

Session 2

17 November 2025

Session purpose

- Recap session 1
- Explore the proposed approach to fair sharing of network costs
- Gather feedback on any particular impacts on NSW of the proposed approach
- Provide information on Evoenergy's response to demand uncertainty and understand NSW customer perspectives on this approach.

Attendees

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

Presenters

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

Facilitator

- Helen Leayr, Communication Link

Outcomes

Activity 1: Different approaches to depreciation

Q: How well does Evoenergy's approach contribute to fairness and equity for different customer types compared to the 'straight line' approach?

Many members expressed a strong view that the approach is not fair to NSW residents and noted that Evoenergy's approach comes at a risk if the assumptions are incorrect. Some felt neither approach appeared to take into account impacts on the elderly and low-income earners who may be left last on the network. Others queried if gas costs can be shared with other energy users, whether the return to investors can be reduced to offset rising costs and if Evoenergy could sell the network in ACT and NSW to continue to service the customers in the region.

Q: Will Evoenergy's proposed approach impact NSW customers differently to ACT customers? Why / why not? How?

The forum agreed that NSW residents will be impacted more than ACT residents as they don't have access to the same incentives. This impacts NSW customers who may continue to buy gas equipment that has a long lifespan. There were concerns over the impact of ACT residents leaving the network at a faster rate will have on NSW customers left to carry the financial load.

Q: Do you have any other ideas for addressing the challenge of balancing customer prices now and in the future and for different types of customers?

The forum shared the following ideas for addressing the challenge: involving the local Government, consider expanding Evoenergy's NSW footprint and providing more advice when completing new builds and renovations. More transparent information is needed now to help people plan and make active choices.

Outcomes continued...

Activity 2: Impacts of long-term and short-term demand uncertainty

Q: Do the potential impacts of long-term demand uncertainty impact your feedback on what is the most equitable approach to investment cost recovery?

The forum expressed concern that long-term demand uncertainty could lead to volatile forecasts, indecision, and faster customer drop-off, making cost recovery difficult. Members suggested mitigations include more frequent forecast reviews, incentives or revenue buffers for Evoenergy, government levies or support, and stricter cost recovery mechanisms to avoid stranded infrastructure.

Q: Consider the two approaches to adjusting prices in the short-term. What are the strengths and weaknesses of Evoenergy's proposed approach and AER's preferred approach?

Members generally see AER's approach as smoothing volatility and protecting customers through thresholds, while Evoenergy's approach offers revenue certainty but risks higher prices if transition accelerates. Concerns include unclear pricing methods, cost recovery timing, and the need for stability to prevent rapid customer exit.

Next steps

- Update session 2 dashboard summary based on today's feedback
- Keep in touch via Slack
- Next session: 9 December 2025 (optional)