evoenergy

# Appendix 2.1: The Centre for International Economics revised demand forecast report

## Revised 2026–31 access arrangement information

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

Submission to the Australian Energy Regulator

**January 2026**

FINAL REPORT

# Gas demand forecast

Update for revised proposal

*Prepared for*
*Evoenergy*

*7 January 2026*

**THE CENTRE FOR INTERNATIONAL ECONOMICS**
*www.TheCIE.com.au*

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# 1 Introduction

On 19 June 2025, the Centre for International Economics (CIE) provided a final report to Evoenergy setting out an independent and detailed forecast of demand and customer numbers for the ACT and Queanbeyan-Palerang gas distribution network for the period 2026-2031 (*the previous forecast*). The forecast informed Evoenergy's regulatory proposal to the Australian Energy Regulator's (AER's) review of gas network tariffs for the 2026–31 Access Arrangement period. The AER's draft decision was to accept Evoenergy's forecast for the Demand Tariff for the 2026–31 period, but to not accept Evoenergy's forecast for the Volume Tariff. The AER included an alternative estimate of Volume Tariff demand that it considered better meets the requirements of the National Gas Rules (NGR).

Evoenergy has requested that the CIE provide a revised forecast that takes account of:

- the critiques put forward by the AER and its consultant, Frontier Economics (FE)
- additional historical data
- changes to policy settings, including the interest rate adjustment to the ACT Sustainable Household Scheme and the AEMC rule change to the regulatory framework for gas connections
- revised forecasts of dependent variables, and
- any other relevant new information.

This report sets out the revised forecast. It focuses on describing the changes made to the previous forecast. For a detailed description of the forecasting method and the analysis of historical demand by which it was informed, see our final report of 19 June 2025.[1]

1 CIE 2025. Gas demand forecast – ACT and Queanbeyan 2026-2045. Final Report prepared for Evoenergy, 19 June.

# 2 New information considered in the forecast

This chapter describes how new information was considered when deriving the updated demand forecast.

## Changes to assumptions and method

Table 2.1 lists the new information incorporated in the gas demand forecast.

### 2.1 Updates to the June 2025 forecast

| Element | Source/assumptions |
|---|---|
| **Updating historical data** | |
| Actual Tariff VI billing | Billing data updated to July 2025 (with August-October 2025 only partially billed) |
| Actual Tariff D billing | Daily usage data updated to end of FY 2025 |
| Retail gas price | ABS Consumer Price Index, updated to Sept 2025 quarter |
| Effective degree days (EDD) | Updated to Oct 2025 |
| **Updating driver forecasts** | |
| Wholesale gas price — forecast | Updated to Acil Allen forecast for AEMO 2025 Gas Statement of Opportunities |
| Retail electricity price — forecast | Updated AEMC forecast for 2025 release of Residential Electricity Price Trends 2025. Rebased to current ActewAGL Power On Plan usage charge of 33c/kWh. Updated solar feed-in tariff to 6c/kWh for exports based on ActewAGL Home Saver Plus. |
| Gas disconnection cost | Updated to $172 ex GST. |
| EDD — forecast | Updated for NARCliM temperature projected trend through AEMO EDD formula. The average of the NARCliM projections for the ACT is 1.45 degrees increase over 40 years; that is, 0.03625 degrees per year. Minimum and maximum daily temperatures are projected to increase by a similar amount. The CIE apply this trend to the temperature component of the EDD formula for ACT in the Retail Market Procedures. See chart 2.2. |
| Electrification of public housing | The CIE considered the recently-announced ACT Government plan to electrify 1600 public housing properties by 2028.[2] No specific post-model adjustment is included in the forecast with respect to this plan, as significant residential electrification is already captured in the choice model index applied to private and public housing alike. |

2 ACT Budget 2025-26, Budget Outlook, p 97.

| Element | Source/assumptions |
|---|---|
| Connection charges for NSW customers | Evoenergy estimates charges will be $2 122 excluding GST following the AEMC rule change to the regulatory framework for gas connections.[3]<br>Victoria's new rule for a full upfront charge (of a similar magnitude) took effect on January 1, 2025, as part of the Gas Distribution Code of Practice. New connections since the change are down 11 per cent compared to the same period in 2024.[4] Some of these connections are likely for requests submitted prior to the change which are not charged the new higher amount. The ongoing impact is likely to be greater.<br>Data on connection service requests would provide more immediate information about the likely impact. Ausnet has been quoted as saying requests halved in the first quarter of 2025.[5]<br>For the purpose of forecasting the impact on Evoenergy NSW new connections, we assume the 50 per cent impact described above. |
| Forecast revenue requirement and weighted-average cost of capital | Updated based on data for Evoenergy's revised proposal (08/12/2025) |
| Sustainable Household Scheme | Interest rate changed from 0% to 3% p.a. on 1 July 2025.[6] Model parameter has been updated. |
| Share of switched electricity consumption sourced from home solar | Assumption changed from 50 per cent to 27.3 per cent (3.78 kWh / 13.86 kWh), based on the ACT winter profiles in AEMO, Gas-Electricity Meter Data Linking Project Report, January 2025, p 27. See table 2.3. |
| **Model changes/amendments** | |
| Gas appliance consumption | Updated the assumed consumption for heaters and hot water systems, calibrated to actual ACT consumption and appliance data, rather than relying on estimates by Alternative Technology Association. See table 2.4 and the following discussion. |
| Gas retail usage prices | Corrected (previously included only network component). |
| Sampling weights | Applied (previously not applied).<br>The CIE has updated the sampling weights to account for solar ownership. There are 63 945 small solar generation units in the ACT.[7] In the 2021 Census there were 186 963 private dwellings in the ACT. With four years of growth at 1.8 per cent per year, the estimated number of dwellings in 2025 is 200 792. This gives a share of dwellings with solar panels of 31.8 per cent. We assume the same share applies to the population of gas customers. |

3 https://www.aemc.gov.au/rule-changes/updating-regulatory-framework-gas-connections, accessed 18/12/2025.

