

evoenergy

# Community forum

Session 8

6 March 2025







# Acknowledgement of Country

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





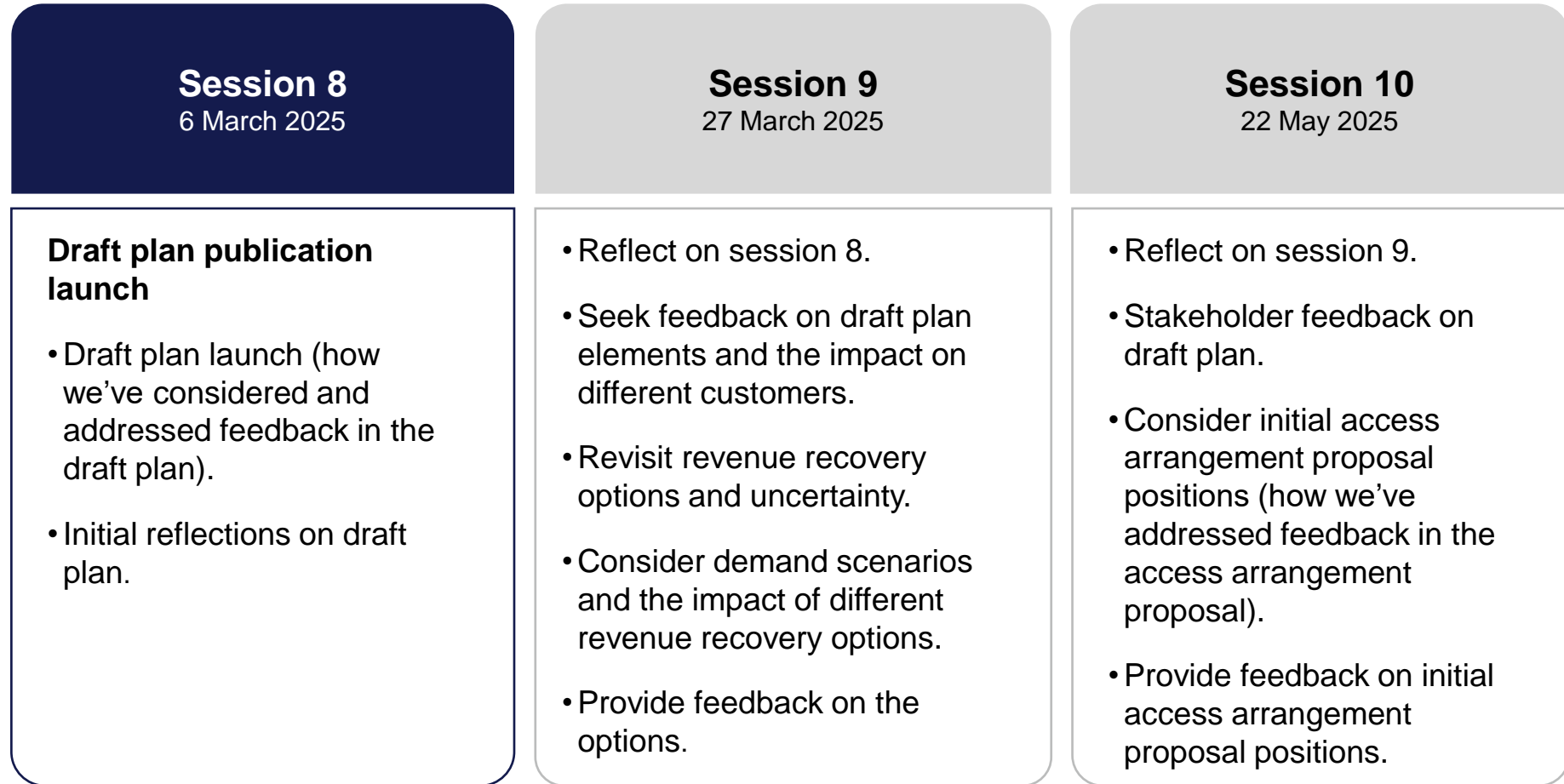
evoenergy

# Welcome

Helen Leayr, Facilitator  
Communication Link



# 2025 community forum work program



# Safety share

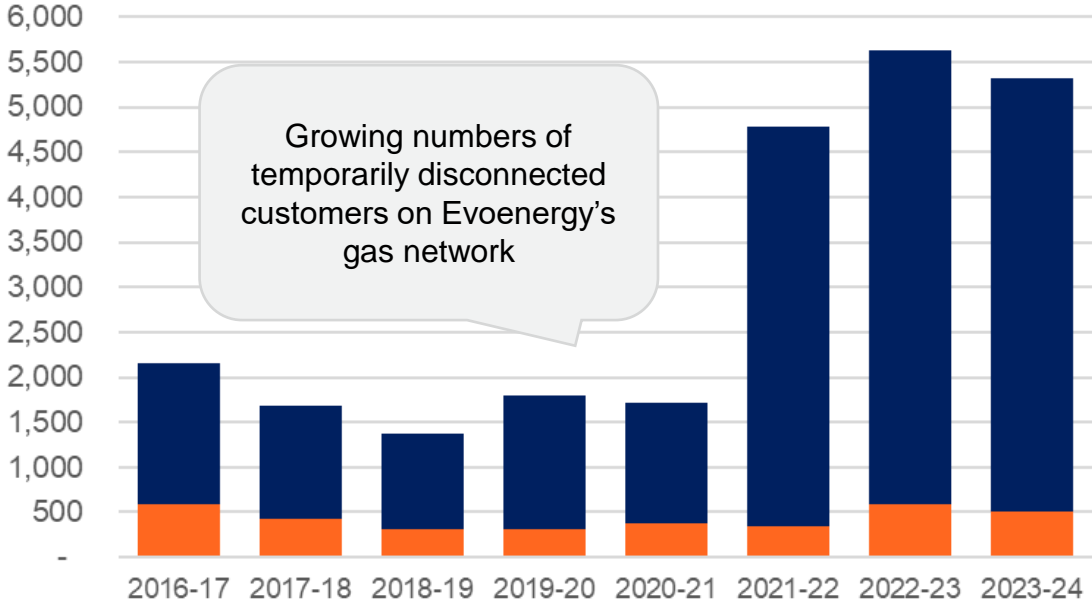
Peter Billing,  
General Manager Evoenergy

# Safely disconnecting from the network



## What we initially thought

In order to maintain network safety, most or all disconnections needed to be permanent (i.e. abolished).



