Appendix 8.1: Disconnection services

Access arrangement information

ACT and Queanbeyan-Palerang gas network 2026–31

Submission to the Australian Energy Regulator

June 2025

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1. Overview

This appendix supports Attachment 8: Ancillary reference services and sets out:

- the disconnection services that Evoenergy proposes to provide as part of our ancillary activities reference services
- our proposed charges for these services.

Evoenergy's operating environment has radically evolved over the past five years. The ACT Government has legislated net zero emissions by 30 June 2045 and banned all gas network connections, with limited exemptions.[1] The ACT Government has also committed to developing "policy and regulatory frameworks to support safe, efficient and equitable decommissioning of the gas network."[2] Under the ACT Government's Integrated Energy Plan (IEP), phased decommissioning of the gas network will commence from 2035. In 2027, the ACT Government will review regulatory intervention, with measures implemented from 2030 to accelerate customers' electrification decisions to ensure the success of its legislated emission reduction targets. The energy transition will result in a surge of disconnections and a significant decrease in gas consumption in our 2026–31 access arrangement period .

There are two approaches to safely disconnect from the gas network:

- temporary disconnection, where a disc or wad is placed in the gas meter to prevent gas flow, the gas meter remains *in situ*, and pressurised gas remains on the premises
- permanent disconnection, which involves removing the meter, purging the property of pressurised gas, and isolating the service at the network boundary.

Our operating environment and changing regulatory context led us to reconsider the disconnection services we propose to provide in the 2026–31 access arrangement period. Since our Reference Service Proposal (RSP)[3] and the AER's decision on that RSP,[4] we have undertaken a comprehensive assessment of the safety risks associated with single detached residential non-consuming services connected to Evoenergy's gas network. We have also undertaken a detailed analysis of the cost build-up for each of our proposed disconnection services and undertaken extensive stakeholder feedback on our proposed approach.

As a result of this further work, our position is to adopt a targeted approach to permanent disconnections, based on the circumstances of the customer. This position reflects our finding that permanent disconnection is not necessary or desirable for non-consuming services in all circumstances and, accordingly, it is not necessary to incentivise customers to choose permanent disconnection over temporary disconnection for non-consuming services. Rather, the appropriate approach is to:

- educate customers as to the risks associated with temporary disconnection, allowing them to make an informed decision about disconnection
- introduce a broader range of permanent disconnection services, to allow customers to receive and pay for a service designed for their circumstances.

Accordingly, our proposed access arrangement includes three distinct permanent disconnection services, rather than the single permanent disconnection service included in our RSP, the AER's RSP decision and 2021–2026 access arrangement. We consider that the results of our safety assessment and cost build up analysis constitute a "material change" in circumstances for the

[1] *Climate Change and Greenhouse Gas Reduction Act 2010* (ACT), sections 6 and 13A; *Climate Change and Greenhouse Gas Reduction Regulation 2011*.
[2] ACT Government, The Integrated Energy Plan 2024–2030, 2024, pp. 9, 17–18, 55.
[3] Evoenergy, Reference Service Proposal Evoenergy ACT and Queanbeyan-Palerang gas distribution network Access arrangement period commencing 1 July 2026, June 2024.
[4] AER, Evoenergy's Reference Service Proposal 2026–31: Final Decision, November 2024.

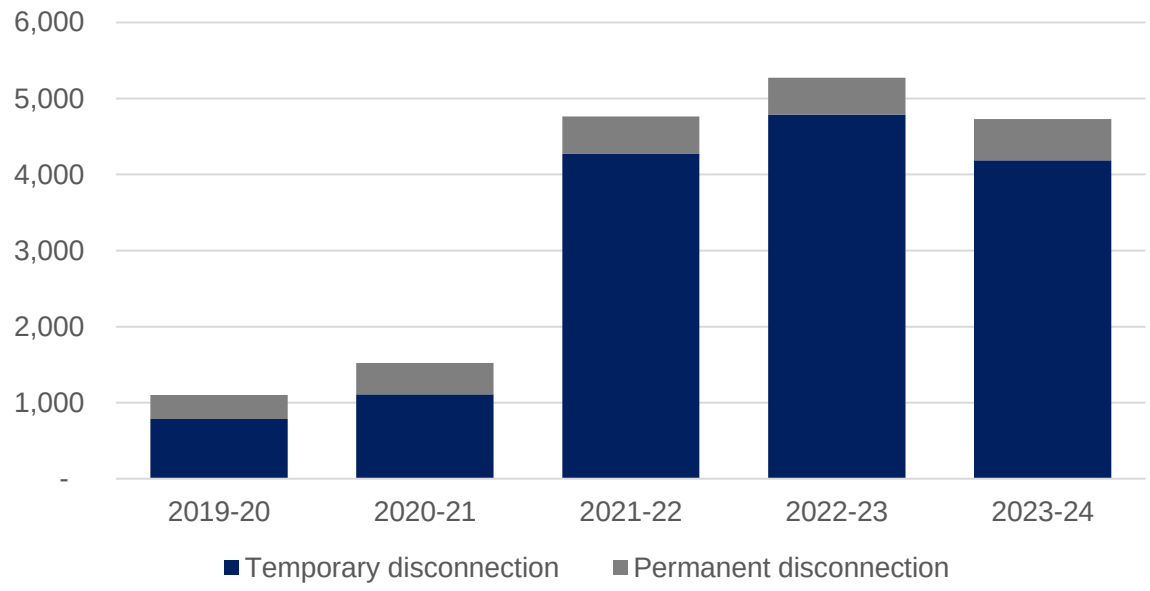
purposes of clause 48(1)(c) of the National Gas Rules (NGR), such that departure from the AER's decision on our RSP is justified (discussed further in section 3.1.2).

We consider that a 'user pays' approach to disconnection charges is appropriate for our disconnection services. We acknowledge that this approach differs from some recent AER decisions to cross-subsidise (socialise) permanent disconnection costs across the broader customer base through transport tariffs. However, we understand that this AER approach was driven by a desire to incentivise customers to choose permanent disconnections over temporary disconnections, following advice from Energy Safe Victoria and the NSW safety regulator that permanent disconnection is preferable from a safety perspective.

As noted above, our independent safety assessment has found that, in the context of our network and customers, permanent disconnection is not required or desirable for non-consuming services in all circumstances. Accordingly, it is neither necessary nor sustainable in our circumstances that our tariffs incentivise our customers to choose a permanent disconnection by cross-subsidising the cost of a permanent disconnection across our customer base through transport tariffs. These points are discussed in the following sections.

Demand for gas network disconnection services has significantly increased in the current 2021–26 regulatory period (see Figure 1). Based on ACT Government policy settings supported with regulatory and financial incentives, the volume of disconnections is expected to continue increasing (see Attachment 2: Demand forecast). Customer decisions to move off gas and the ACT Government's economic incentives[5] to support its policy of full electrification and gas network decommissioning are driving a higher volume of gas network disconnection service requests. As of April 2025, we have completed 4,339 disconnections in the year to date.[6] We forecast over 55,000 additional disconnections during the 2026–31 access arrangement period.[7]

Figure 1 Disconnection service request volumes



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

[5] ACT Government economic incentives include, but are not limited to, the Sustainable Household Scheme, Home Energy Support Program, Access to Electric Program Trial, Solar for Apartments Program, Energy Efficiency Improvement Scheme, Sustainable Business Program, Make Your Next Choice Electric, Fleet Advisory Service, and Public Charging Grants (see ACT Government, ACT Emergency Backstop Capability Consultation Paper, 2025, p. 11).
[6] Estimated data includes 3,767 residential temporary disconnections, 494 residential permanent disconnections, 65 commercial temporary disconnections, and 13 commercial permanent disconnections as of April 2025.
[7] Attachment 2: Demand forecast, June 2025.

The number of temporarily disconnected customers has steadily increased over time, with the proportion of non-consuming services (greater than 12 months) increasing from 5.7 per cent in July 2022 to 9.1 per cent in March 2025.[8] Evoenergy must maintain each gas meter and service that is connected to the gas network, including for temporarily disconnected customers.[9] Evoenergy leaves a gas meter on the premises when undertaking a temporary disconnection to indicate that pressurised gas remains on the property.

In light of the increased demand for disconnection services and our operating environment, we have given careful consideration to our proposed disconnection services and our proposed charges for those services.

1.1 Safety: strong incentives for permanent disconnection are not desirable in our context

Some jurisdictional safety regulators have previously expressed views, in the context of their specific jurisdiction, that permanent disconnection is preferable to temporary disconnection for non-consuming services from a safety perspective. These views have informed previous AER decisions as to the scope of disconnection reference services and tariffs.[10]

For example, in response to an AER request for advice regarding the safest approach for gas disconnections, Energy Safe Victoria noted that:[11]

> "While ESV's current position is that permanent abolishment is required for gas distributors to meet their obligations to minimise the safety risks of permanent disconnection as far as practicable, ESV is committed to working with gas distribution businesses to understand whether other methods may be more appropriate than permanent abolishment in the context of the large numbers of disconnections that have been forecast as a result of the Victorian government's policy to support electrification."

We commissioned an independent safety assessment of the risks associated with residential non-consuming services connected to Evoenergy's gas network, to assess whether permanent disconnection is necessary for us to meet our safety obligations under ACT legislation, detailed in section 3.1.3. The assessment found 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 necessary in more limited instances, being building demolition and residential property sales if all appliances have been electrified.