4 AER - Gas quarterly disconnection reporting - 18 November 2025

5 https://reneweconomy.com.au/the-numbers-show-victorias-get-off-gas-policies-are-working/, accessed 28/11/2025

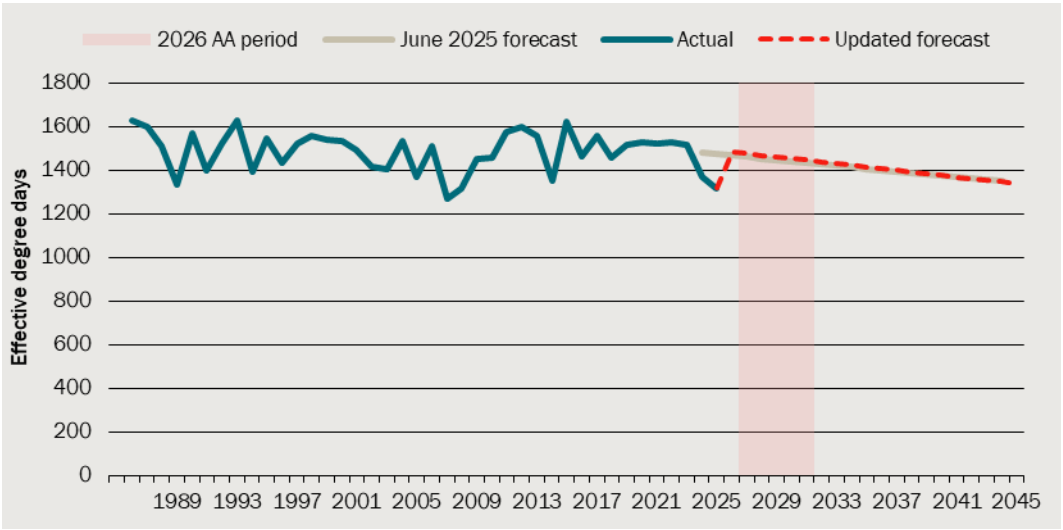
6 https://www.climatechoices.act.gov.au/policy-programs/sustainable-household-scheme, accessed 28/10/2025

7 https://cer.gov.au/markets/reports-and-data/small-scale-installation-postcode-data, accessed 25 November 2025.

| Element | Source/assumptions |
|---|---|
| Changes over time in relationship between EDD and usage | The CIE has added an EDD-time interaction to its regression models. The EDD coefficient applying over the forecast period reflects the modelled relationship for FY 2026. This is a lower sensitivity to EDD than assumed in the June 2025 forecast. The trend is not assumed to continue post-2025, since the respective roles of appliance mix, appliance efficiency and building efficiency on the historical trend cannot be statistically identified. |
| Calculation of usage by block | The CIE has adjusted its model so that usage forecasts are now based on the regression for total usage, with allocation to blocks based on the relativities of regression results for each block. |
| Tariff VB assumptions | The CIE has adjusted its Tariff VB forecast. Connections are now assumed to remain constant until 2031 and then decrease with same profile assumed for residential customers from 2025, until 2041, after which connections are assumed to decrease linearly to zero in 2045. |
| Tariff D assumptions | The CIE has amended its model to clarify that connections are assumed to reduce to zero in FY 2045. |
| Application of choice model results | The existing annual proportional impacts of the choice model are retained, but applied relative to a base of FY 2025. This means the forecast rate of appliance failure remains based on a starting point of appliance age at the time of the survey. It also means the information consumers provided about the length of delay before they would electrify in the absence of appliance failure applies from the date of the survey (and not from the date of the updated forecast). |

*Source:* CIE

## 2.2 Actual and forecast effective degree days




*Data source:* CIE

## 2.3 Calculation of share of switched electricity consumption sourced from solar

| Hour | Gas heating only, gas hot water, no solar | Electric heating only, electric hot water, no solar | Difference | Solar generation | Additional consumption sourced from solar |
|---|---|---|---|---|---|
| | kW | kW | kW | kW | kW |
| 1 | 1.00 | 0.50 | 0.50 | 0.00 | 0.00 |

| Hour | Gas heating only, gas hot water, no solar | Electric heating only, electric hot water, no solar | Difference | Solar generation | Additional consumption sourced from solar |
|---|---|---|---|---|---|
| | kW | kW | kW | kW | kW |
| 2 | 0.90 | 0.48 | 0.42 | 0.00 | 0.00 |
| 3 | 0.80 | 0.45 | 0.35 | 0.00 | 0.00 |
| 4 | 0.75 | 0.45 | 0.30 | 0.00 | 0.00 |
| 5 | 0.75 | 0.45 | 0.30 | 0.00 | 0.00 |
| 6 | 0.80 | 0.48 | 0.32 | 0.00 | 0.00 |
| 7 | 1.10 | 0.55 | 0.55 | 0.00 | 0.00 |
| 8 | 1.50 | 0.65 | 0.85 | 0.00 | 0.00 |
| 9 | 1.40 | 0.63 | 0.77 | 0.05 | 0.05 |
| 10 | 1.20 | 0.60 | 0.60 | 0.33 | 0.33 |
| 11 | 1.10 | 0.58 | 0.52 | 0.82 | 0.52 |
| 12 | 1.00 | 0.55 | 0.45 | 1.39 | 0.45 |
| 13 | 1.00 | 0.55 | 0.45 | 1.74 | 0.45 |
| 14 | 0.95 | 0.54 | 0.41 | 1.89 | 0.41 |
| 15 | 0.95 | 0.54 | 0.41 | 1.65 | 0.41 |
| 16 | 1.00 | 0.55 | 0.45 | 1.24 | 0.45 |
| 17 | 1.20 | 0.60 | 0.60 | 0.60 | 0.60 |
| 18 | 1.60 | 0.70 | 0.90 | 0.11 | 0.11 |
| 19 | 1.70 | 0.75 | 0.95 | 0.00 | 0.00 |
| 20 | 1.65 | 0.73 | 0.92 | 0.00 | 0.00 |
| 21 | 1.60 | 0.70 | 0.90 | 0.00 | 0.00 |
| 22 | 1.50 | 0.68 | 0.82 | 0.00 | 0.00 |
| 23 | 1.30 | 0.63 | 0.67 | 0.00 | 0.00 |
| 24 | 1.00 | 0.55 | 0.45 | 0.00 | 0.00 |
| **Total** | | | **13.86** | | **3.78** |