- Temporary disconnection - business (source: RIN historical annual E21.1)
- Temporary disconnection - residential (source: RIN historical annual E21.1)
- Permanent disconnection - business (source: RIN historical annual E21.1)
- Permanent disconnection - residential (source: RIN historical annual E21.1)

# Safely disconnecting from the network



## Safety assessment findings

Safety assessment concluded that **costs and resources** for full abolishment of non-consuming services **is disproportionate to the risk**, and instead a **targeted approach** to permanent disconnections could maintain risk levels **as low as reasonably practicable**.

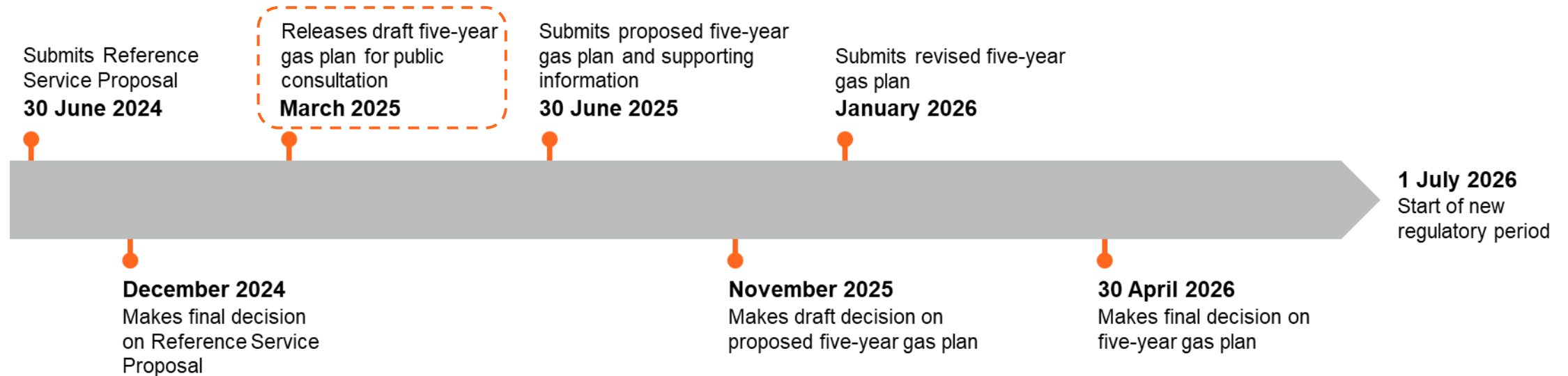
# Overview of our draft five-year gas plan

Megan Willcox,  
General Manager Economic Regulation



# Recap: Evoenergy's 2026–31 gas plan key dates

## Evoenergy



## Australian Energy Regulator

# Our 2026 draft plan overview

The ACT's electrification journey towards net zero emissions by 2045 is unprecedented and Evoenergy plays a key role in reaching this target. Extensive engagement over the past year has helped to shape our draft gas network plan.

## What we heard from customers:



Generally support the emissions reductions objectives of the Government.



Concerned about the immediate and longer-term costs of the electrification journey, particularly for hard to transition gas customers.



Expect Evoenergy to maintain a safe, efficient and reliable gas network during the transition to electrification, including safely managing customer disconnections.



Expect Evoenergy and the ACT Government to work together to ensure an equitable transition to electrification, including in relation to recovery of infrastructure investment.



Expect Evoenergy and the ACT Government to communicate openly about what the energy transition means for customers.

# Our 2026 draft plan overview

Our draft plan outlines our approach to safely, reliably and equitably manage the ACT's gas network during the next five years and beyond.

## To deliver on our customers' priorities, we will:



### **Safely, reliably and efficiently provide services to those customers who remain connected to gas**

Our draft plan limits expenditure to only what is necessary to safely and reliably operate and maintain the network while meeting our obligations as gas demand declines.



### **Seek to minimise the cost for both those disconnecting from, and remaining on, the gas network while managing safety risks**

We will maintain a cost-reflective, user-pays approach to disconnections, explore ways to lower disconnection costs, collaborate with the ACT Government on safe network management, and continue working with retailers to share safety information.



### **Act now to ensure costs are shared equitably between more customers to manage price impacts for all customers now and in the future**

Our draft plan brings forward some depreciation costs to share these costs equitably, ensuring that those who remain on the network for longer are not asked to pay more than their fair share.

