evoenergy

Evoenergy's five-year gas plan 2026–31: overview

Access arrangement information

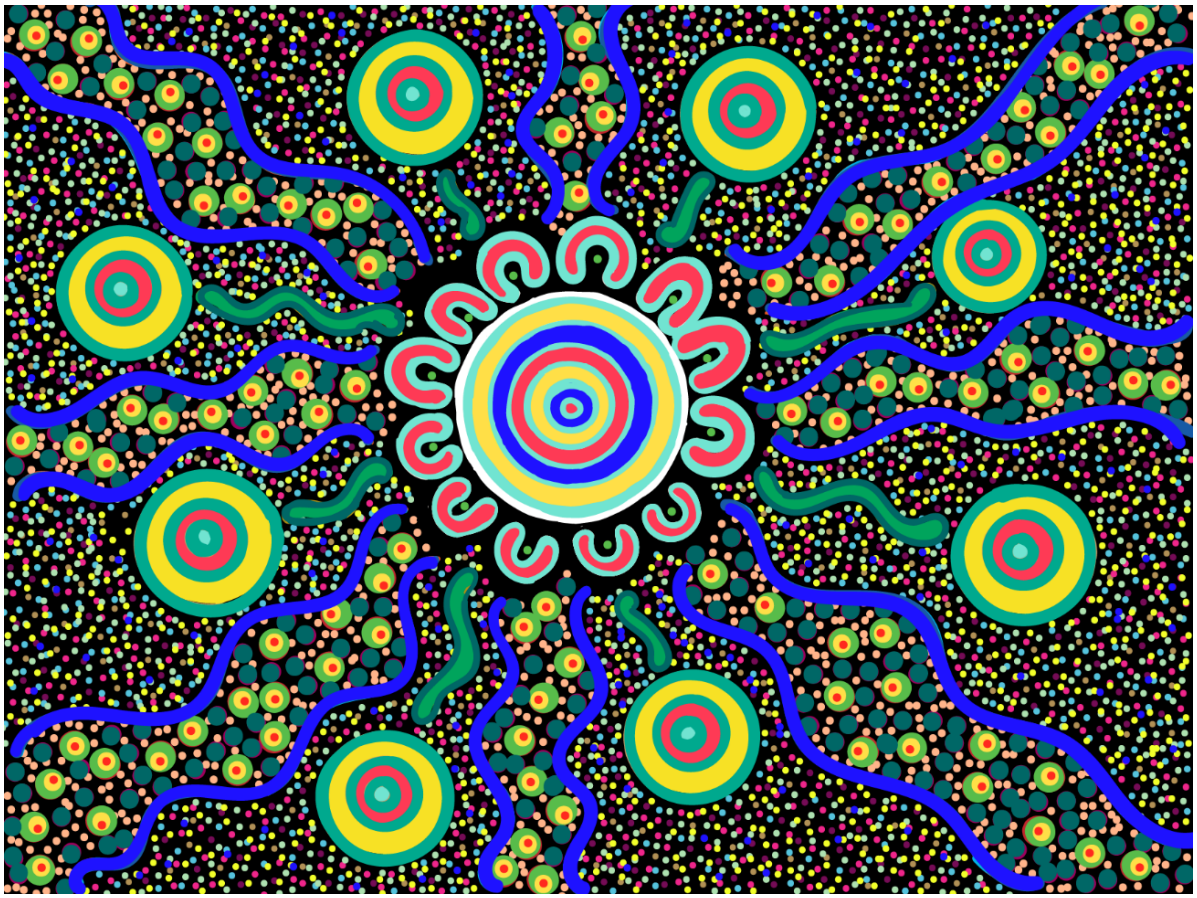
ACT and Queanbeyan-Palerang gas network access arrangement 2026–31

Submission to the Australian Energy Regulator

June 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.

Foreword

The ACT's transition to full electrification is unprecedented nationally. As the region's gas and electricity network provider, we are at the forefront of this change and play an important role as the region works towards the ACT's target of net zero emissions by 2045. In partnership with our community, we must respond to the technical, social and economic challenges this presents. A smooth and equitable energy transition requires, to the extent possible, a planned shift away from gas, a future-ready electricity network, and early, proactive measures to facilitate fair sharing of costs across customers.

Over the past 18 months, we have consulted extensively with our community and other stakeholders in the preparation of this gas plan for the period 2026–2031, a critical time in the region's electrification journey. Through a wide range of forums, we heard that a priority for our community is that Evoenergy does its part in enabling an equitable path to 2045 for all customers, particularly those with limited choices in when and how they move off gas.

In response to this feedback, our five-year plan seeks to share network costs equitably, avoiding disproportional impacts on customers who are least able to transition early. This customer cohort may include those facing financial hardship, renters, residents in multi-occupant dwellings and businesses that rely heavily on gas with no alternative technical solution. Our plan emphasises the need for early action to ensure costs are shared across a larger customer base to help manage the price impacts on those unable to transition early.

Our plan includes sharing the costs associated with network investment made over the past four decades. This investment ensured the provision of safe and reliable gas services to the growing region and was projected to be recovered over the expected life of this infrastructure. Taking early action to recover past investments means that we can continue to provide safe and reliable gas services for those remaining on the gas network,

We are committed to providing a transparent, long-term view of the price impacts of the energy transition to enable gas customers to make their own 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.

Safety, reliability and efficiency remain central priorities for Evoenergy as we progress the ACT's energy transition, both for customers disconnecting from, and those remaining on, the gas network. As the network contracts we will not spend any more than is required to maintain safe and reliable services to remaining customers.

We know that the bill impacts of our gas plan will be challenging for some customers, especially in the face of current cost of living pressures. It is imperative that we make informed, future-focused decisions now to enable long-term equitable outcomes for our community as we work towards a zero emissions future.

Thank you for your interest in the ACT region's energy transition.

John Knox

Chief Executive Officer

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Our five-year gas plan lays the foundation for an equitable transition to a net zero emissions future

The decline in gas use over this period will deliver over $340m in emissions reduction benefits to the community

As the region's gas network owner, Evoenergy is at the forefront of the ACT's plans to fully electrify.

2045
ACT net zero emissions target with interim targets in 2025, 2030 and 2040

20%
Approximate ACT emissions that come from gas

39%
ACT homeowners planning to cancel gas supply within 5 years *(Energy Consumers Australia)*

24%
Forecast decline in gas use over 2026–31

40,000
Estimated Evoenergy gas customers exiting the network over 2026–31

Our gas plan reflects our community expectations for Evoenergy to:

- Enable an equitable transition path to 2045
- Manage bill impacts for low-and middle-income households
- Maintain a safe and reliable network
- Charge no more than needed
- Align with emissions reduction policy

Use best available demand forecast that reflects customer transition

Accelerate depreciation for a more equitable transition for all customers by 2045

Significantly reduce expenditure from the current 5-year period

Revenue cap means customers pay only efficient costs

Manage safety through targeted permanent disconnections and user-pays approach

Gradually flatten tariffs to support emissions policy and manage bill impacts for small customers

What our plan means for gas bills

Our plan would result in a **4% average annual increase** to retail gas bills over the period (about $67 for an average household) and will enable more equitable outcomes over the long term.

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1. Introduction

Every five years, Evoenergy is required to submit an access arrangement (access arrangement) revision proposal to the Australian Energy Regulator (AER) that details the proposed services, network investments, revenue and prices required to deliver gas distribution services for the next regulatory period. This includes our proposed access arrangement, which is the document that sets out the services and the terms and conditions of those services.

This document provides an overview of Evoenergy's access arrangement revision proposal for the 2026–31 period, also known as Evoenergy's 2026–31 five-year gas plan.

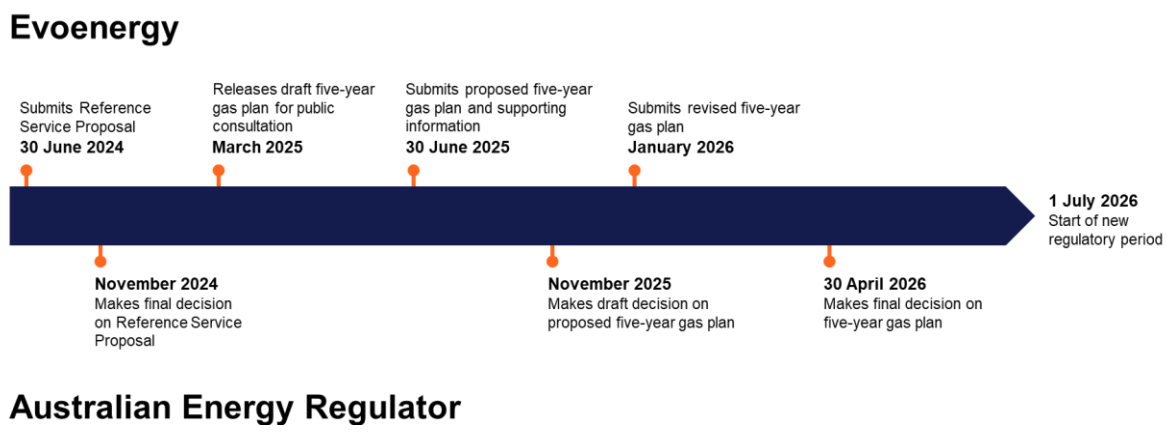
As well as this overview, Evoenergy's access arrangement 2026–31 revision proposal comprises 10 subject-matter attachments and supporting appendices and models addressing the basis and derivation of the various elements of the 2026–31 access arrangement revision proposal, and the proposed revised 2026–31 access arrangement itself

A full document list is provided at Attachment B: Document list.

The AER will assess our five-year gas plan against the applicable requirements of the National Gas Law (NGL), including the National Gas Objective (NGO) and National Gas Rules (NGR), and make a draft decision in November 2025. Evoenergy will submit a revised five-year gas plan in January 2026, ahead of the AER's final decision in April 2026. Evoenergy's access arrangement 2026–31 timeline is shown in Figure 1.

More information on the purpose of Evoenergy's access arrangement proposal 2026–31 and the regulatory framework can be found at Attachment A: Background.

Figure 1 Evoenergy's access arrangement 2026–31 review timeline



1.1 Our 2026–31 reference service proposal

The first step in the access arrangement review process is the Reference Service Proposal (RSP). Evoenergy submitted our RSP to the AER in June 2024. In our RSP, we proposed changes to our reference services and tariff variation mechanism (TVM). In November 2024, the AER approved Evoenergy's proposed change to separate our current single reference service into a Transportation (including metering) service and Ancillary activities in line with industry practice.[1]

[1] AER, Evoenergy's Reference Service Proposal 2026–31: Final Decision, November 2024.

2. About our five-year gas plan

Our five-year gas plan reflects Evoenergy's commitment to support a steady and equitable path to the ACT Government's net zero emissions target by 2045, while managing the inherent uncertainty faced as customers transition off gas. This means taking action now to equitably manage the long-term cost impacts on customers while ensuring that Evoenergy can continue to provide safe and reliable gas services to the ACT and Queanbeyan-Palerang community.

Evoenergy's five-year gas plan reflects and responds to the consistent feedback that we have received from our extensive engagement with the community through a wide range of forums over the past 18 months. Specifically, our customers and other stakeholders told us they:

- generally support the emissions reduction objectives of the ACT Government and expect Evoenergy to enable an equitable transition path to 2045
- are concerned about the immediate and longer-term costs of the electrification journey, particularly for hard-to-transition gas customers and expect Evoenergy to manage bill impacts for low and middle-income households
- expect that customers pay no more or no less than the efficient revenue allowance, even if actual demand is different from the forecast, and ensure that Evoenergy can safely and reliably operate the network
- 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.

Our five-year gas plan is informed by this community feedback and sets out how we aim to:

- safely and reliably provide services to those customers who remain connected to gas in accordance with our regulatory obligations
- fairly and equitably manage gas network costs as customer numbers 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 investment costs to share these equitably
- ensure customers pay no more or less than efficient costs even if actual demand varies from the forecast, recognising the challenge of forecasting demand in an unprecedented context. This involves updating demand and prices annually to reflect the pace of the ACT region's electrification transition
- efficiently 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.

In proposing these actions, our five-year gas plan is consistent with the NGO:[2]

> *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:*

[2] National Gas (South Australia) Act 2008, section 23.

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.

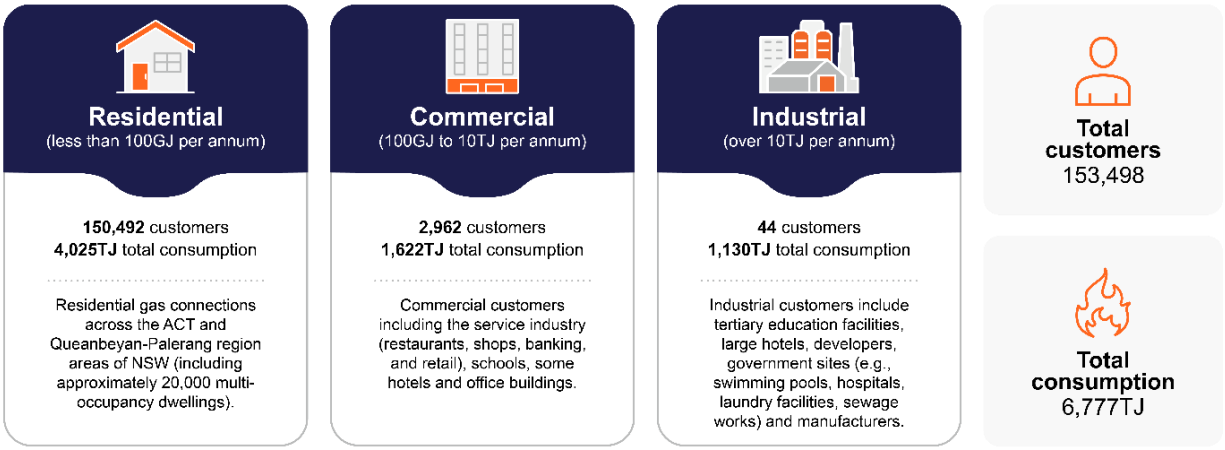
Further, the actions we have proposed in our five-year gas plan align with the revenue and pricing principles set out in the NGL, including:[3]

- being provided with a reasonable opportunity to recover at least the efficient costs incurred in providing our reference services and complying with regulatory obligations
- allowing for a return commensurate with the regulatory and commercial risks involved in providing our reference services
- being provided with effective incentives to promote economic efficiency with respect to our services
- having regard to the economic costs and risks of the potential for under- and over-investment and/or utilisation of the pipeline.

3. About us

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 (TJ) of natural gas in 2023–24, as shown in Figure 2.[4] Around 90 per cent of our gas network users are in the ACT.

Figure 2 Evoenergy's ACT and Queanbeyan-Palerang customers (at 30 June 2024)[5]



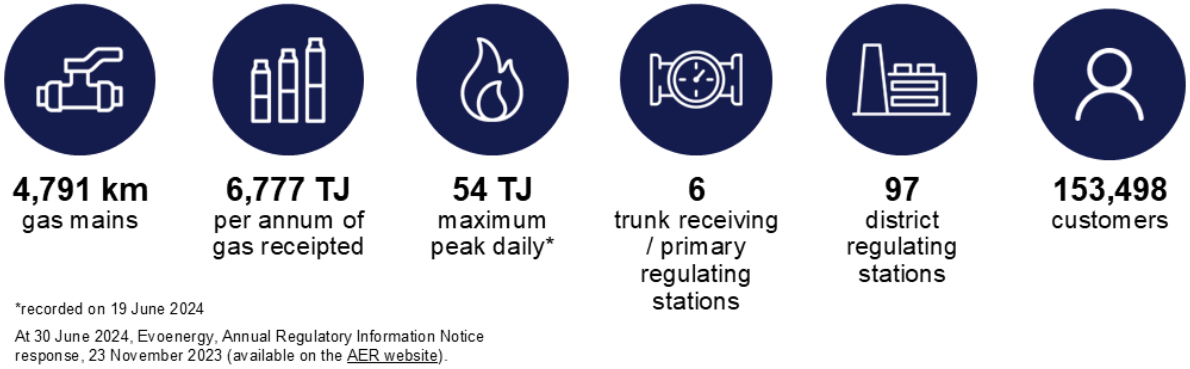
Evoenergy's gas services include the transportation and delivery of natural gas through our ACT and Queanbeyan-Palerang gas distribution network. We also provide metering, connection, and disconnection (permanent and temporary) services, as well as emergency response services.

