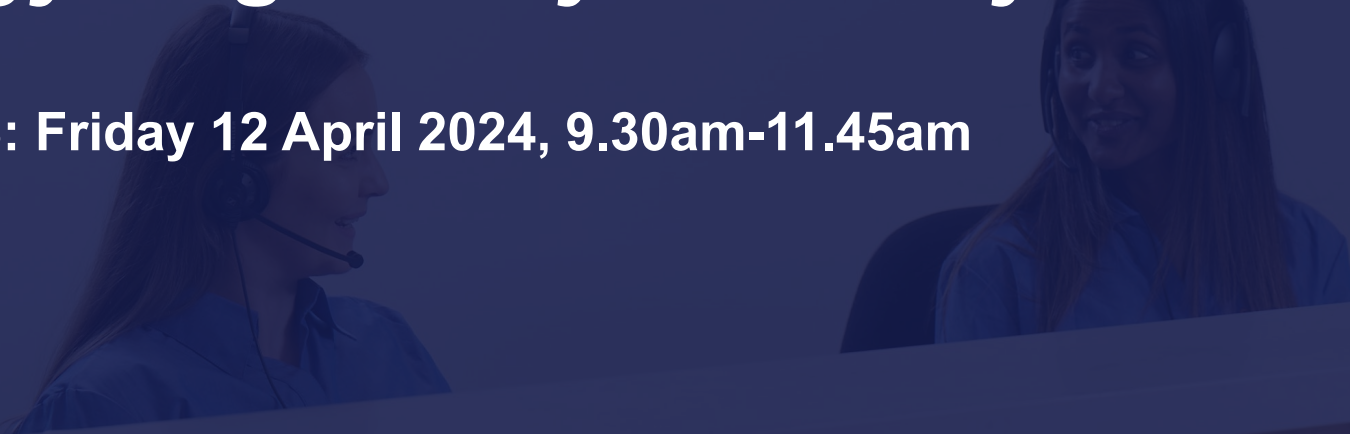




Gas Access Arrangement Regulatory Review 2026–31 (GN26)

Energy Regulatory Advisory Panel (ERAP)

Meeting 3: Friday 12 April 2024, 9.30am-11.45am



Acknowledgement of Country

Technical housekeeping

- Turn cameras on if you can
- Keep yourself on mute while people are presenting
- Use the 'raise hand' feature or the chat for questions
- Timekeeping
- Meeting recording

Declaration of conflict of interest

Agenda

- Safety share
- Options to manage risk & uncertainty:
 - consideration of available options: TVM, tariff structure, reference services
 - framing and language for engagement on these topics
- Meeting close ~11.45am





Outcomes sought

- ✓ Explain and explore options to manage risk and uncertainty with ERAP feedback given in relation to:
 - ✓ The National Gas Objectives (NGO) (long term interests of consumers)
 - ✓ Framing and language for engaging with consumers and the community

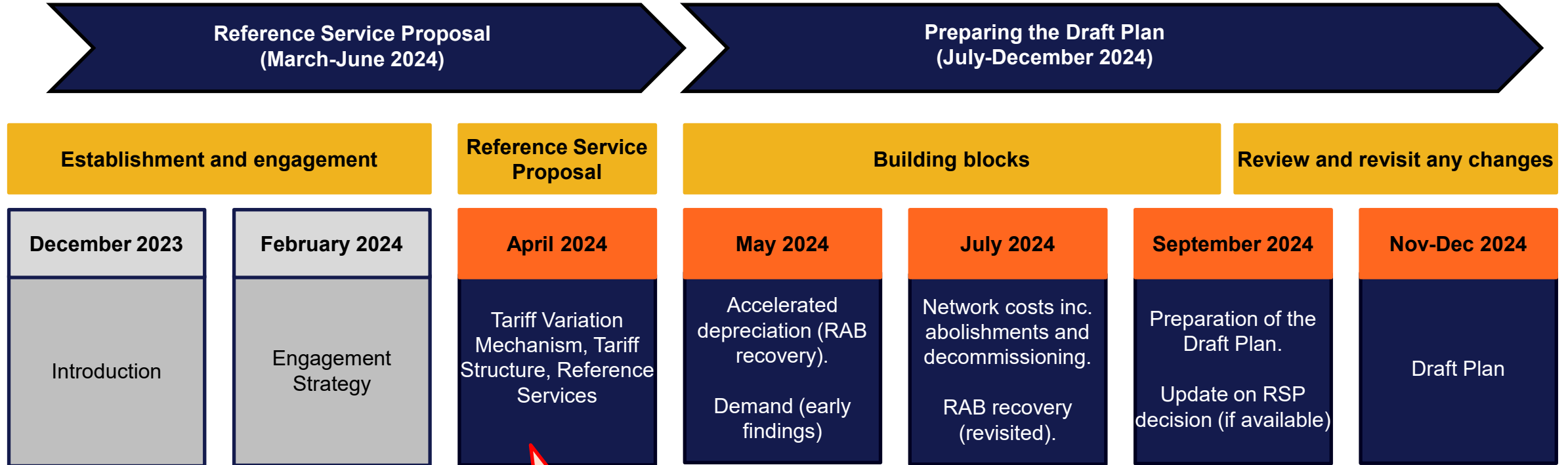
2. Safety Share

Chloe Alexander – Acting Communications & Engagement Manager (5 minutes)

3. Managing risk and uncertainty

Discussion Lead: Gillian Symmans – Group Manager Regulatory Reviews (5 minutes)

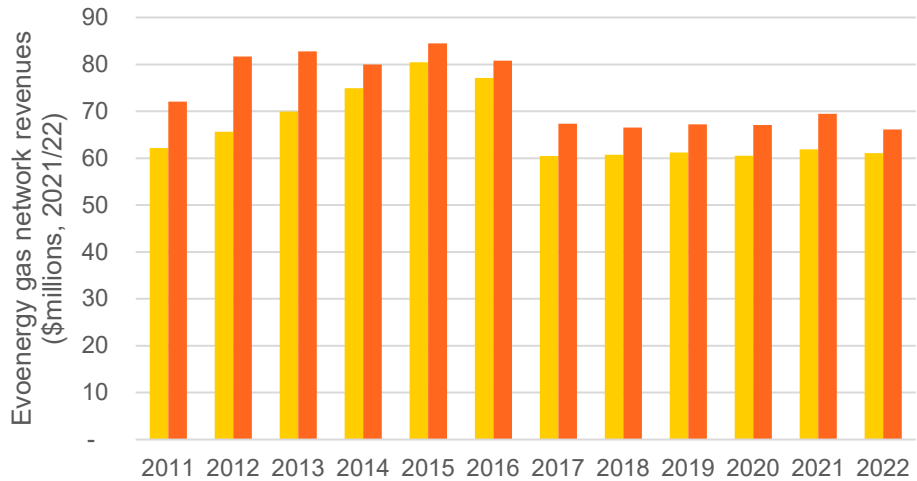
ERAP work plan: overview to December



We are here

Why are we reassessing the TVM

The TVM is set for 5 years (2026–31)



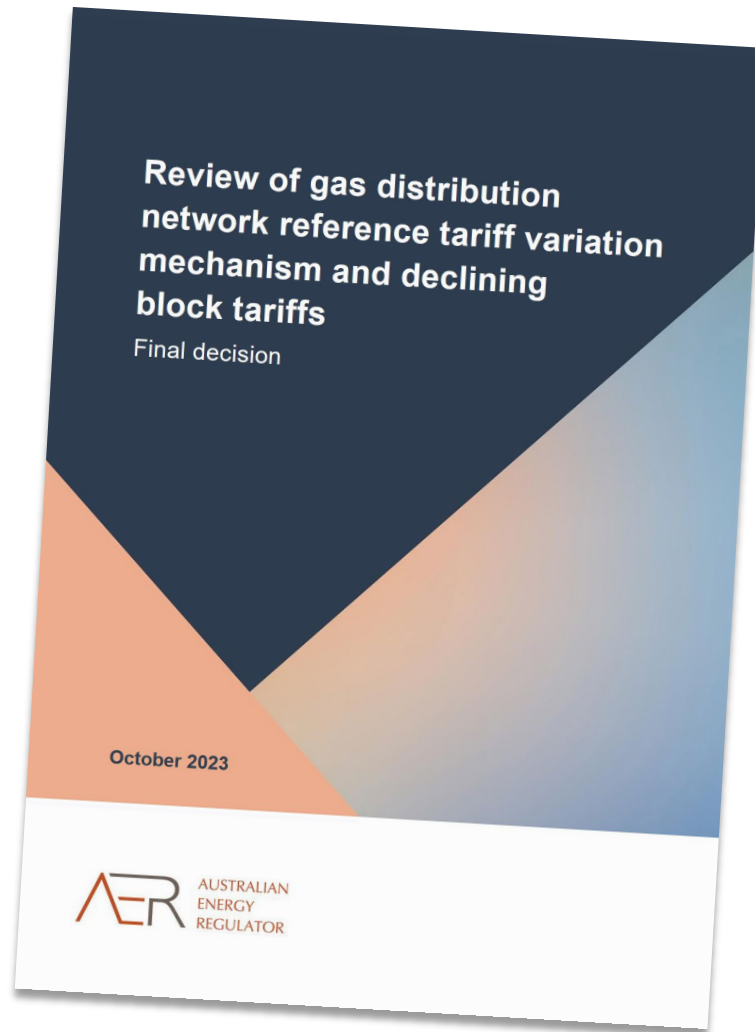
The AER expects gas networks to reassess how revenue is recovered.
 The AER’s review of gas distribution network reference tariff variation mechanism and declining block tariffs sets an expectation to consider and make a **non-binding decision on the TVM** as part of the RSP process.