*Source:* AEMO, Gas-Electricity Meter Data Linking Project Report, January 2025, p 27

## 2.4 Updated consumption for new gas appliances

| Appliance | Dwelling size | Usage |
|---|---|---|
| | | MJ/a |
| Heater | Small | 14 083 |
| Water | Small | 8 947 |
| Heater | Medium | 20 476 |
| Water | Medium | 12 129 |
| Heater | Large | 30 178 |
| Water | Large | 19 466 |

*Source:* CIE

The hot water system consumption for a medium dwelling was estimated using results from Sustainability Victoria's gas water heater retrofit trial, which found that "average hot water use is significantly lower than the 200 Litres per day (or water heating task of 37.7 MJ per day) which is the basis of the current Energy Labelling test for gas water heaters".[8] The average usage across available instantaneous systems sold in Australia on the E3 Program's registration database is 18 902 MJ per year. The average annual energy use on new systems for 3-4 person households in the trial was 16 974 MJ per year, implying usage for a 2.5 person household of 12 129 MJ per year. The consumption levels for small and large dwellings were set using the same relativities applied in our June 2025 forecast. These estimates are higher than those assumed in the June 2025 forecast.

The gas consumption for heating appliances for a medium dwelling was set such that the implied average consumption across detached dwellings in the survey sample — accounting for the mix of appliances in the sample — is equal to the baseline forecast average consumption for detached dwellings in 2025/26, assuming consumption in large dwellings has the same relativity to medium dwellings applied in the June 2025 forecast. These estimates are lower than those assumed in the June 2025 forecast (which in hindsight were inconsistent with observed average gas consumption in Evoenergy's network). The impact on gas usage when switching from gas heating to reverse-cycle air conditioning in the ACT estimated by Hammerle and Burke (2022) of 7 GJ per quarter is within the range of our updated values.[9]

No changes were made to the estimated consumption of cooktops, as the June 2025 assumption of 2 GJ per year lies within the range of estimates identified in our additional literature review, which included the 3.1 GJ per year estimate developed for the Climate Council[10] and the 1.4 GJ per year estimate from Boddington 2025.[11]

The CIE also reviewed additional evidence of upfront appliance costs, including in the sources noted above and the 2023 update to the Victorian Gas Substitution Roadmap, and found the additional evidence supports the levels assumed in the June 2025 forecast.

## *Responses to critiques in the AER draft report*

Table 2.5 contains our response to each of the concerns raised by the AER and FE. Some of the concerns are justified and, in those cases, the forecasting method and assumptions have been updated to improve the basis for the forecast, as noted in the section above. In other cases, the concerns are unwarranted and an explanation of the reasonableness of the existing basis for the forecast is provided.

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8 Sustainability Victoria 2016. Gas water heater retrofit trial. Report. June.

9 Hammerle, M. and Burke, P.J., 2022. From natural gas to electric appliances: Energy use and emissions implications in Australian homes. Energy Economics, 110, p.106050.

10 https://www.climatecouncil.org.au/wp-content/uploads/2022/10/Switch-and-save-methods.pdf, accessed 18/12/2025.

11 Boddington, S.J., 2025. Cooking up change: Identity, practice, and policy in Australian household stovetop electrification. Energy Research & Social Science, 119, p.103860.

## 2.5 Concerns raised by the Australian Energy Regulator's review

| Concern | CIE response |
|---|---|
| The trend in weather sensitivity over time is not properly captured | This concern is reasonable. The CIE has updated its regression models to include an EDD-time interaction. This approach is preferable to the approach adopted by FE, which throws away all data except the most recent 24 months. |
| The weather normalisation model is a log-linear model, where a linear model may be more appropriate | CIE has retained log-linear models. FE comparisons between CIE's models estimated on millions of customer-level observations with its own models estimated on 24 observations of monthly aggregate consumption are not valid. A log-linear functional form is reasonable for a model estimated on unit-record data. The impact of EDD is not a constant GJ amount for every customer. An impact proportional to usage provides a better fit, because cold weather has a larger GJ impact on usage for a large house than for a small house. We note forecast changes in annual EDD are very gradual and assumptions about the functional form of the weather normalisation model are not a key driver of forecast reductions in gas demand over the 2026-31 AA period. |
| The weather normalisation approach provides a poor fit | The CIE has retained its approach of using starting points from the most recent 12 months. FE's discussion of fit focuses on the degree to which monthly seasonality aligns with historical seasonality. This fit has limited relevance to pricing, which is based on annual consumption. The CIE intentionally uses starting points from the most recent 12 months of weather-normalised observations to ensure a reasonable basis for annual consumption. Weather-normalised average consumption has declined at a faster rate in the past few years. Rather than assuming weather-normalised average consumption will rebound back up to the long-term trend, as FE assumes in its forecast, CIE assumes the reductions that have already occurred will remain and that the forecast trend will apply from that starting point. This approach leads to monthly seasonality resembling the most recent weather-normalised year, which may not align with a longer-term view of seasonality. However, seasonality is considered less important than accurately forecasting annual consumption.<br><br>It is unclear what FE means by its reference to weak fit in additional information provided by CIE. CIE's models are estimated on millions of customer-level observations, whereas FE's models are estimated on 24 observations of monthly aggregate consumption. Direct comparisons of $R^2$ are patently unreasonable, because the level of aggregation smooths out noise and fundamentally changes what $R^2$ is measuring. |
| The CIE use a forecast of warming for Victoria, rather than the ACT | CIE has updated its EDD forecast based on NARCliM temperature projections for the ACT as described in table 2.1. |
| There are concerns about the reliability of survey results | In reaching its conclusion that Evoenergy's use of the survey results is unlikely to appropriately account for self-selection and hypothetical bias, the AER has not considered the available evidence. In particular, there is no indication FE or the AER considered:<br><br>▪ the results for the share of the sample recruited through an online panel that are unaffected by self-selection bias, nor<br><br>▪ the techniques applied by the CIE to mitigate hypothetical bias, including information about the practical steps involved in electrification, a 'cheap talk' script, a five-point certainty scale (and the CIE's conservative treatment of the 'probably would switch' response), and questions about timing explicitly noting differences between intended and actual timing of past home modifications.[12] |