The gas transported through our network comes from both the Eastern Gas Pipeline and the Moomba-Sydney Pipeline. Gas is received from these transmission pipelines into our network at either Hoskinstown or Watson and then into four primary regulating stations. From these primary

[3] *National Gas (South Australia) Act 2008*, section 24.
[4] Evoenergy, Annual RIN response, 30 November 2024 (available on AER website).
[5] Evoenergy, Annual RIN response, 30 November 2024 (available on AER website).

regulating stations, gas is distributed to nearly 100 district regulators across the ACT and Queanbeyan and then into our nearly 5,000 km of medium pressure gas mains. Gas is distributed to Bungendore via a small facility at our Hoskinstown site.

Figure 3 Evoenergy's gas distribution network



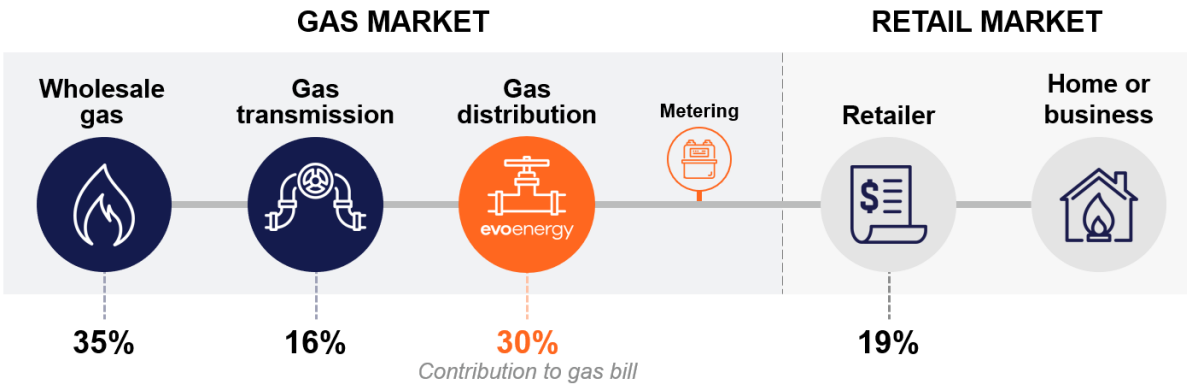
Evoenergy is the smallest regulated gas network in eastern Australia, with around 3.5 per cent of total connections and 2.5 per cent of total consumption in the eastern Australian regulated gas market.

More information on Evoenergy's gas network can be found in Attachment A: Background.

3.1 Evoenergy in the gas supply chain

Evoenergy's gas distribution costs make up approximately 30 per cent of a customer's retail gas bill.[6] The remainder of the bill is made up of 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 4 Evoenergy in the gas market supply chain and indicative breakdown of a gas bill



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

4. Evoenergy's unique context

The electrification transition in the ACT and Queanbeyan-Palerang region is well underway and unprecedented nationally. The ACT Government has legislated net zero emissions by 2045[7] and set a clear pathway to full electrification.

In their responses to customer research by Evoenergy and other industry stakeholders, our customers have demonstrated among the highest willingness and ability to move off gas nationally.[8] Our customers also have a unique demand profile where cold winters drive peak winter gas demand to increase five-fold over demand for gas in summer.[9]

Our unique context is shown in Figure 5.

[7] *Climate Change and Greenhouse Gas Reduction Act 2010*, s.6.
[8] For more information on our customers' preferences see section 4.2 and Attachment 2: Demand forecast, June 2025 – public.
[9] In the ACT, the demand for gas in July (mid-winter) is around five times the demand in January (mid-summer); internal Evoenergy analysis.

Figure 5 The unique context of Evoenergy's five-year gas plan 2026–31

Electrification intentions are strongest in the ACT

Consumer research shows strong motivation to electrify in the ACT.

28% of Evoenergy customers are forecast to disconnect by 2031

36% of customers are expected to have their largest gas appliances fail by 2031

Energy Consumers Australia reports:

65% of ACT gas customers plan to close their gas account within 10 years (vs. 35% nationwide)

Sagacity forecasts:

78% increase in residential gas customers likely to switch to electric appliances (2020 to 2024)

ACT Government policies target accelerated electrification

The ACT Government leads in electrification polices, with the most aggressive and broad initiatives supported with financial incentives.

Integrated Energy Plan key initiatives include:

2023 ACT is the first to legislate banning new gas connections

2030 Regulatory measures to accelerate electrification

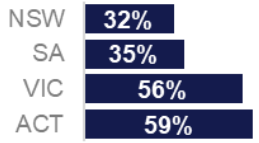
ACTG aims to electrify feasible public and community housing

2035 Phased network decommissioning to commence

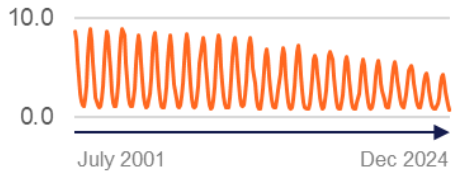
2045 Legislated net zero emission target

Unique demand characteristics in the ACT

The ACT has a high residential load portion



Winter peak usage dropped from 9 to 4.3 GJ per residential customer monthly



The ACT has limited industrial load

-97% compared to NSW

1/3 of NSW and SA

ACT demand is highly seasonal

July usage is **5x** January usage

4.1 The ACT's electrification policy is clear

The ACT is leading the nation in its shift away from gas. The ACT Government's commitment to its electrification objective is supported by a wide range of initiatives and economic incentives, including:

- legislated net zero emissions by 2045[10] and clear interim targets, where most jurisdictions have legislated for 2050
- banned new gas connections (except in limited circumstances), first amongst all Australian states and territories[11]
- the Integrated Energy Plan (IEP), the first stage of which covers 2024–30 (IEP1), outlines a clear policy direction, providing a comprehensive plan for reaching its net zero emission targets[12]
- a commitment to review (in 2027) and introduce (in 2030) regulatory intervention measures to support electrification and ensure the success of its legislated zero emission targets[13]
- financial incentives for ACT customers to electrify provided through programs including, but not limited to, the Sustainable Household Scheme, Home Energy Support Program, Energy Efficiency Improvement Scheme, and Sustainable Business Program[14]
- a commitment to electrify all feasible public and community housing by 2030[15]
- dedication to commence phased decommissioning of parts of the gas network from 2035.[16]

Importantly, unlike other jurisdictions including Victoria[17] and NSW,[18] the ACT Government is not considering repurposing the gas network for distributing hydrogen or biomethane in the future.[19]

Of all Australian jurisdictions, the ACT Government has the most progressed policy and plan to deliver its full electrification strategy, as shown in Table 1. This puts Evoenergy in a unique position relative to other Australian gas service providers, as there is no ambiguity or uncertainty around whether the gas network in the ACT will be phased out or by when.

[10] *Climate Change and Greenhouse Gas Reduction Act 2010*, s.6.
[11] ACT Government, Climate Change and Greenhouse Gas Reduction Amendment Regulation 2023; *Climate Change and Greenhouse Gas Reduction Act 2010*, s.13A(1).
[12] ACT Government, The Integrated Energy Plan 2024–2030: Our pathway to electrification, June 2024.
[13] ACT Government, The Integrated Energy Plan 2024–2030: Our pathway to electrification, June 2024, p. 13.
[14] ACT Government, ACT Emergency Backstop Capability. Consultation Paper, April 2024, p. 11; ACT Government, https://www.climatechoices.act.gov.au/rebates-and-incentives, accessed 20 May 2025.
[15] ACT Government, The Integrated Energy Plan 2024–2030: Our pathway to electrification, June 2024, p. 31.
[16] ACT Government, The Integrated Energy Plan 2024–2030: Our pathway to electrification, June 2024, p. 19.
[17] Victorian Government, Victoria's Gas Substitution Roadmap, December 2024.
[18] NSW Government, NSW Hydrogen Strategy | NSW Climate and Energy Action.
[19] ACT Government, The Integrated Energy Plan 2024–2030: Our pathway to electrification, June 2024, p. 35.

Table 1 Australian state and territory government energy transition policies

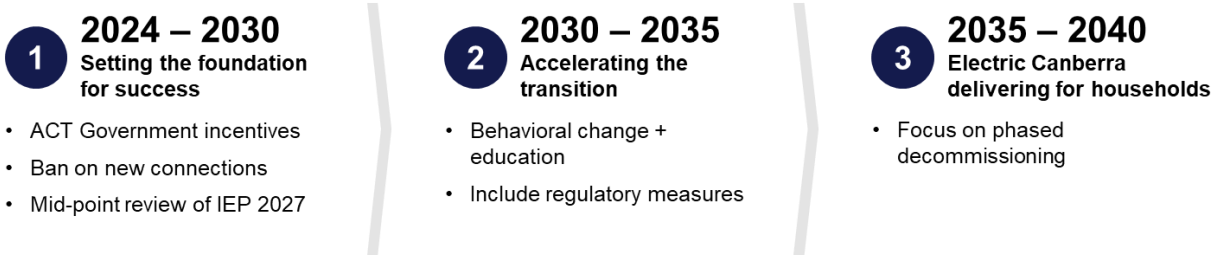
	ACT	NSW	VIC	QLD	SA	WA	NT	TAS
Legislated net zero emissions by 2045	●	●	●	●	●	●	●	●
Ban on new gas connections	●	●	●	●	●	●	●	●
Gas network decommissioning from 2035 or earlier	●	●	●	●	●	●	●	●
Green gas alternatives for residential customers not being explored	●	●	●	●	●	●	●	●

● *Jurisdictional policy exists* ● *No jurisdictional policy exists* ● *Jurisdictional policy partially exists (in Victoria the ban on new gas connections only applies to residential homes requiring a planning permit)*

4.1.1 Additional regulatory measures to support the electrification of the ACT

The ACT Government has committed to achieving full electrification of the ACT through its phased implementation of the IEP, as shown in Figure 6.[20]

Figure 6 ACT Government's Integrated Energy Plan phases



While there is certainty about the target end date for the gas network in the ACT, there is some uncertainty about the nature and timing of additional regulatory measures that the ACT Government will introduce to ensure it meets its legislated net zero targets. The ACT Government has stated it will "… need to explore options to accelerate the transition and move towards regulatory options to ensure emissions reduction targets are met."[21]

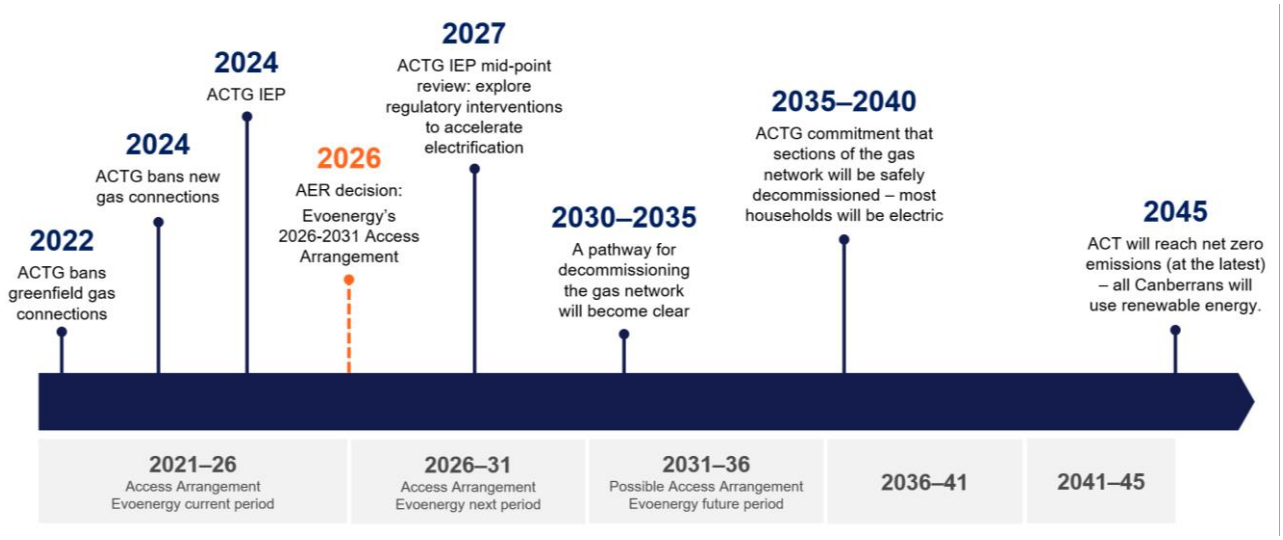
The ACT Government has committed to undertake a "mid-point review of its IEP to assess progress and update the community" in 2027.[22] The IEP also suggests that the ACT Government will introduce regulatory measures from 2030 (such as requiring replacement of gas appliances

[20] ACT Government, The Integrated Energy Plan 2024–2030: Our pathway to electrification, June 2024.
[21] ACT Government, The Integrated Energy Plan 2024–2030: Our pathway to electrification, June 2024, p. 27.
[22] ACT Government, The Integrated Energy Plan 2024–2030: Our pathway to electrification, June 2024, p. 13.

with electric, and/or increased energy efficiency standards for rental properties) to accelerate the transition.[23]

The IEP phases to some extent align with Evoenergy's regulatory periods over the next 20 years, as shown in Figure 7 below. The scheduled timing of the ACT Government's review and implementation of additional regulatory measures will occur during our 2026–31 access arrangement period, creating significant regulatory uncertainty for Evoenergy.