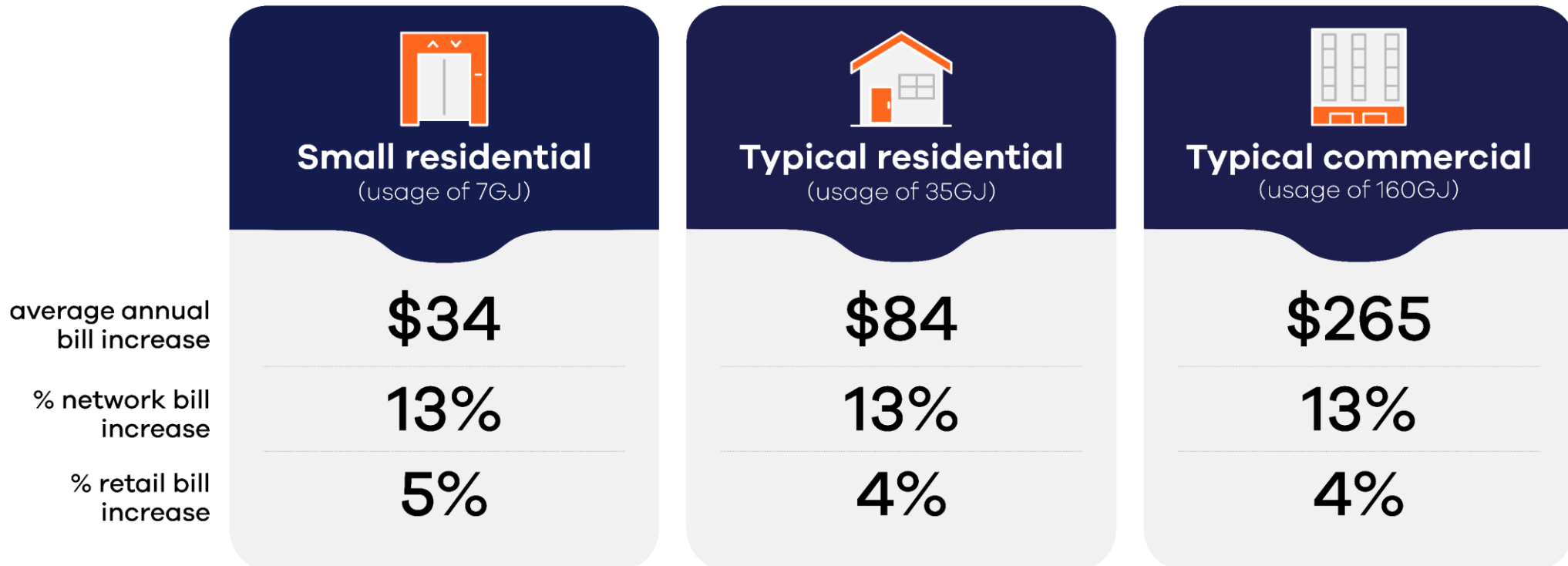


### **Openly communicate and engage with stakeholders about our role in the electrification of the ACT's energy needs**

We will work with the ACT Government and energy retailers to provide customers with clear, transparent, and consistent information on transitioning off gas, including safety and cost considerations.

# Our 2026 draft plan overview

What our draft plan means for customers:



*Note: Network charges account for around 30 per cent of a retail gas bill. Our draft plan would result in annual increases to retail gas bills of around 4 per cent plus inflation over the five-year period.*

*Retail bill impacts shown are indicative, as only the distribution component of the bill has been adjusted (approximately 30 per cent of the total bill) and all other components have been held constant in real terms.*



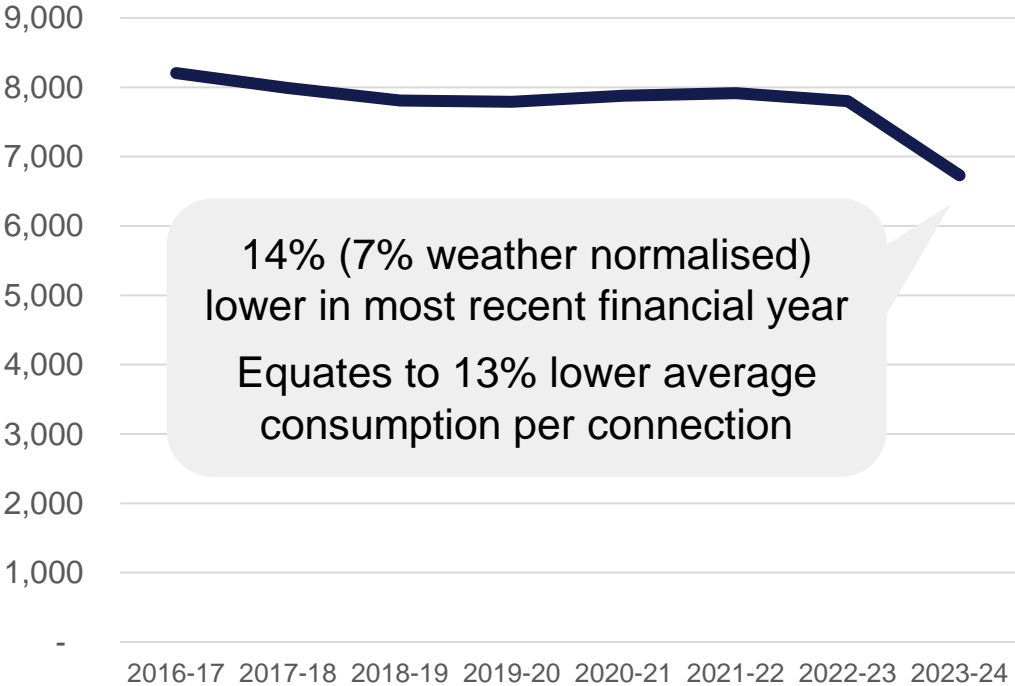
# Key elements of our draft five-year gas plan

