

## Attachment 5.5

# AGN Customer & Stakeholder Engagement Phase 4 Report 2026

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Revised Final Plan 2026/27 – 2030/31

January 2026

**PUBLIC**





# Phase Four Customer Engagement Workshop

## *Post-AER Draft Decision*

Prepared for Australian Gas Networks  
*Five Year Plan for the South Australian  
Network (AA 2026/27 to 2030/31)*

13 January 2026



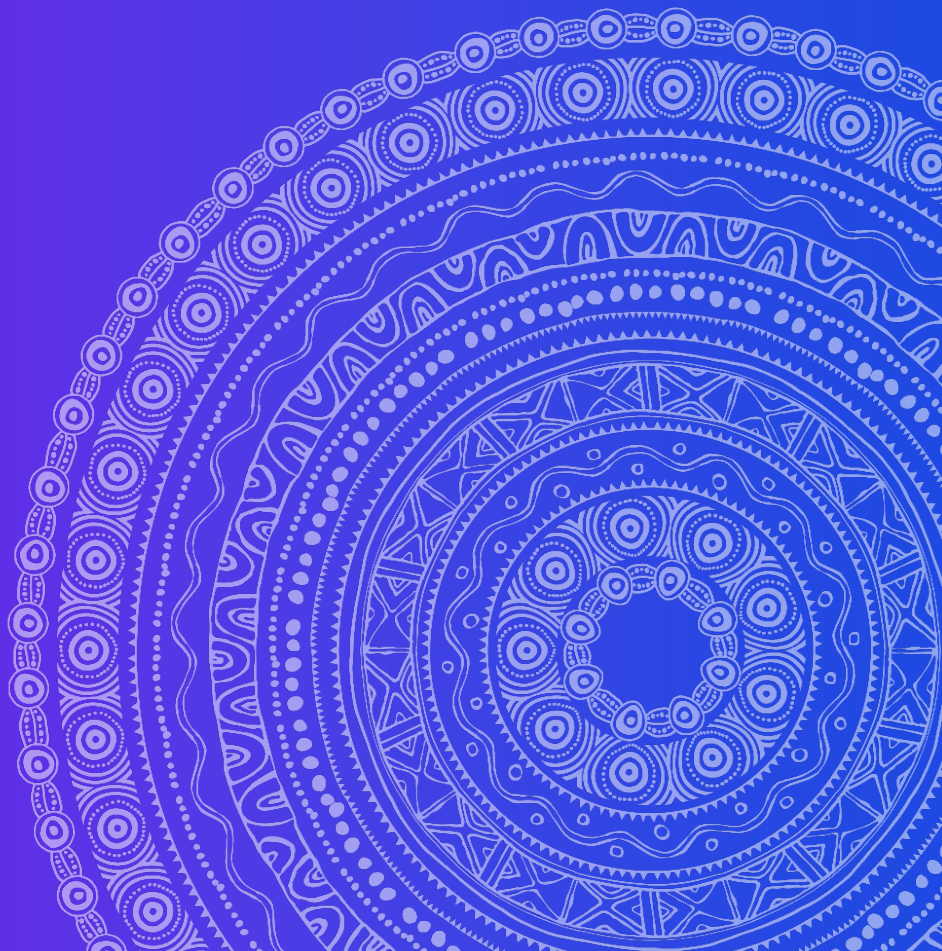
# Acknowledgement of Country

**KPMG acknowledges Aboriginal and Torres Strait Islander peoples as the First Peoples of Australia. We pay our respects to Elders past, present, and future as the Traditional Custodians of the land, water and skies of where we work.**

At KPMG, our future is one where all Australians are united by a shared, honest, and complete understanding of our past, present, and future. We are committed to making this future a reality. Our story celebrates and acknowledges that the cultures, histories, rights, and voices of Aboriginal and Torres Strait Islander People are heard, understood, respected, and celebrated.