Figure 7 ACT Government and AER decision timeline against Evoenergy's expected access arrangement periods



4.2 The unique profile and preferences of Evoenergy's customers

4.2.1 Our residential customers

There are approximately 213,000 households in the ACT and Queanbeyan-Palerang region[24] and, of those, around 76 per cent have a gas connection.[25] There are approximately 43,000 households connected to gas living in apartment complexes, flats, or townhouse complexes (also known as multi-occupant dwellings) across the region.[26]

While overall ACT and Queanbeyan-Palerang households generally have a high rate of employment and are well educated, the region includes 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.[27.] 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

[23] ACT Government, The Integrated Energy Plan 2024–2030: Our pathway to electrification, June 2024, p. 19.
[24] 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).
[25] Including temporarily disconnected and non-consuming customers.
[26] 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.
[27] ABS, Socio-Economic Indexes for Areas (SEIFA), Australia, released 27 April 2023 (available on the ABS website).

facing genuine financial hardship or other vulnerabilities,[28] with growing rates of energy hardship across the region.[29]

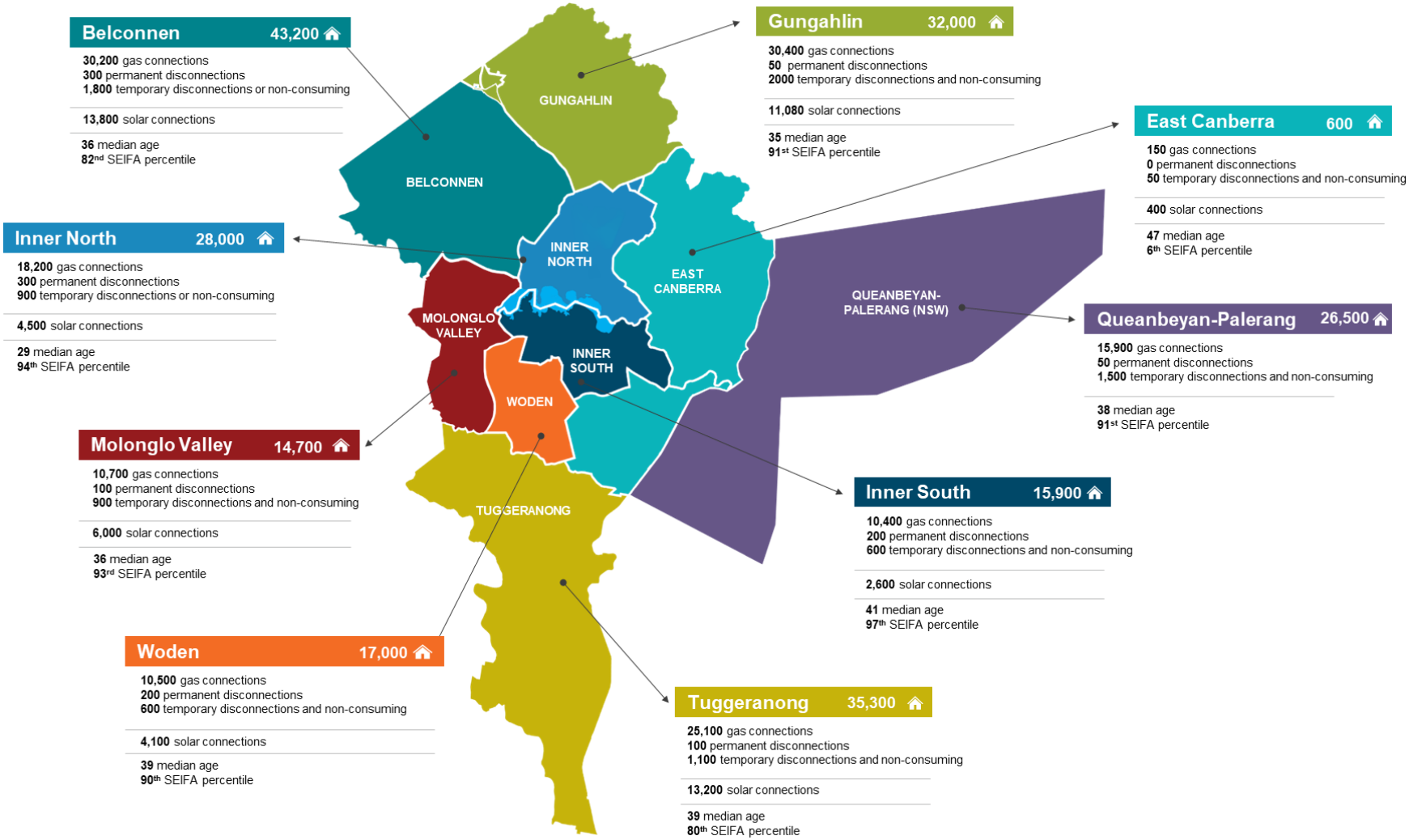
Figure 8 provides a snapshot of the demographic profile of our customers across the region.

The ACT Government has several schemes in place to fund and support the electrification of disadvantaged households, including:

- committing to "electrify all feasible public and community housing by 2030"[30]
- establishing an "Access to Electric Program Trial", providing eligible homeowners who are experiencing extreme and ongoing financial hardship with access to fully funded electric appliance and ceiling insulation upgrades.[31] Specifically, the ACT Government are providing "$5.2 million for a pilot to cover the upfront costs of electrification for private households that most need support"[32]
- developing a "Home Energy Support Program" that provides up to $5,000 in rebates for low-income homeowners for rooftop solar, heating and cooling systems, hot water systems, stovetop/ovens and ceiling insulation.[33]

[28] 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).
[29] ACT Council of Social Services (ACTCOSS), Energy hardship is growing in the ACT: urgent action needed, 3 January 2025.
[30] ACT Government, Integrated Energy Plan 2024–2030, June 2024, p. 16.
[31] ACT Government, ACT Emergency Backstop Capability. Consultation Paper, 2025, p. 11.
[32] ACT Government, Integrated Energy Plan 2024–2030, June 2024, p. 16.
[33] ACT Government, ACT Emergency Backstop Capability. Consultation Paper, 2025, p. 11.

Figure 8 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).

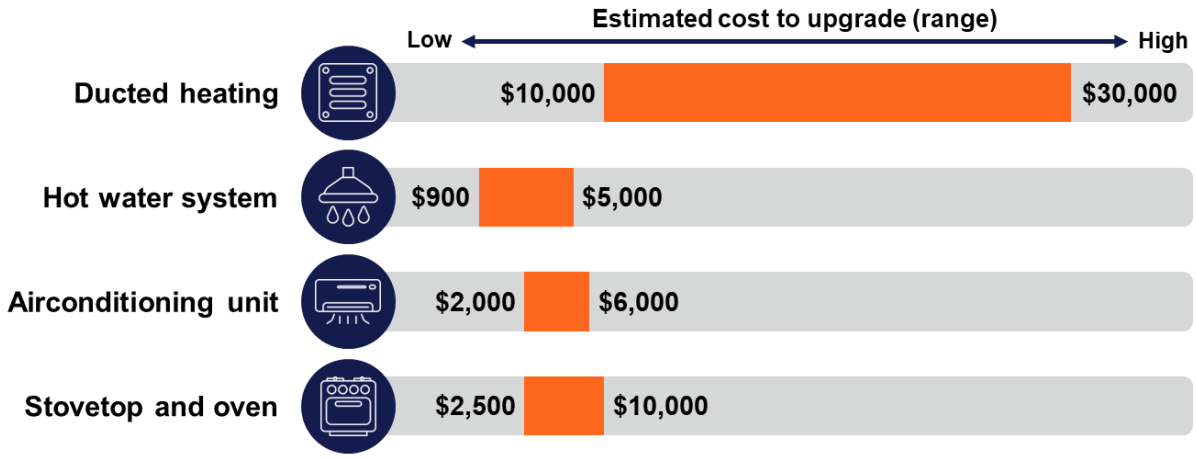
The electrification journey for residential customers

As the ACT and its surrounds are considered one of the most advantaged regions in Australia,[34] 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 with electric vehicles now representing over 25 per cent of new cars purchased.[35] Supporting this are incentive programs to assist Canberrans with their electrification journey, with over 22,700 energy-efficient upgrades financed under the ACT Government's Sustainable Household Scheme.[36]

The electrification process will be relatively straightforward 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.[37]

Research indicates that the cost to fully electrify could exceed $50,000 for some households, depending on the appliances requiring replacement. While upfront electrification costs will be partially offset by savings in energy efficiency and government incentives or rebates where applicable, the initial outlay can be significant.[38]

Figure 9 Estimated cost to electrify household gas appliances[39]



[34] ABS, SEIFA – Index of Relative Socio-economic Advantage and Disadvantage (IRSAD) Quintiles for all LGAs, released 27 April 2023 (available on ABS website).
[35] Australian Automobile Association, Electric Vehicle Index, 2024.
[36] ACT Government, Sustainable Household Scheme Dashboard, accessed 19 June 2025.
[37] ACT Government, The Integrated Energy Plan 2024–2030: Our pathway to electrification, June 2024.
[38] 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.
[39] 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.

Evoenergy's customer preferences

Consumer research from a range of sources indicates that our customers are highly motivated to electrify. Evoenergy has conducted detailed customer research to better understand our customers' energy preferences and electrification transition intentions. The key findings from our research are:[40]

- **Diverse factors are influencing household electrification –** the highest ranked factors are the affordability of upfront costs, total costs over time, environmental concerns, and appliance quality. For most households, the timing of switching decisions is tied to appliance failure or home renovation.
- **Our network has an ageing stock of gas appliances, bringing forward electrification decisions –** the average age of gas heaters on Evoenergy's network is approaching 11 years, and 25 per cent of heaters are over 16 years old. CIE's analysis shows that around one-third of households on the network are expected to have their major gas appliance fail within the next five years.
- **More than half of households have made up their mind to switch –** the majority of households intend to electrify regardless of price levels and rebates, and approximately one in ten households intend to do so before their appliances fail (many motivated by environmental concerns).
- **Some households will make their choice based on price, and some prefer to stay on gas –** for around one-third of households, the choice between new gas and electric appliances depends on relative costs. Around ten per cent of households said they have a strong preference for gas appliances and would not switch even with financial incentives.
- **Income level and owner-occupier status influence disconnection decisions –** middle income households ($78,000–$156,000 per annum) showed the highest propensity to disconnect from gas, followed by higher income households (>$156,000 per annum), and then lower income households (less than $78,000 per annum). Owner-occupiers are most likely to disconnect their property from gas, but landlords are only around six per cent more likely to keep a rental dwelling connected to gas by 2030–31.
- **Renters have stronger preferences for electric appliances compared to gas –** around one-quarter of renters don't have a strong preference for fuel type but, of those who do, around 60 per cent prefer electric. Appliance running costs are a major factor for renters when choosing where to live, and 56 per cent of renters said they would contact their landlord about changing appliances or look for another home (or both) if gas prices increased by 50 per cent or more.
- **Commercial customers are reducing their usage, but electrification is more difficult –** around 40 per cent of commercial customers intend to reduce their gas usage by 50 per cent or more by 2045, but only one in five currently have a plan to disconnect by 2045. Around one-third of commercial customers indicated that the timing of their usage reduction or disconnection would be affected by gas price increases.

The findings from the Centre for International Economics (CIE) customer research are supported by findings from other recent research, including surveys conducted by Energy Consumers Australia (ECA) and Sagacity. This research shows that ACT households are increasingly open to electrification and are more likely to electrify than any other jurisdiction in Australia.

For more information on our customer research, see Attachment 2: Demand forecast.

[40] CIE, Appendix 2.1: Gas demand forecast report, June 2025; Sagacity Research, Appendix 2.4: Future demand for natural gas in the ACT, April 2024.

4.2.2 Our commercial and industrial customers

Our nearly 3,000 commercial customers comprise a diverse mix of businesses. They include shops, restaurants, clubs and pubs, and a range of small industrial businesses, as well as schools, government offices, religious sites, and embassies.

There are also 44 very large commercial and industrial customers that consume over 10 TJ per year connected to Evoenergy's gas network. These customers are geographically dispersed and include tertiary education facilities, 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.

The electrification journey for commercial and industrial customers

As with residential customers, the electrification process looks different for different types of commercial and industrial properties.

Many of our commercial customers are tenants in buildings connected to gas, so they face similar challenges to multi-occupant residential buildings. Fully electrifying large facilities will require significant planning and investment, both on the customer side and on the network side, to ensure Evoenergy's electricity network has the capacity to provide the additional load required.

Evoenergy's commercial and industrial customer preferences

In the customer research undertaken to support our demand forecast, around 40 per cent of commercial customers told us they intend to reduce their gas usage by 50 per cent or more by 2045, but only one in five currently have a plan to disconnect by 2045. Around one-third of commercial customers indicated that the timing of their usage reduction or disconnection would be affected by gas price increases.[41]

Some of our very large government customers are subject to electrification targets and policies set by the ACT and Commonwealth Governments.[42]

4.3 Evoenergy's unique demand profile

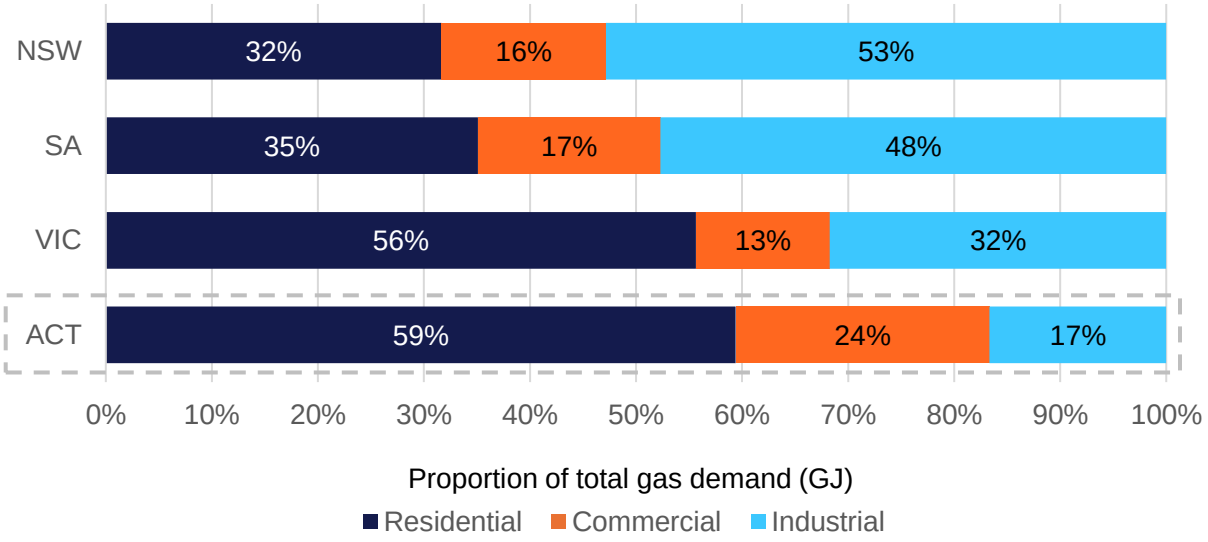
Evoenergy's network has a strongly residential gas usage profile (Figure 10).

Evoenergy has the highest proportion of residential gas load nationally, almost double that of New South Wales and South Australia. This has two important consequences:

- Evoenergy's network has materially less commercial and industrial load, which in other jurisdictions helps smooth demand over the year and provides longer-term stability
- gas demand is more directly influenced by household electrification decisions, as well as ACT Government policies and incentives that target residential customers.

[41] See Evoenergy, Attachment 2: Demand forecast, June 2025.
[42] Both the ACT Government and Commonwealth Government 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).

Figure 10 Composition of gas demand across jurisdictions by customer type 2023–24

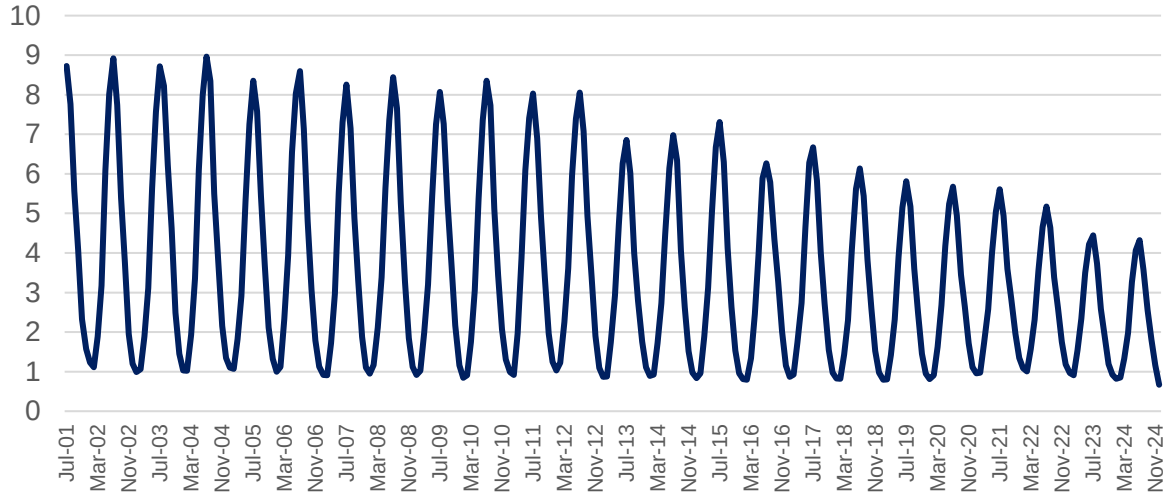


Source: Evoenergy analysis of 2023–24 RIN data.

Combined with the ACT's cold winter climate, this residential dominance contributes to a highly seasonal demand profile. Indeed, gas usage on Evoenergy's network in July is around five times greater than in January. This demand profile is largely influenced by gas use for space heating, making it especially sensitive to residential customer switching behaviour.

While average residential gas usage has been declining steadily since 2002, the rate of decline has steepened in recent years (Figure 11). The last two winters showed notably lower residential gas usage, contributing to a 14 per cent decline in total gas usage in 2023–24 to the lowest levels observed in 17 years. CIE's analysis shows that only around half of this drop can be explained by milder weather conditions, indicating that shifting customer behaviour is playing a significant role.

Figure 11 Usage per residential customer per month (GJ)



Source: CIE, Evoenergy gas demand, June 2025, p. 54.