Based on our safety assessment findings specific to the Evoenergy gas network and ACT jurisdictional regulation, our position is to adopt a targeted approach to permanent disconnections. As such, determining which disconnection service is most appropriate will depend on the circumstances of the individual property and the property owner; there is no need to incentivise permanent disconnections for all customers with non-consuming services. A targeted permanent disconnection approach will deliver a significant benefit to the community by avoiding a $32 million cost associated with unnecessarily permanently disconnecting all non-consuming properties, while maintaining the required level of network safety. With a targeted approach, Evoenergy will put in place additional risk controls, including reviewing the risk assessment periodically to monitor network safety risk.

[8] Evoenergy analysis based on AER Quarterly disconnections report.
[9] Utilities (Technical Regulation) (Gas Metering Code) Approval 2021.
[10] AER, Final decision, JGN access arrangement 2025–30, Attachment 9: Reference tariff setting, May 2025, p. 1; AER, Final decision, AusNet Gas Services Gas distribution access arrangement 1 July 2023 to 30 June 2028, Attachment 9: Reference tariff setting, June 2023, p. 8.
[11] Energy Safe Victoria, Abolishment of gas connection due to electrification, 18 April 2023.

1.2 A material change in circumstances necessitates a change to disconnection services included in the RSP decision

Our RSP was submitted to the AER on 30 June 2024, and the AER's decision on the RSP was made in November 2024, before we commissioned our independent safety assessment and decided to adopt a targeted approach to permanent disconnections to reflect the findings of that assessment. Accordingly, we are now proposing three permanent disconnection services, rather than the single service included in our RSP and the AER's decision on that RSP.

Figure 2 RSP and RSP decision compared to access arrangement proposal

RSP and RSP decision	Access arrangement proposal
Permanent disconnection (abolishment) (Volume Customer)	Basic permanent disconnection
	Basic (urgent) permanent disconnection
	Complex permanent disconnection

The NGR provides that an access arrangement must specify the reference services, which must be consistent with the AER's RSP decision under NGR 47A, unless there has been a material change in circumstances.[12] Sub-rule 48(1)(c1) provides that, if the information provided under sub-rule 48(1)(c) is different to the AER's RSP decision, the service provider must describe the material change in circumstances that necessitated the change, having regard to the reference services factors. We consider that the findings of our safety assessment constitute a “material change in circumstances” which necessitates the departure from the AER's decision on our RSP.

Further, when we submitted our RSP and the AER made its decision on that RSP, we had not completed our cost build-up for our reference services, including the proposed permanent disconnection services, nor had we shared our findings and position with stakeholders. Since that time, we have completed this analysis, and it became apparent that a targeted approach to permanent disconnection will allow consumers to receive a more cost-reflective disconnection service. A single permanent disconnection service does not allow us to reflect the differing complexity level of permanent disconnections based on customer types and individual circumstances. For example, a disconnection for a detached single residential dwelling is likely to be more straightforward than a disconnection for a multi-occupancy dwelling or a Demand Customer connected to high-pressure mains, and a single charge is unlikely to accurately reflect the costs of either type of disconnection.

1.3 We propose a user pays cost recovery approach to disconnection services

Given our targeted permanent disconnection approach based on safety assessment outcomes, and to facilitate an efficient energy transition, we propose to maintain our current user-pays cost recovery approach, which is discussed in section 3.2. This approach is consistent with our safety findings, facilitating an efficient energy transition, and the feedback received during our stakeholder and community engagement.

Both temporary disconnections and permanent disconnections are categorised as ancillary activities reference services, meaning that Evoenergy provides the service upon request. Each disconnection service is discussed below.

[12] NGR 48(1)(c)

2. How we engaged and what we heard from our stakeholders

Over the past 18 months, we have engaged with our community and other stakeholders, including our five-year gas plan community forum, our gas retailers (Users), our Energy Consumer Reference Council (ECRC), the Energy Regulatory Advisory Panel (ERAP) and the ACT Government, on our approach to disconnections.[13]

Our approach to engagement on this topic has been ongoing and iterative, as we adapted our proposed disconnection approach to take account of stakeholder feedback, updated costs, and shared new information contained in our independent safety assessment.

We discussed our approach to disconnections three times with retail Users and four times with the community forum.

Stakeholders were generally concerned to ensure that:

- we contributed to delivering an energy transition that is economically efficient and in the long-term interests of customers by ensuring appropriate price signals for disconnections
- customers were made aware of the disconnection options available to them and the safety considerations associated with each option
- we deliver an equitable approach to disconnections, such that customers who remain on the network for longer do not bear the cost of other customers' disconnections.

This feedback informed our decision to introduce a targeted approach to permanent disconnections, and to retain a user-pays cost recovery approach.

2.1 Community forum

At community forum 5, held in August 2024, we introduced the different types of disconnection services (permanent and temporary) and sought forum members' views on how well customers understood the differences between the services. The general consensus was that the community is not aware of the differences between the services.[14] In this session, we showed members a video comparing the differences between a permanent and a temporary disconnection service, as well as a scaled model of a service pipe, and provided the opportunity to touch a meter wadding device. At the time, we did not yet have our independent safety report and shared our view (at the time) that permanent disconnection is required for all non-consuming services to maintain network safety.

Within this context, we sought their views on different approaches to paying for the cost of a permanent disconnection (user-pays or partially cross-subsidised) based on our current charges. The feedback we received at the time was that the cost of a permanent disconnection acted as a disincentive and that a balanced split of costs between customers disconnecting and those remaining on the network was reasonable.[15] We also heard suggestions for innovative ideas, such as a disconnection bank and that the ACT Government should contribute to the cost of disconnections.

The community forum's report to Evoenergy was prepared at session 6 (27 August 2024), in which they said:[16]

[13] We engaged using various channels such as deliberative forums, one-on-one meetings and sharing preliminary views for consultation in our draft five-year gas plan (released in March 2025).
[14] Appendix 1.2: Communication Link report of feedback from community forum sessions 1–10, June 2025, pp. 36–37.
[15] Appendix 1.2: Communication Link report of feedback from community forum sessions 1–10, June 2025, pp. 36–37.
[16] Appendix 1.2: Communication Link report of feedback from community forum sessions 1–10, June 2025, p. 61.

> "The costs of disconnection should not act as a disincentive to transition away from gas. Some forum members suggested that the cost of disconnection should not be borne by the disconnecting customer. Evoenergy should explore innovative ways to keep the cost of disconnection low. It was suggested that the costs of disconnection could be shared across neighbourhoods or paid for by customers over several years."

We shared the findings of our independent safety assessment with the forum at session 8 in March 2025. The assessment concluded that the costs associated with permanently disconnecting all non-consuming properties are disproportionate to the risk. We shared that the position in our draft five-year gas plan was informed by the safety assessment and included:

- maintaining a user-pays approach to avoid increasing bills for customers remaining on the network
- introducing differentiated permanent disconnection services (basic and complex) to lower the cost of disconnecting for most customers
- collaborating with the ACT Government to implement an efficient approach to disconnecting and targeting those sites with the greatest safety risk
- working with retailers to share customer safety information.

At session 8, our forum members sought more information on our view that 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.[17]

In April 2025, at community forum session 9, we asked members to consider the impacts of the targeted permanent disconnection approach for different customer types, and particularly sought views on how our approach aligned with their values of fairness and equity through the energy transition. Forum members generally supported our approach, reiterating safety considerations for multi-complex buildings such as apartments.[18]

At session 9, we presented our proposed approach to recovering disconnection costs, including the indicative charges. We presented our proposal to introduce a Safety Control Program, funded through the temporary disconnection charge, to increase public awareness of gas network safety and help customers make informed disconnection choices. Forum members supported the proposed Safety Control Program and observed that the costs of permanent disconnections presented were reasonable, and charging the disconnecting customer for the service is appropriate. Participants provided several ideas for communicating with the community, which we will take into consideration as we develop the program.[19]

We recognise that much of our engagement was prior to undertaking technical safety assessments of non-consuming single detached dwellings connected to our gas network. However, we have taken on board feedback from our community and our stakeholders by developing an approach intended to facilitate delivering an energy transition that is economically efficient and in the long-term interests of customers.

2.2 Energy Consumer Reference Council

As with the community forum, we adapted our approach to engaging with our ECRC on our proposed approach to disconnections to respond to the safety assessment findings.

Our early sessions with the ECRC on permanent disconnections were undertaken in October and November 2023 and August 2024, prior to the finalisation of the independent safety assessment. In these sessions, we introduced the concept of dormant connections and highlighted challenges around safety and licensing. We sought feedback on how to share the costs associated with disconnecting from the gas network. We heard strong support for a

[17] Appendix 1.2: Communication Link report of feedback from community forum sessions 1–10, June 2025, p. 43.
[18] Appendix 1.2: Communication Link report of feedback from community forum sessions 1–10, June 2025p. 44.
[19] Appendix 1.2: Communication Link report of feedback from community forum sessions 1–10, June 2025, p. 45.

coordinated, area-based decommissioning approach, with members expressing moderate to high levels of concern about the safety risks associated with temporary disconnections. There were mixed views on who should bear the cost of disconnection, with many members suggesting that the ACT Government should subsidise these charges in line with its electrification policy. The ECRC called for public education to reduce safety risks and enhance understanding of disconnection options.[20] Members observed the need for an equitable energy transition, particularly for vulnerable customers or those who will stay on the network longer, and favoured the introduction of a cost-sharing approach, government subsidies or discounts, and coordinated disconnections, which would offer a safer and cost-effective solution. Members also recommended strategies for communicating safety messages to support informed customer decisions about disconnections.[21]

In March 2025, we presented the findings and conclusions of the safety assessment and outlined our approach to permanent disconnections as set out in our draft five-year gas plan. In the subsequent May 2025 session, we provided an overview of the broadly supportive feedback we had received in other forums to our approach.

