evoenergy

NSW Customer Forum

Session 2

17 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.

evoenergy

Safety share

Bruce Hansen, Group Manager Gas Networks


Lovely day for
GUINNESS
@KING O'MALL
REMONDIS
DANGER-HIGH PRESSURE GAS
PHONE 11999


DANGER-HIGH PRESSURE GAS

evoenergy

Welcome

Helen Leayr, Facilitator
Communication Link

Communication Link

Ask.
Listen.
Understand.
Achieve.

Independent facilitation

Facilitation: Helen Leayr

Supporting facilitators:

Rosie Garland

Rennae Sillett

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

Technical housekeeping

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

Today's agenda

- Welcome and purpose
- Recap Session 1
- Presentation: Fair Sharing of network costs
- Feedback activities

Dinner

- Presentation: Impacts of demand uncertainty
- Feedback activities
- Wrap up session and close

NSW Customer Forum program

Session 1 10 November 2025	**Session 2** 17 November 2025	**Optional Session 3** 9 December 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	• 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 • Explore Evoenergy's response to demand uncertainty and understand NSW customer perspectives on this approach	• 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

evoenergy

Recap session 1

DRAFT NSW Customer Forum summary

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

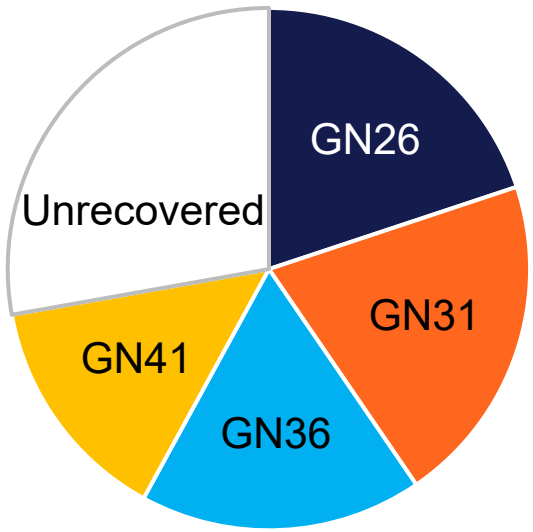
evoenergy

Recovery of network investment costs

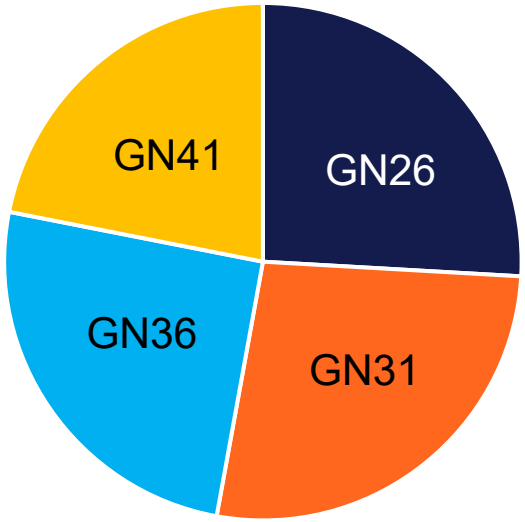
Gillian Symmans, Group Manager
Regulatory Reviews and Policy

Recap

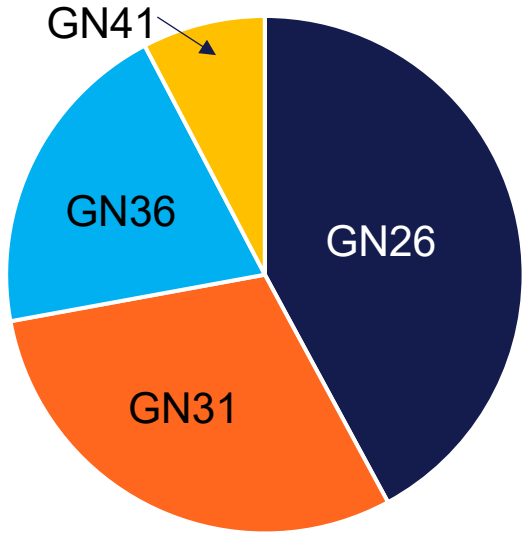
Share of depreciation cost recovery over different 5-year periods