The energy landscape is changing.
 Given the ACT Government’s position on the IEP, including expected implementation of regulatory measures requiring the replacement of gas appliances with electric alternatives during the 2026–31 regulatory period, **demand uncertainty is increasing.**

Limited potential for customer benefits.
 The current regulatory framework is designed to incentivise network growth, benefiting users as costs decline over a growing customer base. This is no longer the case.

Source: AER, Gas network performance report 2023

AER's 2023 review of gas network TVM and tariffs



May 2023 – AER commenced a review as:

- Stakeholders have raised issues in AA processes
- The NGO extended to include emission reductions
- Government are implementing policies to achieve net-zero

In focus:

- TVM: weighted average price-caps versus revenue cap
- Tariff structures: declining block tariffs

In October 2023 – the AER decided to consider tariff structures as part of the RSP process and make a non-binding decision

- The AER expects that we will undertake stakeholder consultation on how best to balance efficiency and emissions abatement

In the next two sections we will outline our thinking to date and proposed engagement approach on each topic

Available [here](#).

Managing demand uncertainty: Tariff Variation Mechanism

Discussion Lead: Ashlyn Napier – Principal Regulatory Economist (70 minutes)

Considerations for ERAP

- Are there any **other relevant factors** or considerations (not specified in the NGR) that Evoenergy should have regard to in developing our TVM position?
- What other considerations should Evoenergy take into account to ensure the **long-term interests of consumers** as we develop our TVM position?
- What are views on **advantages and disadvantages of TVM options** in terms of the long-term interests of consumers?
- Do you have any suggestions on Evoenergy's proposed **approach to engaging with the community** .i.e., have we presented the topic in a way that people can understand and react to?



The regulatory context

Key takeaways

- Gas is different to electricity
- National Gas Rules (NGR) focussed on efficiency
- AER does not approve tariff structures per se just the TVM

Tariff Variation Mechanism (TVM) options (NGR 97 (2))

A formula for variation of a reference tariff may (for example) provide for:

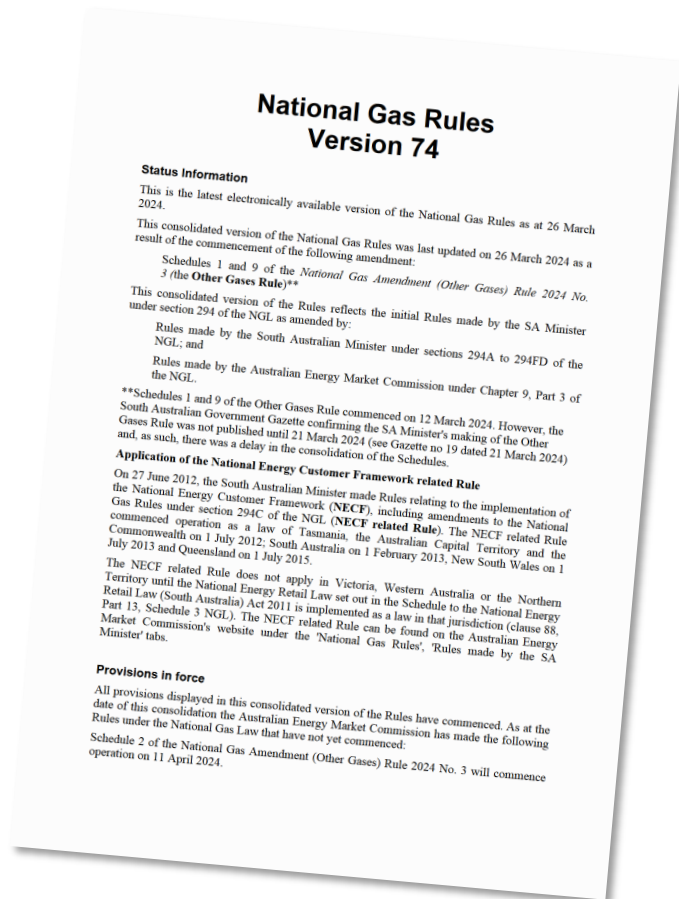
- a. variable caps on the revenue to be derived from a particular combination of reference services; or
- b. tariff basket price control; or
- c. revenue yield control; or
- d. a combination of all or any of the above.

TVM considerations (NGR 97(3))

AER approves a tariff variation mechanism having regard to:

- a. the need for efficient tariff structures;
- b. administrative costs
- c. regulatory arrangements in the previous AA
- d. desirability of consistency of regulatory arrangements
- e. risk sharing arrangements implicit in the AA
- f. any other relevant factor

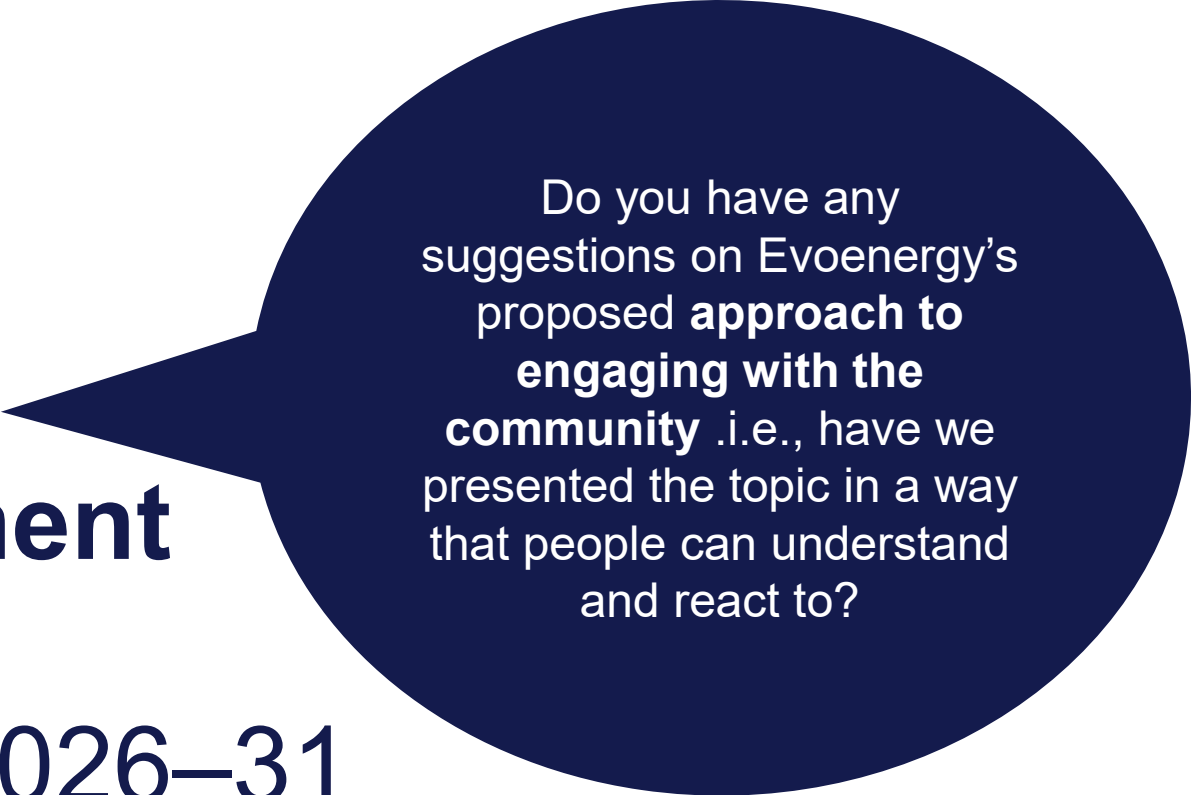
Are there any **other relevant factors** or considerations that we should have regard to in developing our TVM position?



START

**PRELIMINARY DRAFT
TVM consumer engagement**

Evoenergy Gas Network 2026–31
Community Forum

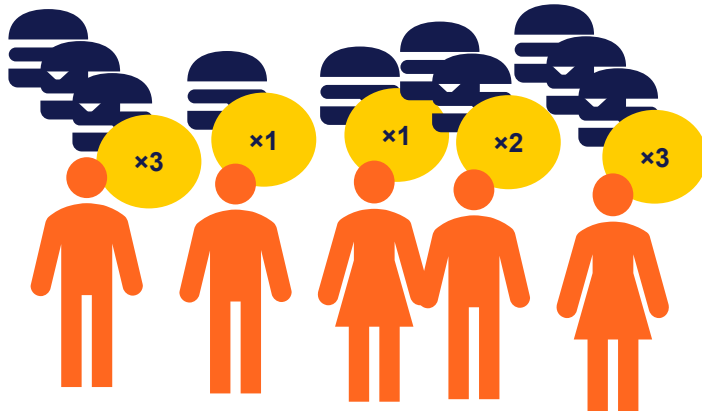


Do you have any suggestions on Evoenergy's proposed **approach to engaging with the community** .i.e., have we presented the topic in a way that people can understand and react to?