As shown in Figure 11, usage reductions are concentrated in the winter months. Average residential winter consumption per customer has dropped from approximately 9 GJ per month in

the early 2000s to around 4.3 GJ by winter 2024. Summer consumption, in contrast, has remained relatively steady, pointing to electrification of heating loads as a key reason for declining demand. These trends align with Evoenergy's customer research, which highlights a growing propensity among households to replace gas heaters with electric alternatives.

The impact of this transition is also visible on the ACT electricity network. Evoenergy has recorded four consecutive years of unexpectedly high winter electricity peaks, culminating in a record-high demand of 730 MW in winter 2025.[43] Notably, there is emerging evidence from Evoenergy's new electricity tariffs showing that off-peak electricity demand (9pm–9am) in winter and autumn is now exceeding the traditional peak period (5pm–9pm), signalling early-morning heating loads shifting to electricity.[44]

Evoenergy is closely monitoring gas demand in 2025, particularly through the winter months. Whether recent declines in gas usage represent a new long-term trajectory will have important implications for the forecast. This additional data will help validate and refine Evoenergy's demand forecast for our revised proposal, ahead of the AER's final decision for the 2026–31 access arrangement period.

For more information on Evoenergy's gas demand, see Attachment 2: Demand forecast.

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

We recognise that at present the gas policy settings in NSW are different to the ACT. NSW have a net zero emissions reduction target by 2050, five years after the ACT, and NSW does not have a clearly defined pathway for the future of gas to achieve its net zero emissions targets.

Evoenergy's gas network was built, and has always been owned, operated and regulated, as a single network. While 90 per cent of our customers are in the ACT, major network assets are located in both NSW and the ACT, and these assets serve our customers in both jurisdictions. As a result, it is not possible to divide assets based on their physical location or the location of customers. Further, the Queanbeyan-Palerang community has strong ties with the ACT in terms of employment, commercial and social activity, and media. We therefore expect the ACT policy direction will equally influence the electrification choices of our NSW gas customers.

In light of the ACT Government's IEP to phase out gas in the ACT by 2045, we are currently exploring the available technical solutions to continue to serve around ten per cent of our customers in the NSW region. At this stage, we have not yet identified economically viable approaches. This reflects:

- the network asset configuration, which requires ACT assets to transport gas through to our NSW customers, potentially requiring ongoing ACT technical regulation
- the associated relatively high fixed costs of continuing to safely and reliably operate the network for our NSW customers
- the relatively small customer base that would remain on the network in NSW after the ACT customers have transitioned, which would likely result in uneconomically high gas network prices.

[43] Preliminary Evoenergy analysis of 20 June 2025.
[44] Evoenergy, 2025–26 Electricity Network Pricing Proposal, March 2025.

Given the interdependent network asset configuration, the commercial and social connectedness of the two regions and the expected uneconomic viability of continuing to operate the gas network to supply NSW customers, we consider it appropriate to take a holistic approach to our regulatory proposal and that the approach be guided by the ACT policy setting.[45]

Notably, for our 2021–26 final decision, the AER accepted a holistic approach to regulatory depreciation for our ACT and NSW customers given the above network circumstances.[46]

4.5 Phased decommissioning

Based on the ACT Government's IEP, the planned phased 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 a precedent for a large gas network shutdown and decommissioning example either nationally or internationally.[47]

5. What the electrification of the ACT means for the value of emissions reduction

Recent changes to the NGO to explicitly include an emissions reduction component mean that the value of emissions reduction is now a consideration for the AER in making its decisions for gas networks.

With gas contributing around 20 per cent of the ACT's greenhouse gas emissions, fully electrifying the region's energy supply is critical to achieving the territory's legislated commitment of net zero emissions by 2045 and related interim targets. With each tonne of avoided greenhouse gas emissions come material societal benefits.

To recognise these benefits, Australian energy ministers have agreed an interim methodology to determine a value of emissions reduction (VER), in dollars per tonne of carbon dioxide (CO2).[48] This has been issued to energy market bodies for their use when applying the emissions component of the energy objectives. The VER measures the dollar value per tonne of avoided greenhouse gas emissions.

In May 2024, the AER published its guidance and explanatory statement on valuing emissions reduction, including a table of interim VERs it will use in carrying out regulatory functions, and that network businesses should use in their proposals.[49]

Using the interim VERs published by the AER, we estimate the total emissions reduction benefit to be achieved through the forecast decline in gas use over the 2026–31 period to be over $340

[45] There is currently no ban on gas connections in NSW, and Evoenergy continues to have an obligation to connect NSW customers under the National Gas Law. For more information see section 8.3.1 and Attachment 3: Capital Expenditure, June 2025 – Public.
[46] AER Final Decision, Evoenergy Access Arrangement 2021 to 2026, Attachment 4: Regulatory depreciation, April 2021.
[47] 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).
[48] MCE statement about the interim value of greenhouse gas emissions reduction, 19 July 2024.
[49] AER, Valuing emissions reduction, AER guidance and explanatory statement, May 2024.

million (relative to 2023-24 levels in NPV terms, $2025-26). By the time gas supply has been completely phased out on our network by 2045, we estimate the emissions reduction benefit to exceed $920 million.

6. Consumer and stakeholder engagement has helped shape our five-year gas plan

Our conversations with the community and other stakeholders 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 Government's 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 has been 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.[50]

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

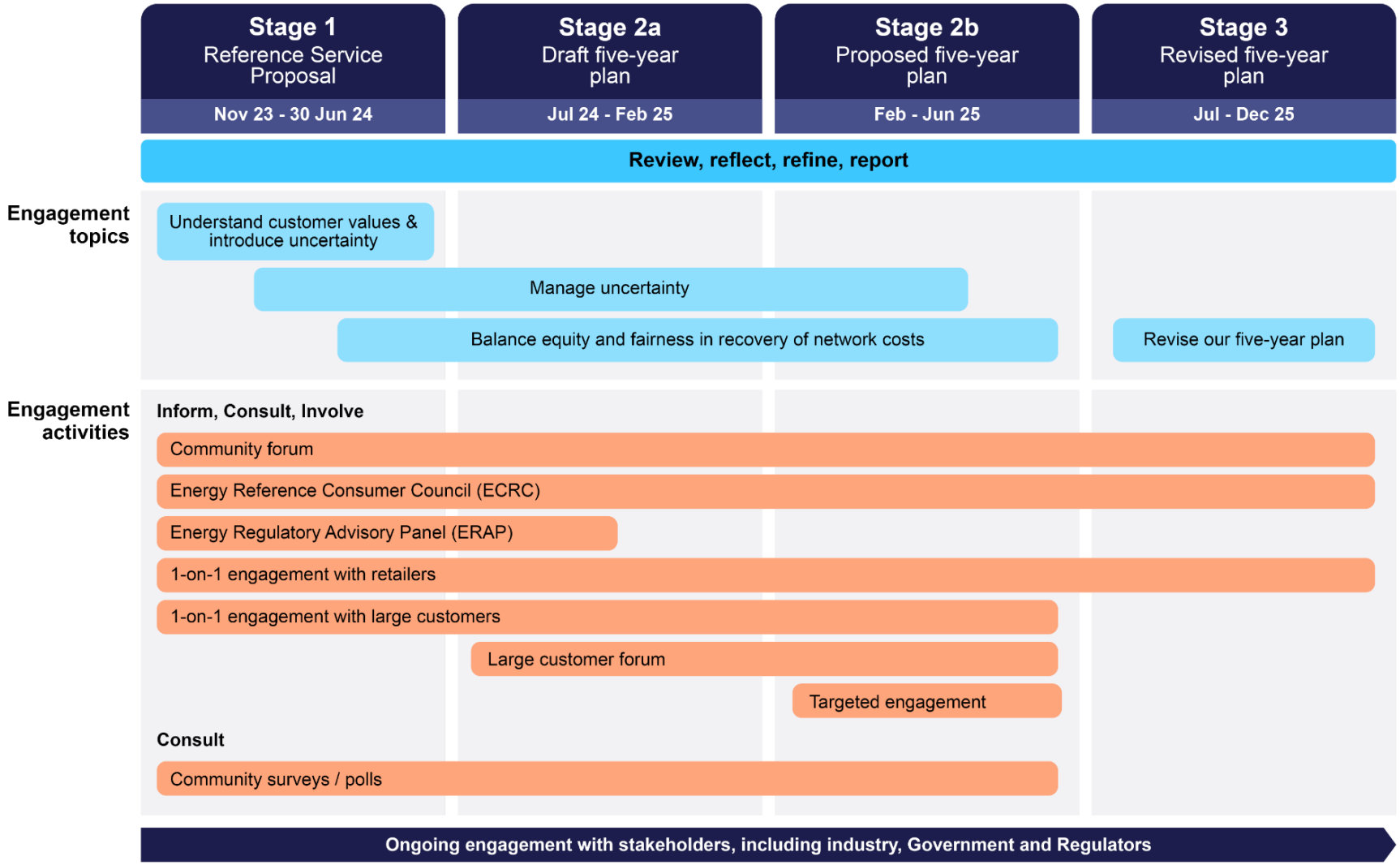
Over the past 18 months, we have engaged extensively with our community on our five-year gas plan through deliberative forums and additional channels to ensure we heard from a broad range of stakeholders about their values, concerns and priorities.

We adopted a phased approach to engagement with key stakeholder voices on our draft five-year gas plan, as shown in Figure 12. 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.

More information about our approach to engagement on our five-year gas plan is provided in Attachment 1: Consumer and stakeholder engagement.

[50] "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 12 Evoenergy's phase approach to engagement on our five-year gas plan



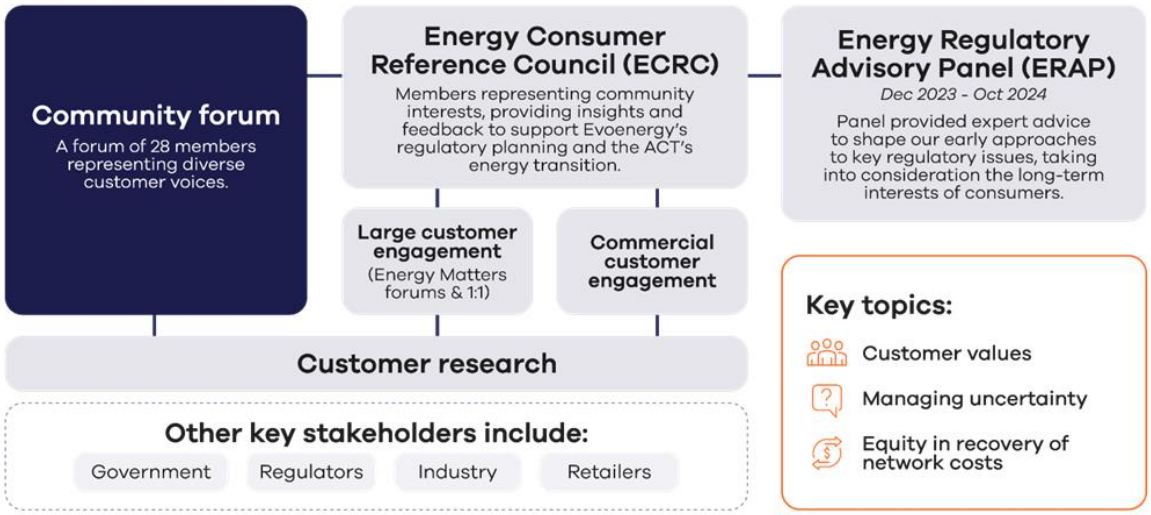
6.2 Our key stakeholder voices

Our approach to engagement considered our key stakeholder voices, whose diverse needs and interests we have sought to understand and reflect on as we prepared our five-year gas plan. Key stakeholder voices are represented through existing and new forums.

Since December 2023, we have held ten community forums (plus an optional guest speaker series), 11 Energy Consumer Reference Council (ECRC) meetings, six Energy Regulatory Advisory Panel (ERAP) meetings and seven Energy Matters forums for our large customers.

We have also undertaken customer research via surveys of residential and commercial customers, one-on-one interviews with demand customers, and meetings with retailers. A summary of our key stakeholder voices is provided in Figure 13, and more details can be found in Attachment 1: Consumer and stakeholder engagement, as well as on our website.[51]

Figure 13 Our key stakeholders



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

7. How our community has shaped our five-year gas plan

7.1 What we have heard from our community

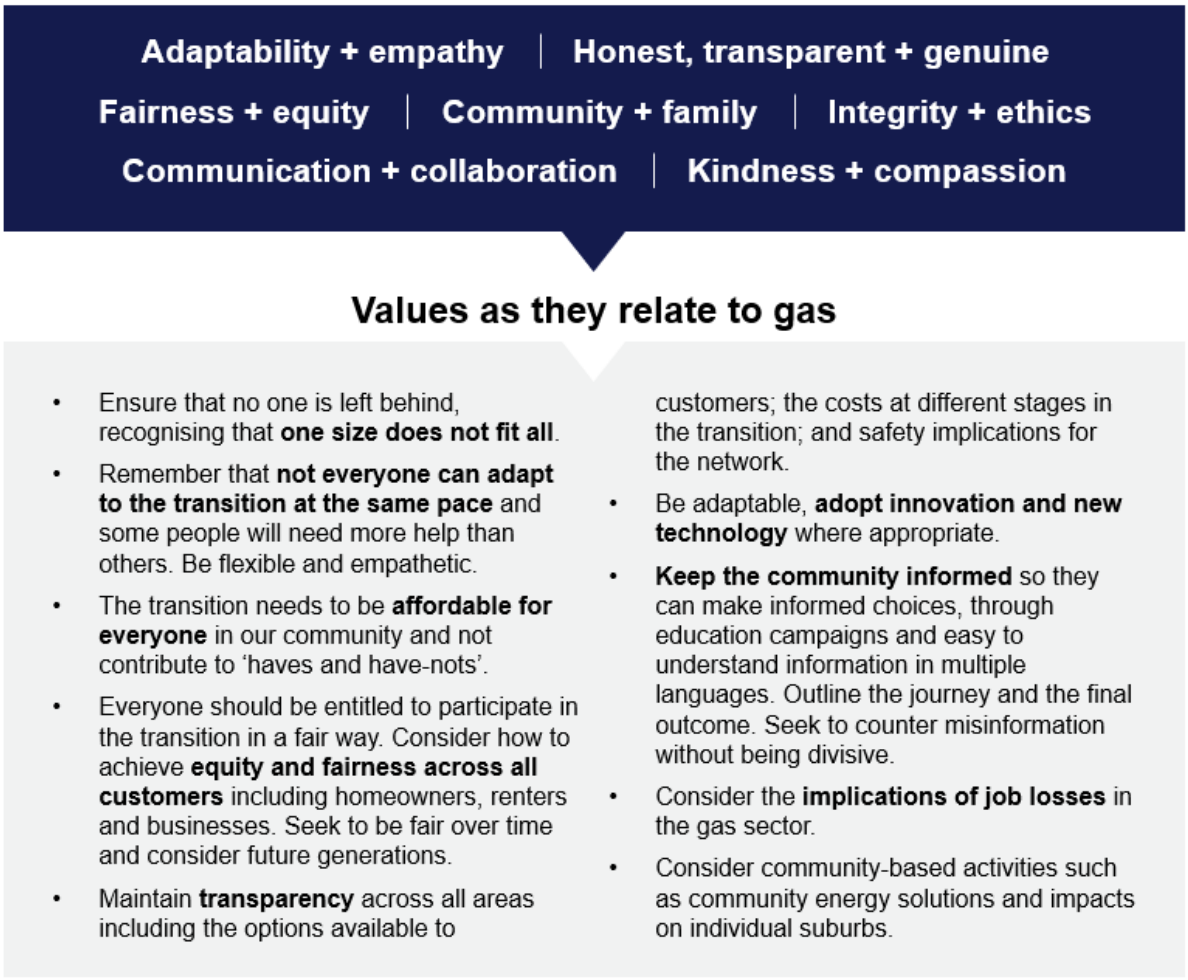
This gas plan reflects the consistent feedback that we have received from our extensive engagement with various forums over the past 18 months. Our customers and other stakeholders told us they:

- generally support the emissions reduction objectives of the ACT Government and expect Evoenergy to enable an equitable transition path to 2045
- are concerned about the immediate and longer-term costs of the electrification journey, particularly for hard-to-transition gas customers, and expect Evoenergy to manage bill impacts for low and middle-income households
- expect that customers will pay no more or no less than the efficient revenue allowance, even if demand is different from the forecast, and ensure that Evoenergy can safely and reliably operate the network
- 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.