Current AER approach:
Straight-line (SL)
Technical asset lives



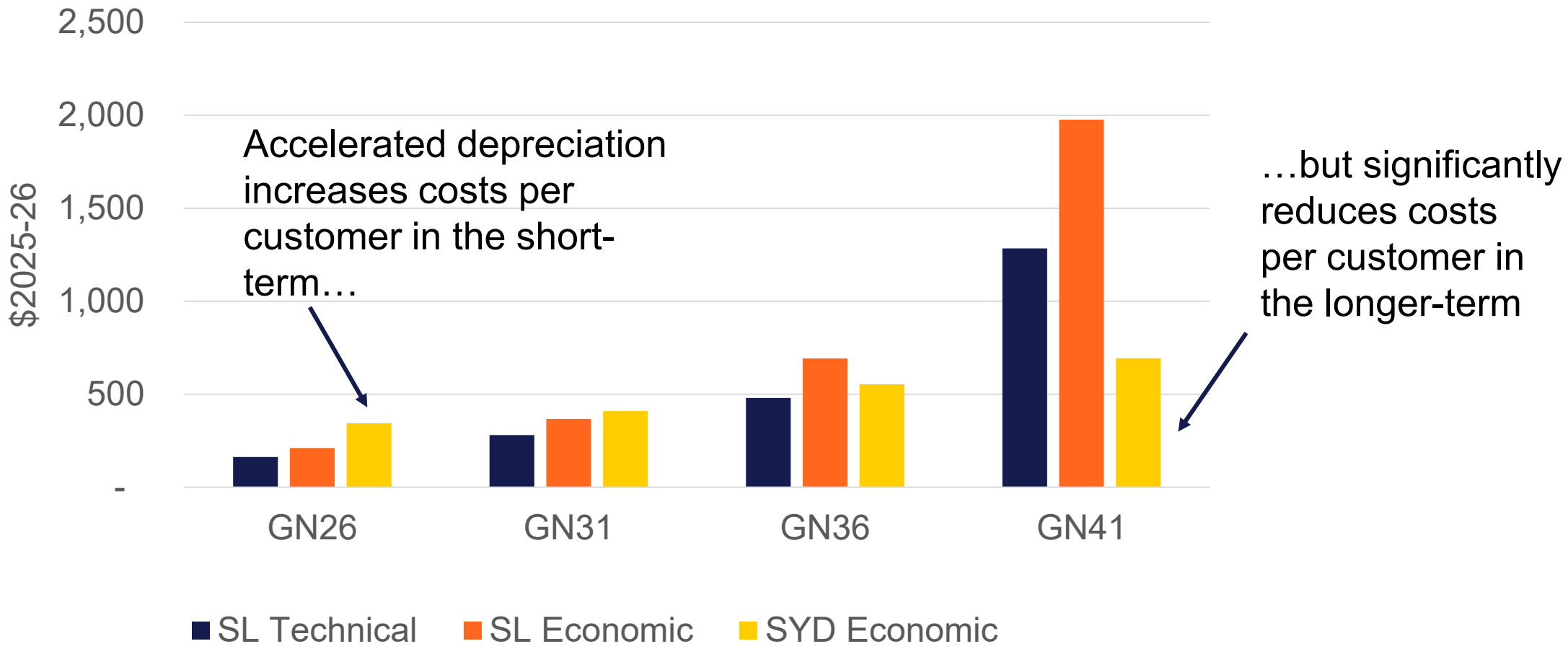
Alternative approach:
Straight-line(SL)
Economic asset lives



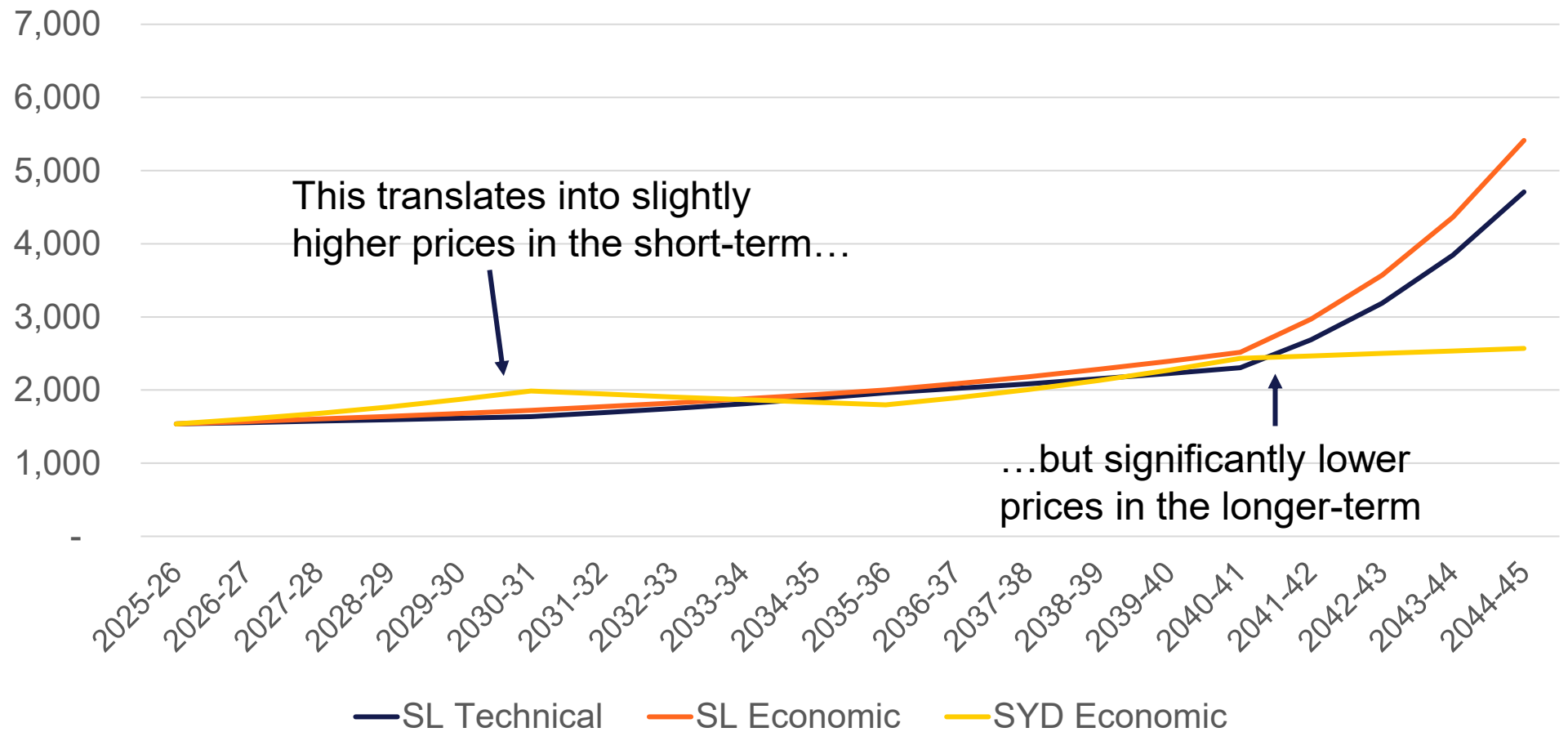
Evoenergy's proposed approach:
Sum of Years Digits (SYD) +
Economic asset lives