In June 2025, we provided more information to members on the final costs of the permanent disconnection services. ECRC members were supportive of the approach as it was considered safer and lowered the cost of permanent disconnections.[22]

2.3 Retail Users

Evoenergy engaged directly with our primary retail Users three times each over the past 18 months as we developed our RSP, access arrangement and reference service agreement (RSA).[23]

Feedback from early conversations in May 2024 informed our early thinking on permanent disconnections. In October 2024, we explored our approach to permanent disconnections with retailers in more detail, seeking their views on the introduction of basic and complex permanent disconnections for residential customers.

We continued conversations with retailers at follow-up one-on-one meetings in May 2025, where we provided an opportunity to discuss our finalised approach to disconnection services based on the findings of our safety assessment. This included discussions on the changes to the RSA necessary to implement the basic, basic (urgent), and complex permanent disconnection services.[24]

Our retail Users were supportive of our revised approach to permanent disconnection services, including the implementation of differentiated disconnection services, the retention of a user-pays approach, and the introduction of a Safety Control Program.

2.4 Feedback from other stakeholders

In early discussions with the ERAP, members considered that Evoenergy should adopt a user-pays cost recovery approach for disconnections to avoid shifting the cost of the service to those customers who remain on the network for longer.[25]

We note the Justice and Equity Centre (JEC) rule change request lodged with the Australian Energy Market Commission (AEMC) proposes to include disconnection definitions in the NGR, to

[20] Appendix 1.3: ECRC engagement report, June 2025, p. 6.
[21] Appendix 1.3: ECRC engagement report, June 2025, p. 8.
[22] Appendix 1.3: ECRC engagement report, June 2025, p. 10.
[23] Meetings with ActewAGL, Origin Energy, Red Energy and Energy Australia occurred in May 2024, October 2024 and May 2025. An opportunity to meet and a copy of our draft RSA were provided to all retail Users in May 2025.
[24] In May 2025, we provided retail Users with an overview of our access arrangement positions.
[25] Appendix 1.5: ERAP meeting summaries, June 2025, p. 21.

implicitly include a beneficiary-causer-pays based criterion for recovering charges, and to enable permanent disconnection and remediation services (meter removal) to be contestable.[26] Specifically, the JEC rule change request proposes that a beneficiary-causer pays cost recovery approach for permanent disconnections be specified in the NGR.

We also engaged with the ACT Government and the ACT Utilities Technical Regulator on safety matters (discussed in section 3.3).

3. Permanent disconnections

In this section, we set out:

- our proposed permanent disconnection services, including a description of the material change in circumstances that necessitates a departure from the services approved by the AER in its decision on our RSP
- our proposed charges for each of our permanent disconnection services, including a description of our user-pays cost recovery approach.

A permanent disconnection typically involves removing a gas meter, clamping and then cutting the gas service at the property boundary or gas main, as well as purging the pipe of natural gas to ensure public safety.[27] The AER accepted our RSP to rename the "abolishment" service to a "permanent disconnection" service to differentiate the service from a "temporary disconnection" and improve clarity for customers requesting the service.[28]

The exact method for carrying out a permanent disconnection varies depending on individual customer circumstances. Accordingly, the specific method for carrying out a permanent disconnection will be at Evoenergy's discretion, ensuring the site is left in a safe state in accordance with our regulatory obligations.[29]

A permanent disconnection involves decommissioning a Delivery Point, including removal from the customer list and the Meter Installation Registration Number (MIRN) from the market. A customer is no longer required to pay the standing charge when a MIRN is removed from the market.

Evoenergy undertakes a permanent disconnection when a retail User submits a service request on behalf of a customer in accordance with the RSA and our regulatory obligations.[30]

Based on our Gas Service and Installation Rules,[31] customers may request a permanent disconnection through their gas retailer[32] in the following circumstances:

- to safely isolate the gas supply before a property can be demolished, ensuring that an uncontrolled gas escape will not occur either on the work site or the public road reserve

[26] Justice and Equity Centre, 2 Gas Distribution Network Rule Change Request – Fit for purpose gas disconnection arrangements, 9 May 2025.
[27] Evoenergy, Gas Service and Installation (GS&I) Rules, May 2024, p. 28.
[28] AER, Final Decision Evoenergy Gas Distribution Determination 2026 to 2031 Reference service, tariff variation mechanism and tariff structure, November 2024, pp. 5–8.
[29] See, for example, *Utilities Act 2000* (ACT), section 108. Utilities (Technical Regulation) (Gas Safety and Network Operation Code) Approval 2021, section 5.
[30] Evoenergy, Reference Service Agreement 2026–31; Evoenergy, Gas Service and Installation (GS&I) Rules, 2024; Evoenergy, Decommissioning and meter removal services for premises connected to Evoenergy's gas network, May 2016.
[31] The Gas Service and Installation Rules (GS&I Rules or Rules) are issued by Evoenergy pursuant to the Gas Service and Installation Code, issued September 2021, under the *Utilities (Technical Regulation) Act 2014*.
[32] Except for Evoenergy's 240 unclaimed MIRNs, where a customer may directly request a disconnection from Evoenergy. All MIRNs have a designated retailer, which is the financially responsible retailer for the premises (with an existing connection) or the local area retailer (without an existing connection) for the premises (National Energy Retail Rules). However, there are unclaimed MRINs without a designated retailer because they are legacy connections that predate the 2016 Retail Market Procedures.

- where all gas appliances and customer equipment have been disabled and/or removed from the premises, and the gas supply is no longer needed.

In the ACT, a permanent disconnection is not reversible. The *Climate Change and Greenhouse Gas Reduction Act 2010* (ACT) restricts natural gas connections. Specifically, section 13A restricts gas distributors from providing a "new gas connection for natural gas in an area, or to stated premises in an area, prescribed by regulation." The definition of "new gas connection" includes "if an existing connection to premises is permanently removed, the replacement or reinstatement of the connection". Under legislation,[33] a customer cannot connect again to the network without an exemption from the Minister for Climate Change, Environment, Energy and Water.

3.1 Our proposed permanent disconnection services

3.1.1 Overview of our proposed permanent disconnection services

For the current access arrangement period, Evoenergy offers a single abolishment service, charged based on meter set capacities. Charges are fixed for Volume Customers and individually priced for Demand Customers.[34] A single abolishment service was proposed in our RSP, renamed as "permanent disconnection (abolishment) (Volume Customer)", and accepted in the AER's decision on that RSP.

To address the changes in our operating circumstances and respond to customer feedback, we are proposing changes to the services on offer. Evoenergy's current abolishment services, AER RSP decision on permanent disconnection services and the proposed permanent disconnection services included in our access arrangement are shown in Figure 3.

Figure 3 Permanent disconnection services

<table>
<tr><th>2021–26 access arrangement</th><th>AER RSP decision</th><th>2026–31 access arrangement</th></tr>
<tr><td rowspan="3">Abolishment (Volume Customer and Demand Customer Delivery Points</td><td rowspan="3">Permanent disconnection (abolishment) (Volume Customer)</td><td>Basic permanent disconnection</td></tr>
<tr><td>Basic (urgent) permanent disconnection</td></tr>
<tr><td>Complex permanent disconnection</td></tr>
</table>

In response to stakeholder feedback and our safety assessment findings, Evoenergy has proposed 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.

Evoenergy's proposed 2026–31 permanent disconnection services will provide for individual disconnection requirements, allow Evoenergy's operational and delivery model to be fit for purpose as sections of the gas network are progressively decommissioned based on the ACT Government's policy, and ensure cost-reflectivity for customers. Our proposed approach seeks to minimise the costs for most of our customers. Table 1 provides a detailed description of our proposed permanent disconnection services, and examples of demand based on customer type.

[33] Regulation 11 of the *Climate Change and Greenhouse Gas Reduction Regulation 2011*
[34] AER, Evoenergy access arrangement 2021–26, April 2021, pp. 57–59.