12 Evoenergy 2025. Appendix 2.1: The Centre for International Economics Gas demand forecast report. Access Arrangement Information. ACT and Queanbeyan-Palerang gas network 2026–31, June. p 27.

| Concern | CIE response |
|---|---|
| | Pureprofile, the online panel provider that delivered the survey hosting and panel sampling does not advertise the topic of the survey. Respondents are unaware of the topic until after they have commenced the questionnaire. Analysis of survey results by characteristic, available on the 'PM res indices' sheet in the model provided to the AER, shows that respondents recruited through the panel are likely to disconnect *more quickly* than respondents recruited via email (see figure 2.6). The AER and FE express concern that self-selection bias would result in over-estimation of the rate of disconnection, but did not provide evidence to support this expectation about the direction of the bias. The available evidence indicates potential self-selection bias in the email sample has not resulted in over-estimation of disconnections.<br>Noting the AER's criticisms of the Sagacity survey used in the December 2020 gas demand forecast, The CIE reviewed the academic literature on hypothetical bias in stated preference research and applied several techniques to mitigate potential bias. The fact that FE and the AER equate the potential for hypothetical bias in the CIE and Sagacity surveys indicates that they did not consider these techniques.[13] |
| The sampling weights used by The CIE exclude some important characteristics of customers | CIE has updated the sampling weights to account for solar ownership, but not other additional characteristics. FE's assessment of the representativeness of the sample is flawed because the adult population of the ACT is not the relevant population. The population of owners of properties with a gas connection is the relevant population. It is likely that this population will be older than the adult population, on average. Sampling weights cannot reliably be generated for the characteristics highlighted by FE due to an absence of available data on the population of property owners with a gas connection. This problem also applies to solar ownership, but it has been included to satisfy the AER that the demand forecast is not sensitive to its inclusion, noting it was discussed by the AER in its draft decision. |
| Policy setting included in the switching model do not reflect current ACT Government policy settings | CIE has updated the model for the latest policy settings, including the interest rate now charged on the loan scheme.<br>FE appears to have misinterpreted what was being asked of respondents. The costs shown to respondents were post-incentives. Respondents were not asked to separately account for the impact of incentives on their choices, as implied by FE. For example, regarding the cost levels shown in the choice questions, the questionnaire states "Based on what you've told us about your dwelling and appliances, we have estimated the upfront costs of appliance replacement (including appliance costs, installation costs, power supply upgrades, gas disconnection fees, and *government rebates*)" (emphasis added). |
| The use of fixed effects for the baseline model is not required | CIE has retained its regression model structure (with the exception of the EDD-time interaction discussed above).<br>FE suggests separate models for each customer type. This is a reasonable suggestion, but we do not expect it would have a large impact on forecast total demand. The log-linear form already allows for the impact of EDD on consumption to be larger for larger customers. Separate models result in less precise estimates than pooled models and would be preferable only if the relationships between variables differ significantly across customer types. We note AEMO's published EDD is calibrated on pooled consumption. |
| Modelling consumption per connection in the baseline model for each tariff block delivers a poor model fit | CIE has updated its model so that total consumption is modelled first, with allocation to blocks modelled second. |

13 Frontier Economics 2025. Gas demand forecasts for Evoenergy. Prepared for the Australian Energy Regulator. November. p 16.

| Concern | CIE response |
|---|---|
| | However, there does not appear to be a sound basis for FE's findings in relation to model fit. Comparisons cannot be made between measures of fit for CIE's models estimated on millions of customer-level observations with FE models estimated on 24 observations of monthly aggregate consumption. Direct comparisons of $R^2$, for example, are unreasonable, because the level of aggregation smooths out noise and fundamentally changes what $R^2$ is measuring. |
| The switching model forecasts an abrupt change in the historical trend in disconnections | The historical trend is not a reliable forecast given the significant recent changes in energy policy in the ACT, including the banning of new connections and the published intention to decommission the gas network. The Integrated Energy Plan was only published in June 2024, so its impacts are not captured in the historical trends. The CIE survey provides evidence that customers' future intentions differ from past behaviour. The CIE survey is not an outlier. The recent survey by Energy Consumers Australia, for example, found that 65 per cent of ACT customers plan to cancel their gas account in the next ten years.[14] This rate of disconnection is clearly above historical rates.<br>The CIE survey indicates gas appliances in the network have an average age of approximately ten years and this average age is expected to increase over time, with only a small share of households willing to purchase new gas appliances. If the average life of a gas appliance is 16 years, then a significant share of gas appliances are likely to require replacement over the 2026-31 period. It is clear from the CIE survey that most households will electrify when their appliances require replacement.<br>We acknowledge there is uncertainty over the rate of disconnection, but a change relative to the historical trend is not unexpected, given ACT policy announcements and the ageing stock of appliances. |
| The switching model uses the incorrect retail gas price | Agreed. Amended. |
| The switching model estimates sampling weights but does not apply those sampling weights | Agreed. Amended. |
| The switching model assumes 50 per cent of additional electricity demand due to electrification will be self-consumption of rooftop PV, despite the fact that this additional electricity demand mainly occurs in winter and during the mornings and evenings | Agreed. Amended as described in table 2.1. |