Australia's First Peoples continue to hold distinctive cultural, spiritual, physical and economical relationships with their land, water and skies. We take our obligations to the land and environments in which we operate seriously.

We look forward to making our contribution towards a new future for Aboriginal and Torres Strait Islander peoples so that they can chart a strong future for themselves, their families and communities. We believe we can achieve much more together than we can apart.



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# 01

# Introduction

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This section details the engagement context and report purpose.

# Engagement context: shaping fair decisions in a transforming energy landscape

## Setting the context: AGN and the energy transition

Australia's energy sector is undergoing a profound transformation. The transition to a low-carbon future is reshaping how energy is produced, delivered and consumed, creating both opportunities and challenges for all energy businesses. For gas networks in particular, this change is significant, requiring them to balance affordability, reliability and sustainability while planning for a future where customer needs and expectations are rapidly evolving.

Australian Gas Networks (AGN) is one of Australia's largest energy infrastructure businesses and the sole distributor of natural gas in South Australia (SA), delivering gas safely and reliably to more than 486 000 homes and businesses. As part of the Australian Gas Infrastructure Group (AGIG), AGN plays a critical role in supporting customers through this transition while maintaining essential services today.

Decisions made today will shape how Australians experience energy for years to come. AGN's engagement program forms part of a broader suite of initiatives designed to put customers at the heart of AGN's decision-making. Engagement is no longer about just one regulatory period, or a single topic – it is about shaping decisions that will influence energy affordability, fairness and sustainability for decades to come. AGN seeks to place customers and stakeholders at the centre of its approach, with deliberative engagement forming the foundation for trust, transparency and shared value in decisions shaping the future of gas.

## Deliberative Engagement and Delivering Shared Value

Over the last two years, AGN has undertaken a comprehensive customer engagement program across SA, including three rounds of workshops that directly informed the development of its Draft Plan, which was published for consultation in March 2025. The third phase provided a transparent forum for AGN to demonstrate how customer feedback was incorporated, reinforcing a culture of transparency, openness, and responsiveness.

As AGN progressed towards its Final Plan, feedback from stakeholders and the Australian Energy Regulator (AER) highlighted the need for further consultation on two key issues: additional depreciation and network tariff structures. In response, AGN initiated a fourth phase of engagement (Phase Four or Post-AER Draft Decision Engagement) to ensure that customer perspectives and regulatory expectations were robustly addressed in the Revised Final Plan.

Recognising the inherent complexity of topics such as depreciation and tariff design, and the trade-offs involved in cost recovery, equity, and long-term network sustainability, AGN adopted a **“Deliberative Shared Value Engagement Methodology”** for Phase Four. This approach provided customers with comprehensive background materials, direct access to subject matter experts, who have built rapport with participants through their involvement in previous workshops, and structured opportunities for in-depth discussion and reflection. The methodology was designed to empower customers to navigate technical detail, weigh trade-offs, and provide genuinely informed input.

A central feature of this methodology was a composite fairness testing framework, which systematically surveyed participants' perceptions of fairness across a range of scenarios and stakeholder groups. This approach deepened engagement, prioritising both the quality of involvement and the depth of understanding on complex regulatory issues.

At the heart of this process was AGN's commitment to decisions that deliver shared value – balancing the interests of various stakeholders, including both current and future customers and AGN itself (see Figure 1). By embedding fairness as both a guiding principle and a measurable outcome, AGN sought to ensure that its engagement delivered decisions that were equitable, supported by participants, and in the long-term interests of customers.

Establishing a solid understanding of the consultation topics was essential to meaningful participation. Customers received a comprehensive background information pack as mandatory pre-reading, followed by an extended four-hour workshop featuring in-depth discussion and opportunities to engage directly with subject matter experts. This structure enabled participants to ask questions, clarify concepts, and build confidence in their understanding of the issues.

The workshop demonstrated high levels of engagement, with participants actively contributing and posing numerous questions. Questionnaire results confirmed that customers achieved an excellent grasp of the concepts presented, validating the effectiveness of AGN's approach and its commitment to genuine, well-informed engagement.