How should Pattie's Burgers recover the cost of doing business?



- 1. All you can eat: \$100/table
- 2. Pay per burger: \$10/burger



Pattie's burgers has a booking for 5 people, so they make sure wait staff are rostered, ingredients are ordered, and building rent has been paid.

The group must choose between all you can eat and pay per burger at the time of reservation.

What is fair arrangement ?

1

Split the bill \$20 each no matter how many burgers you eat?

2

Pay \$10 per burger?

What if ...



*The group eats more burgers
12 burgers consumed*

OR



*Someone leaves the dinner party
8 burgers consumed*

You don't know what will happen!

Pattie's Burgers costs are mostly fixed

Should the restaurant owner do?

1

Pay \$100/table
→
business covers costs

2

Pay \$10/burger
→
business makes a loss/profit

Pattie's Burgers revenue and price cheat sheet

Number of burgers	Price per burger		Group Bill	
	Option 1 <i>Individual customer</i>	Option 2 <i>Business revenue</i>	All you can eat	Pay per burger
× 10	\$10.00	\$10	\$100	\$100
× 12	\$8.33	\$10	\$100	\$120
× 8	\$12.50	\$10	\$100	\$80

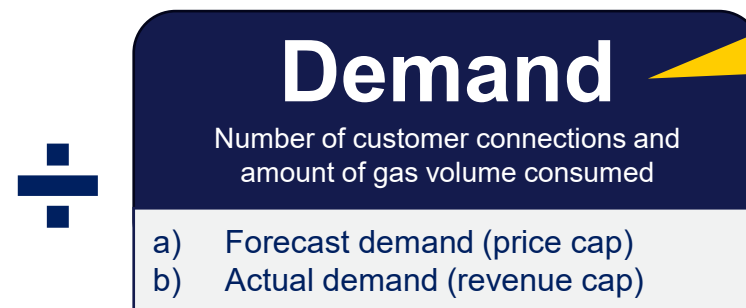
What is the best option for everyone overall?

If we had demand certainty it would make no difference

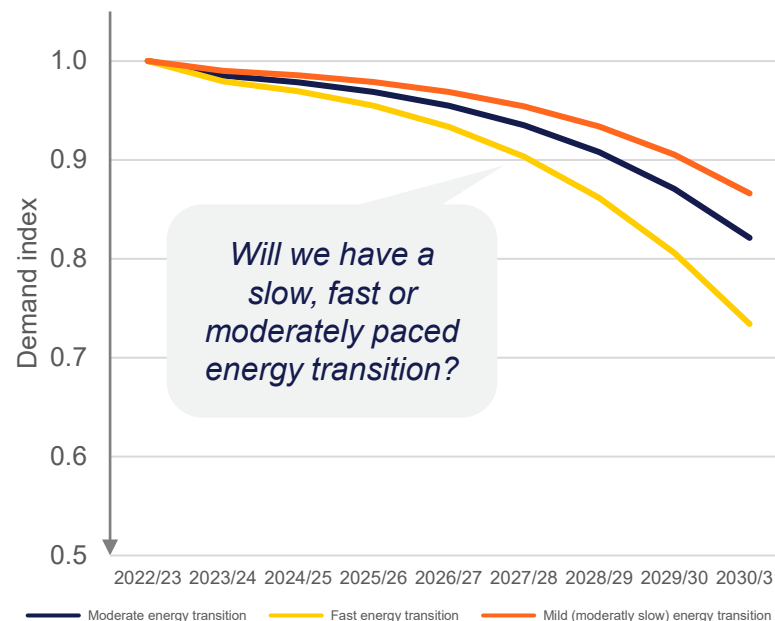
Option 1 (revenue cap), consumers pay only the supply costs
(price per burger = cost of supply ÷ number of burgers)

Option 2 (price cap), customers pay more or less than the supply cost

How are gas network prices set?



Demand has a significant impact on network tariffs



The pace of the energy transition is uncertain.

There is considerable uncertainty in demand forecasting for the 2026–31 period. It is increasingly difficult to derive a robust demand forecast.

Demand risk can be allocated or shared between networks and customers

Options for managing demand uncertainty

The regulator (AER) enforces the National Gas Rules on how Evoenergy can earn revenue

1

Revenue cap

2

Price cap

Demand	Prices based on actual demand .	Prices based on forecast demand .
Prices	Prices are adjusted annually based on actual demand to ensure efficient revenue is achieved.	Prices are set for the 5-year regulatory period are based on forecast demand.
Customer impacts	Customers pay the amount networks need to recover costs – no more no less.	Customers may pay more or less than the amount networks need to recover costs.
Revenue	Maximum revenue is set for the 5-year regulatory period.	Revenue is variable for the 5-year regulatory period.
Business profitability	Gas distribution networks cannot earn more than the revenue allowance or less than the revenue allowance, recouping only efficient supply costs .	Gas distribution networks can earn more than the revenue allowance (profit) or less than the revenue allowance (loss), making windfall gains/losses .

Prices and revenue is updated annually for market factors such as inflation.

Quiz: what is most important to you?

What option do you prefer?	'All you can eat' option	'pay per burger' option
Consumers should only pay the amount network needs to recover costs – no more and no less	Yes, I only want to pay what the network needs – no more and no less	No, I am willing to risk paying a higher/lower bill, so gas network prices are relatively stable
Uncertain demand means that we cannot derive a robust forecast. Should prices be based on actual demand (updated every year) or forecast demand (set for 5 years)?	Update prices for actual demand every year	Prices should be based on forecast demand - don't update demand annually
Customers and distributors should retain windfall gains/losses based on the difference between forecast and actual demand	Yes, I agree. I do not think that there should be winners and losses	No, I do not agree. I think that there should be winners and losers.
In relation to bills and gas network prices, the thing that I think is most important for myself and society is ...	Mild price stability for the next 5 years, updated for actual demand each year	Price stability for the next 5 years –lock it in prices as much as possible, even if I need to pay more/less than necessary
Do you agree with your results? Share with the group why / why not?	YES	NO

Evoenergy's gas network

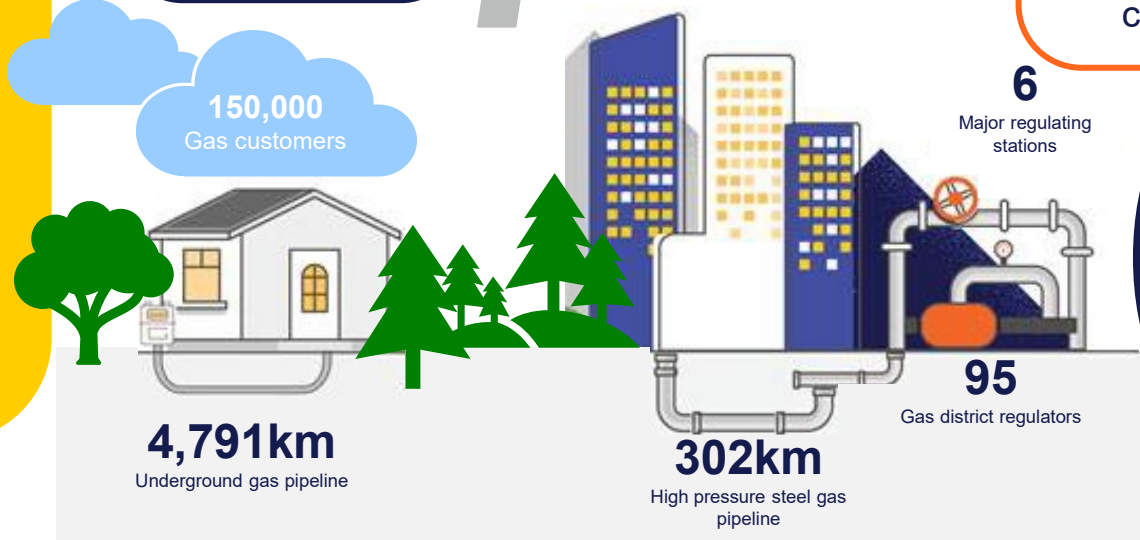
1. Evoenergy (owner) transports gas to customer's homes as a service.
2. Evoenergy needs to recoup the efficient costs of investing in gas network infrastructure and maintaining assets to ensure safety and reliability of the service.
3. Evoenergy needs to recover the costs of efficient investment before 2045.
4. Evoenergy recovers capital and operating costs over its consuming customer base.

Let's say you expect customers to disconnect but don't know how many, where or when.

With this information, how would you negotiate the terms of the contract?

1 As a customer, would you write in the contract that the owner is only allowed to charge a fixed amount for the next 5 years based on forecast demand, regardless of actual demand?


2 As the owner, how would you protect yourself against customers leaving? You could state that if customers disconnect, the price of service for the remaining customers would increase. E.g. if 20% of customers disconnect, then the remaining customers would have to pay more.



