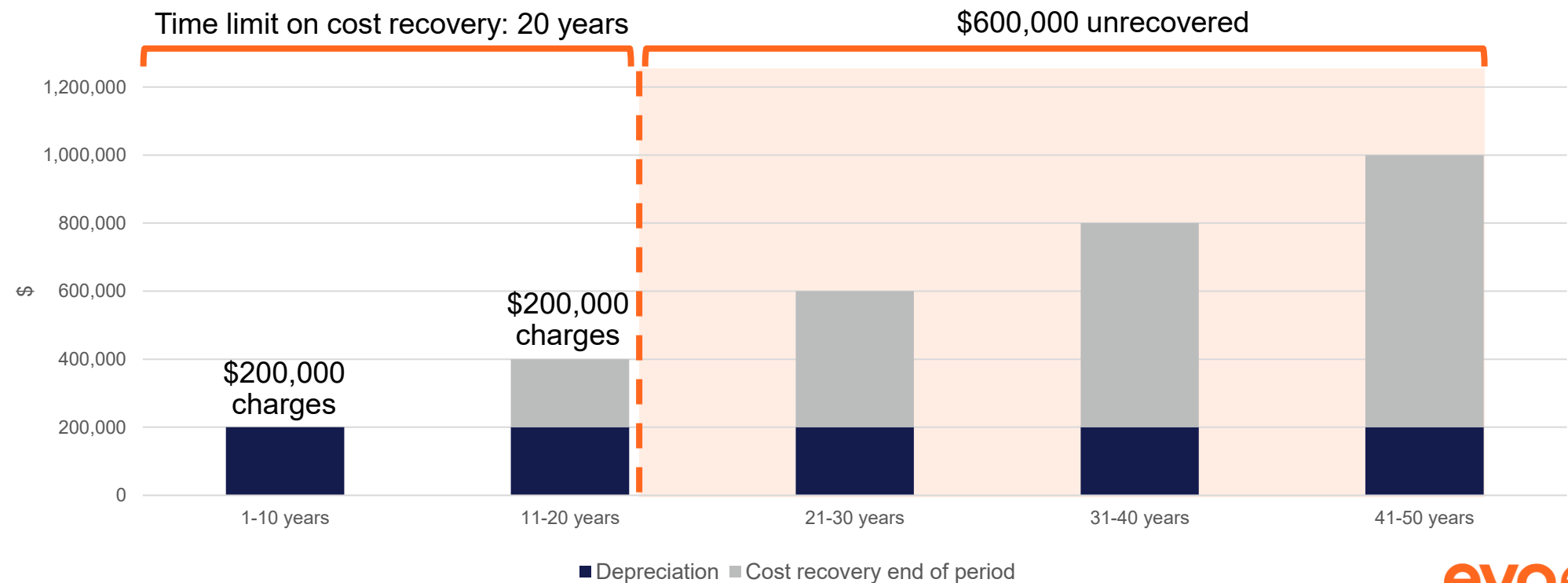


When time is limited



Prevents the full cost recovery

Example

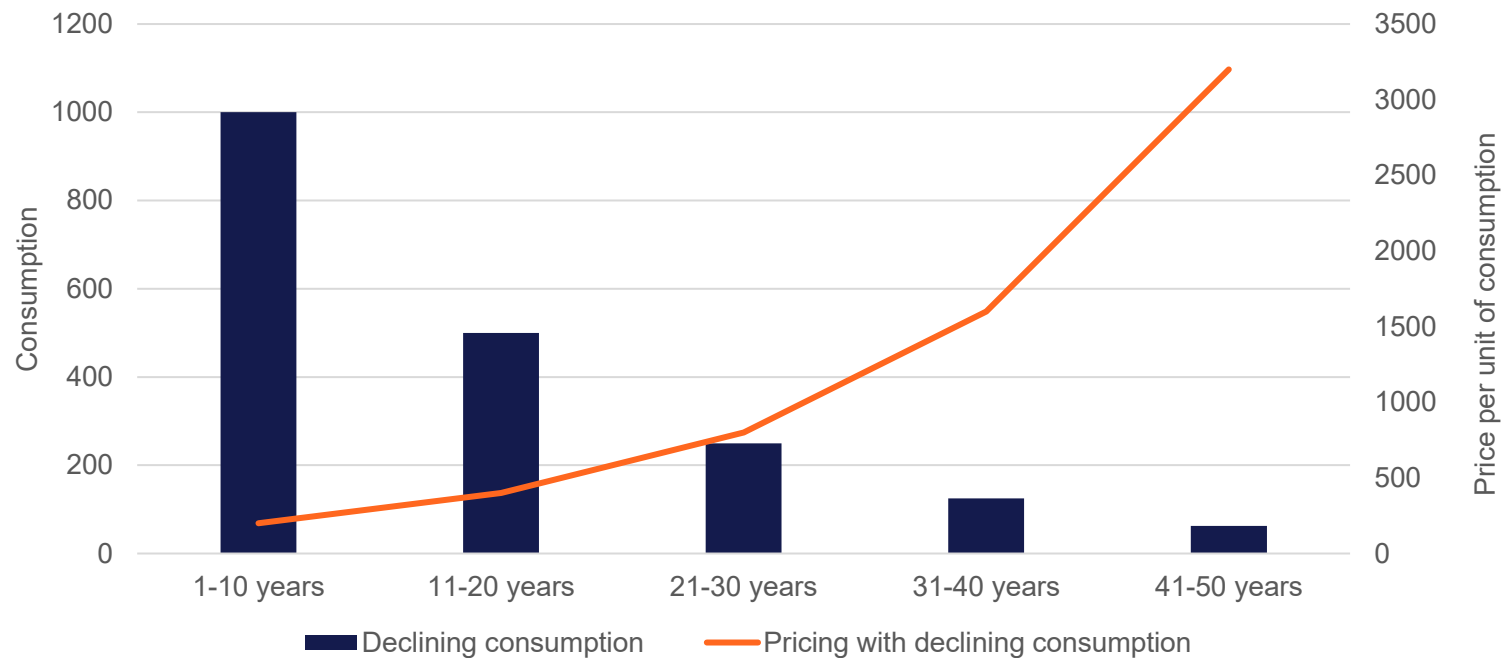


When consumption declines rapidly



Can result in significant price increases

Example



- Depreciation to be recovered each period doesn't change
- Volume of consumption we can spread cost across declines

Cost recovery with changes to depreciation