evoenergy

Recap: Depreciation cost per customer



Recap: Average annual residential retail bill



Your feedback on the depreciation methods

	Strengths:	Weaknesses:
Current AER approach: Straight-line (SL) Technical asset lives	Low impact on current customers	Higher costs for customers who stay, penalising those hard to shift
Alternative approach: Straight-line(SL) Economic asset lives	Nil	Significant cost increase, unfairly affecting low-income households; early transition difficult without support
Evoenergy's proposed approach: Sum of Years Digits (SYD) + Economic asset lives	Most equitable – spreads costs fairly and reduces upfront burden for low-income customers	Requires accurate assumptions to avoid unfair advantages or penalties; NSW customers risk being left behind

Consistent feedback regarding impacts on NSW customers:

- NSW customers will face higher costs without support or benefits provided in the ACT.
- Concern about future changes in Government policies that may have further impacts on NSW customers.

Questions?

evoenergy

Fair sharing of network costs

Equality

Equity

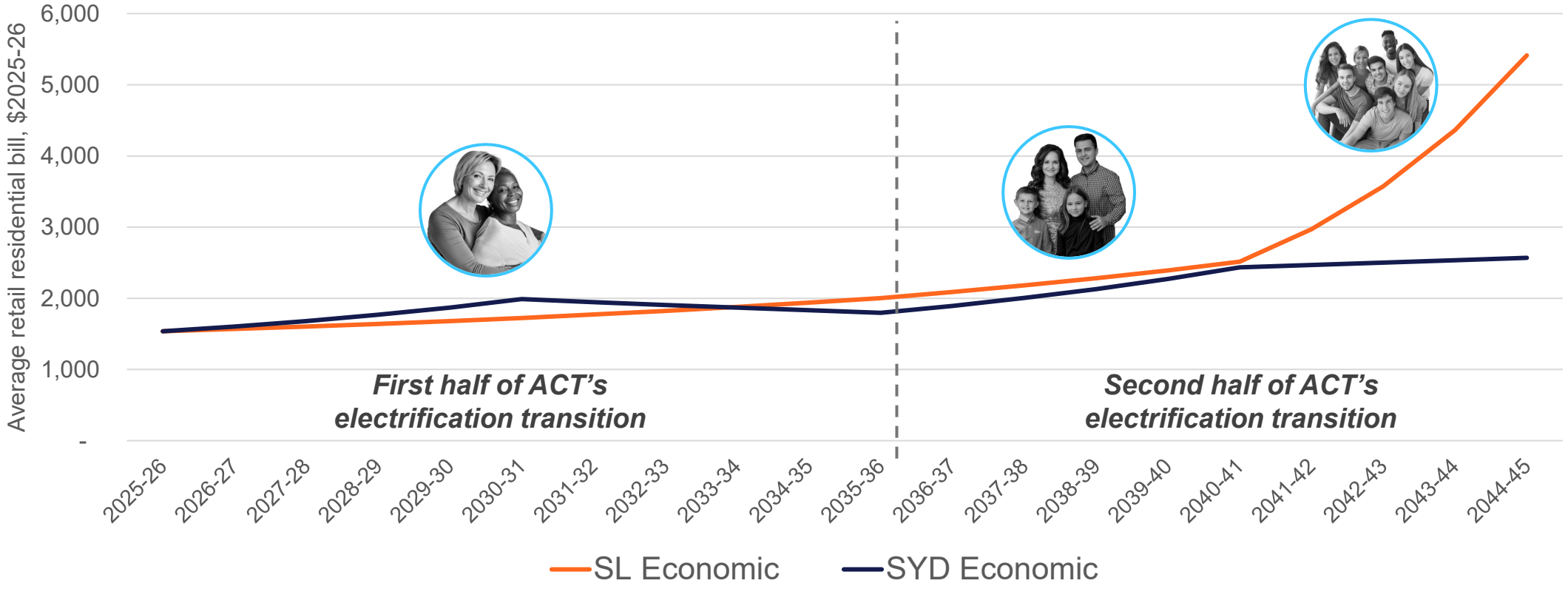
Have we got the balance right between customer prices now and in the future and for different types of customers?