Present to the forum on your final recommendation and reasons for your proposal.

My gas bill

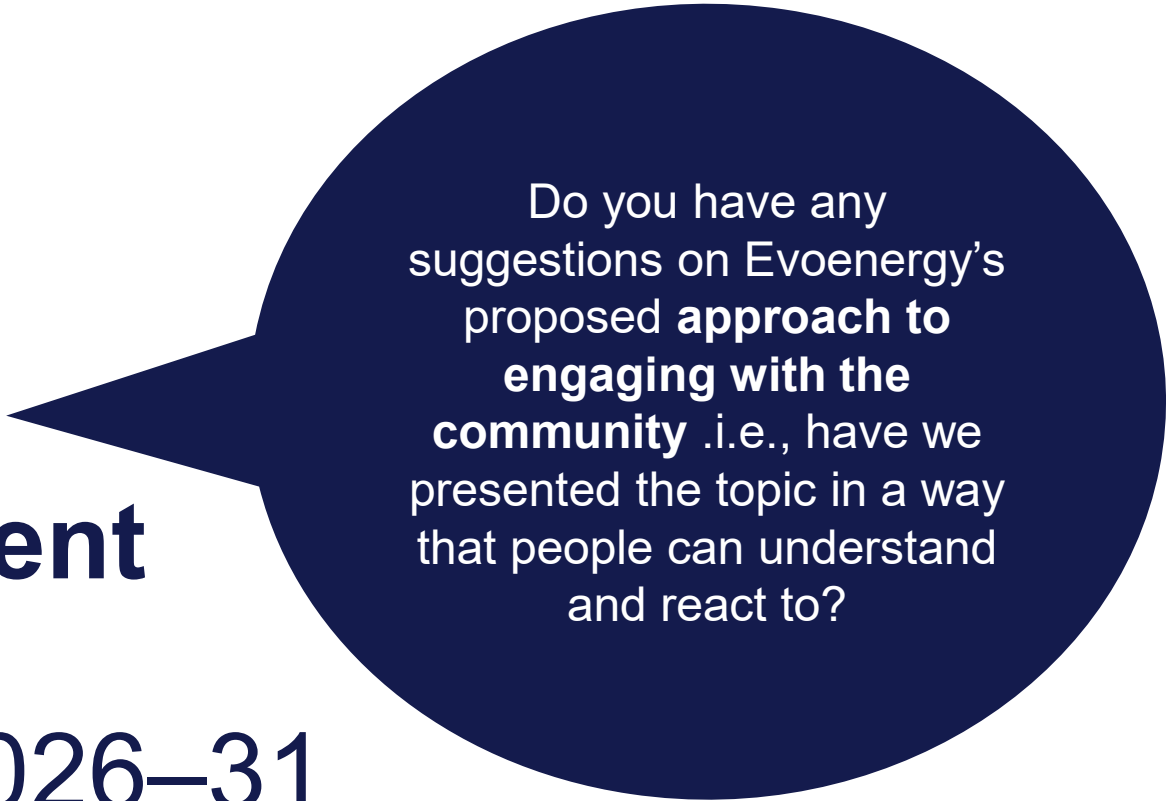
What is your preference given demand uncertainty?

What if ...	Actual demand > Forecast demand	Actual demand < Forecast demand	 My gas bill
<p><i>Prices based on actual demand</i></p>	<ul style="list-style-type: none"> • Price per customer decreases – lower bill • Customers in total only pay network costs. 	<ul style="list-style-type: none"> • Price per customer increases – higher bill • Customers in total only pay network cost 	<p>I want to pay the efficient cost – no more & no less</p>
<p><i>Prices based on forecast demand</i></p>	<ul style="list-style-type: none"> • Price per customer stays the same • Customers in total pay more than network supply costs 	<ul style="list-style-type: none"> • Price per customer stays the same • Customers in total pay less than network supply costs 	<p>I am happy to risk paying more/less than necessary</p>

PRELIMINARY DRAFT TVM consumer engagement

Evoenergy Gas Network 2026–31
Community Forum

END

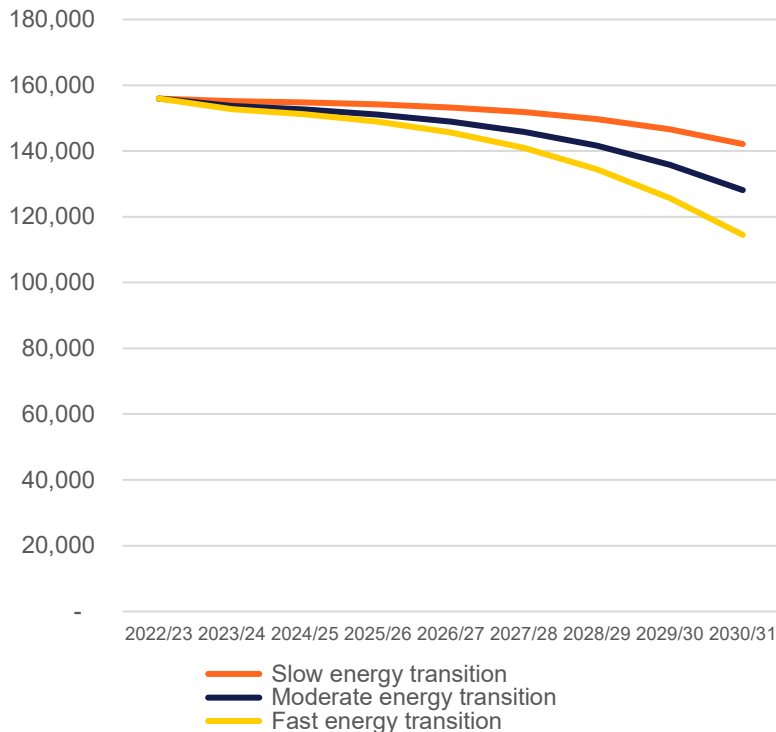


Do you have any suggestions on Evoenergy's proposed **approach to engaging with the community** .i.e., have we presented the topic in a way that people can understand and react to?

What could happen during GN26?

- In the past 10 years, under a price cap, Evoenergy has on average recovered around \$5 per customer per annum more than efficient costs as gas demand exceeded forecasts
- Going forward there is more uncertainty over gas forecasts in ACT and greater risk that customers will pay more or less than needed to cover efficient networks costs

Illustrative declining gas customer connections



Are there any other considerations to ensure the **long-term interests of consumers** as we develop our TVM position?

What are views on **advantages and disadvantages of TVM options** in terms of the long-term interests of consumers?

Customer impact – Example Only

Assume we forecast moderate gas demand scenario

Gas demand	Revenue cap	Price cap
Actual demand reflects slower energy transition	<ul style="list-style-type: none"> Customers pay around ~\$30 less than forecast annually on average over 5 years Customers in total only pay network cost 	<ul style="list-style-type: none"> Customers in total pay ~\$30 more annually on average than network efficient supply costs
Actual demand reflects a moderate energy transition	<ul style="list-style-type: none"> Customer pays the same (based on moderate demand scenario) 	<ul style="list-style-type: none"> Customer pays the same (based on moderate demand scenario)
Actual demand reflects faster energy transition	<ul style="list-style-type: none"> Customers pay around ~\$30 more than forecast annually on average over the 5 years Customers in total only pay network cost 	<ul style="list-style-type: none"> Customers in total pay ~\$30 less annually on average than network efficient supply costs.

Source: Evoenergy analysis; ACT Government IEP positions paper (2023)

Illustrative values relative to a moderate energy transition scenario (FY\$26). Values may be under or overstated.

Community & stakeholder engagement will inform our proposed approach for GN26



Tariff structures under uncertainty

Discussion Lead: Lev Yulin – Group Manager Regulatory Pricing & Finance (40 minutes)

Considerations for ERAP

Key factors

- *Any thoughts / considerations on the key tariff principles we have identified?*
- *Have we missed anything important?*

Preliminary thinking on tariff options

- *What are your views on which options to rule out and consider engaging on? Have we missed any options?*

Engaging consumers

- *What key considerations should we have in mind when engaging with consumers on tariffs?*





Approach for today

Context

- Why are we looking at tariff structures for GN26?
- What is the regulatory context?

Our current tariffs

- Our current tariffs
- The thinking behind our VI tariff (which most customers are on)
- Gas tariff 'efficiency'
- Consistency with other gas network tariffs

Key considerations for GN26

- Conceptual approach to tariff development
- Equity / distributional outcomes are important
- How to consider emissions in the context of gas tariffs

Key questions / discussion

- What should we rule out or rule in for discussion?
- Guiding principles
- What should we ask our customers?

Context

Why are we considering tariff structures for GN26?



Increased demand uncertainty = increased price uncertainty

Network charges expected to increase as customers leave the network (most network costs are fixed)



Customer responses to tariffs are likely to increase

Tariffs will become increasingly important in customer's choices about how much gas to use and their decision to stay connected



Fairness and equity considerations

Tariff structures determine how different cohorts of customers contribute to total network costs (e.g. small vs large customers)



Revenue recovery

Tariff structures set how Evoenergy's revenue is recovered, and can help support stable and efficient recovery of costs against a background of uncertainty (e.g. fixed charges vs variable charges)



Sustainability considerations

Tariffs can help encourage an efficient level of gas consumption, having regard to network costs and costs of emissions reduction

What are the regulatory requirements and expectations?