For this discussion, ***let's assume:***

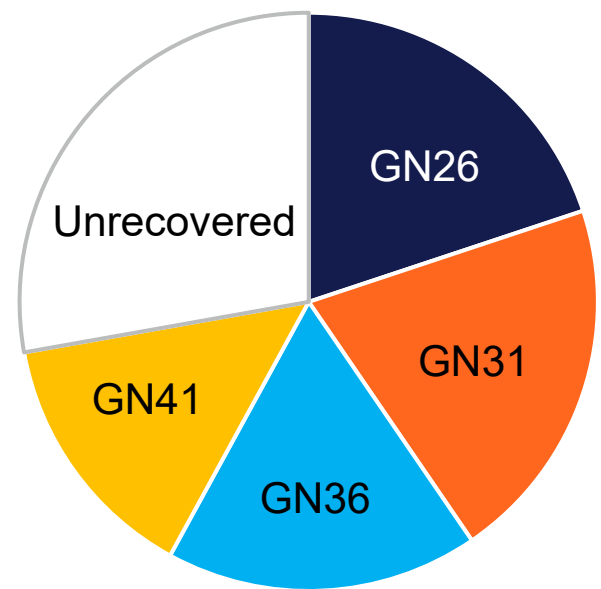
- Evoenergy will seek to **recover its total** efficient network investment
- Will be achieved through the **regulatory framework** (no alternative funding available)
- **Won't be significant change** in policy direction to electrify by 2045
- ACT and NSW treated as a single network
- Non-network component of the retail bill **held constant**