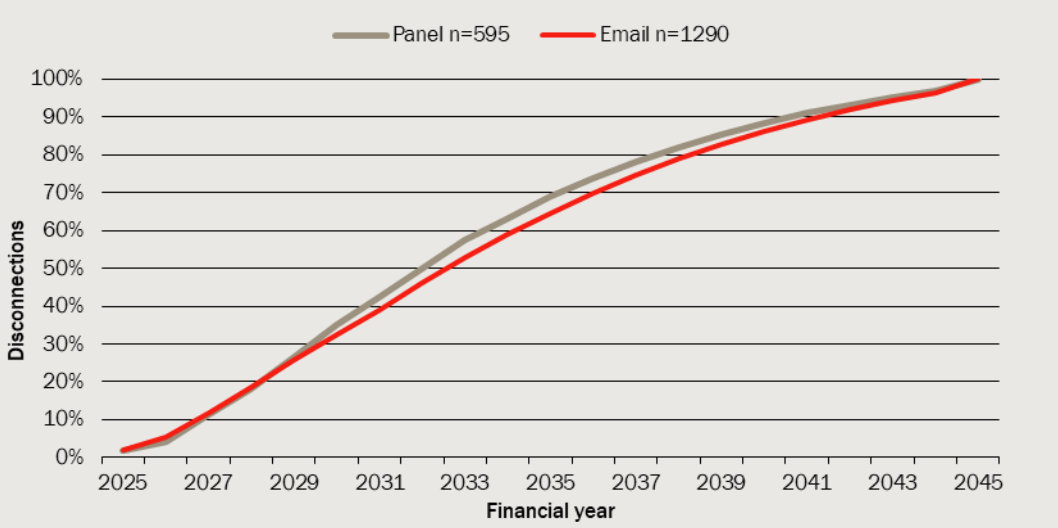
14 Energy Consumers Australia 2024. How households use gas and their attitudes towards electrification. Analysis of the December 2024 Consumer Energy Report Card. p 9. (https://energyconsumersaustralia.com.au/sites/default/files/wp-documents/survey-consumer-energy-report-card-dec-24-report-how-households-use-gas-attitudes-electrification.pdf, accessed 7/1/25)

| Concern | CIE response |
|---|---|
| The switching model assumes all customers will benefit from subsidies, despite the survey indicating that few customers are aware of subsidies | We do not consider the snapshot of awareness measured in the survey to be a reliable indication of the share of customers who would become aware of rebates as part of the process of choosing an appliance and an appliance installer. This is because many of the respondents have not yet embarked on that process. It is reasonable to assume that all customers will become aware of rebates as part of this process, since installers actively communicate their availability.[15] In relation to the ACT Government loan scheme, it was assumed that only one third of sampled customers would be eligible. |
| Tariff VB disconnections are overestimated given that these customers have joined the network recently and are likely to have different incentives to electrify as a result | Agreed. Amended as described in table 2.1. |
| The commercial survey is not representative of the commercial customer base | The CIE agrees that self-selection is potentially a problem in the commercial survey. However, it is the best available information on commercial electrification intentions.<br>FE comparisons to the population of businesses are flawed, because the relevant population is the population of business *premises*. For example, many of the construction-sector businesses (which comprise 20 per cent as noted by FE) would be tradespersons operating from a vehicle, with no commercial premises. |
| Modelling consumption per connection in the baseline model for each tariff block delivers a poor model fit | As noted above, The CIE has updated its model so that total consumption is modelled first, with allocation to blocks modelled second.<br>However, there does not appear to be a sound basis for FE's findings in relation to model fit. Comparisons cannot be made between measures of fit for CIE's models estimated on millions of customer-level observations with FE models estimated on 24 observations of monthly aggregate consumption. Direct comparisons of $R^2$, for example, are unreasonable, because the level of aggregation smooths out noise and fundamentally changes what $R^2$ is measuring. |
| The commercial survey results seem to be based on a question about the ability to switch, rather than the intention to switch | The modelling relies on several questions. One relates to ability to switch by 2045. This is reasonable since the ACT Government has announced the intention to decommission the gas network by that date and the concern for some commercial customers is that there won't be equivalent electrical alternatives. Intentions to switch can come only after there is an ability to switch, but asking whether there would be an intention to switch after 2045 would not have made sense given network decommissioning is to have already happened by that date. The modelling also relies on other questions, such as "By what date are you expecting to disconnect from gas?" This question is clearly about intention, rather than ability. |

*Source:* CIE

15 For example, see https://climateplus.com.au/act-government-air-conditioning-rebate-now-available-for-energy-efficient-home-upgrades/, accessed 18/12/2025.

## 2.6 Switching model results by recruitment method




*Data source:* The CIE 2025. Gas demand forecast. Model. Prepared for Evoenergy. December.

# 3 Forecast demand

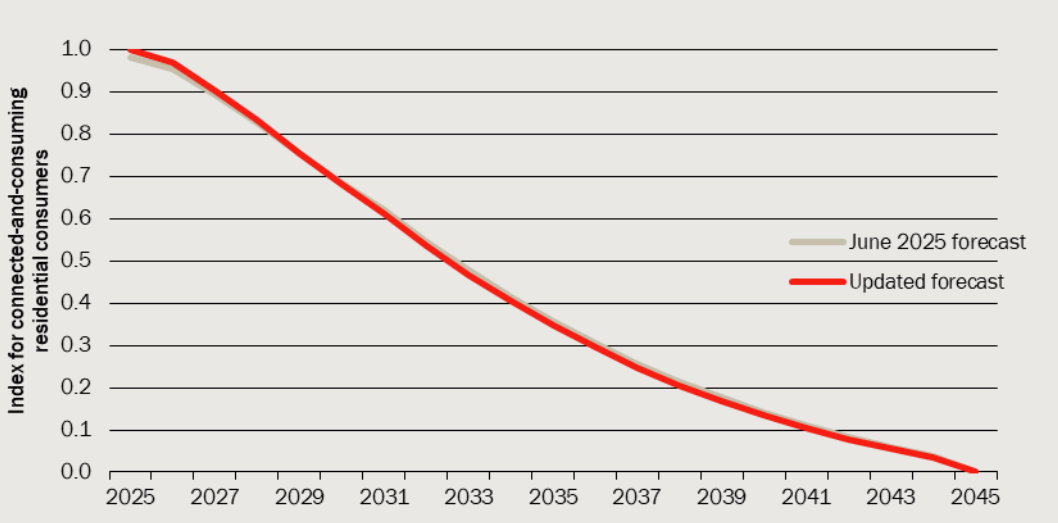
This chapter sets out the demand forecast after accounting for all of the changes to assumptions and methodology described in Chapter 2.

## Tariff VI customer numbers and usage

### Residential

The net impact of changes made to assumptions on the index for residential connections derived from the switching model is relatively small (figure 3.1 and table 3.2).