Economic efficiency

NGR, Rule 94:

- Customers must be grouped into 'classes' on an economically efficient basis
- Revenue from each tariff class must reflect efficient costs (between 'standalone' and 'avoidable' costs)
- Tariffs and charging parameters must:
 - be based on long-run marginal cost (LRMC)
 - consider customer ability and likelihood of responding to price signals
 - enable efficient recovery of costs with minimal distortion to efficient consumption

AER 2023 review – findings on tariff structures

- Most distributors apply 'declining block' structures, and many stakeholders support this
- AER accepted there are arguments for declining block structure, but there is a need to consider:
 - Interplay with new emissions targets
 - Pass-through of tariffs by retailers
- Stakeholders highlighted that changing tariff structures will have distribution/equity impacts (winners and losers)
- AER notes importance of understanding customer responsiveness to prices and tariff changes


Our current tariffs

For the 2021-26 AA we focussed on tariffs that **are simple for customers to understand, and simple administratively:**

- Combined separate business and residential tariffs
- Removed tariffs with few (or no) customers e.g. tariff for customers with gas heating or large-scale generation

Evoenergy gas network tariffs 2021–26

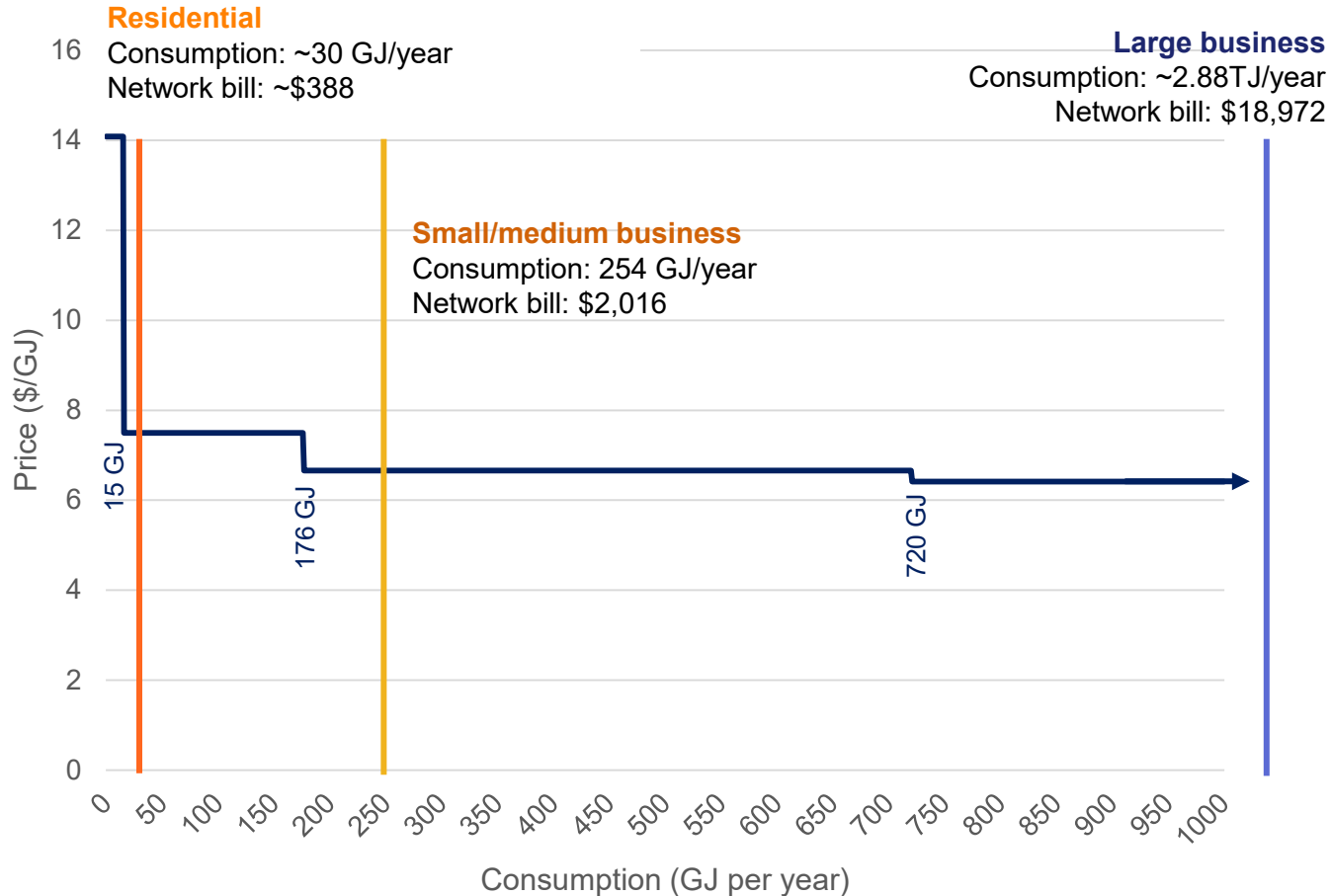
Class	Tariff	Eligibility	Customer numbers	Tariff structure
Volume	Individual	Residential / business customers who consume less than 10TJs pa.	~150,000 Residential ~4,000 Commercial	Fixed charge Declining blocks (4)
	Boundary	Multi-dwellings buildings where gas is supplied at a single point	9	Fixed charge Declining block (3)
Demand	Capacity	Business customers who consume more than 10TJs pa	42	Fixed charge Declining blocks of chargeable demand
	Throughput		1	Fixed charge Flat throughput


Volume individual tariff covers nearly all residential and business customers and is our focus for GN26

Chargeable demand is the larger of the *Maximum Daily Quantity* or the *Maximum Hourly Quantity*