Status quo

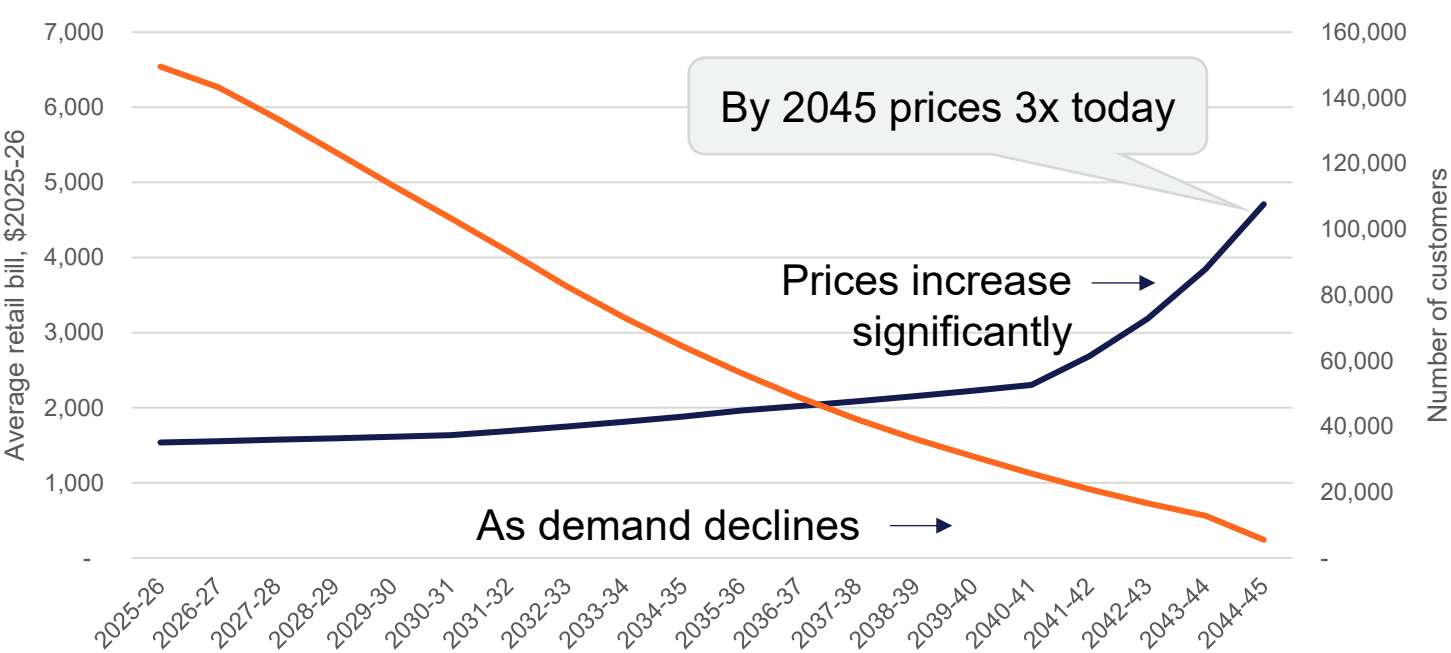
The AER currently uses **Straight-Line** depreciation with **Technical** asset lives