Table 1 Evoenergy's proposed permanent disconnections 2026–31

Permanent disconnection service	Description	Examples of applicability for different customer types
Basic permanent disconnection	Basic permanent disconnection is the decommissioning of a single Delivery Point, including the removal of a gas meter set capacity less than or equal to 25m^3/hour. A basic permanent disconnection service is available for detached single dwellings with a single service pipe connecting the gas meter to the gas network. A basic permanent disconnection service excludes customised works. Customised works include water meter removal, concrete cutting, hard surface restoration (e.g. concrete, asphalt concrete with special surfaces and pavers, or other non-turf surfaces), active traffic management, third-party standbys, coordination between multiple occupants, works on steel gas services or mains, and other identified customised requirements. The specific method of permanent disconnection will be at the discretion of Evoenergy to ensure the site can be left in a safe state.	• Detached single residential dwelling when all appliances have been electrified • Sale of property or change of ownership if all appliances are electrified, where an urgent service is not required • Construction projects or residential demolitions/renovations where an urgent service is not required *This service is not available for multi-occupancy dwellings, commercial properties and industrial sites.*

Permanent disconnection service	Description	Examples of applicability for different customer types
Basic (urgent) permanent disconnection	Basic (urgent) permanent disconnection is the decommissioning of a single Delivery Point, including the removal of a gas meter set capacity less than or equal to 25m^3/hour. A basic (urgent) permanent disconnection service is available for detached single dwellings with a single service pipe connecting the gas meter to the gas network. A basic (urgent) permanent disconnection service excludes customised works. Customised works include water meter removal, concrete cutting, hard surface restoration (e.g. concrete, asphalt concrete with special surfaces and pavers, or other non-turf surfaces), active traffic management, third-party standbys, coordination between multiple occupants, works on steel gas services or mains, and other identified customised requirements. The specific method of permanent disconnection will be at the discretion of Evoenergy to ensure the site can be left in a safe state. The service will be completed by Evoenergy within a maximum period of 20 business days following the service request and the customer will be notified in advance of the scheduled date of service.	• Construction projects or residential demolitions/renovations where an urgent service is required • Sale of property or change of ownership if all appliances have been electrified, where an urgent service is required • Detached single residential dwelling where all appliances have been electrified, and the owner prefers an urgent service
Complex permanent disconnection	Complex permanent disconnection is the decommissioning of one or more Volume or Demand Customer Delivery Points. A complex permanent disconnection includes customised works. Customised works include water meter removal, concrete cutting, hard surface restoration (e.g. concrete, asphalt concrete with special surfaces and pavers, or other non-turf surfaces), active traffic management, third-party standbys, coordination between multiple occupants, works on steel gas services or mains, and other identified customised requirements. Users will be provided with an offer to permanently disconnect (permanent disconnection offer). If the User accepts the permanent disconnection offer:	• Multi-occupant buildings that have hot water meters • Townhouses • Connections with dual services (such as dual occupancy, shared driveway, battleaxe) • Commercial customers (such as restaurants, shopping centres, office buildings)

Permanent disconnection service	Description	Examples of applicability for different customer types
	• the specific method of permanent disconnection will be at the discretion of Evoenergy to ensure the site can be left in a safe state • the permanent disconnection will be completed within the time period set out in the offer. A request for complex permanent disconnection is also a request to remove the Delivery Point from the Customer List under the User's service agreement.	• Demand Customers, including customers that consume >10 TJ per year • High pressure main connections, such as customers supplied from steel service and/or mains

Source: Evoenergy, Evoenergy 2026–31 access arrangement, June 2025.

3.1.2 A material change in circumstances has occurred since the AER's decision on our RSP

Our RSP was provided to the AER on 30 June 2024, with the AER making public its Reference Services Proposal Decision on 2 December 2024, in accordance with rule 47A of the NGR. Our proposed reference services comprised:

- a Transportation (including metering) reference service
- an Ancillary activities reference service, including:
  - hourly charge
  - special meter read
  - temporary disconnection and reconnection (Volume Customer)
  - reconnection (Volume Customer)
  - disconnection and reconnection (Demand Customer)
  - permanent disconnection (abolishment) (Volume Customer).

The AER's final decision was to approve our RSP, excluding our proposal to include reconnection in the Volume Customer temporary disconnection service. Subrule 48(1)(c) of the NGR provides that an access arrangement must specify the reference services, which must be consistent with the AER's RSP decision under rule 47A, unless there has been a material change in circumstances. Our proposed access arrangement specifies the Ancillary activities reference services at clause 2.4, discussed further in Attachment 8: Ancillary reference services. Clause 2.4 provides that the following services relating to disconnection are Ancillary activities reference services:

- temporary disconnection – Volume Customer Delivery Points
- reconnection – Volume Customer Delivery Points
- basic permanent disconnection – Volume Customer Delivery Points
- basic (urgent) permanent disconnection – Volume Customer Delivery Points
- complex permanent disconnection – Volume Customer and Demand Customer Delivery Points
- temporary disconnection and reconnection – Demand Customer Delivery Points.

The permanent disconnection services set out in clause 2.4 of our proposed access arrangement differ from the single permanent disconnection service in the AER's decision of our RSP. Subrule 48(1)(c1) provides that, if the information provided under subrule 48(1)(c) is different to the AER's RSP decision under rule 47A, our access arrangement proposal must describe the material change in circumstances that necessitated the change, having regard to the reference service factors.

Three material changes in circumstances have occurred since the AER made its decision on our RSP, being:

- the findings of our independent safety assessment
- the stakeholder feedback we received following the findings of our independent safety assessment
- the result of our cost build-up for permanent disconnection

all of which necessitated a change to a targeted approach to permanent disconnections (discussed in section 3.1.318).

We have had regard to the reference service factors

We consider that our shift to a targeted permanent disconnection approach, comprising three distinct permanent disconnection services, is consistent with the reference service factors, which are, in summary:[35]

- the actual and forecast demand for the service
- the extent to which the service is substitutable with another pipeline service to be specified as a reference service
- the feasibility of allocating costs to the service
- the usefulness of specifying the service as a reference service in supporting access negotiations and dispute resolutions for other pipeline services
- the likely regulatory cost for all parties (including the AER, Users, prospective Users and Evoenergy) in specifying the pipeline service as a reference service.

As described above, we expect demand for disconnection services will materially increase during the 2026–2031 access arrangement period, and it is important that all of our customers are able to obtain a service that is appropriate for them and reflects the cost of the work we are undertaking. We consider that the proposed permanent disconnection services are not substitutable for any other pipeline services to be specified as a reference service (as the single permanent disconnection service will be removed), nor are they substitutable with one another because of the differing scope of work involved and the price differential. Cost allocation will be straightforward under our proposed user-pays approach, and specification of these services as a reference service is unlikely to result in any material change in costs to the AER and will result in a more cost-reflective charge for our customers.

3.1.3 Disconnection safety assessment findings

Based on the findings of our independent safety review, a permanent disconnection is not necessary for single detached residential dwellings with a non-consuming service in all circumstances, as permanently disconnecting all customers is disproportionate to safety risks, nor is a permanent disconnection mandated in the ACT.

Evoenergy's Formal Safety Assessment (FSA) and an independent "As Low as Reasonably Practicable" (ALARP) assessment found that a permanent disconnection for singe detached residential dwelling with a non-consuming service may only be required for building demolition and change of residential home ownership when all appliances have been electrified to preserve public safety. This is due to the risk of an excavation strike on non-consuming services for single detached residential buildings, as new property owners (who are more likely to undertake home renovations and landscaping works) may be less aware of pressurised gas on the premises if the site has been temporarily disconnected and all appliances have been electrified. Details of relevant safety assessments are presented below.

[35] NGR, subrule 47A(15).

Summary of permanent disconnection safety assessments

In recent years, there has been an increasing number of premises that have zero consumption but retain a pressurised gas connection, service regulator, and meter (non-consuming services). For Evoenergy to meet its obligations under the *Utilities (Technical Regulation) Act 2014* and Technical Codes, the network-wide risk level associated with non-consuming services must comply with the requirements of AS/NZS 4645.1.

An FSA[36] was undertaken to identify and assess existing or potential threats associated with non-consuming services within Evoenergy's gas distribution network. The FSA determined that the risk level is currently "Intermediate" but would rise to "High" in the mid-2030s if no different action is taken. A "High" risk is unacceptable under AS 4645.1, and would therefore be a licence breach as well as a breach of the *Utilities (Technical Regulation) Act 2014*.

The mechanism that leads to the risk level increase over time is due to property owners becoming less aware of pressurised gas on the property (such as when moving in or out of a home) when a non-consuming service remains *in situ*.[37] The FSA identified several risk-mitigating measures, including reviewing third-party hits on non-consuming services in future FSA reviews and undertaking an assessment to review the risk to determine if it is ALARP.

An ALARP assessment was undertaken exclusively with respect to single detached residential dwellings.[38] The objectives of the non-consuming services ALARP assessment include**d to**:

- identify any additional controls to reduce intermediate risks
- assess the risk reduction and associated cost and effort required to implement controls
- define the proportionality between risk reduction and associated sacrifice to conclude whether mitigation measures could or should be implemented, or if there is gross disproportionality in risk reduction relative to resources.

The ALARP assessment concluded that the cost associated with permanently disconnecting all single detached residential dwellings with a non-consuming premises is disproportional to the risk of maintaining ALARP.

A change of property ownership is expected to be a significant driver of future excavation strikes and subsequent risk levels because new property owners may be less aware of the pressurised gas service on the non-consuming premises (such as when there are no gas appliances in the house). Additionally, there is a higher probability of renovations and/or outdoor landscaping when a residential property is purchased, thus increasing the level of activity near the gas service.[39] Therefore, the ALARP assessment recommended a targeted permanent disconnection approach, whereby a permanent disconnection of a non-consuming service is required when a house is sold and changes ownership, to maintain risk at the ALARP level.