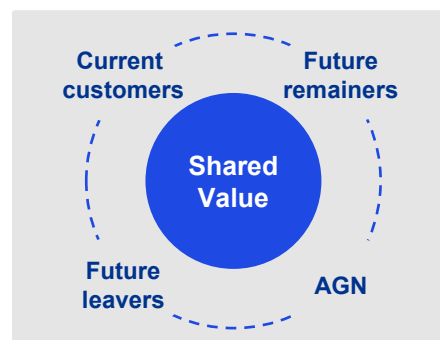


Figure 1: Sharing value among stakeholders

# Report purpose, roles and responsibilities

## Purpose of this report

This report outlines how AGN undertook a deep-dive workshop with customers to engage on its response to the AER's Draft Decision and to prepare a Revised Final Plan that reflects customer input and feedback.

This report builds on prior engagement and should be read in conjunction with:

- Phase 1 Customer and Stakeholder Engagement Workshops Report 2024 and Presentation
- Phase 2 Customer and Stakeholder Workshops 2025 and Presentation
- Customer Stakeholder Engagement Summary Report 2025
- Phase 4 customer workshop presentation and education pack for participants
- AGN 2026-2031 Final Plan
- AER's Draft Decision on AGN's (SA) access arrangement proposal for the 2026-31 period.

## Roles and responsibilities

KPMG's role	AGN's role
<ul style="list-style-type: none"> <li>➤ Provided coaching and constructive advice on engagement materials</li> <li>➤ Facilitated deep-dive workshop and captured discussion points and questions raised</li> <li>➤ Documented and reported on participant discussion in the workshop (this report)</li> <li>➤ Prepared graphs and tables to present quantitative survey data in support of workshop findings (this report)</li> </ul>	<ul style="list-style-type: none"> <li>➤ Developed all workshop materials, including pre-reading, in-session slides, and participant questionnaire questions</li> <li>➤ Programmed and hosted in-session surveys and provided questionnaire data to KPMG</li> <li>➤ Reviewed and took responsibility for qualitative (text) questionnaire responses and comments, and any further data analysis</li> <li>➤ Presented subject-specific content to participants and answered questions</li> </ul>

KPMG did not:

- Advocate for or act on behalf of AGN, or assume decision-making responsibility
- Provide advice on regulatory matters
- Develop or present workshop materials relating to AGN's Plans
- Express an opinion on or conduct an independent review of AGN's actions, including fulfilling the role of preparing an independent customer report as defined in *Section 3.4.2 Independent consumer support for the proposal* of the AER's Better Resets Handbook.

# 02

# Methodology

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This section details the processes and principles that guided the planning and execution of Phase Four engagement activities.



# Deliberative shared value engagement: addressing complex regulatory issues

## Context

During the development of its Final Plan, AGN undertook extensive engagement with stakeholders and customers. Feedback from both stakeholders and the AER identified the need for further consultation on two complex topics: additional depreciation and network tariff structures. This subsequent engagement was designed to ensure that AGN's Revised Final Plan authentically reflected customer perspectives and regulatory expectations and was grounded in best-practice deliberative engagement.

To facilitate meaningful and informed input, AGN re-engaged customers who had participated in earlier workshops, convening a dedicated Phase Four workshop. This approach reflected a deliberative methodology, ensuring participants had the background and context needed to contribute effectively to complex discussions and was selected due to:

- 1. Established knowledge base:** returning participants already possessed the necessary background and contextual understanding to contribute effectively to discussions.
- 2. Practical considerations:** the engagement was required to occur during December and January, a period typically associated with reduced availability. Re-recruiting existing participants helped mitigate time constraints and supported AGN in meeting the required timeframe for responding to the AER.
- 3. Depth of discussion:** AGN deliberately adopted a single, extended four-hour online workshop format to maximise opportunities for deep, interactive dialogue. The longer session allowed participants to explore complex regulatory topics thoroughly, ask questions, and provide considered feedback.