Asset base not recovered and prices increase. **Not a viable option.**

Share of depreciation costs



When we try to recover the same amount of depreciation over time

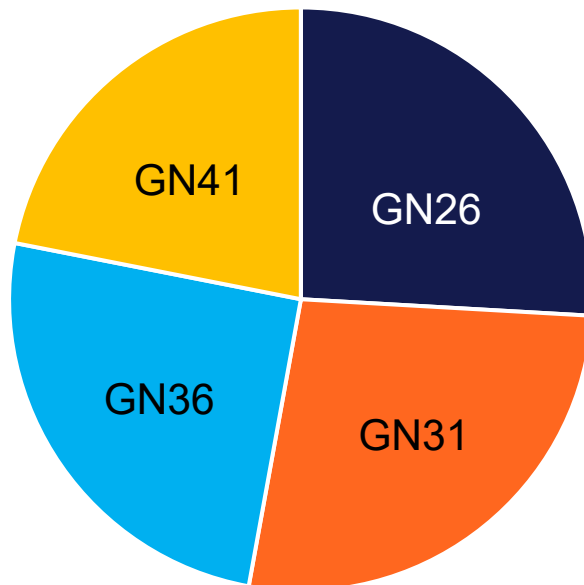


Economic lives

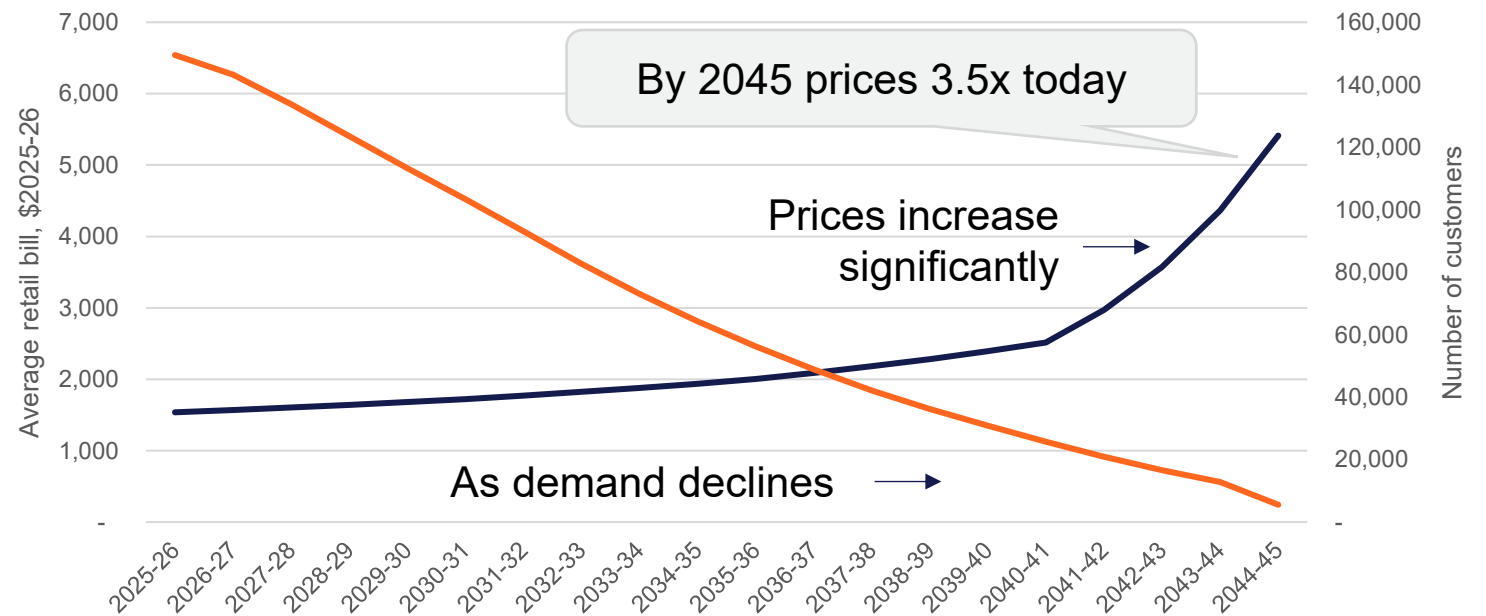
One alternative is to use of **Straight-Line** depreciation with **Economic** asset lives

Asset base is recovered but prices still increase. **Partially addresses problem.**