Gillian Symmans,  
Group Manager Economic Regulation

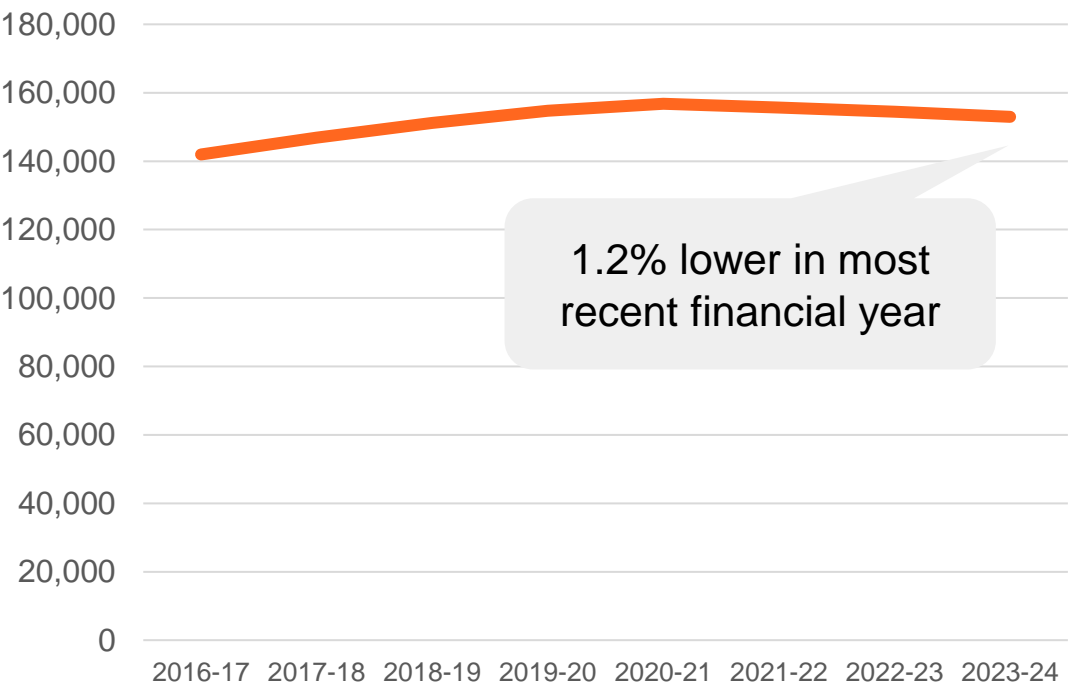
# Recent demand trends contribute to significant forecasting challenge

Fall in gas consumption outpacing fall in customer connection numbers

### Recent historical consumption (TJ)



### Recent historical number of connections



# Forecast demand for gas in the ACT is uncertain



## What we heard

- Customers uncertain about transition timing
- Decisions based on cost, appliance lifespan, home/business suitability, and emissions reduction



## What we know

- ACT's unique context and customer profile makes demand forecasting more challenging
- Robust demand forecasting is critical and requires the best available data
- Unprecedented transition, happening now and quickly



## Draft plan approach

- 'moderate pace transition' placeholder forecast while development of forecast is ongoing

# Equitable recovery of past infrastructure investment



## What we heard

- Concern about medium-long term bill impacts for remaining customers
- Concern over full capital base recovery through the regulatory framework alone
- Consider:
  - ACT Government funding
  - Cost-sharing across electricity and gas
  - Evoenergy not recovering all its costs



## What we know

- Assets remain in use until most customers leave
- Declining gas use leaves past investment costs to fewer customers
- Early action supports a fair transition