Having regard to:

- ACT and NSW policy context
- Our expectation that it would not be viable to maintain a gas network for our NSW customers once ACT has phased out gas
- No options to recover costs outside the regulatory framework currently exist

What do the bill impacts of our proposed approach look like for different types of customers over the transition period?

What do the bill impacts of our proposed approach look like for different types of households in the first half and second half of the transition to net zero by 2045?



Consider the average annual contribution to gas network costs for these customers…

Susan and Prav: The ‘early adopters’

Susan and Prav are parents and senior executives. They are keen to go all-electric and will **fully electrify by 2031** (in GN26 period).

Typical owner-occupier household

27,000MJ

Annual contribution to gas network costs:

	First half of transition (2026 – 2036)	Second half of transition (2037 – 2045)
Evoenergy’s proposal	**$346**	**Fully electrified**
Straight line 2045	**$276**	

*real 2025-26 dollars

Family of four: The gradual ‘switchers’

The family will **gradually electrify** over 2036–41 (in GN36 period).

Large owner-occupier household

35,000MJ

Annual contribution to gas network costs:

	First half of transition (2026 – 2036)	Second half of transition (2037 – 2045)
Evoenergy’s proposal	**$844**	**$386**
Straight line 2045	**$767**	**$443**

Gas network costs are lower in the second half of the transition for this family as they will gradually electrify their appliances

**real 2025-26 dollars*

Student share house: The ‘stayers’

Large rental household

45,000MJ

They have high gas use and no control over when they electrify, so will **still be using gas in 2041** (GN41 period).

Annual contribution to gas network costs:

	First half of transition (2026 – 2036)	Second half of transition (2037 – 2045)
Evoenergy’s proposal	**$1,007**	**$1,672**
Straight line 2045	**$921**	**$2,733**

*real 2025-26 dollars

Summary: The impacts are different for the ‘switchers’ and the ‘stayers’

		First half of transition (2026 – 2036)		Second half of transition (2037 – 2045)	
		Proposal	**Straight line to 2045**	**Proposal**	**Straight line to 2045**
 **The ‘early adopters’**	**Susan and Prav**	$346 (25%)	$276	**Fully electrified**	
 **The gradual ‘switchers’**	**Family of four**	$844 (10%)	$767	$386 (-13%)	$443
 **The ‘stayers’**	**Student share house**	$1,007 (9%)	$921	$1,672 (-39%)	$2,733

Questions?

Group activity 1:

In small groups discuss

Consider the impacts of the different approaches to depreciation across different customer types.

1. How well does Evoenergy's approach contribute to fairness and equity for different customer types compared to the 'straight line' approach?
2. Will Evoenergy's proposed approach impact NSW customers differently to ACT customers?
    - Why / why not? How?
3. 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?

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

evoenergy

Impacts of demand uncertainty

Megan Willcox, General Manager Economic Regulation

Recap: Gas demand uncertainty

Evoenergy demand forecast from 2026 to 2045 based on

- Historical trends, weather and economic conditions (usual approach)
- Customer research on transition intentions and decision drivers (new approach)
- Current ACT/NSW policy and transition incentives and funding