Volume Individual (VI) tariff

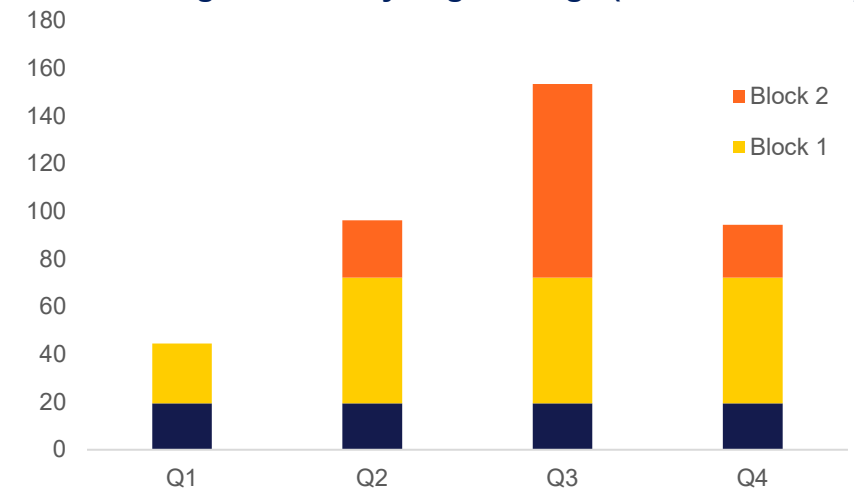
VI Tariff declining block structure



Single tariff targeting different customers

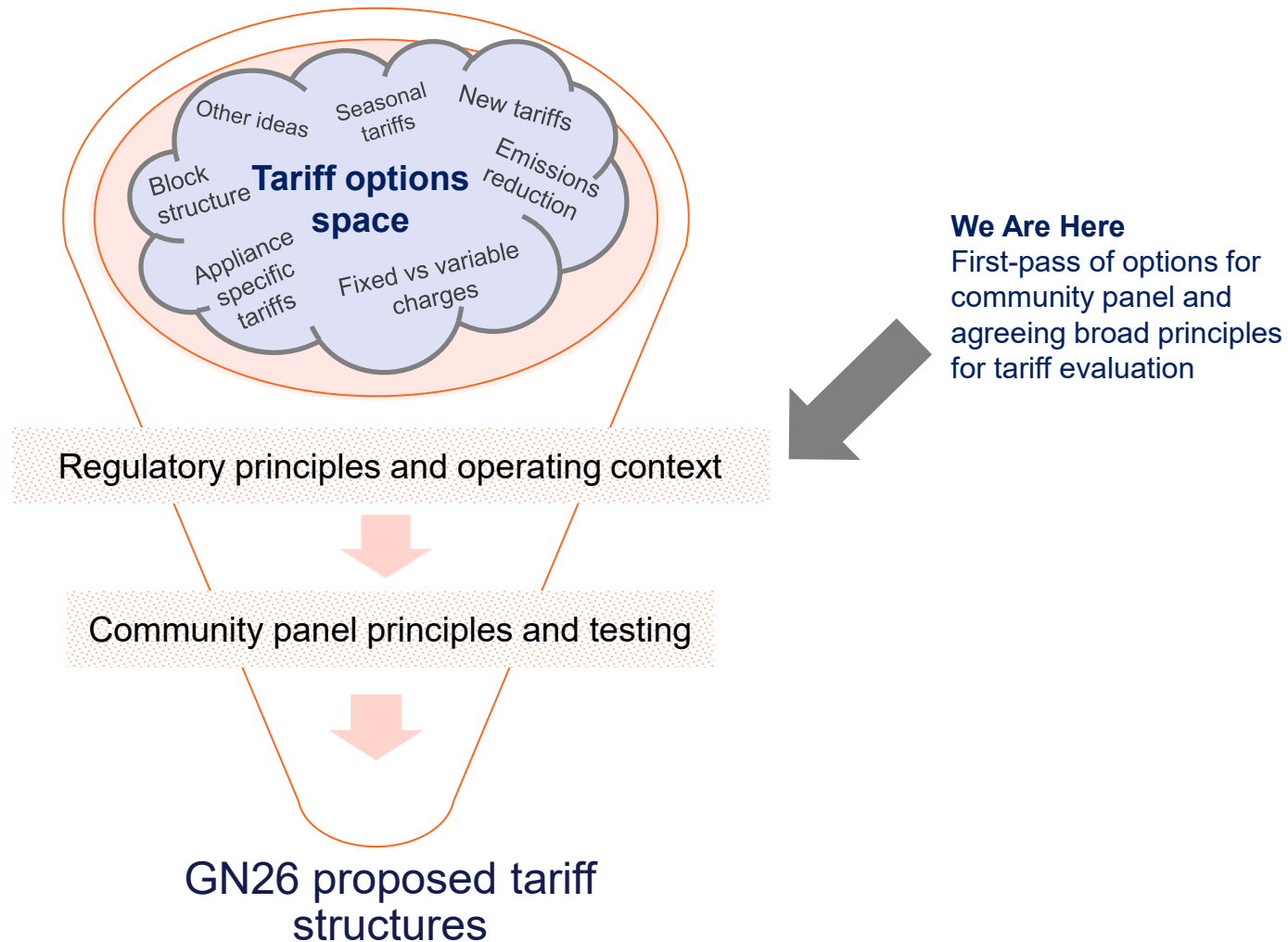
- Reflects declining recovery of fixed costs as consumption increases (at the margin)
- Residential customers effectively face two blocks (above and below 15 GJ)
- Commercial customers more varied, but most effectively face a single block
- Larger customers still pay the full amount for all preceding blocks (covering 'fixed costs'), even though larger customers face a lower incremental price. (e.g. as the first 500GJ costs \$3,500.)

Strong seasonality in gas usage (30GJ customer)



Note: While we have presented annualised tariff structure (to make it easier to see how it compares to typical usage) consumption is billed on a quarterly basis. This means in low consumption quarters (summer) consumption may not reach the second block as shown in the typical network bill graph.

Conceptual approach to tariff evaluation and engagement



Development of initial principles

(1) Regulatory requirements (non-negotiable)

- Cost reflectivity (economic efficiency)
- Minimal consumption distortion
- Value of emissions reduction
- Customer ability to respond

(2) Other tariff principles relevant for GN26

- Tariff simplicity
- Consistency and stability over time
- Retailer pass-through
- Fairness and equity considerations
- Others for discussion?

Efficient tariff structures



1. Cost reflectivity

In theory, tariffs should align prices and costs to send accurate price signals.

However, gas networks costs are largely fixed and do not vary with demand. A fully cost reflective tariff would have a prohibitive and unaffordable fixed charge for small customers. So tariffs need to be above LRMC to recover costs.

A declining block structure balances cost-reflectivity with affordability. The price moves towards LRMC as consumption increases (reflecting a reduced incremental recovery of fixed costs).



2. Minimising distortions / maximising utilisation

The challenge becomes how to recover revenue with the least distortion to consumption (inefficiency).

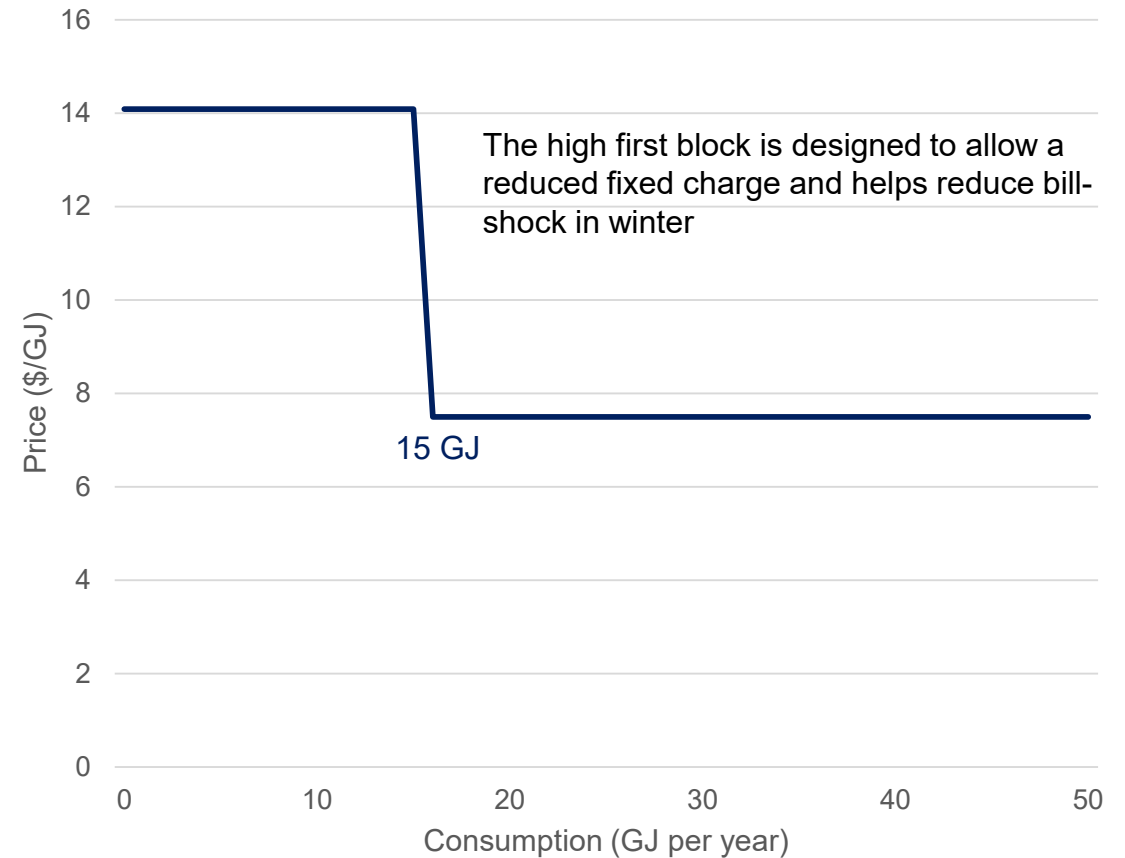
Historically, this has led to:

- Complex tariffs targeted at different appliances / price points (removed by Evoenergy).
- Tariffs designed for different customer groups (e.g. large versus small businesses).

The declining block structure avoids distorting consumption by:

- Smoothing bills over a year (declining charges in winter)
- Ensuring bills are associated with consumption to minimise perception customers are 'paying for nothing' (by reducing fixed charges and increasing the first block).

Evoenergy VI Tariff structure (first 50GJs)



Consistency with other jurisdictions?

Evoenergy's tariffs are consistent with many universal features of Australian gas network tariffs:

- Division between volume customers (< 10TJ p.a) and demand customers (>10TJ p.a.)
- Single tariff for small residential customers
- Declining block tariffs
- Separate business tariffs (with larger fixed charge and lower throughput charges)

Note: compared to electricity – gas tariffs are very simple – no equivalent of demand /TOU pricing due to highly fixed nature of gas network costs

Volume tariff characteristics

	Business specific tariff?	Seasonal pricing?	Zonal pricing?	Tariff type
Evoenergy	No	No	No	Declining
ATCO	No (but customers split on usage/meter size)	No	No	Declining
AGN (SA)	Yes	No	Yes	Declining
AGN (VIC)	Yes	No	Yes	Declining
AusNet (Vic)	Yes	Yes	Yes	Declining
Multinet (Vic)	Yes	No	Yes	Declining
JGN	No (proposed to be split)	No	Yes (proposed to be removed)	Declining
AGN (QLD)	Yes	No	Yes	Declining
TasGas	Yes	No	No	Flat

Equity / distribution considerations



Tariff structures are **revenue neutral** (in the short-term); especially under a revenue cap. But in the long-run, tariff structures can affect rates of disconnection and impact remaining customers.



Changes to tariff structures result in **winners and losers** e.g. increasing fixed charges affects smaller customers more



Long-term impacts matter – who will be on the network beyond 2030?

- Customers who find it difficult to electrify? (renters, low income, high rises)
- Businesses where there is no electrification option?
- NSW Customers?

These factors should be discussed in the context of specific changes that are being considered to the tariff structure.