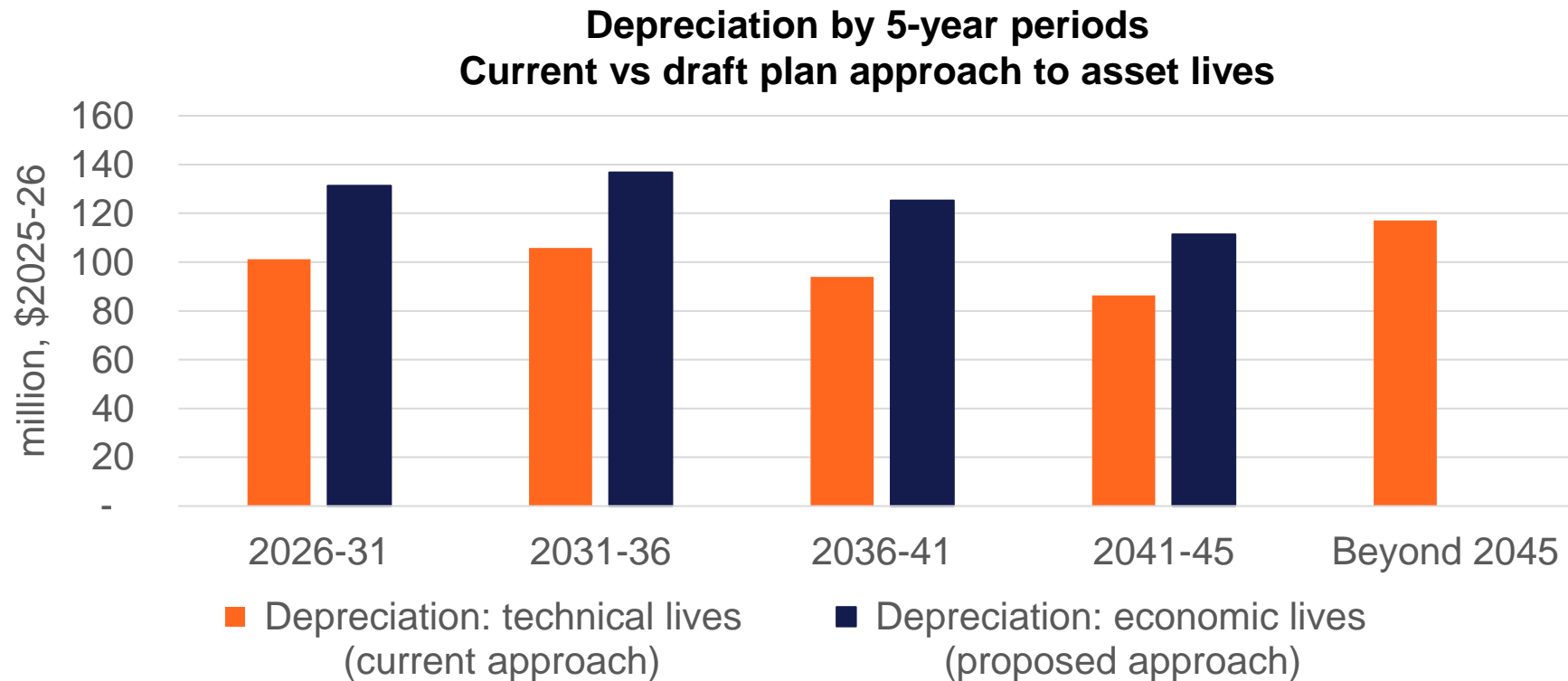
## Draft plan approach

- **Two changes** to the historic depreciation approach:
  1. Use economic asset life
  2. Accelerate cost recovery



# Equitable recovery of past infrastructure investment

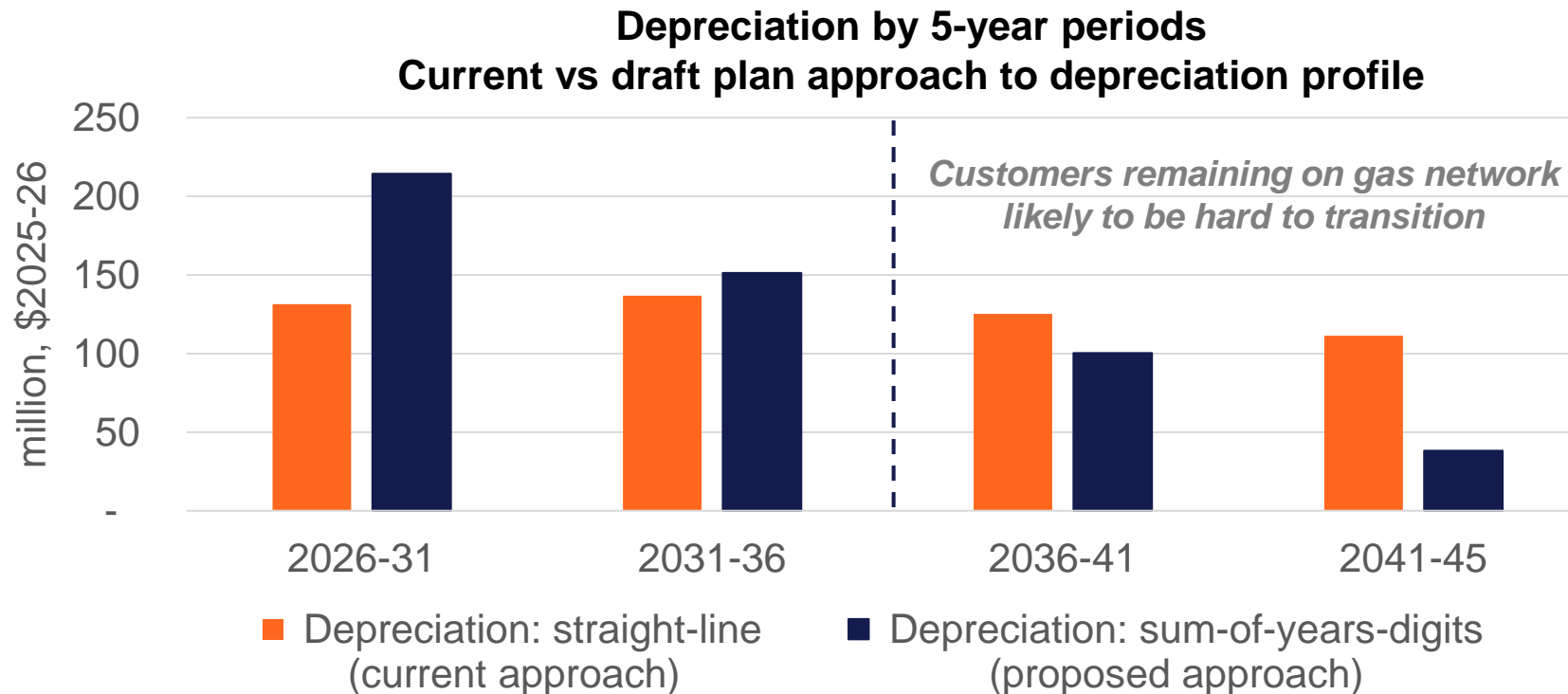
**First change in approach:** Replace technical lives with economic lives to reflect the ACT Government's policy



Use of technical lives results in \$117m unrecovered by 2045

# Equitable recovery of past infrastructure investment

**Second change in approach:** Bring forward depreciation to share the recovery of infrastructure costs over a larger customer base to better match depreciation costs with demand on the gas network.