This approach was resource- and time-efficient, enabled broad participation from across different locations, and fostered focused, in-depth deliberation essential for robust engagement.

## Engagement Objectives

AGN designed its customer workshops to build stakeholder confidence in the quality and authenticity of engagement. The workshops were aligned with the Engagement Institute's public participation spectrum, with Phase Four concentrating on informing, consulting and involving stakeholders through a **Deliberative Shared Value Engagement Methodology** with the purpose of gathering informed and high-quality feedback and insight from customers on key regulatory topics (see Table 1). Ensuring that the Revised Final Plan was shaped by genuine customer understanding and support for outcomes that deliver shared value across all stakeholder groups.

	Phase 1	Phase 2	Phase 3	Phase 4
Customer workshop dates	August 2024 – September 2024	October 2024 – November 2024	March 2025 – April 2025	December 2025
Key Objective	<b>Listen &amp; Understand</b> To listen and understand customer views and priorities.	<b>Engage &amp; Align</b> To engage and align with customers through discussions, feedback and extension of education on topics of interest identified in Phase 1	<b>Test &amp; Refine</b> To test and refine AGN's proposal in the Draft Plan through discussions and customer feedback.	<b>Expand &amp; Explore</b> To expand and explore AGN's Draft Plan through deliberative engagement enabling informed customer input and ensuring outcomes reflect fairness and shared value.
Outcome for AGN's 2026-2031 Planning Process	Assist in the development of customer-centric proposals that align with customer interests and priorities.	Gather feedback on its early price forecasts and proposals to inform development of AGN's Draft Plan.	Further testing and refinement of AGN's proposal to inform the Final Plan.	Ensure customers gain an informed understanding of the more complex regulatory topics, ensuring the Revised Final Plan is shaped by genuine customer understanding and support.
Total participants (detailed on page 11)	181	153	135	27

Table 1: Customer engagement phases One to Four key objectives and outcomes

# Strategic engagement design: foundations for deliberative and fair input

## Engagement design

AGN had previously engaged on the topics of AD and tariff structures during earlier phases of consultation. However, feedback from stakeholders and the AER indicated that this engagement had opportunity to improve. Recognising the significance and complexity of these topics for its regulatory submission, AGN committed to adopting a **deliberative shared value engagement methodology**, ensuring customers could genuinely contribute to the decisions being made.

This revised methodology was designed to equip participants with the knowledge and context necessary for meaningful input. It guided customers through a journey connecting current circumstances with future choices, emphasising clarity and context at every stage. Rather than relying on the commonly-used 'willingness to pay' framework, AGN centred its approach on exploring concepts of fairness in decision-making. This fairness-based engagement was intended to generate insights that would inform decisions, delivering shared value for all parties – current and future customers, future leavers, and AGN itself.

## Pre-reading: background information pack

To support meaningful deliberation, all workshop participants were provided with a comprehensive background information pack as mandatory pre-reading. This pack outlined:

- AGN's proposals in its Final Plan
- the AER's position in its Draft Decision
- the two key topics for discussion: depreciation and tariff structures
- the purpose of the upcoming workshop and an overview of prior engagement

The inclusion of this pre-reading was a critical component of the engagement methodology. Both depreciation and tariff structures involve multiple complex considerations and require participants to understand not only the technical aspects, but also the trade-offs between competing priorities. Without prior exposure to these concepts, participants may have found it challenging to contribute effectively to the discussion.

By providing clear, accessible explanations ahead of the workshop, AGN aimed to ensure that participants arrived informed and confident, with a foundational understanding of the issues and the implications of different scenarios.