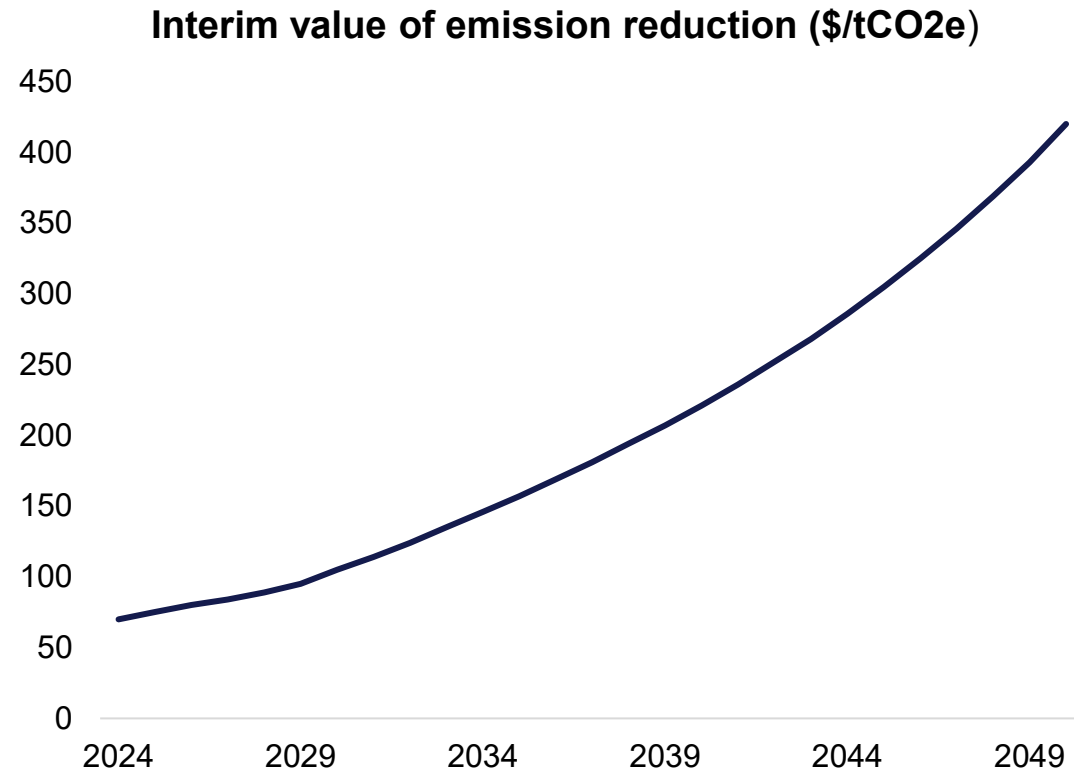


evoenergy

Emissions

NGO changed to incorporate emission reduction

How to balance efficiency, emissions reduction (and equity)?



Evoenergy preliminary analysis – VI tariff charges are already at or above value of emissions reduction

National Gas Objective

..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:

- 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.

ACT Government emission reduction targets

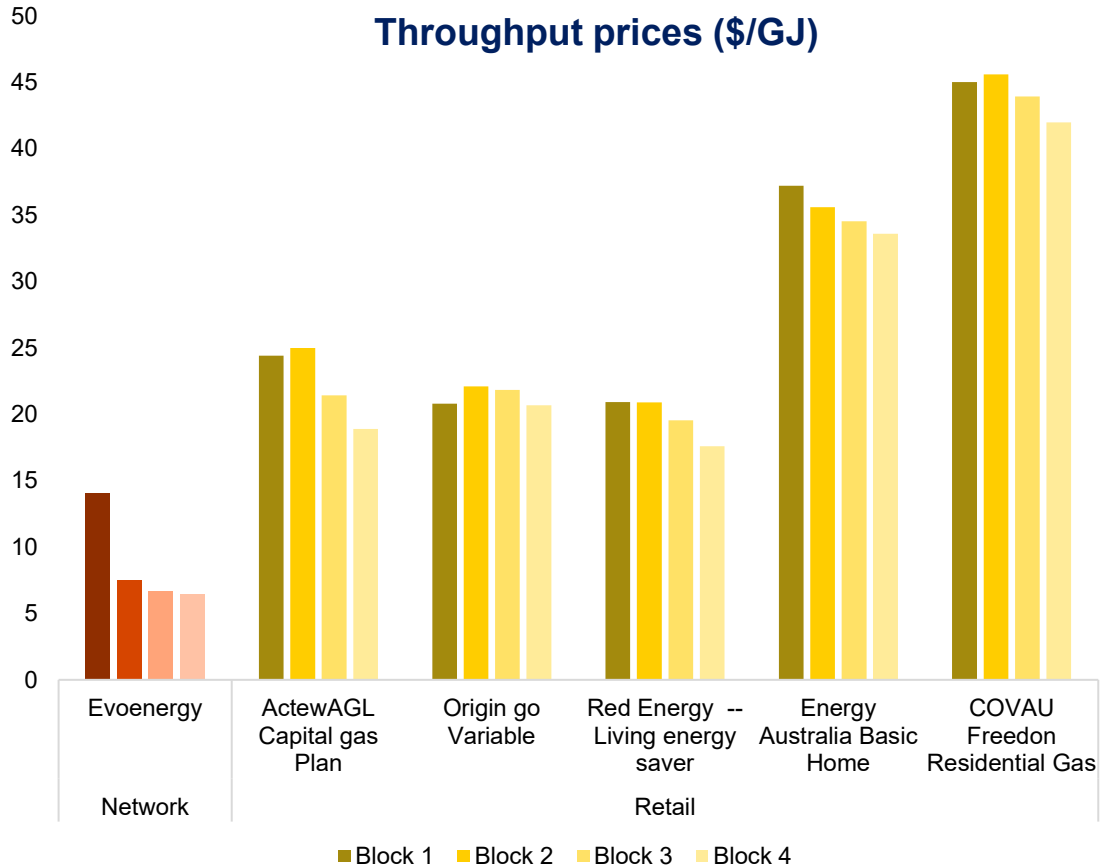
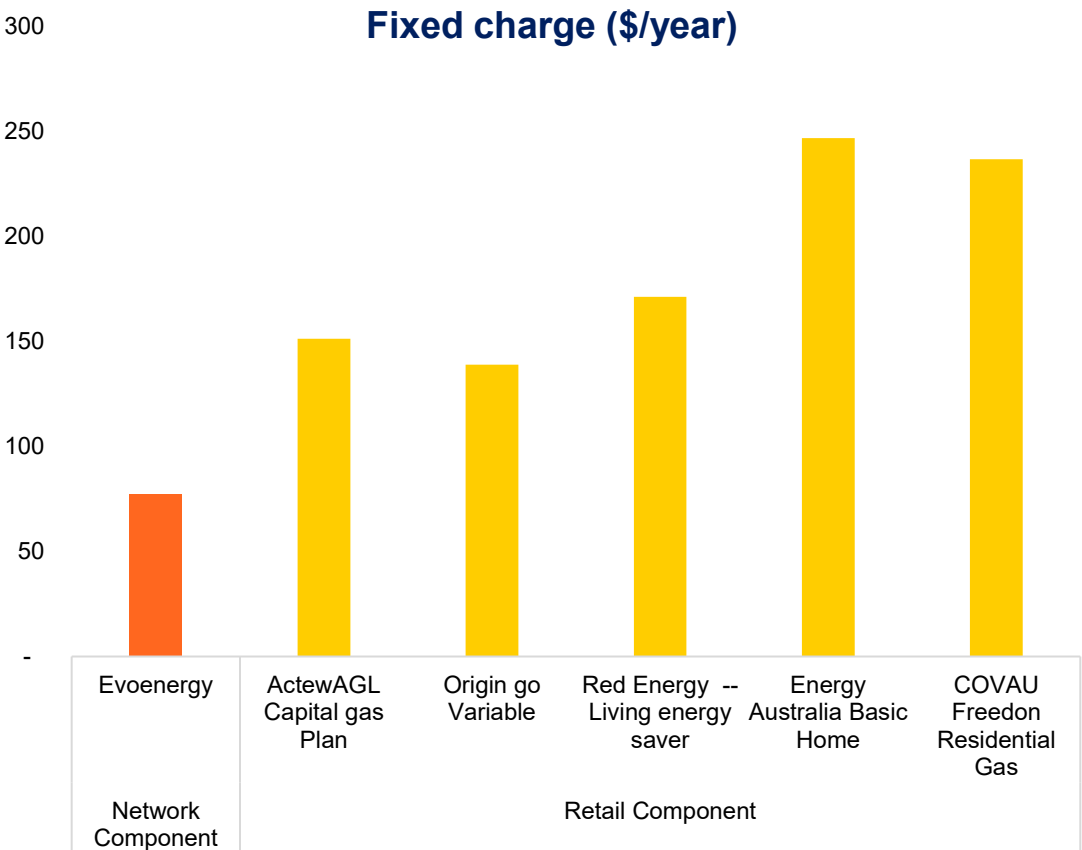
2030	2040	2045
65-75% below 1990 levels	90-95% below 1990 levels	Net-zero

Retail pass through

Retailers generally pass through Evoenergy’s VI tariff declining block structure

Gas network charges make up **around 30 per cent** of a typical retail gas bill

- Unclear whether retailers will pass on any rebalancing of fixed/volume charges
- Unclear extent to which network tariffs influence gas usage, given majority of costs are retail



Preliminary thinking – what do you think?