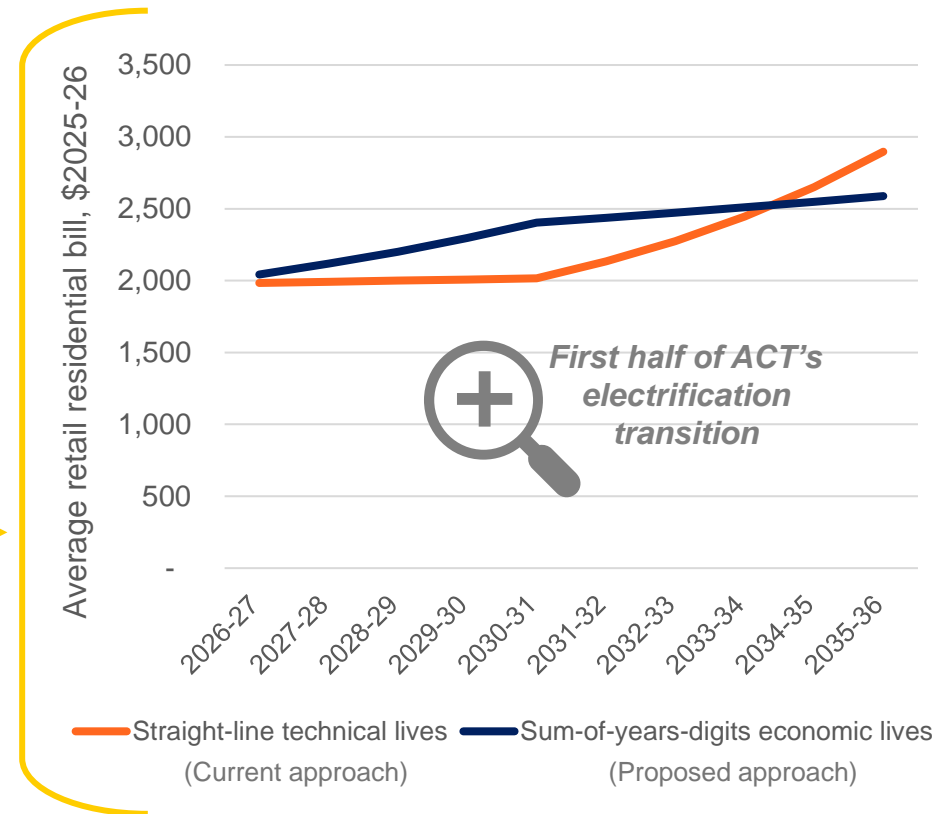
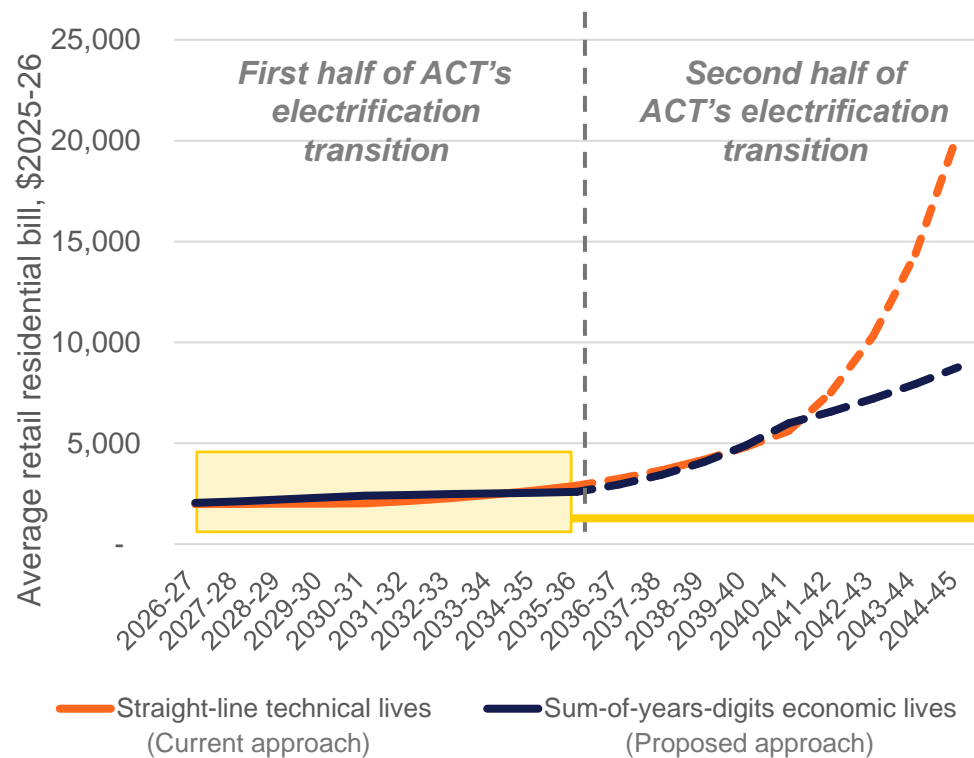


- Fairer bill impact outcomes for remaining customers
- Reduces Evoenergy's asset stranding risk

# Equitable recovery of past infrastructure investment

Taking action now will provide the greatest opportunity for an equitable transition, as costs are shared across a wider customer base.

## Illustrative residential bill impacts - current v draft plan approach



# Ensuring the gas network is safe and reliable over the next five years, and beyond



## What we heard

- Expenditure should be limited to essential safety, security, and reliability costs
- Mixed community views on Evoenergy's role in informing and supporting the community through electrification



## What we know

- Gas network costs are largely fixed
- Costs need to be limited to what is required to safely and reliably operate and maintain the network and meet our obligations
- We work with service providers to keep our costs low