Key values such as kindness, integrity, honesty, fairness, and equity were identified by our community as important for Evoenergy to consider through the electrification transition. Also identified was the importance of affordability and recognition that not every customer in the region can adapt to the transition at the same pace, as shown in Figure 14.[52]

[52] Communication Link, Appendix 1.2: Report of feedback from community forum sessions 1–10, June 2025, p. 21.

Figure 14 Values as defined by the community forum



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

Our five-year gas plan is informed by this community feedback and sets out how we aim to:

- safely and reliably provide services to those customers who remain connected to gas, in accordance with our regulatory obligations
- fairly and equitably manage gas network costs as customer numbers 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 investment costs to share these equitably
- ensure customers pay no more or less than efficient costs even if actual demand varies from the forecast, recognising the challenge of forecasting demand in an unprecedented context. This involves updating demand and prices annually to reflect the pace of the ACT region's electrification transition
- efficiently 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 five-year gas plan, will put pressure on households and businesses that are already facing cost of living pressures. We are committed to working to keep these impacts as low as possible through the following measures:

- we work with our service providers to ensure that our operational and asset management costs are as low as possible, and we are absorbing cost increases, such as rising insurance premiums and meter reading costs, wherever possible. We propose that any potential capital expenditure savings achieved during the period are fully passed through to customers in the next period
- establishing differentiated permanent disconnection services to keep the cost of these services as low as possible for most of our residential customers, while retaining a user-pays approach. This approach ensures safety is maintained at the lowest overall cost as the costs are borne by the customer benefiting from the service and not those customers remaining on the network
- 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 estimated and forecast revenue and demand annually
- gradually and incrementally flattening usage charges for volume tariff customers which will reduce bill impacts for residential and small business customers who are only using small amounts of gas, while increasing charges for larger customers to better reflect the value of emissions reductions.

Table 2 summarises the feedback we have received and our proposed response to that feedback on key aspects of our five-year gas plan. More detail on our approach to engaging with our community and stakeholders is available in Attachment 1: Consumer and stakeholder engagement. Further details about our engagement on elements of our proposal, what we heard on these elements, and how we have reflected the feedback in our proposal are provided in the relevant attachments.

Table 2 How our community has shaped our five-year gas plan

What we heard from our community and stakeholders	How we will respond in 2026–31
Emissions reduction • Our customers told us that they generally support the emissions reduction objectives of the Government and expect Evoenergy to enable an equitable transition path to 2045.	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. As outlined in section 5, the decline in gas use over the period will deliver considerable benefit to the community in terms of the associated value of emissions reduction. Our five-year gas plan also demonstrates our alignment to the ACT's Government's emissions reductions objectives as follows: • our proposed gradual and measured flattening of our volume tariff blocks over the 2026–31 access arrangement period will better signal the value of emissions reductions for large customers (see Attachment 7: Transportation (including metering) reference service and tariffs for more information) • the incentives implicit in our proposed revenue cap approach are consistent with the NGO and ACT Government's legislated emissions reduction targets while allowing us to provide safe and reliable gas distribution services (see Attachment 9: Tariff variation mechanism for more information).

What we heard from our community and stakeholders	How we will respond in 2026–31
Future use of gas (demand) • Our customers have told us that there is a diverse range of factors influencing their electrification decisions, including upfront costs, costs over time, environmental concerns, and appliance quality. Some households will make their choice based on the price of new appliances, some intend to switch before their appliances fail, while others prefer to stay on gas regardless of price. • Our residential customers have an ageing stock of gas appliances (over 25 per cent of heaters are over 16 years old). • Energy Consumers Australia research found that over 65 per cent of ACT households plan to disconnect from gas in the next 10 years.[53]	Demand for our gas services has been in decline for over a decade, and in 2023–24 gas use on our network fell by 14 per cent to the lowest level observed in 17 years. We engaged independent experts, CIE, to develop a detailed gas demand forecast for the 2026–31 access arrangement period, and beyond to 2045. CIE delivered a first-of-its-kind approach for our gas network, combining econometric modelling with extensive customer research. The results from CIE's forecast show demand for Evoenergy's gas services declining by 24 per cent over the 2026–31 period and customer numbers declining by 28 per cent. Our gas demand forecasts will be updated to include winter 2025 data, and these results will be used to support our revised proposal. See section 8.2 and Attachment 2: Demand forecast for more information on our approach to forecasting demand over the next five years and beyond.

[53] Energy Consumers Australia (ECA), 2024 Consumer Energy Report Card, December 2024.

What we heard from our community and stakeholders	How we will respond in 2026–31
Ensuring the network is safe and reliable • 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, with some observing the ACT Government's commitment to electrify social and community housing by 2030.[54] • Some stakeholders expressed a preference for Evoenergy to impose connection charges for new customers connecting to the network in NSW.	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. We have worked with our service providers to ensure that our operational and asset management costs are as low as possible, and we are absorbing cost increases, such as rising insurance premiums, wherever possible. We have opted not to include a step-change measure to support customers through the electrification journey, and we do not propose to impose connection charges on NSW customers at this time. We are proposing not to include the capital expenditure sharing incentive scheme (CESS), to ensure that the benefits of any potential savings achieved during the 2026–31 period flow to our customers in the next period in a greater share than under current arrangements. See section 8.3, Attachment 3: Operating expenditure and Attachment 4: Capital expenditure for more information on our proposed approach to efficiently, safely and reliably maintaining the gas network over the next five years.

[54] ACT Government, The Integrated Energy Plan 2024–2030, our pathway to electrification, June 2024, p. 31.

What we heard from our community and stakeholders	How we will respond in 2026–31

Safely disconnecting from our network
• The cost of permanent disconnections is currently too high and may be acting as a disincentive to request the service
• Initially, the community raised questions about the appropriateness of offering a temporary disconnection service in the ACT.
• Once informed about the outcomes of the safety assessment, the community supports:
  ▪ a targeted approach on the basis that it provides an equitable outcome.
  ▪ differentiation of services to reduce permanent disconnection costs for residential customers.
• More information should be provided to the community on the safety risks associated with temporary disconnections.
	An independent safety assessment of non-consuming services of detached residential dwellings connected to Evoenergy's network concluded that the costs associated with permanently disconnecting all non-consuming properties are disproportionate to the risk. Instead, to maintain the required level of network safety, permanent disconnections are only necessary for building demolition and for residential property sales if all appliances have been electrified. On this basis, we are proposing to:
	• adopt a targeted approach to permanent disconnections to maintain safety at the lowest overall cost
	• retain user pays to ensure that the primary beneficiary of the service pays for the costs of the service and avoids shifting the cost burden to customers remaining on the network for longer
	• introduce differentiated permanent disconnection services (basic, basic (urgent), and complex) to reduce costs for most customers and provide flexibility for customers as they electrify their homes and businesses
	• develop a "Safety Control Program" to educate the community and provide targeted information for those with a non-consuming service. The cost of this program is proposed to be recovered through the temporary disconnection charge.
	See section 8.4 and Appendix 8.1: Disconnection services for more information on our proposed approach to safely managing customer disconnections over the next five years.

What we heard from our community and stakeholders	How we will respond in 2026–31

Recovering past infrastructure investments
• There is some support for bringing forward depreciation to achieve an equitable transition. However, there is concern about medium-long term bill impacts associated with full capital base recovery through the regulatory framework alone for those remaining on the network.
• There has been strong, consistent feedback for consideration of:
  ▪ ACT Government contributing through taxpayer funding
  ▪ costs recovered through both the electricity and gas networks
  ▪ Evoenergy not fully recovering its costs.
• There is no support for the introduction of an exit fee on the basis that it would add to the already significant transition costs.
	We propose a balanced approach to depreciation that lays the foundations for an equitable transition pathway while providing a reasonable opportunity for Evoenergy to recover its efficient investment costs. We propose 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.
	Taking action now to bring forward some depreciation will provide the greatest opportunity for an equitable transition. This means that these costs will be shared across a wider customer base and reduces the risk of significantly rising prices in the second half of the transition 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.
	We have not proposed to introduce an exit fee.
	As all gas assets will remain fully utilised over the 2026–31 access arrangement period, we do not propose to identify redundant assets.
	See section 8.5 and Attachment 6: Depreciation for more information on our approach to recovering past investment costs over the next five years.

What we heard from our community and stakeholders	How we will respond in 2026–31
How our tariffs are structured **Tariffs should:** • signal emissions reduction objectives (especially for larger customers) • support customers moving off gas while managing impacts for those left behind (including vulnerable customers) • consider customers' ability and willingness to respond, and be easy to understand and simple for retailers to adopt.	We are proposing to adopt a gradual and measured transition to a "flatter" tariff for the majority of our customers. The approach will lower Block 1 charges in our volume tariff while increasing Blocks 2–4, resulting in flatter prices across different usage levels. This change will better signal the value of emissions reductions, especially for larger customers and help manage small customer bill impacts. We will retain our existing automatic reset of chargeable demand for our demand customers to improve the customer experience and reduce administrative burden for these customers. See section 8.6 and Attachment 7: Transportation (including metering) reference service and tariffs for more information on our proposed approach to setting tariffs over the next five years.

What we heard from our community and stakeholders	How we will respond in 2026–31
How we will adjust gas network prices • That customers should pay only what is necessary to maintain a safe and reliable gas network (regardless of actual demand) was considered to be the most important factor in how prices are adjusted. • Recognition that without revenue certainty, Evoenergy's ability to provide safe and reliable gas services into the future may be jeopardised. • Initially, there were mixed views about the benefits of a price cap or revenue cap. 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 and reduces variability between five-year periods. Some customers considered merit in exploring a hybrid approach.	**Transportation (including metering) Reference Service** A revenue cap is the most appropriate option for the ACT and Queanbeyan-Palerang region to allow for an efficient energy transition while accounting for government policy, customer electrification intentions and our community's feedback. A revenue cap ensures customers pay no more or less than necessary for us to maintain a safe and reliable gas network, even if actual gas demand is different to forecasts. A revenue cap removes demand forecasting risk for both customers and Evoenergy by allowing the AER to approve an updated demand forecast every year. It avoids intra-period price variability by allowing prices to incrementally adjust annually, reflecting the actual pace of the transition relative to the forecast. A revenue cap enables consistent approaches between gas and electricity substitutes within our operating footprint, providing effective price signals, and enables a natural hedge against demand uncertainty to support total energy bill stability for customers, as our gas customers are also electricity customers. See section 8.7 and Attachment 9: Tariff variation mechanism for more information on our proposed approach to varying our tariffs over the next five years.

What we heard from our community and stakeholders	How we will respond in 2026–31
Ancillary activities • There was general support from Users (retailers) for the differentiated approach to permanent disconnections and the introduction of wasted visit charges for disconnection, reconnection and special meter read services.	We propose to make two key changes to better reflect the provision of ancillary activities in the ACT's context. These changes include: • introducing wasted visit charges for our disconnection, reconnection and special meter read services • offering differentiated permanent disconnection services (see below). See section 8.8 and Attachment 8: Ancillary activities reference service and tariffs for more information on our proposed approach to delivering ancillary activities over the next five years.
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 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 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 over the longer term through to 2045. By gradually reducing our block 1 tariff we are providing some bill relief to smaller gas users. See sections 8.9 and 8.10 and Attachment 5: Revenue requirement and prices for more information on the proposed bill impacts for customers over the next five years.

8. Evoenergy's five-year plan

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 phased decommissioning of the gas network, commencing from 2035. 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.

The following sections summarise Evoenergy's five-year gas plan, recognising our region's unique context. For more information on each section, refer to the relevant Attachment.

8.1 Our gas services

In November 2024, the AER approved Evoenergy's proposed change to separate our current single reference service into a Transportation (including metering) service, and Ancillary activities, in line with industry practice.[55] The separation of Evoenergy's reference services was supported by our stakeholders. More information on our reference services can be found in Attachment 7: Transportation (including metering) Reference Service and Tariffs and Attachment 8: Ancillary Activities Reference Service and Tariffs.

This approach also recognises the diverging demand for the different types of services provided by Evoenergy over the 2026–31 access arrangement period and beyond:

- Transportation (including metering) services: demand for gas in this service is expected to decline by 24 per cent over the 2026–31 access arrangement period
- Ancillary activities: demand for activities provided under this reference service includes both temporary and permanent disconnection services, both of which are forecast to increase in demand over the period.

Demand for our services is discussed further in section 8.2 and Attachment 2: Demand forecast.

8.2 Our gas demand forecasts

As discussed above, the ACT is leading the nation in its shift away from gas, underpinned by a legislated target of net zero emissions and a clear plan to fully electrify by 2045. Demand on our gas network has passed its peak, with both customer numbers and average consumption now in firm decline.

While average consumption on Evoenergy's network has been in decline for over a decade, recent trends signal an accelerating decline. In 2023–24, gas use on our network fell by 14 per cent, to the lowest level observed in 17 years. Only half of the 2023–24 decline can be attributed to weather, suggesting deeper changes in how customers are using gas.

More than ever, the demand forecast is critical to Evoenergy's access arrangement proposal. We engaged independent experts, CIE, to develop a detailed gas demand forecast for the 2026–31 access arrangement period, and beyond to 2045. We set an ambition to place customers at the

[55] AER, Evoenergy's Reference Service Proposal 2026–31: Final Decision, November 2024 (available on AER website).

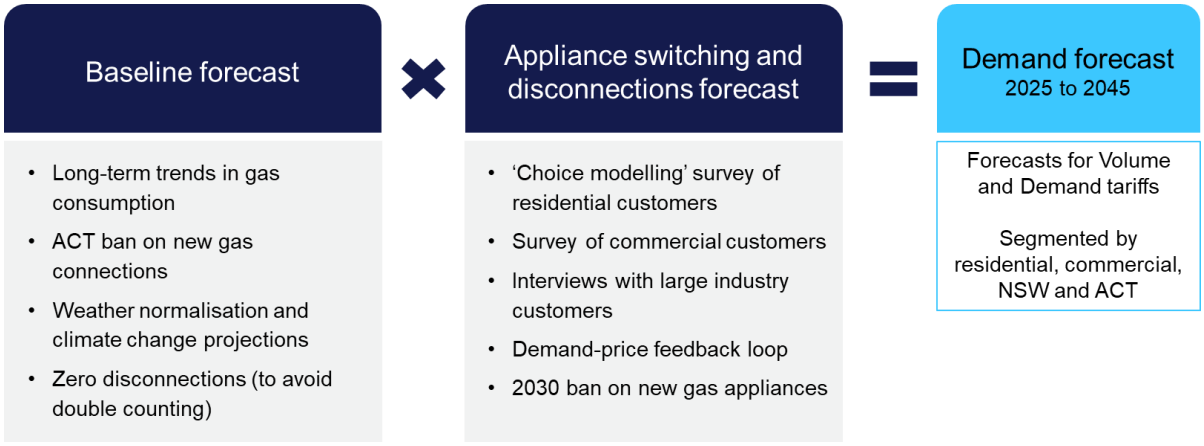
centre of the forecast, recognising the ACT's leading policy mandate for electrification, our highly winter-peaking climate, and our community's values and preferences. CIE delivered a first-of-its-kind approach for our gas network, combining econometric modelling with extensive customer research across residential, commercial and industrial segments on our network.