Given that not all disconnections must be permanent in nature based on our safety assessment findings, and that some of our stakeholders generally considered that the cost of a permanent disconnection is too high, we considered that providing differentiated permanent disconnection services (that is, a basic, basic (urgent), and complex) allows most customers to request the service at a lower cost. Our approach means that those who do not have to permanently disconnect based on safety (for building demolitions and for residential property sales with

[36] A qualitative risk assessment in accordance with AS/NZS 4645.1.
[37] Jemena Gas Networks (NSW) Ltd, Evoenergy non-consuming services abolishment options formal safety assessment, September 2023, p. 15.
[38] Dwellings, such as apartments or commercial buildings, reflect a different risk profile, to be assessed separately.
[39] Jemena Gas Networks (NSW) Ltd, Evoenergy Non-Consuming Services ALARP Assessment, December 2024, p. 4.

electrified appliances) have the option at a lower cost (basic permanent disconnection) for peace of mind.

3.2 Permanent disconnection charges

3.2.1 Cost of a permanent disconnection

There are costs incurred for works to perform a permanent disconnection. The cost of a permanent disconnection includes:

- labour costs
- materials
- back-office activities[40]
- other indirect costs.

Evoenergy does not recover these costs through Transportation (and metering) reference service tariffs.

3.2.2 Permanent disconnection charges

Evoenergy proposes set charges for basic permanent disconnections and basic (urgent) permanent disconnections, and an individually priced complex permanent disconnection service to enable a more flexible approach to satisfy customised requirements for individual circumstances.

Our proposed permanent disconnection charges are shown in Table 2. Charges in 2026–27 are based on a cost build-up (detailed in Attachment 8: Ancillary reference services). The forecast charges for 2027–28 to 2030–31 are based on a CPI-X methodology whereby prices are varied annually based on the Consumer Price Index (CPI) and the Electricity, Gas, Water and Waste Services Wage Price Index (EGWWS WPI), consistent with our proposed tariff variation mechanism (TVM) for ancillary activities reference services (Attachment 9: Tariff variation mechanism).

The proposed permanent disconnection charges reflect only the cost of performing the permanent disconnection service and should not be construed as an exit fee. Exit fees would typically include unrecovered connection and network asset costs, and were not supported by our stakeholders.

Table 2 Proposed and forecast charges for permanent disconnections ($nominal)

Permanent disconnection service	2026–27	2027–28	2028–29	2029–30	2030–31
Basic permanent disconnection	$747	$774	$803	$834	$867
Basic (urgent) permanent disconnection	$981	$1,017	$1,055	$1,096	$1,139
Complex permanent disconnection	Individually priced				

A basic (urgent) permanent disconnection includes additional labour time for travel and additional time for asset hire (hydrovac) due to reduced operational scheduling efficiencies.

Works associated with providing permanent disconnections differ based on individual requirements. A small subset of permanent disconnection works may involve water meter

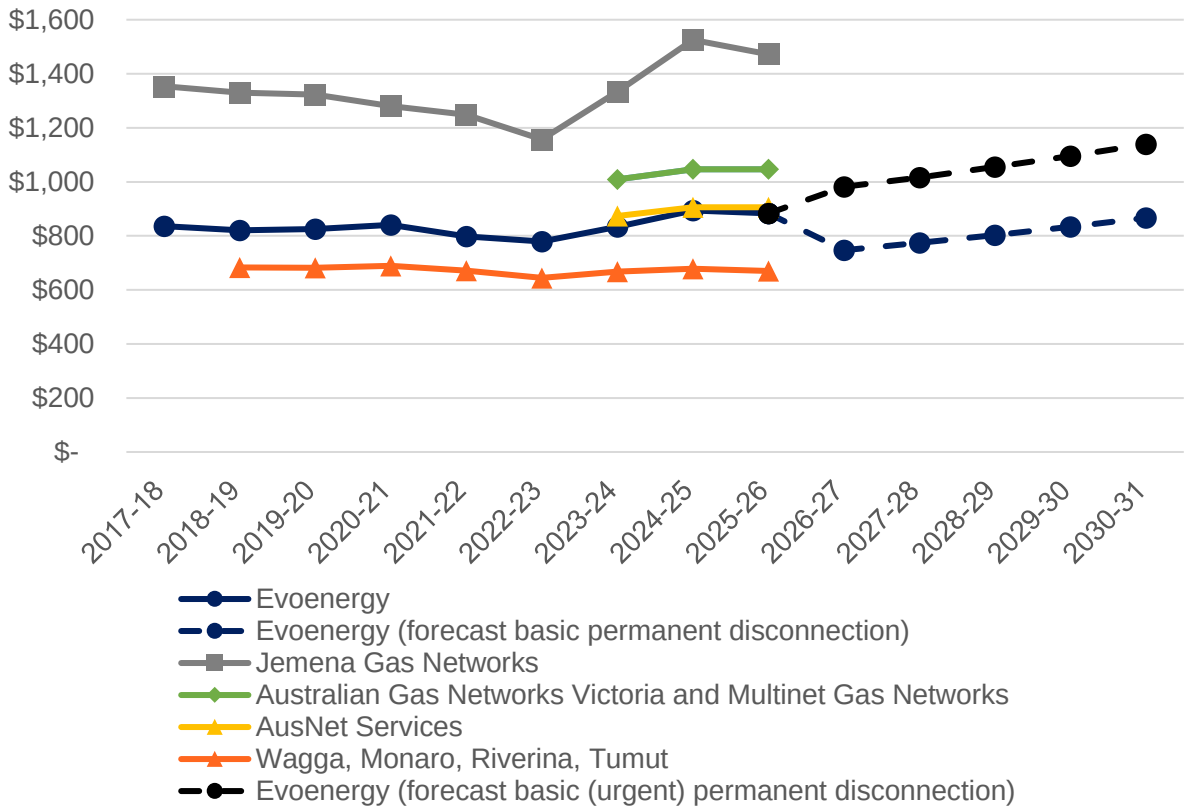
[40] Such as for processing, dispatching, and finalising service orders.

removal, concrete cutting, hard surface restoration, active traffic management, third-party standbys, coordination of multiple occupants (such as for battle-axe, townhouses, or other multi-occupant buildings), or cutting and welding of high-pressure steel gas mains. Evoenergy proposes that complex permanent disconnection services be individually priced to account for the individual circumstances of our customers.

A complex permanent disconnection will not necessarily cost more or less than the basic or basic (urgent) permanent disconnection service. Instead, a complex permanent disconnection is for a non-routine permanent disconnection of a gas network connection that is not considered "typical". Charging for this service on an individually priced basis allows us to minimise the cost of a basic permanent disconnection because customised works required for a complex permanent disconnection are not averaged over a single service.

Evoenergy's proposed cost-reflective charges for a permanent disconnection are prudent and efficient. Figure 4 shows that Evoenergy's permanent disconnection costs are relatively low compared to those of other Australian gas service providers.

Figure 4 Gas network permanent disconnection cost-reflective charges ($2025–26)[41]



Permanent disconnection charges across jurisdictions differ between operating environments and regulatory arrangements. Cost differences for permanent disconnection services can be explained by factors such as the age of the network, other pipeline assets, tariffs rebalancing during a regulatory period under a weighted average price cap, and the inclusion of restoration activities. For example, service providers that primarily operate in metropolitan areas engage in

[41] Note: Permanent disconnection (abolishment) represents costs approved by the AER. The customer charge differs for some service providers (including Multinet Gas Networks, Australian Gas Networks Victoria, and AusNet) as the AER determined costs to be cross-subsidised. In 2023-24, the cost of permanent disconnection services was capped at $950 for Multinet Gas Networks and Australian Gas Networks Victoria, and at $822.44 for AusNet Services. In accordance with their Access Arrangements, costs have been escalated by the CPI for 2024–25 and 2025–26. For example, see Multinet Gas Networks, Multinet Gas Access Arrangement Victorian Distribution Network 2023/24–2027/28, July 2023, p. 71. Australia Gas Networks South Australia does not offer a permanent disconnection service.

more complex and costly restoration activities, such as concrete cutting and hard surface restoration.

Charges are generally billed to retail Users who request the service on behalf of customers and who have discretion in how they pass on network charges to customers.

3.3 Cost recovery of permanent disconnections

Evoenergy proposes to maintain the user-pays approach for permanent disconnections during the 2026–31 access arrangement period, seeking to promote efficiency and equity during the energy transition to full electrification, while maintaining network safety. The current user-pays approach for permanent disconnections results in the costs being recovered directly from the customer requesting and benefiting from a permanent disconnection service.

Evoenergy considers that a user-pays cost-reflective approach for permanent disconnections is fit for purpose and appropriate in the ACT for the reasons below.

- Permanent disconnections are safer but not mandatory or necessary in all circumstances. Based on the findings of a safety risk assessment of Evoenergy's gas network, permanently disconnecting all customers seeking to exit the gas network is disproportionate to the risk. Permanently disconnecting all residential non-consuming services connected to our network would result in the imposition of around $32 million in avoidable costs, leading to an inefficient energy transition. Accordingly, there is no need to incentivise all customers with a non-consuming service to seek a permanent disconnection over a temporary disconnection by predominantly cross-subsidising the cost of permanent disconnection across the broader customer base.
- Recovering costs from those requesting the service promotes efficient volumes of permanent disconnection services under a targeted approach. Reducing the cost of a permanent disconnection by largely cross-subsidising it with transport tariffs would risk increasing demand for permanent disconnections beyond an efficient level. This in turn could result in customers experiencing service delays due to a lack of resources, hindering a safe and efficient energy transition in the ACT.
- Evoenergy has declining demand, meaning that largely fixed costs will be recovered over fewer customers, leading to higher customer bills. A user-pays cost recovery approach ensures that those benefiting pay for their requested service, without burdening those customers who may transition in the future, to facilitate an efficient energy transition.