Share of depreciation costs



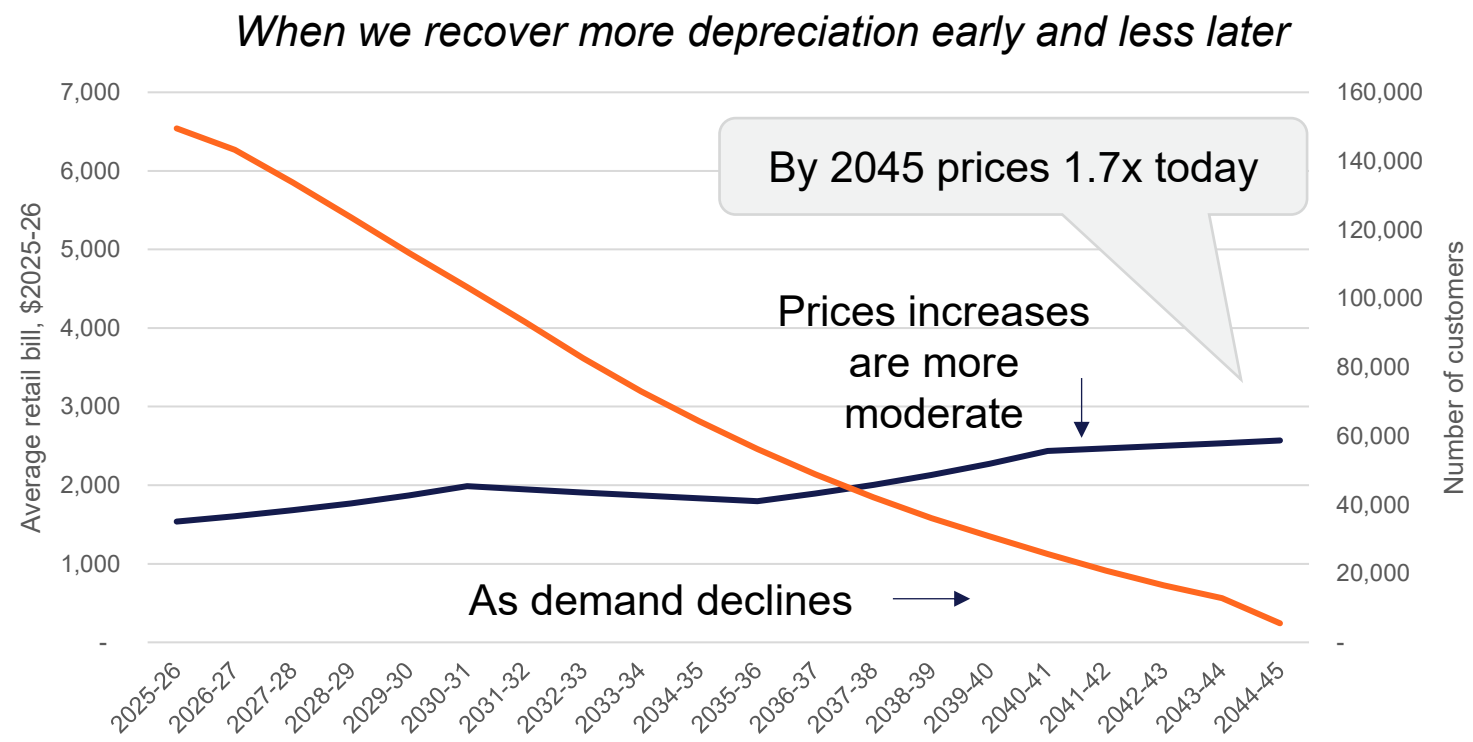
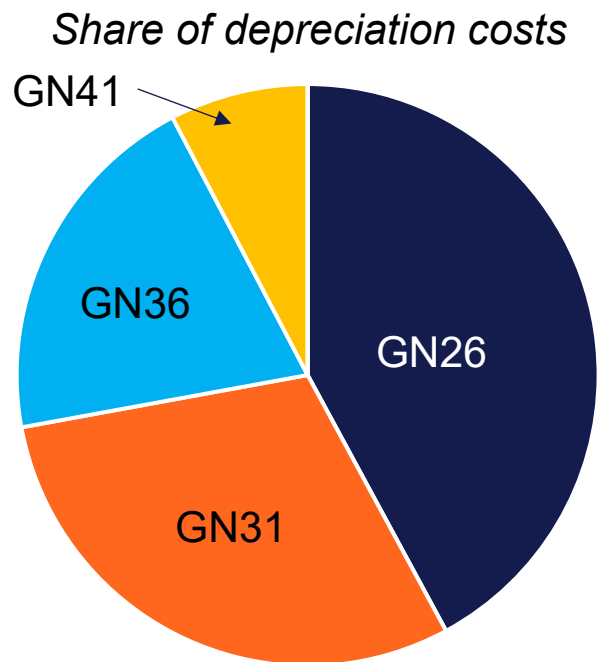
When we try to recover the same amount of depreciation over time