Evoenergy's demand forecast is underpinned by a new, ACT-specific approach designed to reflect the ACT's unique policy landscape and customer context. CIE's approach integrates a traditional econometric model with robust customer research, enabling us to quantify the pace and shape of the transition in a way that aligns with customer choices and government policy. The forecasting method comprises two key components:

a. a **baseline forecast**, which draws on customer-level billing data and regression modelling to project future demand under historical trends, excluding disconnections (to avoid double-counting with the switching forecast)

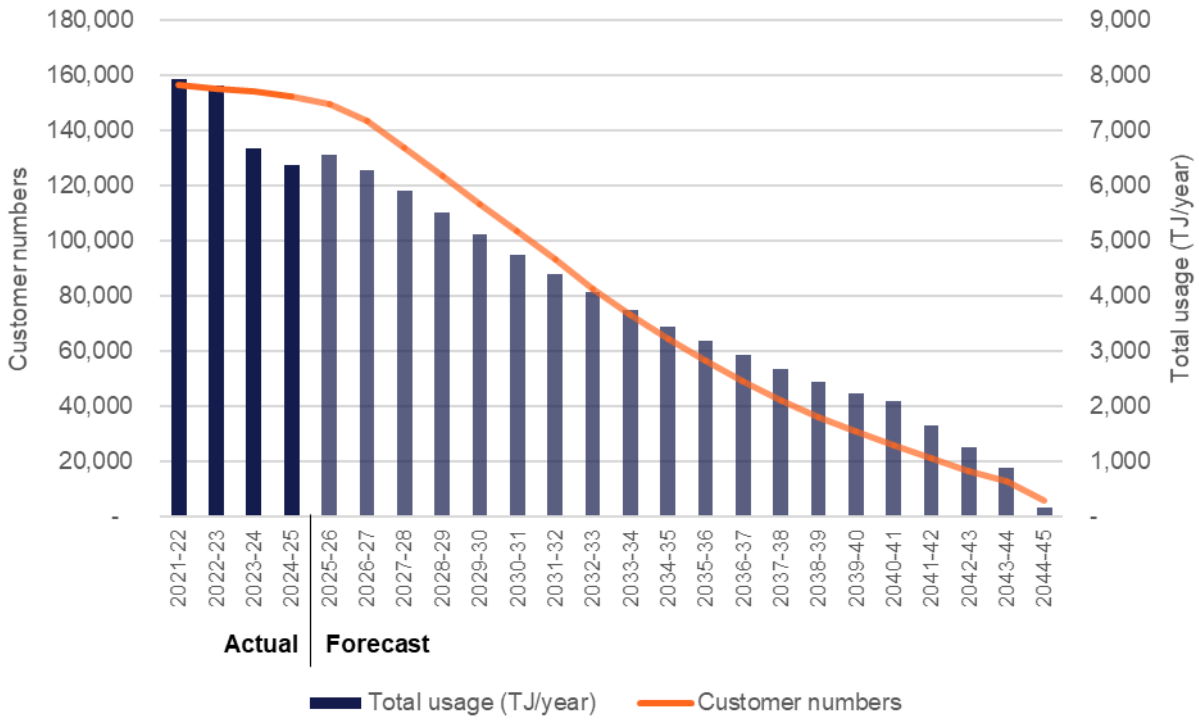
b. a **switching forecast**, which estimates how and when customers will disconnect from gas in the future, informed by detailed survey data and decision modelling.

Figure 15 Evoenergy's ACT-specific approach to forecasting demand



The results from CIE's forecast show demand for Evoenergy's gas services declining by 24 per cent over the 2026–31 access arrangement period and customer numbers declining by 28 per cent, as shown in Figure 16.

Figure 16 Evoenergy's forecast gas demand and customers



Tables 3 and 4 set out the gas demand and connections forecasts for the 2026–31 access arrangement period, by market (volume and demand).

Table 3 Volume market forecast 2026–31

	2026–27	2027–28	2028–29	2029–30	2030–31
Connections (fixed charges)	143,182	133,724	123,557	113,249	103,329
Total usage (TJ per annum)	5,267	4,936	4,591	4,244	3,910

Note: Connection numbers are expressed as an average over the year

Table 4 Demand market forecast 2026–31

	2026–27	2027–28	2028–29	2029–30	2030–31
Connections (fixed charges)	43	43	42	41	40
Total usage (TJ per annum)	1,005	955	915	870	834
Total chargeable demand (GJ per day)	5,397	5,147	4,936	4,692	4,512

Note: Connection numbers are expressed as an average over the year

Our stakeholders told us that they consider our demand forecasts to be credible and aligned with their expectations.

For more information on our demand forecasts see Attachment 2: Demand forecast.

8.3 Ensuring the gas network is safe and reliable

The costs of operating and maintaining a gas distribution network are largely fixed, meaning the cost does not materially decrease as customers leave the network. It is also necessary to continue investing 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 necessary to maintain safety and reliability and meet our regulatory obligations to supply gas services.

8.3.1 Capital expenditure

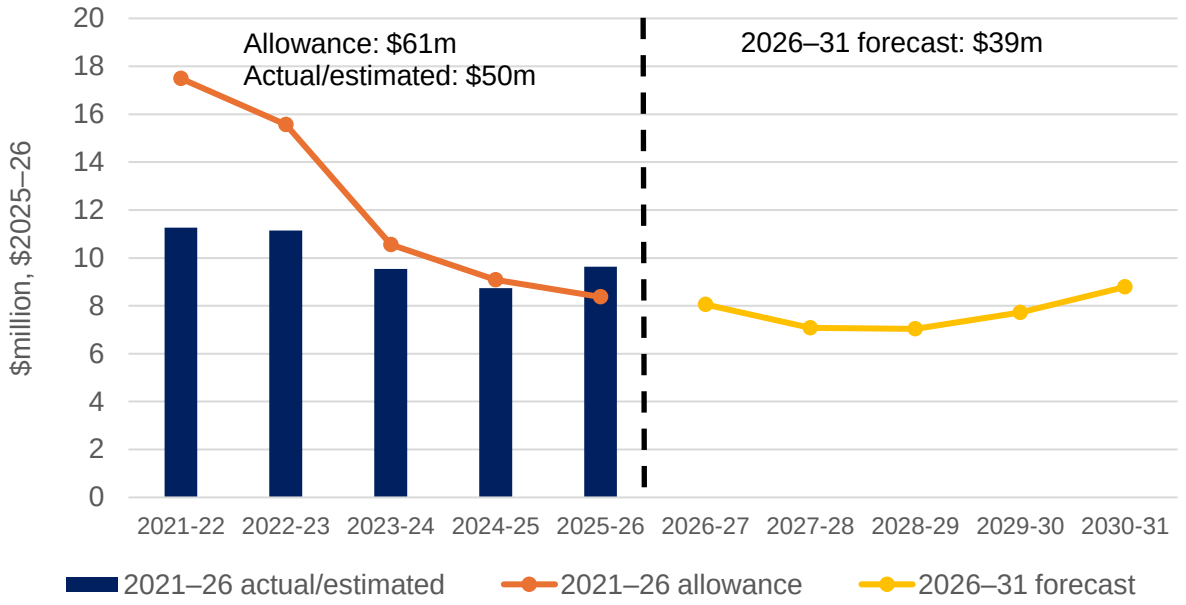
Our priority is to minimise capital expenditure (capex) to avoid unnecessary investment in a contracting network, while ensuring our safety and regulatory obligations are met. In the 2026–31 access arrangement period, Evoenergy's forecast capex is limited to the following categories:

- meter renewal: Evoenergy is obligated to replace meters that have reached the end of their useful life[56]
- 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.[57] 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. We do not propose to impose connection charges on new customers as we consider the approach would have limited application and impact for our network
- network renewal: Evoenergy forecasts minimal capex for network renewal. The only significant project planned is an electrical and instrumentation replacement of obsolete and defective components at the Bungendore Packaged Offtake Station (POTS).

Evoenergy's capex forecast for the 2026–31 access arrangement period is $39 million, which is $12 million or 23 per cent below the expected capex for the 2021–26 access arrangement period (see Figure 17).

[56] 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.
[57] 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*.

Figure 17 Capex, current access arrangement 2021–26 versus forecast ($million, 2025–26)



Under the Capital Expenditure Sharing Scheme (CESS) incentive mechanism that applied in the 2021–26 period, Evoenergy's performance results in a $4.9 million ($2025–26) revenue adjustment (benefit). We do not propose to continue the CESS in the 2026–31 access arrangement period on the basis that the ACT Government's net zero policy settings provide sufficient incentive for Evoenergy to minimise capex. This also ensures any potential savings made within the period will flow to customers in a greater share than under current arrangements.

For more information see Attachment 3: Capital expenditure.

8.3.2 Operating expenditure

Over the next five years, Evoenergy is committed to limiting network operating expenditure (opex) to only what is required to safely and reliably manage the gas network and meet regulatory obligations relating to the supply of gas services as gas demand continues to decline.

We have made two important changes to our approach to forecasting opex for the access arrangement period:

a. we have excluded government taxes and levies (Utilities (Network and Facilities) Tax (UNFT) and the Energy Industry Levy (EIL)) from our opex category-specific forecasts.[58] These charges, which account for approximately 26 per cent of total opex in 2021–26 and contribute around 15 per cent of 2021–26 revenue allowance, are updated by the ACT Government annually and are outside Evoenergy's control. [59] Our approach will allow us to update our forecasts for these fees and charges annually, rather than every five years as is currently the case. This approach supports stable prices and avoids large intra-

[58] Given our proposal to adopt a revenue cap as the TVM, we propose excluding government taxes and levies from opex and instead including these costs in annual pricing, consistent with the approach used for electricity (see Evoenergy-Attachment 9-Tariff variation mechanism-June 2005_Public).
[59] In the current 2021–26 access arrangement period, costs associated with ancillary services and government taxes and levies accounted for $67.8 million of the operating expenditure building block.

regulatory period adjustments to account for deviations in the actual fees and charges from our forecasts. This approach is also consistent with the treatment of these fees and charges for our electricity business. Our community forum supports our proposed approach.

b. we have separated transport services from ancillary activities and correspondingly excluded $9 million ($2025–26) from our 2026–31 opex forecasts.[60] This approach aligns Evoenergy's reference services with industry practice and reflects our expectation that demand for our Transportation (including metering) services will diverge from demand for Ancillary Activities, such as disconnection services. The separation of our reference services was approved by the AER in November 2024.[61]

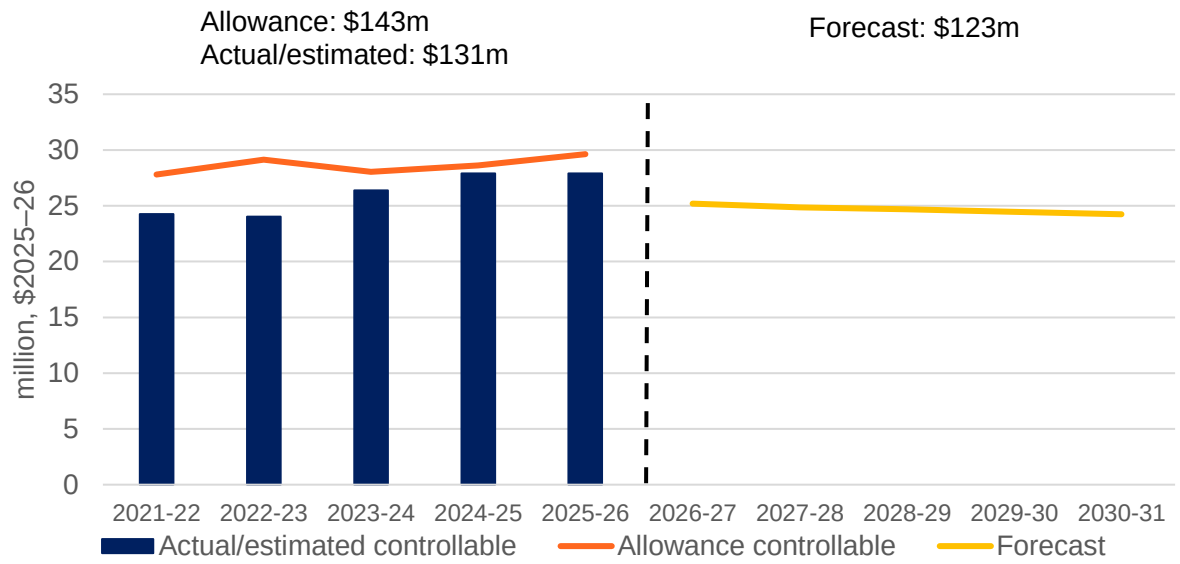
We have also responded to our stakeholders' feedback to limit network expenditure by adopting inputs and assumptions that minimise our opex forecasts, including:

- assuming 2023–24 as the base year reflecting an efficient start point based on actual audited data
- including a downward adjustment for customer numbers based on our forecast decline in customer numbers, even though opportunities for cost savings arising from a declining customer base are limited
- using a zero productivity trend despite the potential for declining productivity driven by lower customer density and lost economies of scale
- excluding any step changes from our opex forecast and instead managing cost increases within our proposed allowance.

Evoenergy's forecast opex for transport services is $123 million (real, $2025–26) for the 2026–31 access arrangement period.[62] When compared on a like-for-like basis,[63] this is 14 per cent below the AER's allowance for the 2021–26 access arrangement period and five per cent lower than expected opex for the 2021–26 access arrangement period (see Figure 18).

[60] For more information on our Ancillary activities reference service see Evoenergy-Attachment 8-Ancillary activities reference service and tariffs-June 2025_Public.
[61] AER, Evoenergy's Reference Service Proposal 2026–31: Final Decision, November 2024 (available on AER website).
[62] This is total transport opex, including unaccounted for gas (UAG) and debt-raising costs.
[63] I.e. excluding UNFT, EIL and ancillary services opex.

Figure 18 Transport opex, current access arrangement period versus forecast ($million, 2025–26)



Evoenergy's efficiency carryover mechanism (ECM) incentive carryover amount for the 2026–31 access arrangement period is $0.0 million, and we propose to retain the ECM for the access arrangement 2026–31.

For more information see Attachment 4: Operating expenditure.

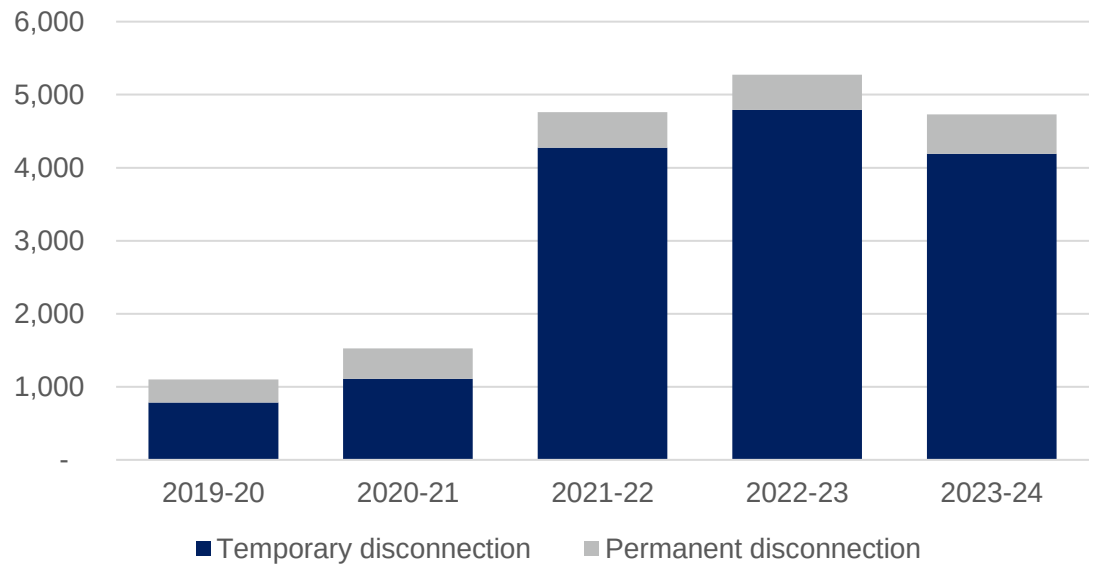
8.4 Safely disconnecting from our gas network

Evoenergy's operating environment has significantly evolved over the past five years, with the introduction of the ACT Government's ban on all gas network connections, its legislated net zero emissions by 30 June 2045, and economic incentives aimed at supporting households to electrify appliances.