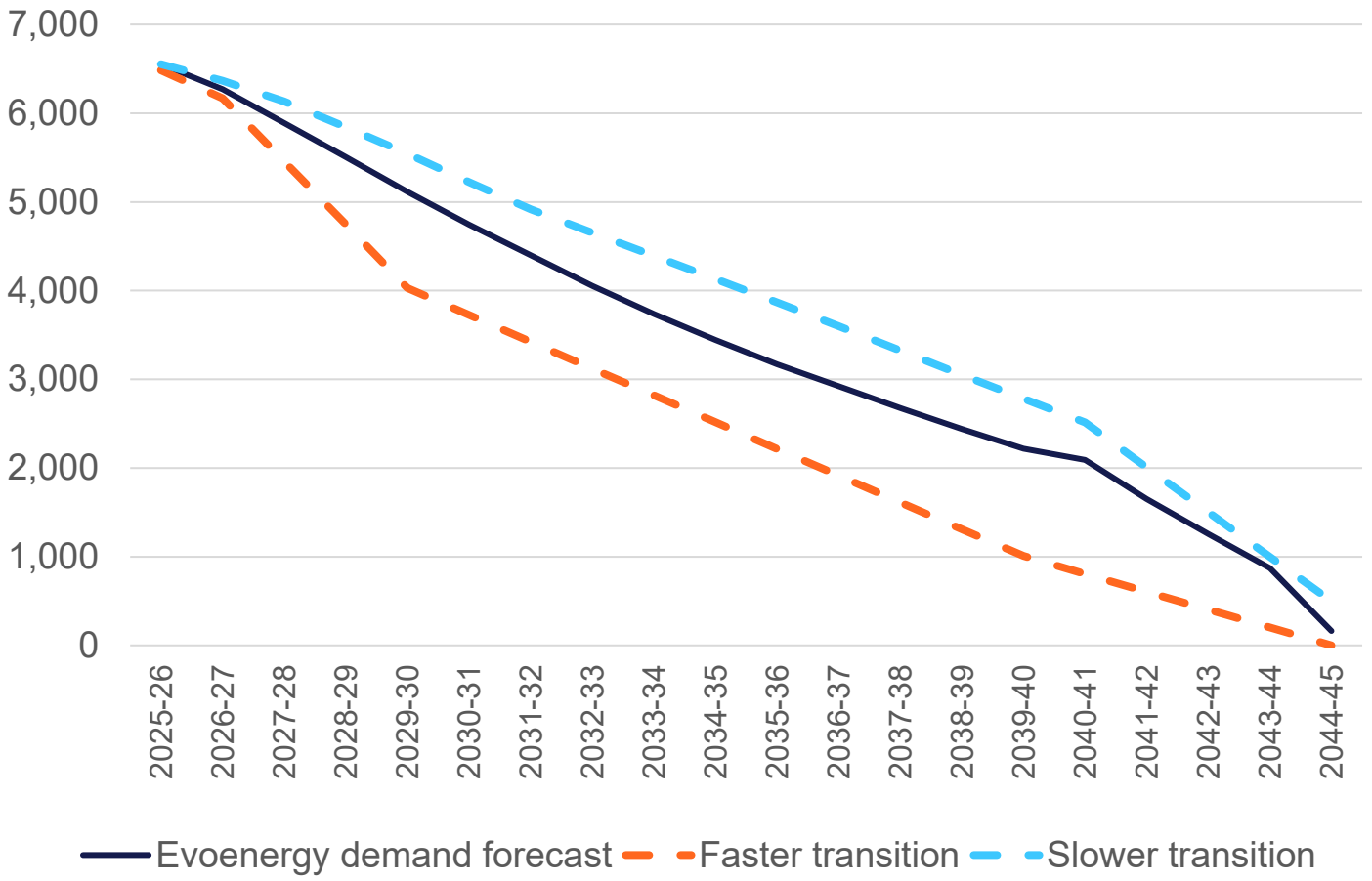
You asked: What if demand declines at a faster or slower pace than we forecast?

Today, using illustrative and simplified examples to explain:

- Long term consideration
- Shorter term considerations

Long term considerations

Forecast gas consumption, GJ



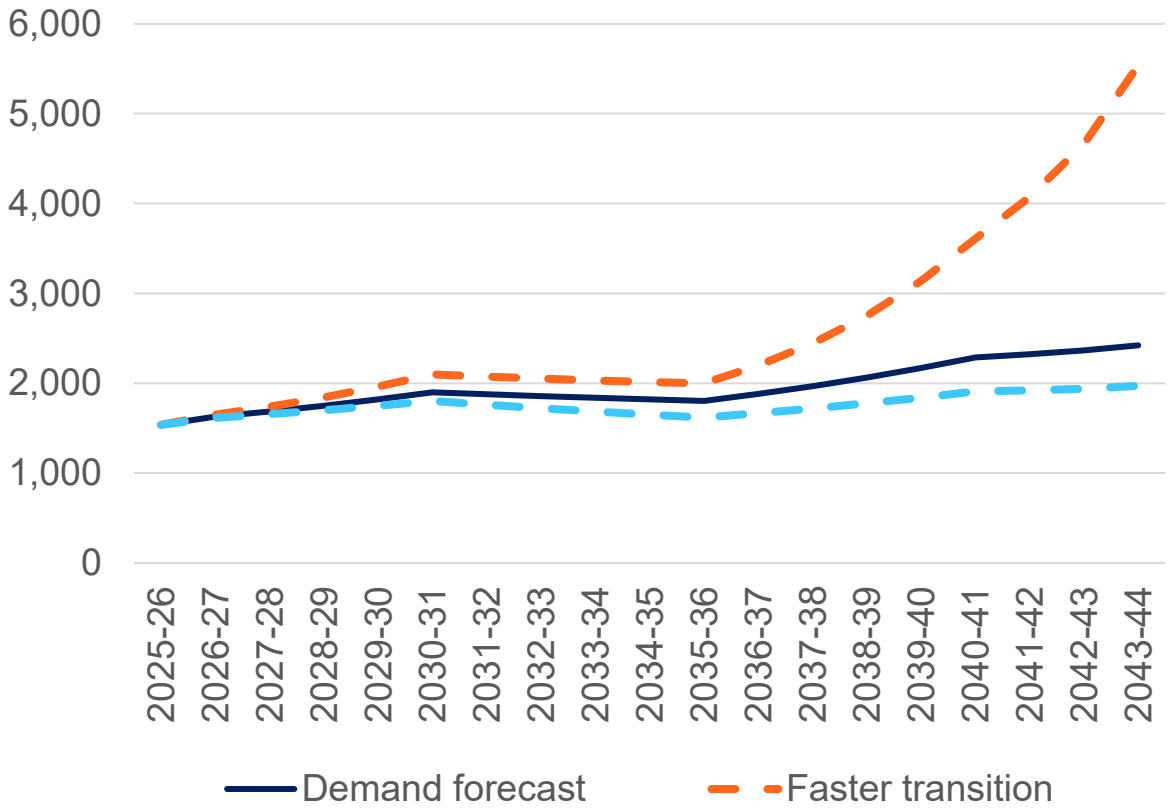
Illustrative examples:

- Evoenergy forecast demand and accelerated depreciation approach
- Slower transition – demand declines at slower rate initially and then catches up in last 5 years
- Faster transition – demand declines in line with ACTG emissions reduction targets

Long term considerations

Based on Evoenergy's proposed approach to accelerate depreciation

Forecast gas retail bill,
average residential customer (today's $)



If demand declines faster:

- Gas prices rise rapidly from 2036
- Evoenergy unlikely to recover costs ~$100m (1/4) of investment lost
- Risk to financial viability of network post 2036

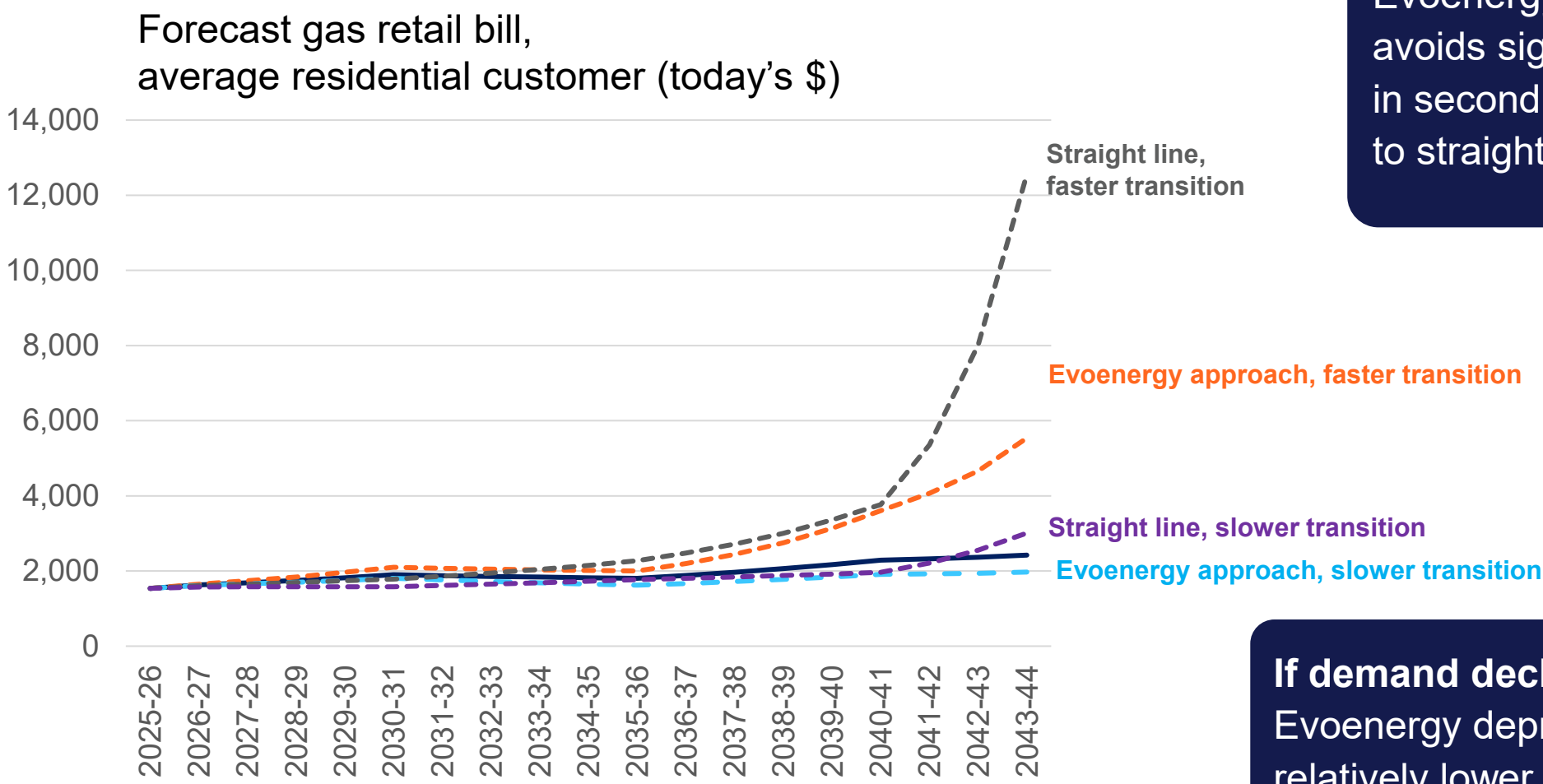
If demand declines slower:

- Gas prices are lower as costs are share among more customers for longer
- Evoenergy more likely to recover costs
- Evoenergy cannot recover more depreciation than the investment cost

evoenergy

Long term considerations

Evoenergy accelerated depreciation approach vs straight line



If demand declines faster:
Evoenergy's depreciation approach avoids significantly higher gas prices in second half of transition compared to straight line method

If demand declines slower:
Evoenergy depreciation approach leads to relatively lower prices in second half of transition compared to straight line method

Group activity 2:

In small groups discuss:

Consider the impacts of long-term demand uncertainty…

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

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

Short term considerations

With a five-year regulatory period, there are different ways to manage uncertain demand…

Evoenergy proposal

- Each year **update gas prices** for:
  - actual demand
  - updated forecast demand
- Customers only pay efficient revenue approved by AER, no more and no less
- Supported by community forum

This is called a 'revenue cap' tariff variation mechanism

AER preferred

- **Do not update gas prices** for actual demand or a new forecast
- Customers risk paying more or less than efficient costs
- Evoenergy risks receiving more or less than efficient costs

This is called a 'hybrid' tariff variation mechanism

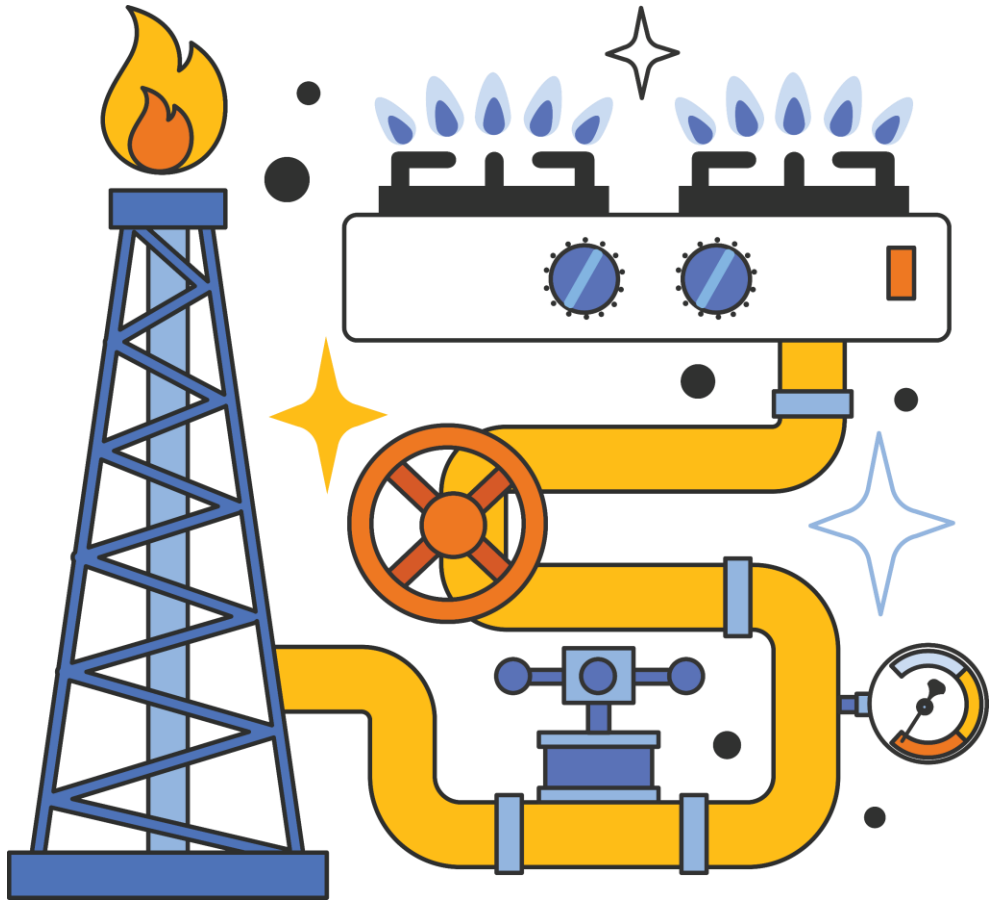
Explore with simplified illustrative examples…

evoenergy

Say, the gas network costs $100 to run – this won't change

We currently have **10 customers** connected, but demand will decrease.