Accelerated depreciation

We proposed **Sum of Years Digits** depreciation with **Economic** asset lives

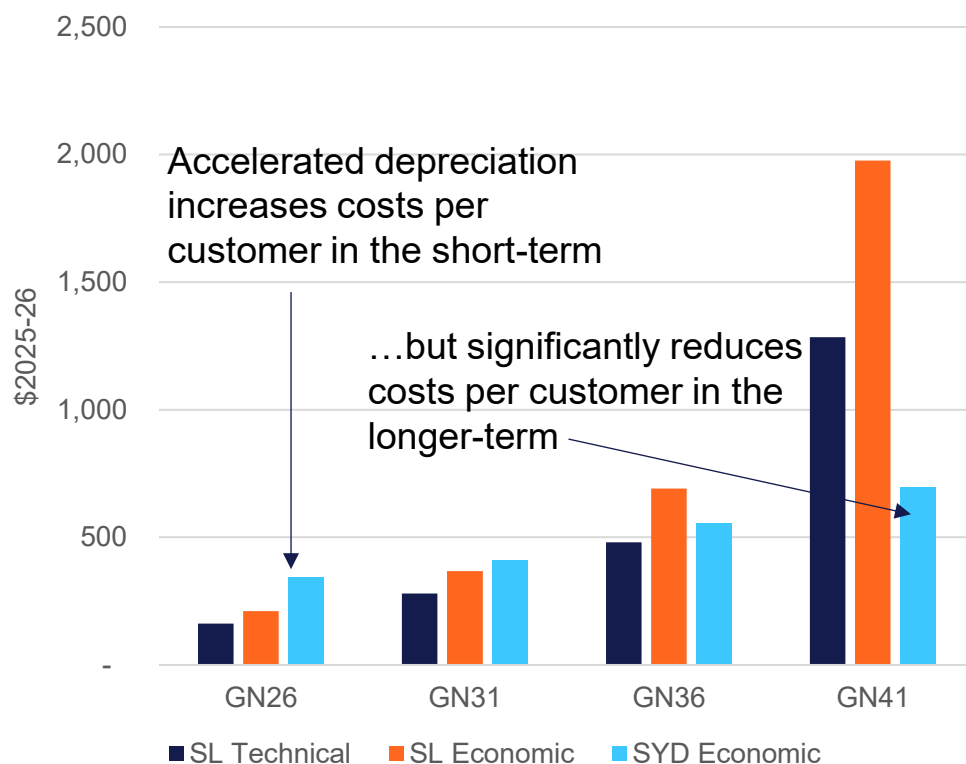
Asset base is recovered and prices increases are moderate. **More equitable recovery.**