## A selection of customer comments and questions on the workshop pre-reading material:

*"What struck me on reading the pre information was the depreciation and probably a lack of information from my end. But isn't depreciation normally a taxable write off? So why are people being charged for that?"*

*Customer question on the pre-reading material*

*"I just wanted to make sure I did understand something properly, so I saw that you're going to start charging like what used to be the upfront cost for the gas network. You're going to start charging over time as they pay. Is that correct?"*

*Customer question prompted during pre-reading material discussion*

# Evaluating understanding and fairness: advanced techniques for deliberative engagement

## Assessing understanding and seeking views on fairness

To ensure customer feedback was both informed and meaningful, AGN implemented a structured, deliberative engagement process for both additional depreciation and network tariff design. This approach was deliberately designed to go beyond traditional consultation methods and trialled an innovative methodology focused on fairness, rather than the commonly used “willingness to pay” framework. The goal was to generate insights that could guide decisions delivering shared value for all stakeholders.

The process comprised three key stages:

1. **Explanation and discussion:** Each topic was introduced through detailed explanation and interactive dialogue, encouraging participants to ask questions and seek clarification throughout, ensuring a strong foundation of understanding.
2. **Questionnaire to confirm understanding:** Comprehension was assessed using a combination of factual and self-report questions, ensuring participants had a clear grasp of the concepts before providing feedback.
3. **Questionnaire to obtain views on fairness:** Participants evaluated the fairness of different scenarios for various stakeholder groups, considering both intergenerational balance and equitable outcomes across all parties. Two scenarios were presented for each topic (depreciation and tariff design) and participants considered fairness from the perspective of different customer and stakeholder types.

Participants also assessed whether each scenario represented a fair intergenerational balance and an equitable outcome across all parties.

This methodology was designed to elicit deep, qualitative insights rather than statistical representation. Materials were prepared with clarity in mind, and participants were equipped with sufficient knowledge to contribute meaningfully. By focusing on fairness, AGN captured perspectives that would inform decisions delivering long-term, shared value.

## Engagement techniques and data capture

A range of engagement methods and techniques were utilised to ensure meaningful customer participation:

- **Facilitated dialogue for insight:** enabled clarification, collaboration, and the sharing of perspectives among participants
- **Reflective pausing for deeper input:** incorporated deliberate pauses to encourage deeper reflection, signal that input was valued, and reduce facilitator dominance
- **Comprehensive session capture:** the workshop was recorded in full, with automated transcription for subsequent robust review and analysis
- **Systemic documentation:** a dedicated note-taker documented key discussion points, questions and feedback
- **Multi-channel participation:** participants were encouraged to use the chat function to share real-time comments and questions, providing an additional channel for input and broadening participation
- **Targeted fairness questionnaires:** structured questionnaires assessed comprehension and captured a range of views on the perceived fairness of different scenarios. The questionnaire included both quantitative and qualitative questions; however, results were not displayed live to participants to maintain focus on discussion rather than outcomes

*“Thank you for having us, and thank you for delivering an informative and engaging workshop.”*

*“Great content and I now have a much better understanding. Thank you so much.”*



# Ensuring diverse participation: targeted approach to customer recruitment

Ensuring a diverse mix of customers remained a key priority for Phase Four. To achieve this, KPMG, in partnership with its recruitment partner, invited all 135 participants from Phase Three to express interest in attending. From this group, 27 participants were selected<sup>1</sup>, with strong interest meaning the target was quickly met.

The selection process was designed to achieve broad demographic and geographic representation, ensuring a wide range of perspectives from across SA were included.

Specific criteria guided recruitment:

- **Customer type:** Minimum 20 residential customers and five business customers. Final numbers comprised 21 residential customers and six business customers<sup>1</sup>.
- **Location:** Twenty Adelaide-based customers and seven regional customers, including at least one participant from each of Port Pirie, Whyalla, Barossa/Gawler, and Mount Gambier (See Figure 2).
- **Diversity:** Beyond these requirements, recruitment aimed to reflect diversity in age, gender, income level, and language spoken at home. This breadth of representation helped ensure feedback and viewpoints captured during the workshop reflected a wide and diverse customer base. The customer breakdown is displayed in Figure two and three.

