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Our ref: 25/0237543

Dear Mr Gulbengoglu

Thank you for the invitation to comment on Evoenergy's Access Arrangements Proposal for 2026-2031.

Fossil-fuel gas use has reached a turning point across Australia, with recognition that distribution networks have become moribund and are in long term decline. Gas networks are seeking accelerated depreciation to minimise risk of asset stranding and energy market bodies are seeking to update a regulatory framework to reflect a change from continual growth to declining demand. Widespread electrification of residential and commercial loads has been occurring for more than 10 years and will continue to happen driven by both economics and emissions reduction targets across the nation.

Residential electrification is being driven by Australia's world leading uptake of roof top solar, availability of highly energy efficient heat pump technologies for heating and cooling, and early signs from the Commonwealth's battery program suggest a step change in household's ability to meet their own energy needs. In relation to commercial and industrial appliances [Research by GPA Engineering](#) found that 88% of these appliances in the ACT had a straightforward electrification pathway, in that technologies are readily available and immediately implementable. Australia's future is going to be electric, in most circumstances, while it is reasonable to expect niche applications for renewable gas it will not support the present low-density broad-area gas distribution networks.

As noted by Evoenergy, demand for gas services has been in decline for over a decade and in 2023–24 gas use on our network fell by 14 per cent, to the lowest level observed in 17 years.<sup>1</sup> Between July 2010 and June 2024, the average amount of gas consumed by residential connections reduced by 44 per cent.<sup>2</sup> Not only has demand been declining, but at the same time, customers have been actively leaving the network. Evoenergy reported<sup>3</sup> that in 2016 there were 3926 suspended or non-consuming connections on its network, this number grew to over 12,000 by the end of 2023. During the same period, more than 3,100 customers chose to permanently abolish their gas network connection.

The ACT Government acknowledges these significant changes underway in energy markets across Australia - changes that are not unique to the ACT. Similar trends of decreasing gas usage are being observed across other jurisdictions. While Evoenergy's proposal attributes much of the network's decline

<sup>1</sup> Pg 23, Evoenergy Access Arrangements Proposal 2026-2031, Attachment 1: Consumer and stakeholder engagement.

<sup>2</sup> Evoenergy Regulatory Information Notices submitted to the Australian Energy Regulator

<sup>3</sup> Pg 46, Evoenergy Access Arrangements Proposal 2021-2026, Appendix 7.1

to ACT Government policy, this somewhat overstates the certainty of some policy settings and underplays the broader national and technological drivers of change.

The ACT Government has been proactive in recognising energy trends and has taken action to provide both regulatory certainty for Evoenergy and a clear pathway for the community to support an efficient and equitable transition. Providing this long-term view supports long-term planning and decision-making in relation to network investment, capital cost recovery, and customer impacts throughout the ACT's energy transition. For customers, having a long-term view provides valuable information to inform their own planning and electrification decisions.

In order to support the community's energy transition the ACT Government released its first [Integrated Energy Plan](#) in June 2024, which outlines the vision for the ACT's transition away from fossil fuel gas use, and signals a progressive phase out of the gas network by 2045. While this provides guidance on the future direction it remains responsive to developments in the energy transition and each instalment of the plan (2024-2030, 2030-2035 and 2035-2040) will be tailored to the needs of the ACT Community.

The ACT Government acknowledges the important work done by the Australian Energy Regulator (AER) as the independent economic regulator of gas distribution networks. To support the AER in making a decision on Evoenergy's Access Arrangements Proposal for 2026-2031, we submit the below commentary in relation to aspects of the Access Arrangements Proposal:

#### Disconnections

Evoenergy's proposed approach of targeted disconnections broadly aligns with analysis conducted for the ACT Government by GHD Advisory as part of the [Gas connection decommissioning \(abolishment\) technical review](#).

The GHD Advisory report found that temporary disconnections do not increase the risk compared to an existing connection over the 2026-2031 regulatory period, it also notes it is more economically efficient to decommission the gas network at a sectional level and estimated this saving being in the order of \$1,000 per connection.

While the report finds that temporary disconnection is a pragmatic alternative to permanent disconnection, permanent disconnection remains a preferred outcome from a safety and cost equity perspective<sup>4</sup>. Evoenergy notes it costs on average at least \$20 per year per premises to maintain a temporarily disconnected connection, while this cost is socialised across remaining gas customers<sup>5</sup>, it is still well below the cost of socialising permanent disconnections down to the rate of a temporary disconnection.