Our proposal includes additional investment to enhance safety communications to support a targeted permanent disconnection approach, in response to feedback that customers may not be aware of the difference between temporary and permanent disconnection, and may not have an informed active choice when closing their retailer account.

Our stakeholders generally supported a user-pays cost recovery approach for permanent disconnections. The ERAP considered that a user-pays approach is appropriate.[42] The community forum has mixed views, considering that the ACT Government or property owners could contribute towards or pay the cost of disconnection.[43]

3.3.1 While permanent disconnections are safer, they are not mandatory nor necessary in all circumstances

[42] Appendix 1.5: ERAP meeting summaries, June 2025, p. 21.
[43] Appendix 1.2: Communication Link report of feedback from community forum sessions 1–10, June 2025, pp. 43–44.

Based on our safety assessment findings outlined in section 3.1.3, there is no need for our cost recovery approach to incentivise all customers with a non-consuming service to choose a permanent disconnection over a temporary disconnection by reducing the price differential between permanent and temporary disconnection. Indeed, incentivising permanent disconnections through cross-subsidisation may lead to an uptake that exceeds the rate that is efficient and at which Evoenergy can safely undertake these disconnections.

Evoenergy notes that, based on our industry knowledge, this is the first time an ALARP assessment has been undertaken for detached residential non-consuming services. While the ALARP is specific to the Evoenergy gas network, it is new and significant information for the gas industry as government regulatory intervention ramps up to encourage disconnections and facilitate network decommissioning.

Evoenergy has actively engaged with stakeholders on safety issues related to non-consuming services as we prepare for the ACT Government's plan for phased network decommissioning to commence from 2035. Evoenergy has shared the FSA and ALARP assessment findings with the ACT Government's Environment, Planning and Sustainable Development Directorate (EPSDD) and the Utilities Technical Regulator (UTR). Additionally, the AER has observed disconnection and safety discussions between Evoenergy, the ACT Government, and UTR.

The ACT Government recognises that permanent disconnections are preferred as "the safest option as it removes all risks associated with having a pressurised gas pipe on your property, including risk of gas leaks and excavation strikes."[44] However, in response to Evoenergy's safety reviews, the UTR[45] has made the following observations on the non-consuming services ALARP assessment:[46]

- "[The review] appears to have been carried out in accordance with AS 4645.1 and on that basis accords with Evoenergy's licence, the *Utilities (Technical Regulation) Act 2014* and underlying technical codes;
- The assumptions in the review appear to be reasonable; and
- The proposed risk treatments appear to be proportional and reasonable."

The ACT Government has not mandated permanent disconnections for non-consuming services based on safety, nor has it committed to a policy to mandate permanent disconnections for such services in the ACT.

While the AER has determined, in recent access arrangement determinations, that remaining gas customers will largely cross-subsidise permanent disconnection costs to mitigate a perceived public safety risk, these decisions were made in the context of the specific safety laws of Victoria and NSW.

For Victoria, the AER "placed significant weight on the need to mitigate risks to public safety. Underlying our [AER] final decision is the price differential between the cost-reflective tariffs for the various cease-of-service options".[47] The AER noted that:

> "cost reflective ancillary reference service abolishment tariffs would result in an unacceptably large number of gas connection pipes remaining in situ with gas in them. This would contradict Energy Safe Victoria's current position that abolishment is necessary to ensure the hazards and risks to the safety of the public and customers arising from gas are minimised as far as practicable".

[44] ACT Government, Switching off your gas connection – Make your next choice electric, accessed June 2025.
[45] The ACT's UTR functions are described in the *Utilities (Technical Regulation) Act 2014*. The role of the UTR does not extend to approving network operations of gas networks, including the approval of safety assessments. Evoenergy is responsible for managing the design, construction, operation and maintenance of the gas network to ensure the safe, reliable and efficient supply of gas.
[46] ACT Government Environment, Planning and Sustainable Development, letter to Evoenergy: Jemena/Evoenergy's 'ALARP' assessment of non-consuming gas services, April 2024.
[47] AER, Final decision AusNet Gas Services Gas distribution access arrangement 1 July 2023 to 30 June 2028 Attachment 9 – Reference tariff setting, June 2023, pp. 6–9.

The AER's decision was made with specific reference to ESV's findings as to the preferable approach under the Victorian safety laws and regulations, including the general duty under section 32 of the *Gas Safety Act 1997* (Vic), requiring gas companies to minimise risks "as far as practicable". The safety laws and regulations governing our network are different and, as demonstrated in our ALARP report, do not require abolishment in all instances.

The AER's final decision to impose cross-subsidisation of Jemena Gas Networks' permanent disconnection services was based on the NSW safety regulator's preference to reduce the price gap between temporary and permanent disconnections.[48] Again, the AER's decision reflected the specific safety regulatory environment in NSW, which is different to the environment in which we operate and based on a different gas network.

Cross-subsiding permanent disconnection costs to reduce the charge for exiting customers may lead to increased demand for permanent disconnections. Based on our safety assessment, that approach is unnecessary and disproportionate to the risk for our gas network. Additionally, Evoenergy is concerned that demand will exceed our deliverability capability. Unnecessarily high volumes of permanent disconnection requests place pressure on Evoenergy's ability to safely deliver disconnection services in mass quantities. Evoenergy's proposed user-pays cost recovery approach ensures that basic and basic (urgent) permanent disconnections are deliverable.

Cross-subsidising all permanent disconnections to provide an "economic incentive" to influence retailer and customer choices is unnecessary and disproportionate to the safety risk for our network. Based on safety assessments (FSA and ALARP assessments) undertaken by authorised persons, Evoenergy notes that it is unnecessary, on the grounds of safety, to decommission the gas network exclusively through permanent disconnections for single detached residential properties with a non-consuming service and without allowing for safe temporary disconnections.

The JEC rule change request suggests that the benefits of the proposed approach will promote safety (property owners will be discouraged from unsafe reliance on temporary disconnections) and pricing outcomes (customers remaining on the network will not be required to subsidise the cost of disconnections for consumers leaving the network). We note that our safety assessment is specific to Evoenergy's gas network and carried out in accordance with engineering standards and jurisdictional obligations. Evoenergy will include revisions to our revised regulatory proposal, if required, based on any progress of the AEMC's review on connection and permanent abolishment charges.[49]

3.3.2 User-pays approach will facilitate an efficient and equitable pathway to full electrification

Evoenergy's proposed user-pays cost recovery approach for permanent disconnections will facilitate an efficient, lower-cost, and fair pathway to full electrification:

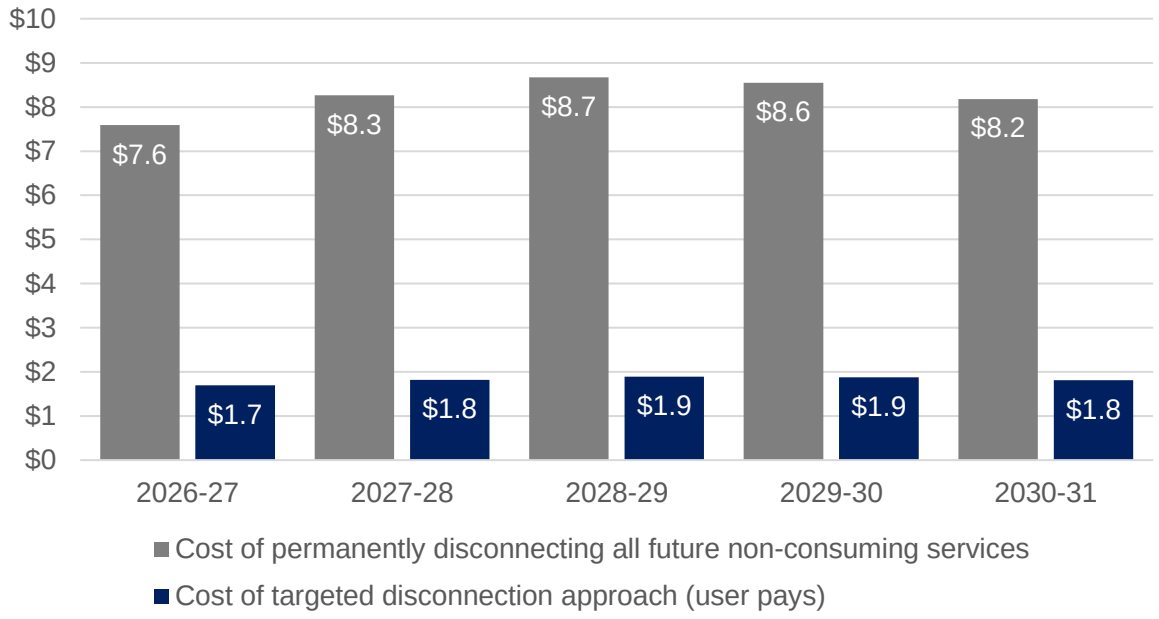
- incentivising gas network disconnections for non-consuming services to be permanent in nature is inefficient when a safe, lower-cost temporary disconnection option is available within the context of the ACT Government's commitment to commence phased decommissioning of the gas network from 2035, saving the energy transition $32 million
- recovering costs based on a targeted and user-pays approach will avoid inefficiently adding $1.6 million to gas bills during the 2026–31access arrangement period, unnecessarily accelerating the energy transition

[48] AER, Final decision, JGN access arrangement 2025–30, Attachment 9: Reference tariff setting, May 2025, p. 1.
[49] AEMC, Consultation paper Gas distribution networks: Connection and permanent abolishment charges, June 2025.