**3.1 Index for forecast connected-and-consuming residential customers**




*Data source:* CIE gas demand forecasting model

**3.2 Index for forecast connected-and-consuming residential customers 2026-2031**

| | 2026 | 2027 | 2028 | 2029 | 2030 | 2031 |
|---|---|---|---|---|---|---|
| Index – June 2025 forecast | 0.95 | 0.89 | 0.83 | 0.75 | 0.69 | 0.62 |
| Index – Updated forecast | 0.97 | 0.90 | 0.83 | 0.75 | 0.68 | 0.61 |

*Source:* CIE gas demand forecasting model

The actual customer numbers for 2024/25 were around 350 higher than had been forecast in the June 2025 model. We understand this is largely due to connection of new multi-unit developments in the ACT approved before the gas connection ban. Given this

slightly higher starting point and the change in the index profile outlined above, forecast customer numbers are slightly higher early in the 2026-31 AA period and slightly lower later in the period relative to the June 2025 forecast (table 3.3).

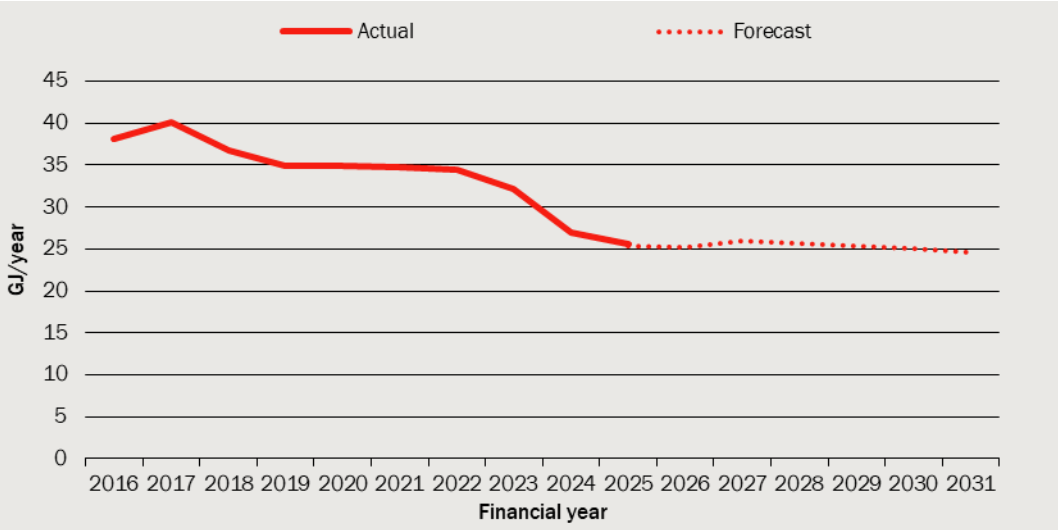
### 3.3 Forecast equivalent annual fixed charges – Tariff VI residential

| | June 2025 forecast | | | Updated forecast | | |
|---|---|---|---|---|---|---|
| | ACT | NSW | Total | ACT | NSW | Total |
| | Number | Number | Number | Number | Number | Number |
| 2023/24 | 135 288 | 15 680 | 150 968 | 135 288 | 15 680 | 150 968 |
| 2024/25 | 133 461 | 15 886 | 149 347 | 133 815 | 15 882 | 149 697 |
| 2025/26 | 130 635 | 15 812 | 146 447 | 132 019 | 15 919 | 147 938 |
| 2026/27 | 124 840 | 15 324 | 140 164 | 126 494 | 15 424 | 141 918 |
| 2027/28 | 116 147 | 14 583 | 130 729 | 117 124 | 14 460 | 131 584 |
| 2028/29 | 106 823 | 13 763 | 120 586 | 107 148 | 13 423 | 120 572 |
| 2029/30 | 97 372 | 12 932 | 110 303 | 96 967 | 12 363 | 109 330 |
| 2030/31 | 88 270 | 12 139 | 100 409 | 87 239 | 11 356 | 98 595 |

*Source:* CIE demand forecasting model

We have retained the approach of not forecasting an ongoing downward trend in average residential consumption (figure 3.4). As discussed in the June 2025 report, this approach is taken to avoid double counting because it is likely some of the reasons for declining average consumption are driving our forecast increase in disconnections. If instead the AER were to adopt a trend approach to disconnections, then the downward trend in average consumption would need to be incorporated in the forecast.

### 3.4 Forecast average usage per residential customer




*Data source:* CIE demand forecasting model

## *Commercial*

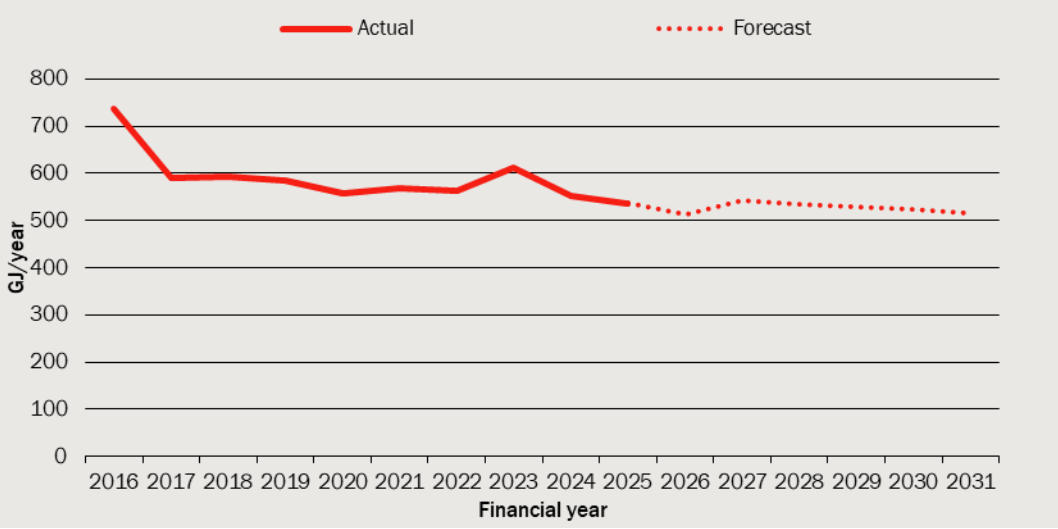
Commercial customer number and consumption forecasts are little changed from the June 2025 forecast (table 3.5 and figure 3.6).