<sup>4</sup> Pg 51, GHD Advisory Report, Gas connection decommissioning (abolishment) technical review.

<sup>5</sup> Pg 30, Evoenergy Access Arrangements Proposal 2026-2031, Appendix 8.1 Disconnection Services.

The ACT government is working to finalise a policy position on requirements for disconnection in the Territory, to inform Evoenergy's revised access arrangement proposal and the AER's final decision.

#### Safety Control Program

The need for Evoenergy's proposed safety control program aligns with the findings of the GHD Advisory Report, which recommended clear communications about the ongoing risk associated with having pressurised gas within the property boundary.

While the ACT Government supports the need for an appropriate safety communication program, it does not hold a view on the quantum of funding required to mitigate the risk, nor the most appropriate mechanism for recovering these costs from customers.

#### Depreciation of Regulated Asset Base

Evoenergy's proposal seeks to apply accelerated depreciation in order to recover a greater proportion of their regulated asset base than would have otherwise been the case under straight line depreciation. In making a decision on this matter the ACT Government suggests due consideration of the below matters:

- the current cost of living challenges being faced by consumers;
- the equity implications in the allocation of costs and risks between current and future gas customers;
- the importance of avoiding a price spiral in the gas network through higher than normal recoupment of gas network costs that prompt customers to exit the gas network earlier than planned;
- the internal consistency between the assumptions made in requesting accelerated depreciation, and those used in other components of the proposal, such as in capital expenditure; and
- the body of work the AEMC will be undertaking in 2025 and 2026 on rule changes to update the national gas rules.

#### Flattening Declining Block Tariffs

The ACT Government notes the proposed flattening of the volume tariff declining blocks, and that this aligns with our previous submission to AER and supports achievement of the ACT's emissions reduction targets.

We however note that Evoenergy has not chosen to provide a pathway for the flattening of the demand tariff declining blocks. We acknowledge Evoenergy's argument that this is a small number of customers with very high gas use and that they are live to the need for transitioning their use to net zero-emissions in the coming decades.

### Wasted Visit Fees

The ACT Government requests that the AER provide due scrutiny to these proposed charges, the projected numbers of wasted visits and the level of the proposed fees. While we acknowledge there are costs associated with wasted staff time and resources, fees should not be unduly punitive nor create a perverse incentive in relation to the provision of services.

Evoenergy's proposal outlines *"Wasted visit charges will apply where Evoenergy attends a site and is unable to gain safe or unhindered access to complete the request. This includes circumstances where there is restricted access, an unsafe site, or refusal by the customer to perform the work"*<sup>6</sup>

The ACT Government is of the view that wasted visit fees should only be applied where the customer was genuinely at fault. At a minimum Evoenergy should be providing advanced, specific and accurate notice of the day and time that they will arrive at the premises and when the work is expected to be complete, to better enable the customer to take appropriate action to avoid a wasted visit. As part of this process Evoenergy should be ensuring that customers are advised before requesting a service that carries the potential for a wasted visit fee, the size of the fee and the circumstances it would be charged.

Furthermore, consideration should be given to what controls are in place or proposed to be implemented by Evoenergy to ensure that wasted visits are kept to a minimum. This approach to cost recovery carries a higher risk of customer disputes which can have flow on impacts for both Evoenergy and Government administration costs.

### Capital Expenditure

The ACT Government acknowledges the necessity for a level of continued investment for the gas network to remain fit for purpose and meet the expected level of safety, while also noting the need to limit as much as possible growth in the challenge and cost of transitioning the Territory away from fossil fuel gas.

We suggest that any capital expenditure should be limited to investments necessary for the safety and stability of the network, and notwithstanding existing regulatory requirements, that the Access Arrangements should contain a principle that charges for new connections and network expansion will be levied to the extent possible. We also note that the AEMC is currently considering a rule change to allow for upfront charging for new connections, and that under the proposed timeframes this should be determined before the end of the 2025.

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<sup>6</sup> Pg14, Evoenergy Access Arrangements Proposal 2026-2031 -Attachment 8: Ancillary activities reference service and tariffs

Thank you for your consideration. If you wish to discuss this submission in more detail, please contact Fiona Wright, [REDACTED] in my directorate.

Yours sincerely

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Suzanne Orr MLA  
Minister for Climate Change, Environment, Energy and Water  
09/08/25