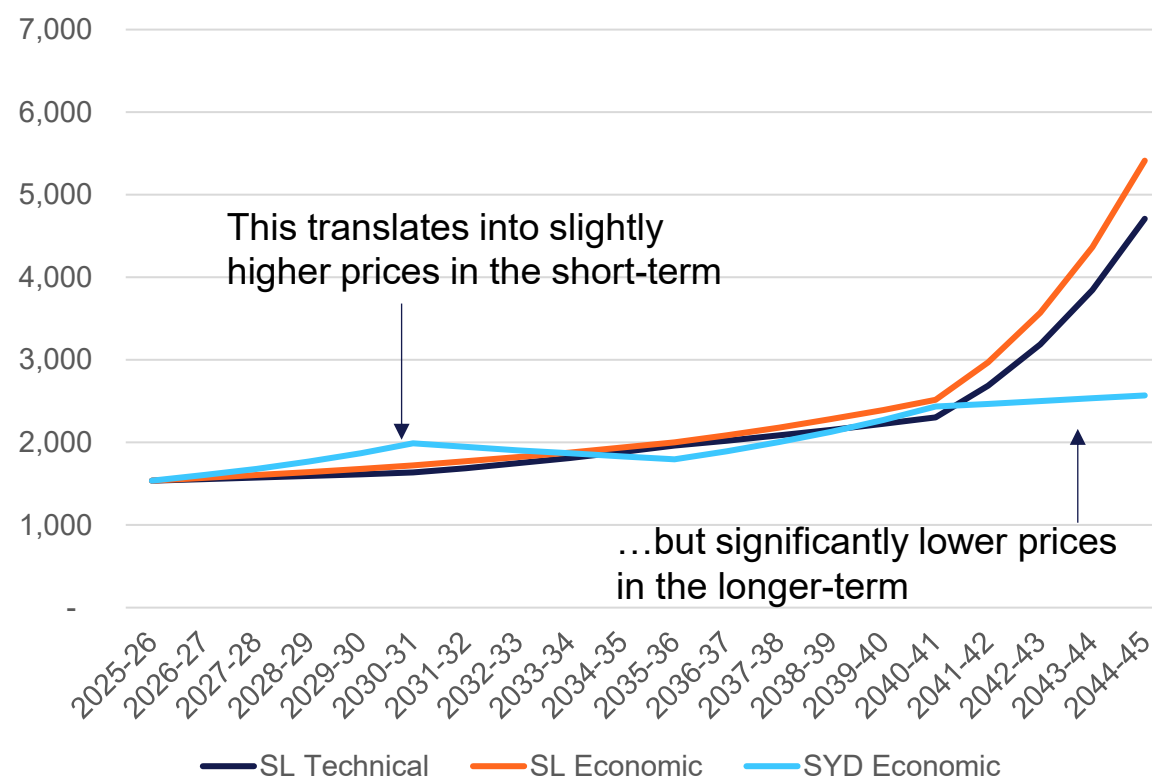
Comparing depreciation methods

Accelerated depreciation spreads cost recovery over more customers in the short-term, significantly reducing costs per customer in the longer-term

Depreciation per customer



Average annual residential retail bill



Questions?



Group activity 4:

Consider the three options alternative approaches to depreciation

In small groups discuss these questions:

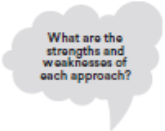
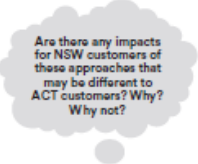
What are the strengths and weaknesses of each approach?

Are there any impacts for NSW customers of these approaches that may be different to ACT customers? Why? Why not?

What further information do you need to understand the issues and tell us what you think?

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

Working in small groups

Activity 2: Considering depreciation methods		evoenergy
Status quo Straight line depreciation with technical asset lives 	Economic lives Straight line depreciation with economic asset lives	Accelerated depreciation Sum of Years Digit depreciation with economic asset lives
		
<div>What further information do you need to understand the issues and tell us what you think?</div>		

Session review and reflection





Today's outcomes and reporting back to the community

- We will develop a snapshot of deliberations and outcomes during each session
- You will review and endorse the outcomes as a group to ensure transparent reporting on consultation and outcomes

Session 1, 10 November 2025

Session purpose

- How the NSW Customer Forum will work and get to know each other.
- Briefing on the role of Evoenergy in the energy market.
- Information on the energy transition, and what it means for the residents of NSW who are connected to gas.
- Evoenergy's gas network.
- Introduction to the asset recovery costs of decommissioning the gas network.