### 3.5 Forecast equivalent annual fixed charges – Tariff VI commercial

| | June 2025 forecast | | | Updated forecast | | |
|---|---|---|---|---|---|---|
| | ACT | NSW | Total | ACT | NSW | Total |
| | Number | Number | Number | Number | Number | Number |
| 2023/24 | 2 603 | 395 | 2 998 | 2 603 | 395 | 2 998 |
| 2024/25 | 2 589 | 398 | 2 987 | 2 603 | 399 | 3 002 |
| 2025/26 | 2 589 | 408 | 2 997 | 2 595 | 408 | 3 003 |
| 2026/27 | 2 585 | 418 | 3 003 | 2 571 | 415 | 2 986 |
| 2027/28 | 2 556 | 425 | 2 981 | 2 542 | 420 | 2 963 |
| 2028/29 | 2 526 | 431 | 2 958 | 2 513 | 426 | 2 938 |
| 2029/30 | 2 496 | 438 | 2 934 | 2 483 | 431 | 2 915 |
| 2030/31 | 2 466 | 444 | 2 910 | 2 454 | 436 | 2 890 |

*Source:* CIE demand forecasting model

### 3.6 Forecast average usage per commercial customer




*Data source:* CIE demand forecasting model

## *Tariff VI total usage*

Actual total usage in 2024/25 turned out lower than had been forecast in the June 2025 model. The model estimated a reduction in total usage relative to 2023/34 of 4.7 per cent, but actual usage was down 5.5 per cent. The updated forecasting model, like the earlier June 2025 version, predicts a reduction in total VI usage to 3.9 PJ in 2023/31 (table 3.7).

### 3.7 Actual, estimated and forecast Tariff VI fixed charges and total usage

| | Fixed charge quantities | Growth in fixed charge quantities | Usage per connection | Growth in usage per connection | Total usage | Growth in total usage |
|---|---|---|---|---|---|---|
| | Number | per cent | GJ/year | per cent | PJ/year | per cent |
| 2016/17 | 139 640 | | 50.4 | | 7.0 | |
| 2017/18 | 144 461 | 3.5 | 46.8 | -7.1 | 6.8 | -3.9 |
| 2018/19 | 149 109 | 3.2 | 44.1 | -5.8 | 6.6 | -2.8 |
| 2019/20 | 153 069 | 2.7 | 43.2 | -2.0 | 6.6 | 0.6 |
| 2020/21 | 155 862 | 1.8 | 43.1 | -0.3 | 6.7 | 1.5 |
| 2021/22 | 156 314 | 0.3 | 43.0 | -0.3 | 6.7 | 0.0 |
| 2022/23 | 155 121 | -0.8 | 42.2 | -1.9 | 6.5 | -2.6 |
| 2023/24 | 153 966 | -0.7 | 35.8 | -15.2 | 5.5 | -15.8 |
| 2024/25 | 152 699 | -0.8 | 34.1 | -4.7 | 5.2 | -5.5 |
| 2025/26 | 150 941 | -1.2 | 34.9 | 2.4 | 5.3 | 1.2 |
| 2026/27 | 144 904 | -4.0 | 36.6 | 4.8 | 5.3 | 0.6 |
| 2027/28 | 134 546 | -7.1 | 36.9 | 0.7 | 5.0 | -6.5 |
| 2028/29 | 123 510 | -8.2 | 37.4 | 1.3 | 4.6 | -7.0 |
| 2029/30 | 112 245 | -9.1 | 38.0 | 1.6 | 4.3 | -7.7 |
| 2030/31 | 101 486 | -9.6 | 38.6 | 1.8 | 3.9 | -8.0 |

*Source:* CIE demand forecasting model

## *Tariff VB customer numbers and usage*

As noted in Chapter 2, significant changes have been made to the forecast for Tariff VB customers for the 2026-31 AA period. Total VB usage is now forecast at 36-37 TJ per year (table 3.8), rather than decreasing to 20 TJ by the end of the period.

### 3.8 Summary of Tariff VB forecasts

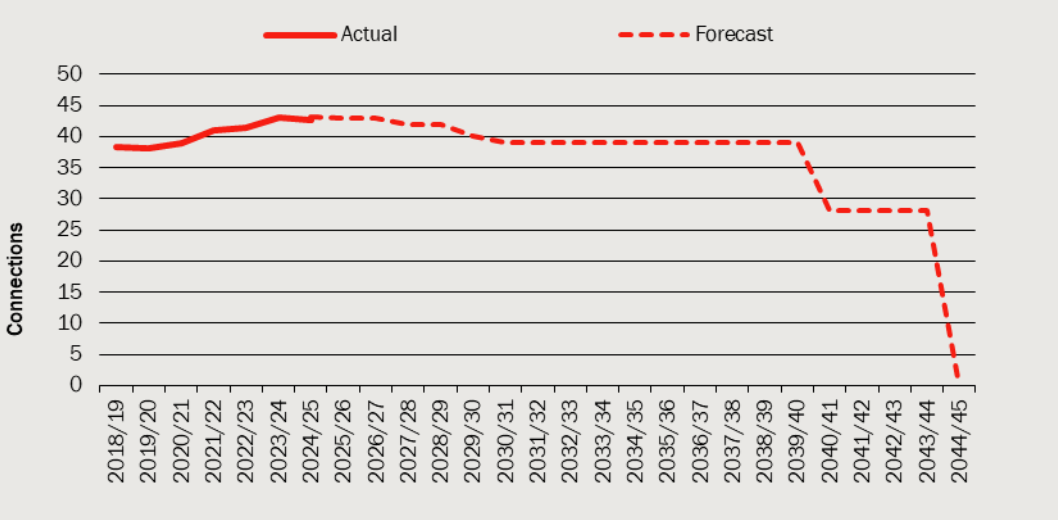
| | Customers | Usage Band 1 | Usage Band 2 | Usage Band 3 | Usage Total |
|---|---|---|---|---|---|
| | Number | GJ | GJ | GJ | GJ |
| 2023/24 | 17 | 7 260 | 23 847 | 0 | 31 106 |
| 2024/25 | 19 | 8 033 | 26 909 | 0 | 34 942 |
| 2025/26 | 19 | 8 285 | 27 752 | 0 | 36 037 |
| 2026/27 | 19 | 8 547 | 28 630 | 0 | 37 177 |
| 2027/28 | 19 | 8 516 | 28 527 | 0 | 37 043 |
| 2028/29 | 19 | 8 489 | 28 437 | 0 | 36 926 |
| 2029/30 | 19 | 8 464 | 28 352 | 0 | 36 816 |
| 2030/31 | 19 | 8 434 | 28 253 | 0 | 36 687 |