- customers who request a permanent disconnection are those who are willing to pay and can afford to pay, especially when most customers have the option of a safe, lower-cost temporary disconnection.

Evoenergy's proposed user-pays cost recovery approach is efficient, safe, and in the long-term interest of gas customers as required by the National Gas Objective (NGO). Incentivising permanent disconnections is not necessary based on safety assessments (FSA and ALARP) and is inefficient, as the ACT Government IEP has phased network decommissioning commencing from 2035.[50] Bulk permanent disconnections could occur at scale where the entire street or suburb will likely be decommissioned at the network level in future at a lower overall cost.[51] As shown in Figure 5 5, the cost of our targeted permanent disconnection approach is $32 million lower than disconnecting all non-consuming services over the 2026–31 access arrangement period.

Figure 5 5 Forecast disconnection costs ($millions, 2025–26)



The longer a customer remains connected to the gas network, the more they will contribute towards other people exiting at a discounted rate under a cross-subsidisation approach. The AER consider that cross-subsiding permanent disconnection costs:

> "is prudent but can only be an interim approach while governments, networks, market bodies and investors develop a long-term strategy for taking gas networks forward. Should the number of gas customers permanently leaving gas networks each year grow, so the annual abolishment cost burden on remaining customers will also grow. Moreover, if total customer numbers decline, then that socialised abolishment cost burden will fall on a diminishing customer base, magnifying retail bill impacts for remaining gas customers."[52]

Partially cross-subsidising costs based on a targeted permanent disconnection approach would mean gas customers must contribute an additional $1.6 million over the period 2026–31 to remain on the network, which is neither sustainable nor in the long-term interests of gas customers, and may inefficiently accelerate the energy transition. Our proposed user-pays cost recovery approach ensures that gas customers who are unable to leave the network do not

[50] ACT Government, 2024–2030, The integrated energy plan: Our pathway to electrification, 2024, pp. 18, 55.
[51] Evoenergy notes that technical decommissioning solutions are yet to be developed.
[52] AER, Final decision, AusNet Gas Services Gas distribution access arrangement 1 July 2023 to 30 June 2028, Attachment 9: Reference tariff setting, June 2023, p. 8.

contribute to the costs of others leaving the network earlier, so that gas distribution prices can stay as low as possible as demand on the network declines.

Based on a targeted permanent disconnection approach, services will typically be requested by those who can afford to pay and are willing to pay for the service, such as those renovating or rebuilding a property or those seeking to completely remove gas from their property. Customers who should permanently disconnect on the grounds of safety (that is, those who renovate, demolish, or sell an electrified detached residential premises) should reasonably be expected to afford a transaction fee in the form of a permanent disconnection charge.

Permanent disconnections are customer-specific and customer-requested. A user-pays approach ensures that each consumer pays a contribution towards the requested service from which they benefit, regardless of whether their disconnection is basic, basic (urgent), or complex.

3.3.3 Customers should be given the opportunity to make an active and informed disconnection choice

From engagement with our community, we understand that many consumers may be unaware of the difference between temporary and permanent disconnection. Of our community panel, 81 per cent suggested that gas customers do not know that there is a difference between a temporary and a permanent disconnection.[53] Customers can find information on types of disconnections and relevant information on safely disconnecting from the gas network on Evoenergy's website and on the ACT Government's Everyday Climate Choices website.

Evoenergy actively communicates information to customers about gas meters and the obligations of our customers, in accordance with regulatory requirements.[54] Evoenergy recognises that we have a direct role to play in educating the community and our customers, including notifying those with non-consuming services that pressurised gas remains on their premises.

In the context of the ACT Government's policy of full electrification with gas network decommissioning commencing from 2035, we propose to ramp up our information sharing operation through a Safety Control Program to develop a targeted campaign informing customers with non-consuming services that pressurised gas remains on their premises and improving public safety awareness of the gas network. Our community forum shared ideas for the Safety Control Program, including for clauses in rental agreements and public transport advertising.[55] The Safety Control Program is discussed in section 4.2.

Evoenergy understands that many gas customers are not actively offered a choice between a permanent or temporary disconnection when closing their gas retail account. Evoenergy strongly encourages gas retailers to provide customers with an active choice between permanent and temporary disconnection. We are committed to equipping retailers with additional information to improve safety awareness for those connected to Evoenergy's gas network. Evoenergy considers that information and safety awareness are an integral part of preserving public safety.

3.3.4 Maintaining a user-pays cost recovery approach

The NGR provides that, for each tariff class, the revenue expected to be recovered should lie on or between:[56]

a. an upper bound representing the stand-alone cost of providing the reference service to customers who belong to that class

[53] Appendix 1.2: Communication Link report of feedback from community forum sessions 1–10, June 2025, p. 37.
[54] Utilities (Technical Regulation) (Gas Safety and Network Operation Code) Approval 2021, 5.2(2).
[55] Appendix 1.2: Communication Link report of feedback from community forum sessions 1–10, June 2025, p. 44.
[56] NGR 94(3).

b. a lower bound representing the avoidable cost of not providing the reference service to those customers.

To facilitate a safe and efficient energy transition while maintaining compliance with the NGR, Evoenergy proposes to maintain the user-pays cost recovery approach for Ancillary activities reference services. This allows costs directly attributable to providing these services to be allocated to those services, and prices set to ensure that the expected revenue to be recovered is above the avoidable costs of providing services for this tariff class and create incentives for efficient decisions on disconnections.

A user-pays cost recovery approach promotes safety and is in the long-term interests of covered gas consumers, consistent with the NGO. Our approach promotes safety outcomes by avoiding a volume of services that we cannot efficiently deliver. Our approach provides equitable and efficient pricing outcomes, minimising impacts on those remaining connected to the gas network.

We note that the AEMC consultation paper on *Gas distribution networks: Connection and permanent abolishment charge* explores allowing market contestability.[57] The rule change request provides for the contestable provision of permanent disconnection and remediation services to allow for greater consumer choice between networks and accredited service providers. We note that, to allow for effective competition with contestable permanent disconnection services, cross-subsidisation of charges would undermine the ability of authorised service providers to compete with networks.

4. Temporary disconnections

A temporary disconnection involves attaching a lock or wad/disc to the meter.[58] A temporary disconnection typically involves an Evoenergy authorised gas technician wadding or placing a disc in the gas meter to prevent gas flow. A temporary disconnection is intended as a short-term measure. When a temporary disconnection service is undertaken, the gas meter and service line remain *in situ*, and pressurised gas remains on the premises.

Temporary disconnections are requested by retail Users on behalf of customers, except for unattached MIRNs. Retail Users provide a reason for a temporary disconnection service request, including:[59]

- unauthorised usage – when a customer has not contacted the retailer to set up an account
- customer request – when the customer requests a site be disconnected
- non-payment – when a customer has not paid their account
- move out – when a retailer requests a site be disconnected when a customer moves out
- illegal use – when a customer continues to illegally use gas
- breach of contract – when a customer has continued to breach their contract.

4.1 Temporary disconnection services

The temporary disconnection services included in our access arrangement are consistent with the AER's decision on our RSP. In particular, we have separated the proposed single temporary disconnection and reconnection service for Volume Customers into distinct services in

[57] AEMC, Consultation paper, Gas distribution networks: Connection and permanent abolishment charges, June 2025, pp. ii, 18–20.
[58] Australian Energy Market Operator, Participant build pack 5: NSW-ACT specific build pack, 10 October 2022, pp. 274–275.
[59] Australian Energy Market Operator, Participant build pack 5: NSW-ACT specific build pack, 10 October 2022, pp. 274–275.

accordance with the AER's decision. We are proposing two temporary disconnection services for Volume Customers, depending on the capacity of the meter, which is consistent with the approach in our 2021–26 access arrangement. We are proposing a single reconnection service for Volume Customers, discussed further in Attachment 8: Ancillary reference services.

We are proposing a single temporary disconnection and reconnection service for Demand Customers, consistent with the AER's decision on our RSP and our 2021–2026 access arrangement.

Evoenergy proposes to offer three temporary disconnection services reflecting different meter capacities and the works required to perform the service. Table 3 describes Evoenergy's proposed temporary disconnection services.