Tariff change options	Administrative simplicity / low transaction costs	Consistency – over time and with other jurisdictions	Retailers likely to pass through changes?	Consumers able to understand and respond?	Improves network cost-reflectivity?	Aligned with emissions reduction objectives?	Equity / distribution considerations? (Winners & Losers)	Preliminary view
Rebalancing fixed and usage charges	✓	-	Unclear	-	-	Potentially	Yes	Consider for consumer engagement
Reallocate revenue across demand, commercial and residential customers	✓	-	Unclear	-	-	-	Yes	
Flatten volume tariff structure	✓	-	Unclear	Potentially	-	Potentially	Yes	
Changing tariff classes (volume <10TJs, demand >10TJs)	✗	✗	✓	-	-	-	Yes	Rule out for consumer engagement
Changes to the demand tariffs	✗	✗	✓	-	-	-	Yes	
Changes to the boundary tariff	✗	-	✓	✗	-	-	Yes	
Reintroducing appliance specific tariffs	✗	✗	Unclear	Unclear	-	-	Yes	
Splitting ACT/NSW	✗	✓	✓	-	✗	-	Yes	
Reintroducing a business / residential specific tariffs	✗	✓	✓	-	✓	✓	Yes	

Reference services

Discussion Lead: Leah Ross – Economic Regulatory Manager (10 minutes)

Considerations for ERAP

- *What is ERAP's view on the preliminary thinking to **split Evoenergy's reference service into two services**:*
 1. *Transport and meter services*
 2. *Ancillary services*
- *Are there any **other relevant factors or considerations** (not specified in the NGR) that Evoenergy should have regard to in developing our reference service offerings?*
- *Evoenergy's approach to **engaging on reference services** is to work with **retailers and large customers** through April and May (and beyond).*
 - *Do you think Evoenergy should consider additional engagement on the reference services with the community?*








A reference service proposal must specify at least one reference service

Reference service means a pipeline service specified by, or determined or approved by the AER under the NGR, having regard to the Reference Service Factors (NGR 47A (15)):

- a) actual and forecast demand for the service
- b) the extent to which the pipeline service is substitutable with another reference service
- c) the feasibility of allocating costs to the service;
- d) the usefulness of specifying service as a reference service to support negotiations/ dispute resolution for other services:
 - i. Provide a point of reference against which other services can be assessed
 - ii. Provide a benchmark for the price of other services
 - iii. Provide a benchmark for the terms and conditions of other services.
- e) the likely regulatory cost for all parties in specifying the pipeline service as a reference service

Current Evoenergy services






Single reference service

Reference service		Non-reference services	
 <p>Transportation and delivery of gas to customers:</p> <ul style="list-style-type: none"> • ≤ 500kPa (consuming less than 10TJ pa) • ≥ 1,050 kPa (consuming more than 10TJ pa) 	 <p>Ancillary services</p> <ul style="list-style-type: none"> • Hourly charge • Special meter read • Disconnection (volume customer) • Reconnection (volume customer) • Disconnection and reconnection (demand customer) • Abolishment (volume customer) 	 <p>Interconnection service</p>	
 <p>Meter reading services including:</p> <ul style="list-style-type: none"> • Meter related services; • Provision, installation and maintenance of standard meter; and • Meter reading and associated data activity 		 <p>Negotiated service</p>	

Current approved reference services across regulated gas network businesses

DNSP	AA period	Approved reference services	
Evoenergy (ACT plus Queanbeyan and Bungendore)	2021-26	1. Haulage reference service: <ul style="list-style-type: none"> • Transportation of gas through the network to a single delivery point • Meter reading and associated data activities and provision and maintenance of a standard metering installation at the delivery point • Ancillary services (request for service, disconnections, reconnections, special meter reads, decommissioning and meter removal) 	
JGN (NSW)	2025-30	1. Transportation reference services: <ul style="list-style-type: none"> • Standard meter installation and reading • Receipt of gas • Transportation of gas • Delivery to customer premises (by consumption >10TJ per annum and <10TJ per annum) 	2. Ancillary reference services: <ul style="list-style-type: none"> • Special meter reads • Disconnection (volume customer) • Reconnection (volume customer) • Disconnection and reconnection (demand customer) • Hourly charge – non-standard requests • Expedited reconnection
Ausnet Gas Services (Vic)	2024-28	1. Haulage reference services: <ul style="list-style-type: none"> • Tariff V haulage service (<10TJ per annum) • Tariff D haulage service (>10TJ per annum) • Tariff M haulage service (Tariff V customers who have exceeded 10TJ limit with lower connection charges etc) 	2. Ancillary reference services: <ul style="list-style-type: none"> • Meter and gas installation test • Disconnection • Reconnection – following insertion of locks and plugs • Special meter read • Meter fix or reinstallation • Meter and service removal • Minor meter alter position
Multinet Gas Networks (Vic)	2023-28	1. Haulage reference services: <ul style="list-style-type: none"> • Volume haulage service (<10TJ per annum) • Demand haulage service (>10TJ per annum) 	2. Ancillary reference services: <ul style="list-style-type: none"> • Meter and gas installation test • Disconnection • Reconnection • Meter removal • Special meter read
AGN (Albury and Victoria)	2023-28	1. Haulage reference services: <ul style="list-style-type: none"> • Volume haulage service (<10TJ per annum) • Demand haulage service (>10TJ per annum) 	2. Ancillary reference services: <ul style="list-style-type: none"> • Meter and gas installation test • Disconnection • Reconnection • Meter removal • Special meter read
AGN (SA)	2021-26	1. Haulage reference services: <ul style="list-style-type: none"> • Domestic haulage service • Demand haulage service • Commercial haulage service 	2. Ancillary reference services: <ul style="list-style-type: none"> • Meter and gas installation test • Disconnection • Reconnection • Meter removal • Special meter read • Meter reinstallation






Exploring whether to split the reference service

	<i>Responding to ACT's policy environment</i>	<p>As the energy transition takes hold in the ACT we expect to see a divergence in the demand for our reference service:</p> <ul style="list-style-type: none">• As customers switch away from using gas appliances, we expect that demand for our gas transportation service will fall• We also expect demand for our connection services will fall as the ACT ban has come into effect• At the same time, we expect to see demand for disconnections and abolishments to rise
	<i>Improved transparency and accuracy</i>	<ul style="list-style-type: none">• Splitting the reference service to separate the ancillary services away from our transportation service allows Evoenergy to be more <i>accurate</i> in the description of each activity• It also allows us to more <i>transparently</i> outline the expected demand and costs associated with providing that activity or service in the face of uncertain demand for gas services in the ACT
	<i>Increased flexibility</i>	<p>Having two distinct reference services provides Evoenergy with the opportunity to flexibly respond to customer preferences about risk sharing and incentives through the application of the tariff variation mechanism and tariff structures</p>
	<i>Alignment with other DNSPs</i>	<p>Each of the gas network distribution businesses on the east coast of Australia offer transportation and ancillary services as separate reference services, making it easier for those retailers and customers that interact with multiple gas distribution businesses</p>
	<i>Customer preferences</i>	<p>Pipeline users (retailers and large customers) of other DNSPs expressed a preference for consistency in reference service offerings</p>

Preliminary option for GN26 reference services – what do you think?

Current Evoenergy services







Single reference service

Reference service		Non-reference services
 Transportation and delivery of gas to customers: <ul style="list-style-type: none"> • ≤ 500kPa (consuming less than 10TJ pa) • ≥ 1,050 kPa (consuming more than 10TJ pa) 	 Ancillary services <ul style="list-style-type: none"> • Hourly charge • Special meter read • Disconnection (volume customer) • Reconnection (volume customer) • Disconnection and reconnection (demand customer) • Abolishment (volume customer) 	 Interconnection service
 Meter reading services including: <ul style="list-style-type: none"> • Meter related services; • Provision, installation and maintenance of standard meter; and • Meter reading and associated data activity 		 Negotiated service



Future Evoenergy services option

Two reference services

Reference services		Non-reference services
 Transportation Reference Service	 Ancillary Reference Service	
 Transportation and delivery of gas to customers: <ul style="list-style-type: none"> • ≤ 500kPa (consuming less than 10TJ pa) • ≥ 1,050 kPa (consuming more than 10TJ pa) 	<ul style="list-style-type: none"> • Hourly charge • Special meter read • Disconnection (volume customer)* • Reconnection (volume customer)* • Disconnection and reconnection (volume customer)* • Disconnection and reconnection (demand customer)* • Abolishment (volume customer) 	 Interconnection service
 Meter reading services including: <ul style="list-style-type: none"> • Meter related services; • Provision, installation and maintenance of standard meter; and • Meter reading and associated data activity 	<p><i>*Consideration being given to ancillary service offerings and nomenclature</i></p>	 Negotiated service

Meeting close ~11.45am