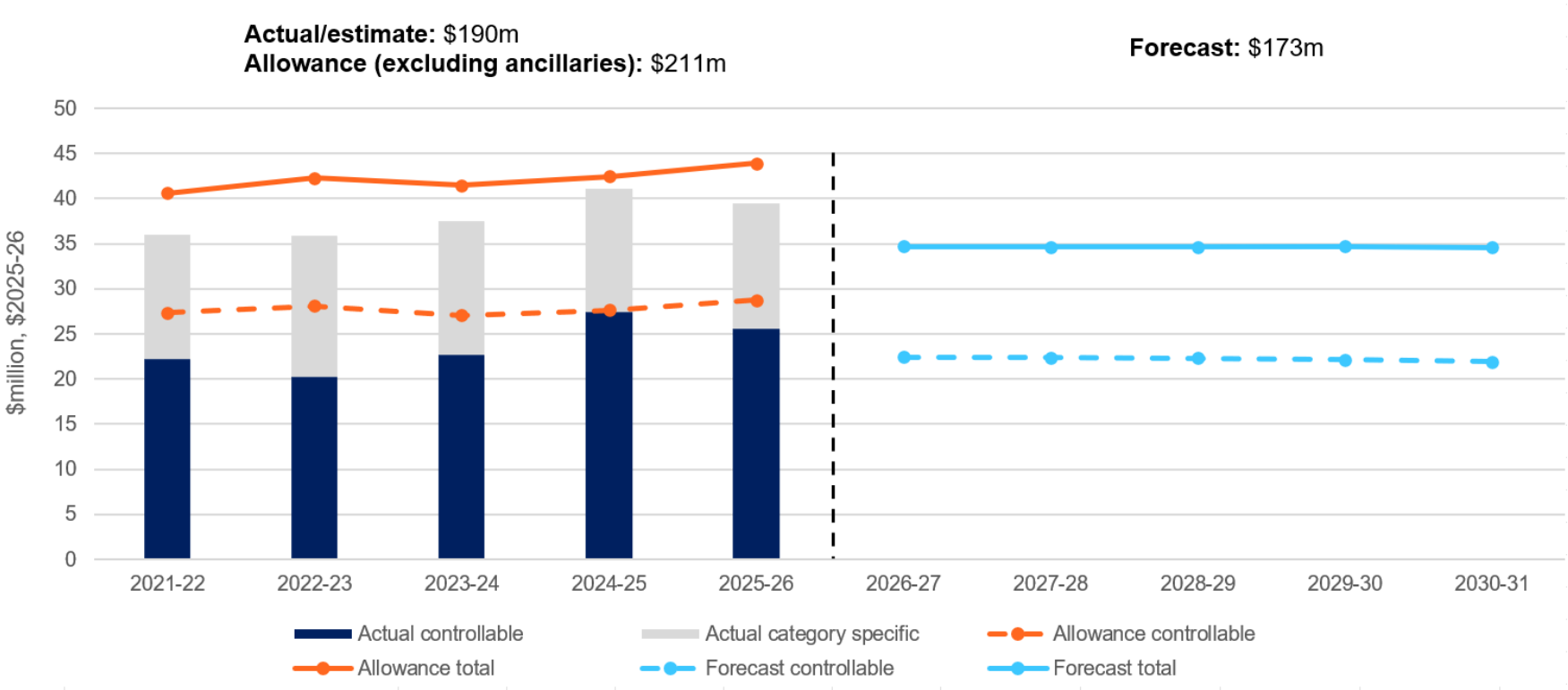


## Draft plan approach

- Keeping operating costs low by:
  - Starting from a low baseline
  - Adjusting for declining customer numbers
  - Absorbing cost increases where possible
- Seeking views on a community safety awareness campaign
- Limiting capital expenditure



# Efficiently, safely and reliably operating and maintaining the gas network

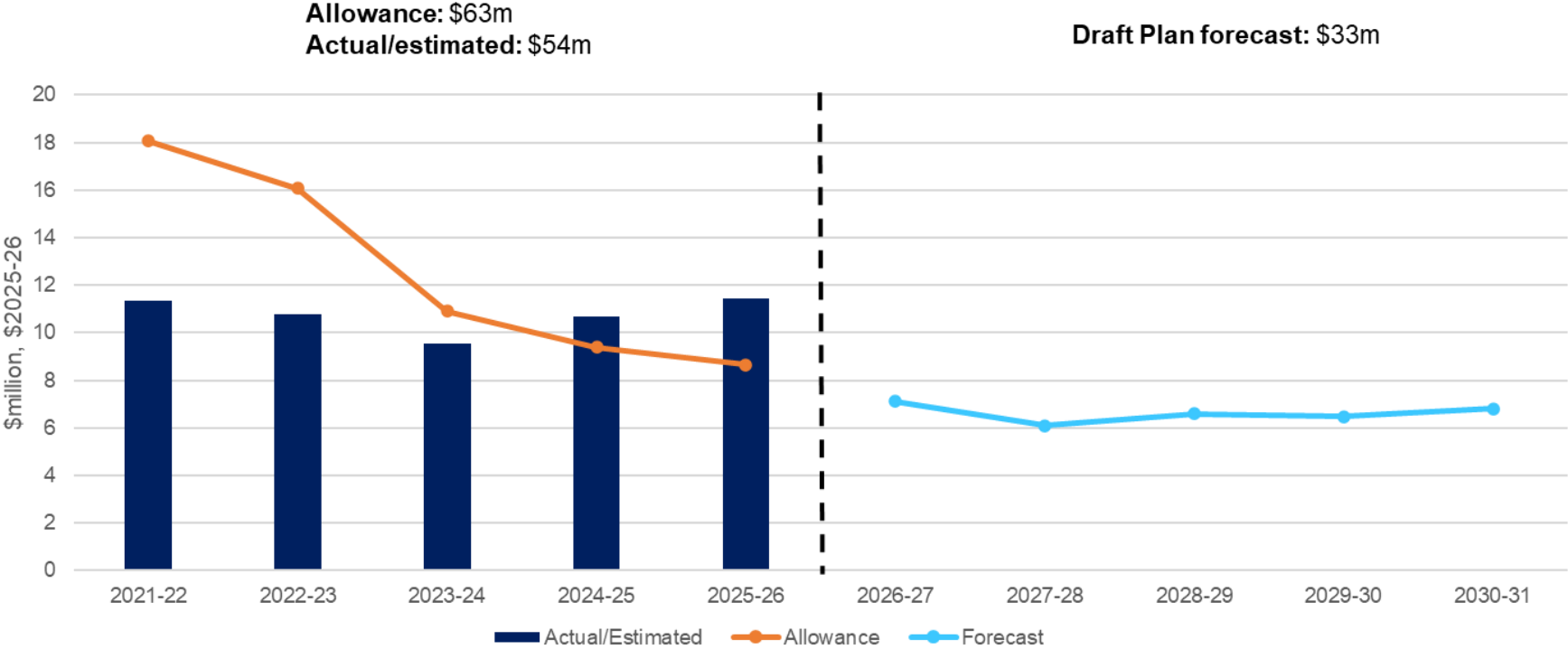


**Draft plan opex forecast \$30m (14%) below expected opex for the current period (excluding ancillary service expenditure)**