Table 3 Types of temporary disconnection services

Temporary disconnection service	Description
Temporary disconnection – Volume Customer Delivery Points	Temporary disconnection of supply by wadding or locking the meter with a set capacity of less than 25m^3 per hour, and where the User requests that the meter not be moved or removed. The specific method of disconnection will be at Evoenergy's discretion to ensure the site can be left in a safe state. A request for a temporary disconnection is also a request to remove the Delivery Point from the Volume Customer List. This means that no Transportation Reference (and metering) Tariffs will be charged to the customer until reconnected.
Temporary disconnection – Volume Customer Delivery Points	Temporary disconnection of supply by wadding or locking the meter with a set capacity of greater than or equal to 25m^3 per hour, and where the User requests that the meter not be moved or removed. The specific method of disconnection will be at Evoenergy's discretion to ensure the site can be left in a safe state. A request for a temporary disconnection is also a request to remove the Delivery Point from the Volume Customer List. This means that no Transportation Reference (and metering) Tariffs will be charged to the customer until reconnected.
Temporary disconnection and reconnection – Demand Customer	Temporary disconnection for a Demand Customer Delivery Point where the User requests that the meter not be moved or removed. The specific method of disconnection will be at the discretion of Evoenergy to ensure the site can be left in a safe state. If requested by the User, the charge for disconnection will also include the subsequent costs of reconnection where the Delivery Station components and pipework are still installed at the Delivery Point and can be re-energised without alteration or replacement. Reconnection in circumstances other than those described above requires a new connection and a new request to be made.

Source: Evoenergy, 2026–31 access arrangement 2026–31, June 2025.

4.2 Temporary disconnection charges

4.2.1 Temporary disconnection cost

The cost of providing a temporary disconnection service includes:

- labour costs (field-based labour[60] and non-field-based labour[61])
- materials, including clamping tool, nylon cap, and polyethylene cap
- indirect costs associated with Evoenergy's business operations and its role in supplying gas safely, reliably and affordably.

Additionally, Evoenergy proposes to introduce and recover the costs of a Safety Control Program through the temporary disconnection charge during the 2026–31 access arrangement period. The Safety Control Program is aimed at supporting safety outcomes, given our targeted approach to permanent disconnections. The proposed Safety Control Program seeks to educate the community and provide targeted information regarding temporary disconnections to inform individuals if they have a wadded connection and pressurised gas on their premises. As the Safety Control Program will primarily be concerned with notifying residents who have had temporary disconnection works completed and educating the community on the risks associated with temporary disconnection, it is appropriate for the cost of this program to be recovered through our temporary disconnection charges.

While such a program was not required in the past, Evoenergy considers that, given our evolving operational circumstances, a Safety Control Program is a prudent and proactive approach to continue complying with our regulatory obligations. In 2021, the Utilities (Technical Regulation) (Gas Safety and Network Operation Code) was introduced, requiring the gas utility to "communicate information to customers about ownership of the meter assembly and the customer's obligations with respect to:[62]

(a) location and maintenance of the gas connection and meter assemblies;

(b) measures to maintain public and worker safety;

(c) prevention of obstruction or diversion of gas supply;

(d) avoidance of interference with gas supply to other customers; and

(e) security of the gas meter assembly."

Evoenergy proposes to include $1.5 million in costs over the 2026–31 access arrangement period aimed at increasing public awareness and responding to changing circumstances where temporary disconnections are requested as a "functional" permanent disconnection with limited consumer awareness of pressurised gas on residential premises, in accordance with our safety obligations and to maintain an acceptable risk profile. Evoenergy's proposed approach is consistent with findings in the safety assessment on single detached residential properties with a non-consuming service, to continue communicating with our customers. Evoenergy expects that our proposed approach will contribute to mitigating the safety risk associated with excavation strikes on non-consuming services. Details of costs included in the Safety Control Program are included in Appendix 8.4: Temporary Disconnections Safety Control Program.

Our community forum supported our proposed temporary disconnection charges, including costs and the approach of a Safety Control Program.[63]

[60] Field-based labour costs are incurred for the undertaking of the temporary disconnection service.
[61] Non-field-based labour costs are incurred from the processing of service orders, as well as the scheduling and planning of the service.
[62] Utilities (Technical Regulation) (Gas Safety and Network Operation Code) Approval 2021, clause 5.2.
[63] Appendix 1.2: Communication Link report of feedback from community forum sessions 1–10, June 2025, p. 44.

4.2.2 Temporary disconnection ongoing cost

Evoenergy notes that there are ongoing costs associated with maintaining a temporarily disconnected site because the meter remains on site with pressurised gas connected to the distribution network. Evoenergy incurs ongoing costs for meter reading and emergency response services.[64] Under the *Utilities (Technical Regulation) Act 2014* and associated technical codes, Evoenergy has a regulatory obligation to:

- supply metering equipment to customers (including ensuring that meters are accurate, tested, meet applicable standards, repaired and replacement of defective meters)[65]
- adopt and implement procedures for emergency preparedness, response and recovery, including the identification of potential emergency events, prompt detection of emergency events, and responding to emergency events.[66]

Evoenergy is obligated to maintain all gas meters and services, regardless of whether the customer is consuming or non-consuming. We estimate that the cost of maintaining a temporarily disconnected site is, on average, at least $20 per year per premises, including ACT Government taxes and levies, and excluding capital costs. Such costs have been excluded from the temporary disconnection charge and are recovered over the remaining customer base through the Transport (and metering) Reference Service.

While we generally consider that a user pays approach is preferable in respect of disconnection charges, we consider that cross-subsidisation is appropriate in respect of ongoing costs associated with temporary disconnections because we are not able to impose charges on customers that are temporarily disconnected, as a matter of practicality and under the NGR and NERR.

The JEC rule change request for “Fit for purpose gas disconnection arrangements” proposes that a temporary disconnection tariff be applied every 12 months, or a permanent disconnection undertaken at the cost of the property owner to prevent perceived safety issues.[67] We note that, apart from our obligation to maintain non-consuming services for which we do not recover fixed charges, there are no works associated with an annual disconnection. Additionally, the safety profile of a gas network is specific to that particular gas network, with the safety assessment undertaken by authorised persons consistent with engineering standards. We may revisit our proposal as necessary if a rule is made requiring or providing for the imposition of tariffs on temporarily disconnected customers.

4.2.3 Temporary disconnection charges

Evoenergy’s proposed temporary disconnection charges for 2026–31 include labour, material, indirect, and safety costs. The proposed temporary disconnection charges exclude ongoing maintenance costs associated with meeting our ongoing safety and regulatory obligations. Evoenergy’s proposed temporary disconnection charge is not an exit fee as it excludes capital costs and ongoing maintenance costs for that connection. Accordingly, the proposed charges shown in Table 4 are efficient and are no greater than the actual cost of Evoenergy providing a temporary disconnection service.

The forecast charges are based on a CPI-X methodology whereby prices are inflated annually by the CPI and the EGWWS WPI, consistent with Evoenergy’s proposed TVM for ancillary activities reference services (see Attachment 9: Tariff variation mechanism). Our proposed temporary

[64] AEMO, Retail market procedures (NSW AND ACT), 3 March 2025, 3.6.6(a).
[65] Utilities (Technical Regulation) (Gas Metering Code) Approval 2021.
[66] Utilities (Emergency Planning Code) Determination 2011.
[67] Justice and Equity Centre, Gas Distribution Network Rule Change Request: Fit for purpose gas disconnection arrangements, 9 May 2025, p. 8.

disconnection charge is 24 per cent lower than the current charge, even with the addition of a provision for costs associated with the Safety Control Program.

Evoenergy proposes to maintain a cost-reflective user-pays approach to recovering temporary disconnections for the regulatory period 2026–31. The proposed charges are prudent and efficient, reflecting the costs of undertaking a customer-requested temporary disconnection service.

Through a review of the cost build-up for temporary disconnection charges and anticipated efficiencies, we expect to be able to deliver forecast volumes of services.

Table 4 Proposed temporary disconnection charges 2026–31

Temporary disconnection services	2025–26	2026–27	2027–28	2028–29	2029–30	2030–31
Temporary disconnection – Volume Customer Delivery Points (meter set capacity of less than 25m^3/hour)	$172	$134	$139	$144	$150	$155
Temporary disconnection – Volume Customer Delivery Points (meter set capacity of greater than or equal to 25m^3/hour)	$239	$222	$230	$238	$248	$257
Disconnection and reconnection – Demand Customer	Individually priced					

Glossary of terms and acronyms

Term or acronym	Definition
access arrangement	Evoenergy's access arrangement
ACT	Australian Capital Territory
AEMC	Australian Energy Market Commission
AER	Australian Energy Regulator
ALARP	As low as reasonably practicable
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
ECRC	Energy Consumer Reference Council
EGWWS	Electricity, Gas, Water and Waste Services sector
EPSDD	ACT Government Environment, Planning and Sustainable Development Directorate
ERAP	Energy Regulatory Advisory Panel
ESV	Energy Safe Victoria
Five-year gas plan	Evoenergy's gas plan for the 2026–31 access arrangement period
FSA	Formal safety assessment
IEP	ACT Government's Integrated Energy Plan
JEC	Justice and Equity Centre
MIRN	Meter Installation Registration Number is a unique reference number associated with gas connection points for business and residential customers
NGO	National Gas Objective
NGR	National Gas Rules
NSW	New South Wales

Term or acronym	Definition
RSA	Reference Service Agreement
RSP	Reference Service Proposal
TJ	Terajoule – unit of measurement of energy consumption
TVM	Tariff variation mechanism
UTR	Utilities Technical Regulator
WPI	Wage Price Index