Within this context, we have seen a significant increase in demand for gas network disconnection services over the 2021–26 access arrangement period, shown in Figure 19.[64]

64 As of April 2025, we have completed 4,339 disconnections in the year to date.

Figure 19 Disconnection service request volumes



Source: Evoenergy 2026–31 Reset Regulatory Information Notice, Evoenergy.

An independent safety assessment for single detached residential dwellings connected to Evoenergy's network concluded that the costs associated with permanently disconnecting all non-consuming properties are disproportionate to the risk. Instead, to maintain the required level of network safety, permanent disconnections are only necessary for building demolition and for residential property sales if all appliances have been electrified.

On this basis, we are proposing to adopt a targeted approach to permanent disconnections, where the decision on which disconnection service is most appropriate will depend on the circumstances of the individual property and property owner. Our proposal:

- retains our existing cost-reflective user-pays approach for permanent disconnections on the basis that it promotes equity and efficiency during the electrification transition, while maintaining network safety at the lowest cost
- introduces differentiated permanent disconnection services (basic, basic (urgent), and complex) to reduce costs for most customers and provide flexibility for customers as they electrify their homes and businesses
- includes a Safety Control Program to support and educate the community, and provide targeted information for those with a non-consuming service. The cost of this program is proposed to be recovered through the temporary disconnection charge.

Our approach will deliver a significant benefit to the community by avoiding $32 million associated with permanently disconnecting all non-consuming properties, while maintaining the required level of network safety. Additionally, by retaining our existing user-pays approach to permanent disconnections, those costs are recovered directly from the customer requesting and benefitting from the service, rather than those costs being recovered from customers who are least able to transition early, such as those facing financial hardship, renters, multi-occupant dwellings residents, and businesses that rely heavily on gas. This approach reflects our community's values to ensure an equitable energy transition.

For more information on our proposed approach to our disconnection services, see Appendix 8.1: Disconnection services.

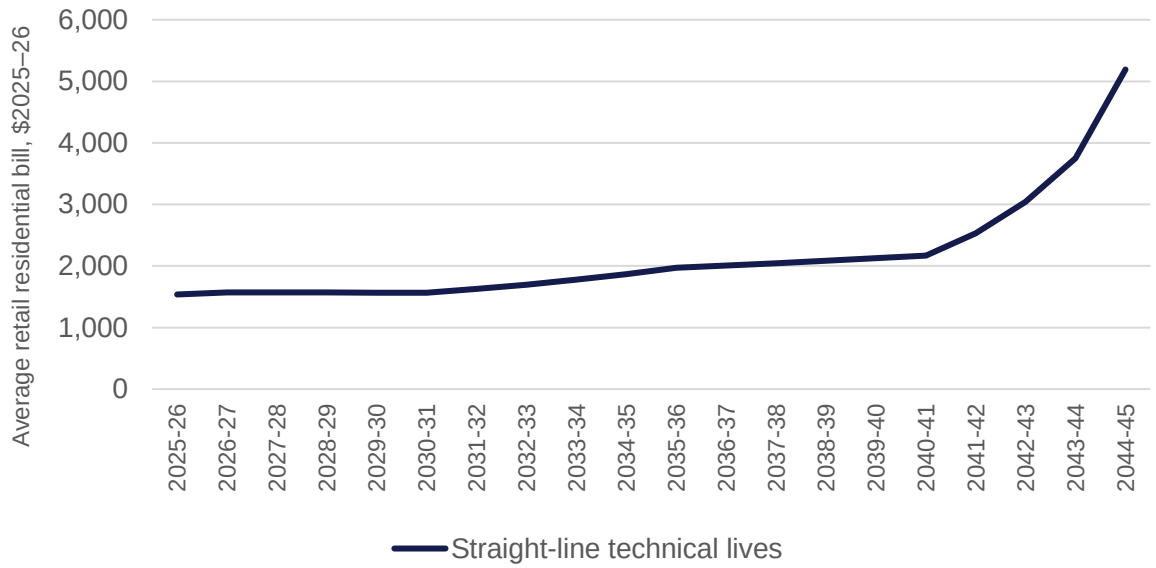
8.5 Recovering past infrastructure investments

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 region.

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.[65] 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 IEP and net zero targets, there will be fewer customers to share the costs.

Using the standard depreciation approach to recovering these costs is no longer appropriate in the ACT context. Continuing to use the current approach would have significant long-term 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, as shown in Figure 20.

Figure 20 Indicative residential bill impact of current approach: straight-line depreciation using technical asset lives



We are proposing to adapt our depreciation approach to reflect the policy context facing Evoenergy and take action now so that costs are equitably shared between more customers by:

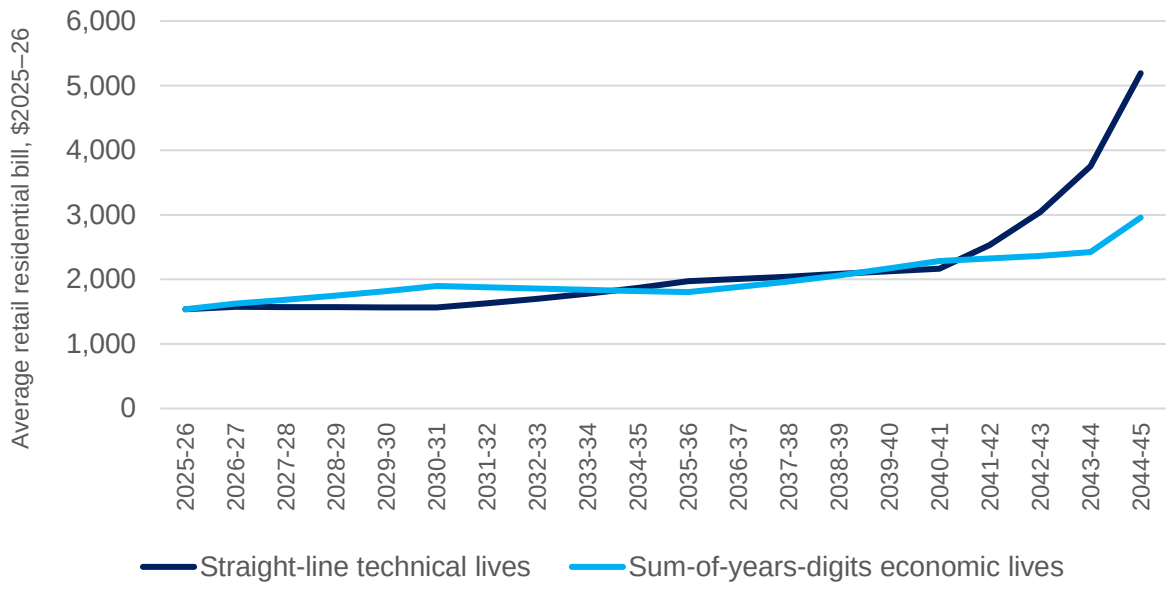
- replacing the current technical asset lives with economic asset lives based on the ACT's legislated target of net zero emissions by 2045, noting this approach is conservative given, under the IEP, phased decommissioning of the gas network is to commence from 2035 meaning some assets will have a shorter remaining life
- replacing the current straight-line depreciation method with the sum-of-years'-digits depreciation method, reflecting a more equitable sharing of past investment costs in the long-term interest of gas customers.

Taking action now to bring forward depreciation ensures that these costs are shared between more customers, which will help manage the longer-term price impacts on those unable to

[65] This amount also includes a return on investment that has been set at a level that reflects a relatively low level of risk in the past.

transition early. Taking action to bring forward depreciation now provides a reasonable opportunity for Evoenergy to recover past investment costs, but does not remove Evoenergy's significant risk of asset stranding, meaning that Evoenergy can continue to provide safe and reliable gas services for those remaining on the gas network for longer. The combined impacts of these changes on average retail customer residential bills are shown in Figure 21.

Figure 21 Indicative residential bill impact of current depreciation approach relative to proposed depreciation approach over the period 2026–2045



Notes: Retail bill impacts reflect changes in distribution network charges and forecast ACT Government taxes and levies. All other components of the retail bill (gas transmission, wholesale gas and retail) are held constant. Retail bill impacts are calculated for an average residential customer using 27 GJ of gas per year. Change in network charges based on Evoenergy's demand forecast to 2045, Evoenergy's expenditure forecasts for the 2026–31 access arrangement period and placeholder expenditure forecasts thereafter, excluding future network decommissioning costs.

Recognising the limitations of the existing regulatory framework, our stakeholders provided in-principle support for our proposed approach on the basis that it supports an equitable energy transition path through to 2045.

For more information on our proposed approach to recovering past infrastructure investments, see Attachment 6: Depreciation.

8.6 How our tariffs are structured

In access arrangement 2026–31, Evoenergy proposes to retain the existing tariff classes and tariffs within its Transportation (including metering) reference service, building upon the significant tariff reform and simplification achieved in access arrangement 2021–26. As in the prior period, we propose to group our customers into two classes:

- demand customers (for very large customers, generally using more than 10 TJ per annum)
- volume customers, covering all other residential and commercial customers on the gas network.

We also propose to retain the current tariff structure within these classes.

8.6.1 Proposed flattening of the volume individual tariff in 2026–31

Following significant engagement with our community, and recognising strengthening policy mandates for emissions reduction, we are proposing a gradual and measured flattening of our existing Volume Individual (VI) tariff. This involves a gradual rebalancing of the VI tariff consumption blocks over the 2026–31 access arrangement period, by lowering Block 1 and increasing Blocks 2–4, resulting in a "flatter" structure with less price variance across the usage blocks.

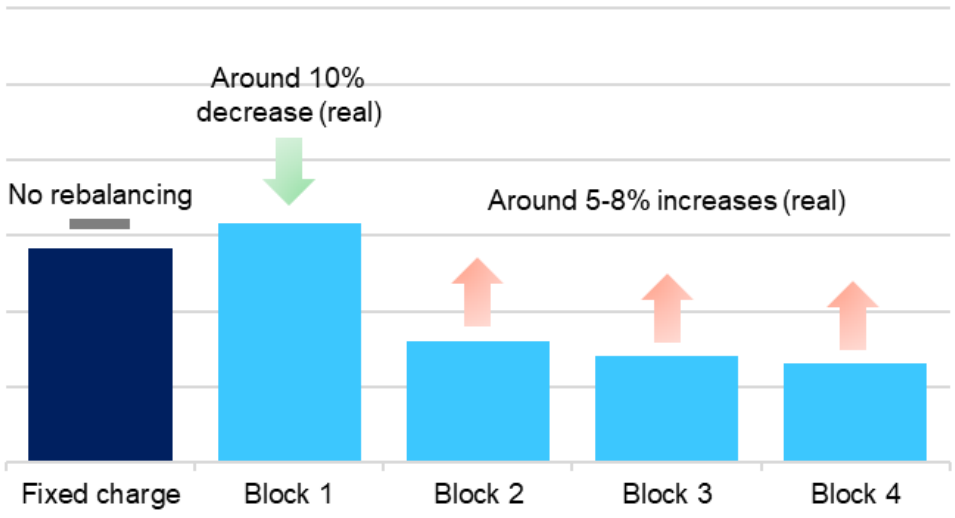
Flattening the VI tariff will help improve affordability for smaller gas customers and better signal emissions reduction objectives to larger customers, while maintaining the benefits of a simple tariff structure that reflects our largely fixed network costs.

Our proposal is to target a Block 1 reduction of approximately ten per cent (in real terms) by the end of the access arrangement period 2026–36, with commensurate increases in Blocks 2–4 of approximately five to eight per cent over the period to counterbalance the lower Block 1 (i.e. flattening is revenue neutral).

We propose to achieve this flattening through our annual tariff variation process, with the final price levels to be proposed by Evoenergy and approved by the AER each year (see Attachment 9: Tariff variation mechanism). This allows prices to continue to be responsive to changes in gas demand, as well as market factors such as the Consumer Price Index (CPI), cost of debt, and government taxes and levies.

The proposed tariff flattening is illustrated in Figure 22.

Figure 22 Illustration of proposed flattening of VI tariff block charges



Note: Final price levels to be determined through annual tariff variations, approved by the AER each year in the 2026–31 access arrangement period.

8.6.2 Demand customer tariffs

We are proposing to keep the current tariff structures for the demand tariff class, which covers approximately 40 of our largest gas customers. We recognise that the current demand capacity tariff is already relatively "flat" compared to Evoenergy's volume tariffs, and effectively signals Evoenergy's network costs through variable, size-based metering charges and usage charges based on chargeable demand. Avoiding changes to the demand tariff structure helps provide

longer-term certainty and stability for demand market customers, recognising that demand customers are typically more price-inelastic, and that structural changes could have material bill impacts for individual customers.

Evoenergy proposes to automatically reset chargeable demand for demand capacity tariff customers from 1 July 2026 if this would result in a reduction in a customer's network charges. Normally, reductions in chargeable demand require a customer to lodge a request with Evoenergy, in accordance with the access arrangement provisions. Our proposal for an automatic adjustment at the start of the 2026–31 access arrangement period will provide an improved customer experience, reduce administrative costs, and ensure our demand forecasts are recalibrated for the start of the regulatory period. This approach is similar to the approach taken for the 2021–26 access arrangement period.

8.7 How we will adjust gas network prices

The NGR require that an access arrangement must include a mechanism that specifies how gas network tariffs will be updated each year.[66] The TVM must offer a service provider with a reasonable opportunity to recover at least the efficient costs incurred in providing services and complying with regulatory obligations, provide effective incentives to promote economic efficiency, and allow for a return commensurate with regulatory and commercial risks.[67]

Our regulatory and operating environment has substantially changed during the current period, where the ACT Government has ratcheting policy settings targeting electrification, our customers have the strongest electrification intentions compared to any other Australian jurisdiction, and our regional demand characteristics are unique.

The unprecedented energy transition underway in the ACT, coupled with our unique demand and customer characteristics, means that forecasting demand for gas over the forthcoming five-year 2026–31 access arrangement period is more challenging than ever before.

The AER will make its final determination and set a five-year demand forecast just before the ACT Government's 2027 review of progress towards its legislated emission reduction targets. The ACT Government has committed to implementing additional regulatory measures during the 2026–31 access arrangement period from 2030 (or earlier), to ensure the success of its targets. This creates substantial regulatory uncertainty and materially increases demand forecasting risk.

Evoenergy proposes to adopt a revenue cap for the 2026–31 access arrangement period to:

- ensure customers pay no more and no less than needed for Evoenergy to safely and reliably provide gas distribution services, regardless of actual demand. This reflects the priority of our community forum
- remove demand forecasting risk for both Evoenergy and our customers and allow demand and prices to be updated annually to reflect the actual pace of the ACT region's electrification transition
- allow consistent regulatory arrangements between gas and electricity substitutes within our operating footprint, enabling efficient price signals between energy sources, creating a natural total energy bill hedge as prices vary with our customers' electrification preferences

[66] NGR 92(1).
[67] *National Gas (South Australia) Act 2008*, section 24.

- avoid price variability by allowing prices to incrementally adjust annually over the long term. Regulatory tools, such as a rolling unders and overs mechanism, have been embedded in the proposed TVM to facilitate price smoothing over time
- ensure that our incentives implicit in the TVM are aligned with the ACT Government's emission reduction policy, including providing an opportunity for Evoenergy to recover its efficient costs and ensuring the associated returns are commensurate with commercial and regulatory risks
- minimise administrative costs and complexity as the energy transition progresses through adopting standardised modelling, implementation and compliance approaches while reducing the need to reopen an access arrangement.

For more information, see Attachment 9: Tariff variation mechanism.

8.8 Our ancillary activities

In addition to establishing ancillary activities as a separate reference service in the 2026–31 access arrangement period,[68] Evoenergy proposes to make a number of key changes to better reflect the provision of these services in the ACT's context. These changes include:

a. offering differentiated permanent disconnection services to promote efficiency and equity through the electrification transition (for more information, see section 8.4 and Appendix 8.1: Disconnection services)

b. introducing wasted visit charges for our disconnection, reconnection and special meter read services to ensure that costs associated with wasted or abandoned visits are not recovered through the Transportation (including metering) reference tariff, further increasing the cost of providing the transportation service.