This is an illustrative example.

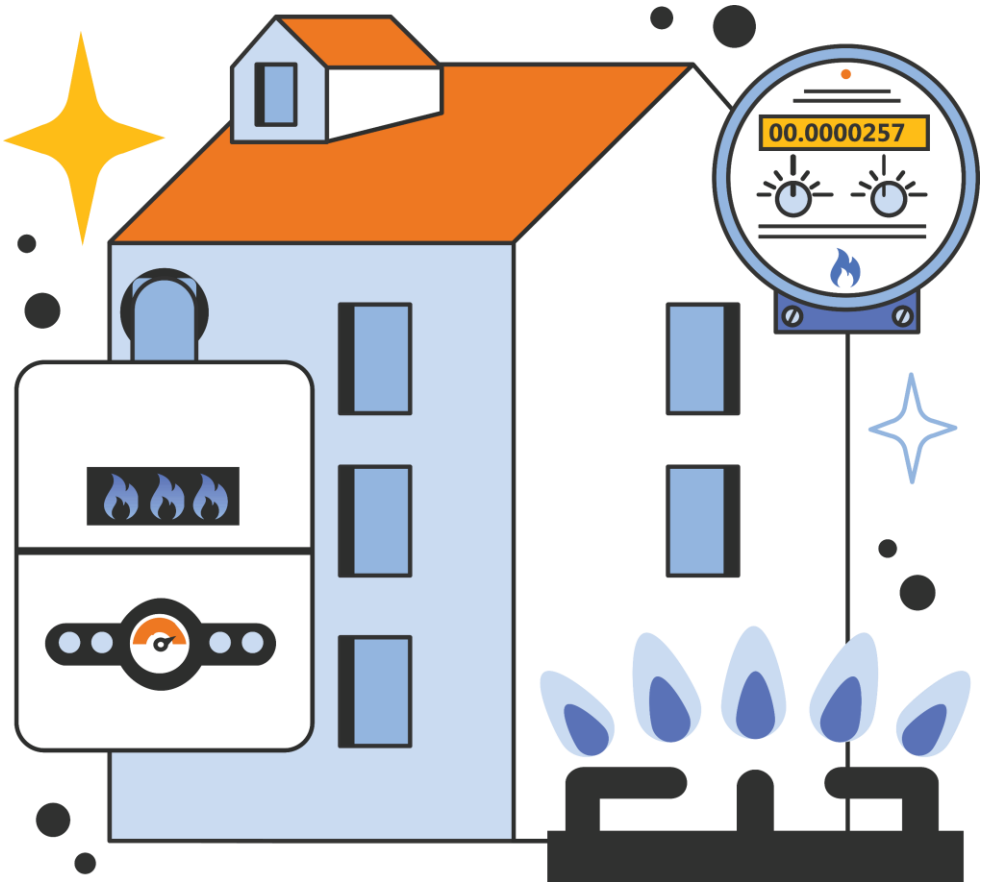


The regulator sets the forecast demand for the next 5 years

They forecast **8 customers** are connected, who expect to **pay $12.50** each

(i.e. $100 network costs / 8 customers = $12.50 each).

This is an illustrative example.



If actual demand is different to the forecast

Forecast demand 8 customers paying $12.50 each = $100 network cost

		Slower transition	Faster transition	
	Customers	**9**	**7**	
	Cost to run network	$100.00		
	Cost per customer	$11.11	$14.29	
Evoenergy's proposed approach (revenue cap)	Customer pays	$11.11	$14.29	Customers pay amount Evoenergy needs
	Evoenergy revenue	$100.00	$100.00	
AER's preferred approach (hybrid with a 5% threshold)	Customer pays	$11.67	$13.57	Customers pay more or less than Evoenergy needs
	Evoenergy revenue	$105.00	$95.00	

This is an illustrative worked example.

Group activity 3:

In small groups discuss these questions:

Consider the impacts of short-term demand uncertainty…

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

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

evoenergy

Reflection and discussion

What’s next?

Next forum: Session 3 (Optional)

- Hear about the AER's draft decision on Evoenergy's proposal
- Consider and explore options for Evonergy's response
- Hear ACT community feedback and add the NSW perspective

Tuesday 9 December 2025, 5.00-8.00pm, East Hotel Kingston

Heads, hands, heart checkout

Head: Something you are thinking about

Hands: Something you want to do

Heart: Something you are feeling.

Slido.com
#2383154

slido

Please download and install the Slido app on your phones or computers

Heads, hand and heart

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

evoenergy

Thank you