Figure 2: Participant breakdown metro vs. regional and remote

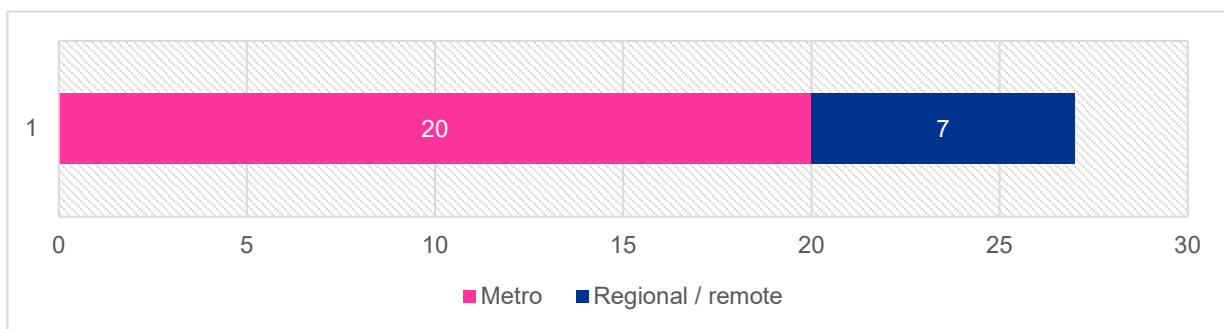
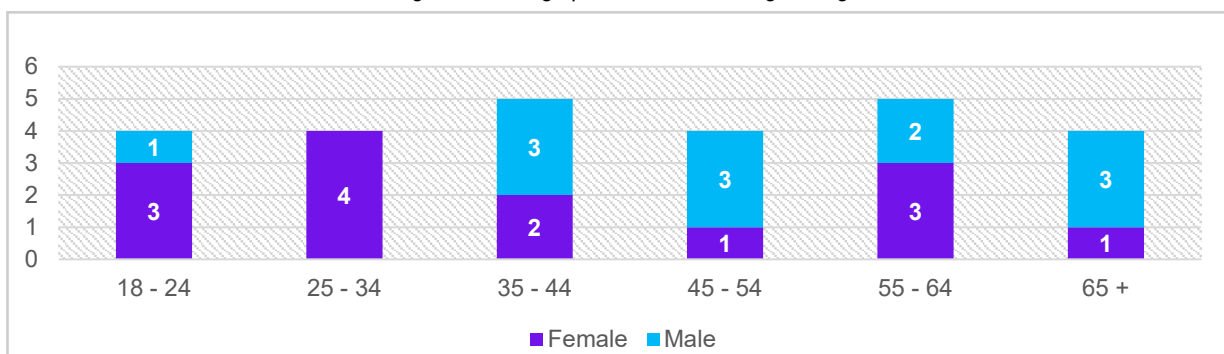


Figure 3: Demographic breakdown of age and gender



<sup>1</sup> Of the 27 participants recruited for the workshop, 26 completed the session and were included in the data. One participant withdrew shortly after the session commenced due to unforeseen circumstances.

# 03

## Key Insights

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This section explores the key insights derived from the Phase Four customer engagement workshop.

# Summary: Key insights identified from the customer engagement workshop

Customers shared their perspectives through Q&A, group discussion and surveys, resulting in three primary insights. These key insights are summarised below and explored in greater detail across the following pages in this report.



## Customers seek a smooth and equitable transition and support additional depreciation today, recognising its role in the long-term interests of customers and all parties

Customers indicated that they consider it fairer to pay a modest upfront increase in depreciation compared to the option of deferring cost, with the majority (73%) agreeing that this represents a fair and reasonable balance between the interests of customers and AGN.

Personal circumstances underpinned different perspectives and factored into customer assessments, with the key points raised by participants including the balance between immediate and future cost impacts, the impact of electrification, and the importance of maintaining the viability and security of the gas network when assessing the fairness of the scenarios.