Seeking stakeholder views on potential public safety campaign on disconnections through the draft plan



# Efficient capital expenditure to maintain safety and reliability



Draft plan **capex forecast** for the 2026–31 period \$21m (39%) **below** expected capex for the current period

# How our tariffs are structured



## What we heard

- Tariffs should:
  - Signal emissions reduction goals
  - Support transition while managing impacts on remaining customers
  - Consider customer ability and willingness to respond
  - Be simple and easy for retailers to adopt



## What we know

- Tariff changes must align with policy while avoiding unintended impacts for customers



## Draft plan approach

- Seeking feedback on a gradual shift to a flatter structure by lowering fixed and block 1 charges for most customers
- This could better reflect value of emissions reduction, especially for large customers, while managing small customer bill impacts
- No proposed change to the tariff structure for demand (large) customers

# Flattening our volume tariff



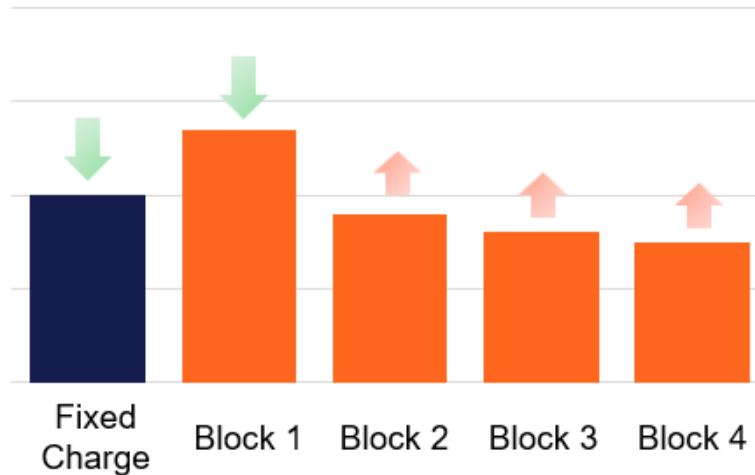
## Volume customers

**85%** gas volume   **95%** Evoenergy revenue

There are approximately 152,000 residential and commercial customers who use less than 10TJs of gas a year.

These customers are charged based on the volume of gas they consume, as well as a fixed supply charge.

## A 'flatter' structure in 2026-31



Small residential

Large residential

Small to medium commercial

Large commercial

# Adjusting gas network prices in the face of uncertain demand



## What we heard

- Mixed views on revenue cap, weighted average price cap, and hybrid models
- A price cap may offer stability within the period, while a revenue cap provides stability between periods and certainty for Evoenergy over the longer term
- Some support for exploring a hybrid approach



## What we know

- Revenue cap used to adjust ACT electricity prices
- Unprecedented transition means forecasting demand is increasingly challenging and getting it wrong under a price cap or hybrid could lead to:
  - Price shocks between periods
  - Customers paying more or less than efficient costs
- ACT context is unique with:
  - Clear NZ45 target and electrification pathway
  - Likely new policy measures
  - High residential load with pronounced winter peaks



## Draft plan approach

- Proposing a revenue cap
- This approach ensures:
  - Consistency between gas and electricity networks
  - Customers pay only efficient costs
  - Demand updates reflect transition pace
  - Alignment with ACT policy
  - Avoidance of unnecessary risks and costs
- Intend to explore further with stakeholders

# Safely disconnecting from the gas network



## What we heard

- Permanent disconnection costs are too high and may discourage transition
- More safety information is needed for the community
- Some question the need for temporary disconnections in the ACT



## What we know

- Targeted permanent disconnections can manage safety risks
- Working with ACT Government to efficiently manage safety compliance
- Recovering costs from remaining customers increases their bills



## Draft plan approach

- Maintain user-pays disconnection approach to avoid increasing remaining customer bills
- Introduce basic and complex disconnection charges to lower costs in most cases
- Collaborate with ACT Government on an efficient approach to disconnections (target those sites with greatest safety risk)
- Work with retailers to share customer safety communication



# Future of the NSW network

Evoenergy's gas network has major assets in both NSW and ACT

- Gas assets serve end users in both NSW and the ACT
- Different policy direction in NSW (i.e. future use of hydrogen and biogas)
- Feasibility studies on viability of maintaining NSW and any remaining ACT gas users
- Engaging directly with NSW customers via Queanbeyan-Palerang Regional Council

# Discussion



## Two areas for feedback:

1. Any initial comments / feedback? On first review, does the draft plan line up with your expectations based on what we have discussed so far?
2. Are there any particular areas you want us to focus on with you ahead of finalising the gas plan in June? *Pop responses to this question into the chat or respond on Slido.*

# Next steps

# Next community forum

Thursday 27 March 2025

5.00 - 8.00pm, The Rex Hotel

## Provide feedback on our draft plan

Our full draft five-year gas plan is available on our website

Share your feedback by **Friday 4 April 2025** via:

**Email:** [GN26feedback@evoenergy.com.au](mailto:GN26feedback@evoenergy.com.au)

**Online form:** <https://www.evoenergy.com.au/About-us/Gas-network/Gas-network-plan>

**Thank you**