Attendees

- 19 forum members
- 3 observers from Australian Energy Regulator and Consumer Challenge Panel
- 8 Evoenergy staff

Presenters

- Megan Willcox, General Manager Economic Regulation
- Gillian Symmans, Group Manager Regulatory Reviews and Policy
- Alexis Hardin, Economic Regulatory Manager

Facilitator

- Helen Leayr, Communication Link

Activity 1: Icebreaker quiz - The forum answered a series of fun questions about themselves to get to know one another and practice using the program Slido.

Activity 2: Forum operating principles

Q: What behaviours and expectations do you want to guide the work of this forum?

The forum highlighted the following operating principles as important to them: listening, participation, respect, asking questions, inclusivity, considerate, confidentiality and trust, no such thing as a dumb question or answer, showing formal politeness and courtesy in behaviour or speech (civility) and knowledge building.

Activity 3: Transitioning from gas

Q: How quickly do you think you will shift your energy use from gas to electricity? - A total of 5% of members said they have *'already switched'*, 26% said they will likely switch between *'1-5years,'* 32% of members said they will likely switch at *'5+ years'* and 37% of members said they have *'no plans to switch.'*

Q: How much influence do you think ACT Government policies have on the decisions of Evoenergy's NSW gas customers? – *'A very strong influence'* was voted as the top choice followed by *'strong influence'*, *'minimal influence'* and *'with no influence at all'* receiving the least votes.

Q: Consider the new (around \$2,200) upfront charge to connect to the gas network. How do you think this will impact new customers' decision to connect to Evoenergy's gas network in NSW? – *'It will discourage some, but others will still connect'* was voted as the top choice followed closely by *'it will stop most people from connecting.'* Approximately half of members voted for each of above two options.

Activity 4: Alternative approaches to recovery of asset costs (depreciation)

Q: What are the strengths and weaknesses of each approach?

Straight-line depreciation with technical asset lives – customer impact is low as same system as now, although noted large increase for customers staying on the network, which may penalise those unable to shift. Noted it is economically unviable.

Straight-line depreciation using economic asset lives - significantly raise costs for customers, unfairly impacting low-income households who may struggle to transition early without financial support. Not considered palatable.

Sum-of-years digits depreciation with economic asset lives - spreads costs more evenly across users and reduces upfront burden for low-income customers but relies on accurate modelling to avoid unfair advantages or penalties for early or late movers.

Q: Are there any impacts for NSW customers of these approaches that may be different to ACT customers? Why? Why not?

The feedback across all depreciation options was consistent. Feedback noted that NSW customers will face higher costs, with none of the potential supports or benefits that are provided by the ACT Government. Participants also noted concerns about any future changes in Government policies that may have further impacts on NSW customers.

Q: What further information do you need to understand the issues and tell us what you think?

The forum requested additional information about gas bottles, gas and energy bill discounts, other uses for the gas network, CPI impact on the modelling done so far and incentives for local gas appliance tradies. The forum suggested more information sessions are needed for time poor customers to learn about the energy transition.

Next steps

- Update session 1 dashboard summary based on today's feedback
- Keep in touch via Slack
- Next session: 17 November 2025

What's next?

Staying in touch

- You will be **emailed a link** to join a slack conversation group
- Slack is a free app, which can be downloaded on devices or PCs
- Our forum principles and values apply for discussions, as does Slack's terms and conditions.



Next forum: Session 2

- Reflect on session 1
- Explore equity and fairness considerations of recovering network costs and potential bill impacts for different customers
- Provide feedback on Evoenergy's approach with respect to equity and fairness

**Monday 17 November 2025, 5.30-7.30pm,
Royal Hotel Queanbeyan**

Heads, hands, heart checkout



Head: Something you are thinking about

Slido.com
#2383154



Hands: Something you want to do



Heart: Something you are feeling.





Heads, hand and heart

Thank you