Our ancillary activities charges have been calculated using the AER's standardised ancillary network service model and include labour and materials, contract costs and corporate overheads.[69] For more information on our 2026–31 ancillary activities prices, see Attachment 8: Ancillary activities reference service and tariffs.

Ancillary activities reference services are provided to individual customers on request. The cost of providing these services is directly attributable to, and recovered from, the household or business requesting and benefiting from the service.

To ensure our ancillary activities charges continue to reflect the cost of undertaking these activities, Evoenergy proposes a price cap (based on individual charges per service) TVM for its Ancillary activities reference service. This approach is consistent with those approved by the AER for gas and electricity distribution networks for ancillary activities. For more information, see Attachment 9: Tariff variation mechanism.

8.9 Evoenergy's revenue requirement

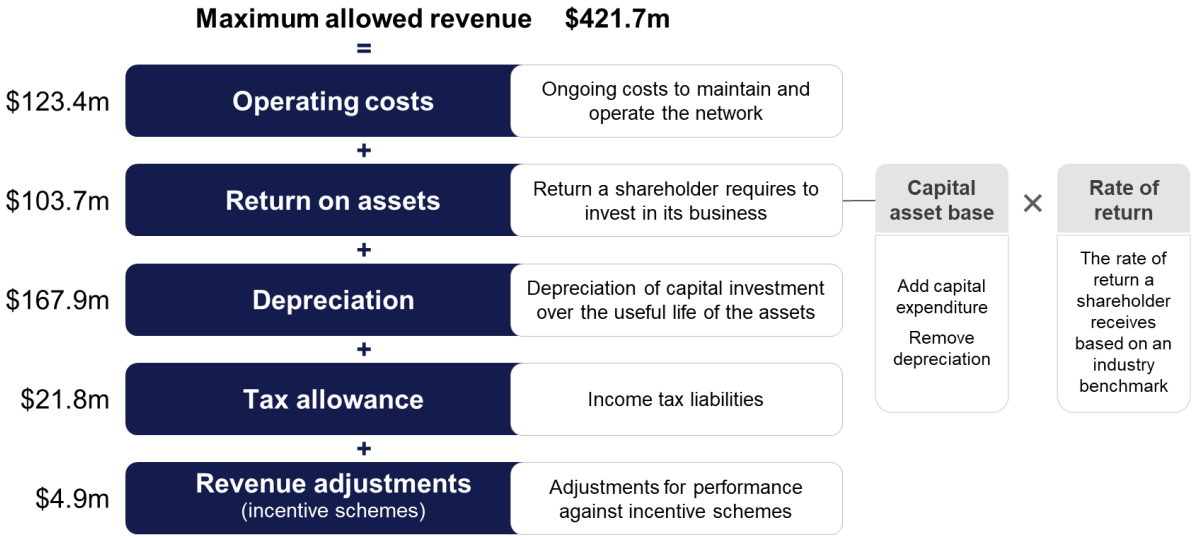
Our network charges are set to allow us to earn revenue to cover our forecast efficient costs. The AER assesses our proposed charges against the "building block" cost categories. The building

[68] Approved by the AER in November 2024. See AER, Evoenergy's Reference Service Proposal 2026–31: Final Decision, November 2024 (available on AER website).
[69] Corporate overheads have been excluded from basic and basic (urgent) permanent disconnection charges to ensure that charges for these services are as low as possible.

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.

Our forecast revenue requirement over the 2026–31 access arrangement period is $421.7 million unsmoothed ($2025–26), or $422.8 million smoothed ($2025–26).

Figure 231 Evoenergy's forecast revenue requirement for 2026–31 ($millions, 2025–26, unsmoothed)[70]

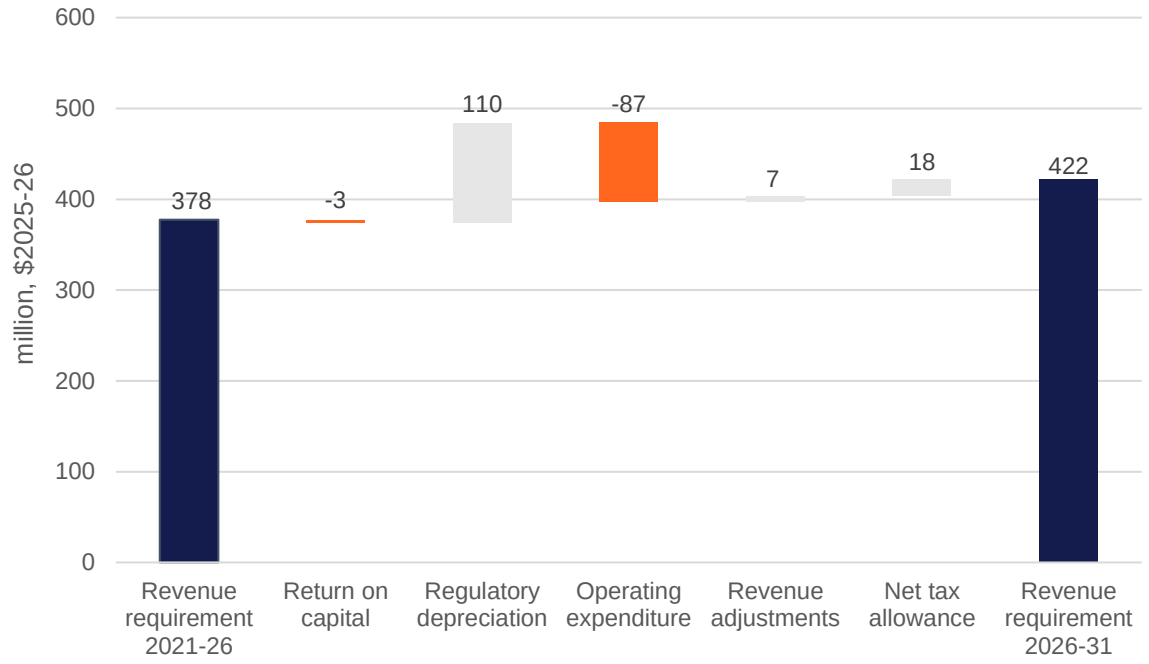


Note: Figures may not sum due to rounding.

The proposed revenue requirement for the 2026–31 access arrangement period is 12 per cent higher than the approved revenue requirement for the current 2021–26 access arrangement period. This is largely driven by the use of economic asset lives (instead of technical lives) and accelerated depreciation (instead of straight-line depreciation). These factors increase the regulatory depreciation building block and the tax allowance building blocks, while reducing the return on capital building block. There is a substantial decline in proposed operating expenditure, which is largely the result of removing ancillary services and ACT Government taxes and levies from the building block costs (as discussed in section 8.3 and Attachment 9: Tariff Variation Mechanism).

[70] Note maximum allowed revenue shown is unsmoothed and operating costs shown include debt raising costs.

Figure 24 Building block revenue requirement, 2021–26 versus 2026–31



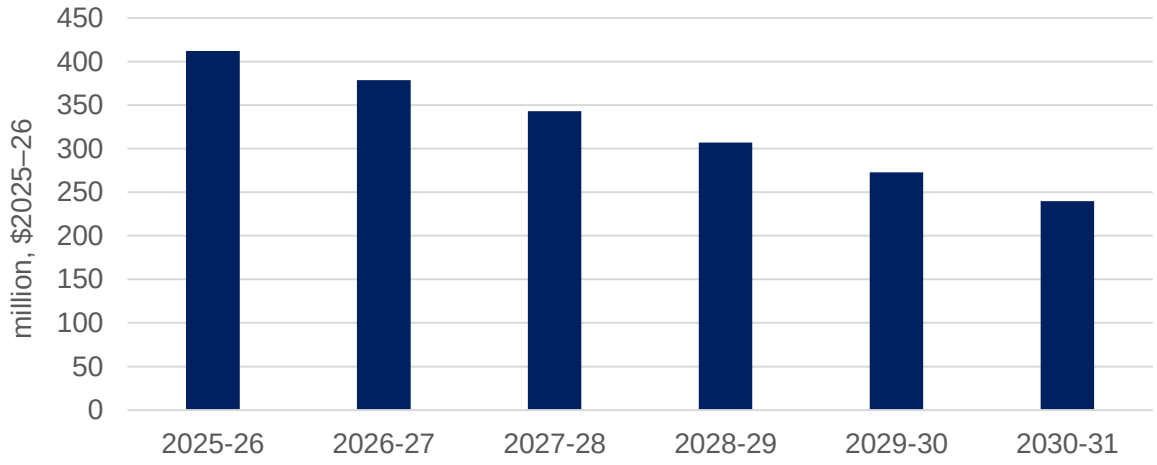
Note: Figures may not sum due to rounding.

For more information on our revenue requirement, including our approach to smoothing revenue over the period using a revenue cap, see Attachment 5: Revenue requirement and prices.

8.9.1 Impact on capital asset base

The capital asset base (CAB) is calculated for every year of the access arrangement period 2026–31 by adding new capex and deducting depreciation. Our CAB is forecast to decrease by 42 per cent over the 2026–31 access arrangement period (see Figure 25). The substantial reduction in the forecast CAB is driven by minimal new capex, discussed in section 8.3.18.3, and the regulatory depreciation approach, discussed in section 8.48.4.

Figure 25 Closing 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.[71]

For more information on our approach to depreciation, see section 8.48.5 and Attachment 6: Depreciation.

8.10 How our revenue will be recovered from our customers

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 8.6 and our demand forecast (as set out in section 8.1) is shown in Table 5. The bill impacts shown below reflect the proposed gradual flattening of Evoenergy's volume tariff as discussed in section 8.6 and Attachment 7: Transportation (including metering) reference service and tariffs.

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 from those shown below.

As we have removed the UNFT and EIL from our building block revenue requirement, these costs have been added back to calculate indicative retail prices. We have forecast the UNFT and EIL for the entire access arrangement period for this purpose, but as discussed in section 8.3 this forecast will be adjusted every year for actuals.

As shown in Table 5, the average annual increase in the real network bill is ten per cent for the average residential consumer, while the average annual increase in the real retail bill is four per cent across our typical customer types shown (see also Figure 24). For more information on the price impacts of our 2026–31 revenue requirement, see Attachment 5: Revenue requirement and prices.

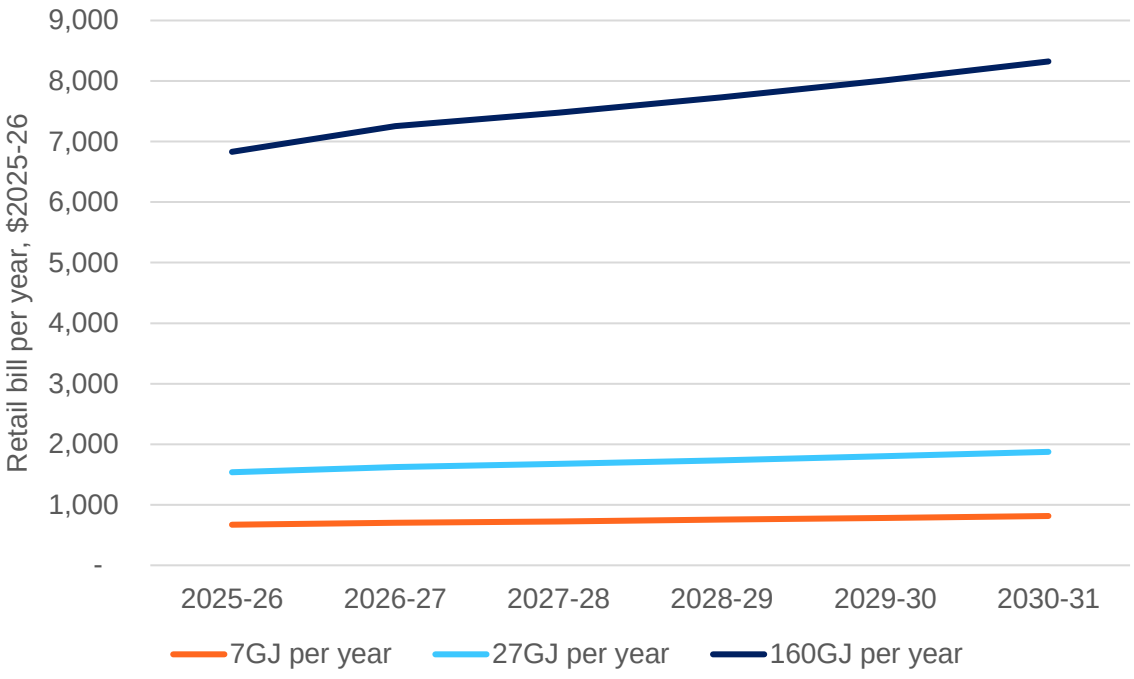
Table 5 Bill impacts for 2026–31 access arrangement period ($2025–26)

Usage	Bill component	2026–27	2027–28	2028–29	2029–30	2030–31	Average annual increase
7 GJ	Non-network	454	454	454	454	454	
	Network	238	262	288	316	347	10%
	UNFT & EIL	10	11	12	12	13	
	Total retail	702	726	753	782	814	4%
27 GJ	Non-network	1,092	1,092	1,092	1,092	1,092	

[71] AER 2023, Rate of Return Instrument, updated on 31 January 2024. AER - 2022 Rate of Return Instrument (Version 1.2) | Australian Energy Regulator (AER).

Usage	Bill component	2026–27	2027–28	2028–29	2029–30	2030–31	Average annual increase
	Network	492	544	600	663	732	10%
	UNFT & EIL	40	42	45	47	51	
	Total retail	1,624	1,677	1,736	1,802	1,874	4%
160 GJ	Non-network	5,274	5,274	5,274	5,274	5,274	
	Network	1,745	1,956	2,192	2,455	2,749	12%
	UNFT & EIL	236	249	264	281	300	
	Total retail	7,255	7,479	7,730	8,011	8,323	4%

Figure 26 Estimated retail bill by customer size ($2025–26)



8.11 Total Reference Service revenue

Table 6 shows the total revenue for each year of the 2026–31 access arrangement period for our Transportation (including metering) reference service (discussed further in Attachment 5: Revenue requirement and prices) and Ancillary activities reference service (discussed further in Attachment 8: Ancillary activities reference service and tariffs).

Table 6 Total forecast annual revenue requirement for Evoenergy's reference services ($m, 2025–26)

	2026–27	2027–28	2028–29	2029–30	2030–31	Total
Transportation (including metering) reference service (smoothed)	79.5	82.6	85.1	87.0	88.6	422.8
Ancillary activities reference service	2.5	2.6	2.7	2.6	2.5	12.9
Total	82.0	85.2	87.8	89.6	91.1	435.7

Glossary of terms and acronyms

Term or acronym	Definition
access arrangement	Evoenergy's access arrangement
ABS	Australian Bureau of Statistics
ACT	Australian Capital Territory
ACTCOSS	ACT Council of Social Services
ACTG	ACT Government
AER	Australian Energy Regulator
CAB	Capital asset base
Capex	Capital expenditure
CESS	Capital Expenditure Sharing Scheme
CIE	Centre for International Economics
CPI	Consumer price index
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.
Draft 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. The draft five-year gas plan was released on 3 March 2025 and is available on Evoenergy's website.
ECA	Energy Consumers Australia
ECM	Efficiency carryover mechanism
ECRC	Energy Consumer Reference Council
ERAP	Energy Regulatory Advisory Panel
Five-year gas plan	Evoenergy's gas plan for the 2026–31 access arrangement period
GJ	Gigajoule – unit of measurement of energy consumption
IAP2	International Association for Public Participation
IEP	ACT Government's Integrated Energy Plan

Term or acronym	Definition
NGL	National Gas Law
NGO	National Gas Objective
NGR	National Gas Rules
NSW	New South Wales
Opex	Operating expenditure
Permanent disconnection	The permanent disconnection of a gas connection at the premises. A permanent disconnection 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.
POTS	Packaged Offtake Station
RIN	Regulatory Information Notice
RSA	Reference Service Agreement
RSP	Reference Service Proposal
SA	South Australia
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 or Rules	National Gas Rules
TVM	Tariff Variation Mechanism
UAG	Unaccounted for gas
VI	Volume Individual tariff
VIC	Victoria