*Source:* CIE demand forecasting model

## *Tariff D customer numbers and demand*

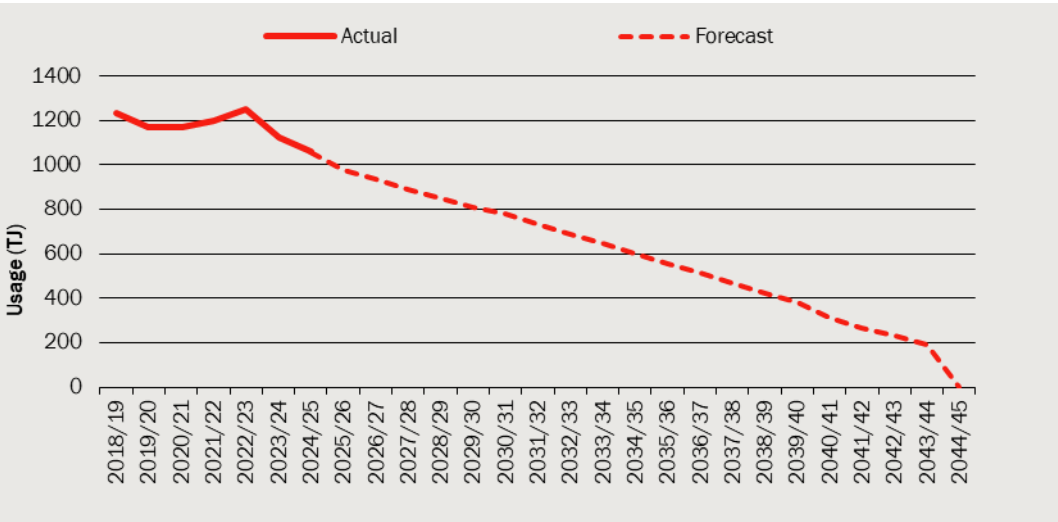
While the approach to Tariff D forecasts is unchanged, actual billing data for 2024/25 has now been incorporated (figure 3.9 and figure 3.10).

### 3.9 Actual and forecast Tariff D connections




*Data source:* CIE demand forecasting model

### 3.10 Actual and forecast Tariff D usage




*Data source:* CIE demand forecasting model

Actual usage in 2024/25 was lower than had been forecast in the June 2025 model, but chargeable demand was higher (table 3.11).

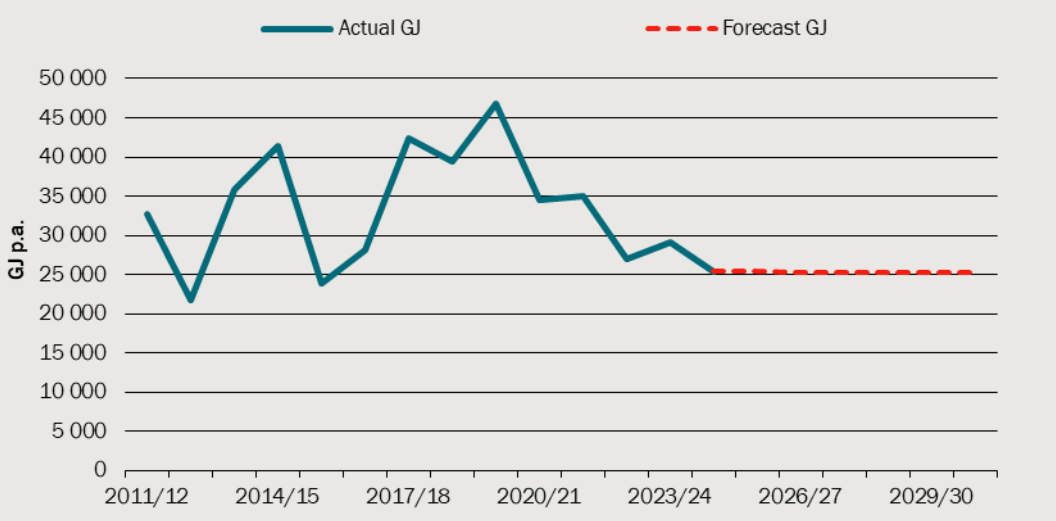
### 3.11 Forecast Demand Capacity tariff chargeable demand by block

| | Usage | Chargeable demand Block 1 | Chargeable demand Block 2 | Chargeable demand Block 3 | Chargeable demand Total |
|---|---|---|---|---|---|
| | TJ/year | GJ/day | GJ/day | GJ/day | GJ/day |
| 2019/20 | 1172 | 1 968 | 2 188 | 2 120 | 6 275 |
| 2020/21 | 1166 | 1 968 | 2 205 | 2 133 | 6 306 |
| 2021/22 | 1199 | 1 973 | 2 325 | 2 165 | 6 464 |
| 2022/23 | 1250 | 1 980 | 2 233 | 2 266 | 6 480 |
| 2023/24 | 1124 | 1 989 | 2 159 | 1 894 | 6 043 |
| 2024/25 | 1059 | 2 025 | 2 239 | 2 057 | 6 321 |
| 2025/26 | 978 | 1 993 | 2 061 | 1 751 | 5 805 |
| 2026/27 | 933 | 1 979 | 1 958 | 1 610 | 5 547 |
| 2027/28 | 887 | 1 911 | 1 856 | 1 536 | 5 303 |
| 2028/29 | 851 | 1 870 | 1 734 | 1 495 | 5 098 |
| 2029/30 | 811 | 1 772 | 1 632 | 1 453 | 4 856 |
| 2030/31 | 779 | 1 693 | 1 580 | 1 415 | 4 688 |

*Source:* CIE demand forecasting model

The forecast for the single customer on the Demand Throughput tariff is slightly lower than in the June 2024/25 model, reflecting the fall in demand in 2024/25 (figure 3.12).

### 3.12 Forecast Demand Throughput tariff volumes




*Data source:* CIE demand forecasting model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