## Customers consider it fairer to gradually, rather than rapidly, flatten tariffs

Customers consistently described the step-by-step approach to flatter tariffs as the best option to reduce the risk of bill shock, viewing it as fairer and more manageable for both households and businesses when compared to the alternative scenario.

Customers voiced varying perspectives and considerations on the two different network tariff scenarios, with key matters raised including concerns about bill shock and bill stability (with the gradual transition to flatter tariffs perceived to be more protective to financial stress than rapid transition), impact on businesses and economic competitiveness, and considerations about the impact that transitioning to flatter tariffs could have on renewable gas targets and electrification.



## Customers valued the deliberative approach for enabling informed, balanced decisions that consider shared value

AGN's deliberative shared value engagement approach fostered deep, high-quality participation. Customers engaged actively and thoughtfully with complex regulatory topics, demonstrating strong grasp of the issues and a commitment to fairness and shared value.

Participants demonstrated high levels of understanding in relation to both additional depreciation and tariff scenarios, which was reinforced by the detailed and considered comments made in discussion and through the Microsoft Teams chat function, revealing participants who were eager to interrogate assumptions, challenge scenarios and weigh competing priorities.

Participant feedback for the workshop was positive, with 100% of participants agreeing that the content was delivered in an accessible and inclusive way, that workshop information was clear, relevant and accurate, and that the delivery of the overall workshop was of a high standard.



# 03.1

**Customers seek a smooth and equitable transition and support additional depreciation today, recognising its role in the long-term interests of customers and all parties**

# Customers seek a smooth and equitable transition and support additional depreciation today, recognising its role in the long-term interests of customers and all parties



Customers indicated that they consider it fairer to adopt additional depreciation today compared to the option of deferring cost, with the majority (73%) agreeing that this represents a fair and reasonable balance between the interests of customers and AGN. Discussion during the workshop showed that participants had a high degree of understanding of the topic, which was validated through questionnaire results, and that fairness was a quality of importance to participants.

Prior to seeking feedback, AGN presented participants with an overview of AD, building on the knowledge established through prior engagement phases and the background information pre-reading pack. Participants were encouraged to discuss and ask questions, and there was considerable engagement with AGN's subject matter experts. Customers were then presented with two AD scenarios ([refer to Appendix A](#)):

- AD Scenario 1 (the AER's proposal):** \$0 Additional Depreciation, with no adjustment to the annual share prior to the customer leaving. Bills stay the same now, but more of the network's costs remain unpaid for years.
- AD Scenario 2 (alternative AGN scenario):** \$70 million additional depreciation, adjusting the annual share early prior to customers leaving. More depreciation is brought forward, so today's annual share increases.

In recognition that having a fundamental understanding of the concepts presented was required in order to meaningfully provide views on their preferred scenarios, AGN tested participants' comprehension and understanding of depreciation and the provided scenarios prior to seeking feedback. Both factual comprehension (participants' accuracy in assessing factual statements about the scenarios) and self-reported comprehension (participants' assessment of their own understanding) was high:

- AD Scenario 1 averaged 87% correct responses and 81% agreed that they could explain the scenario to someone else
- AD Scenario 2 averaged 95% correct responses and 88% agreed that they could explain the scenario to someone else

[Refer to Appendix C](#) for detailed results. Customers were then prompted to answer questions for each depreciation scenario to indicate how they considered the scenarios fair across the different customer groups.

## Customers considered AD Scenario 2 (\$70m AD) to be fairer.

In exploring fairness, AGN sought to ensure decisions are informed by concepts of shared value among stakeholders. 77% of participants agreed that AD Scenario 2 (\$70m AD) represented a fair intergenerational balance, compared to 39% for AD Scenario 1 (\$0 AD), highlighting the majority of customers deemed AD Scenario 2 to be grounded in balanced, equitable outcomes for all customer groups. Similarly, AD Scenario 2 was considered by 73% of participants to represent a fair and reasonable balance between stakeholders, delivering more collective shared value when compared to AD Scenario 1 (\$0 AD) where only 38% believed the scenario was fair for all parties.

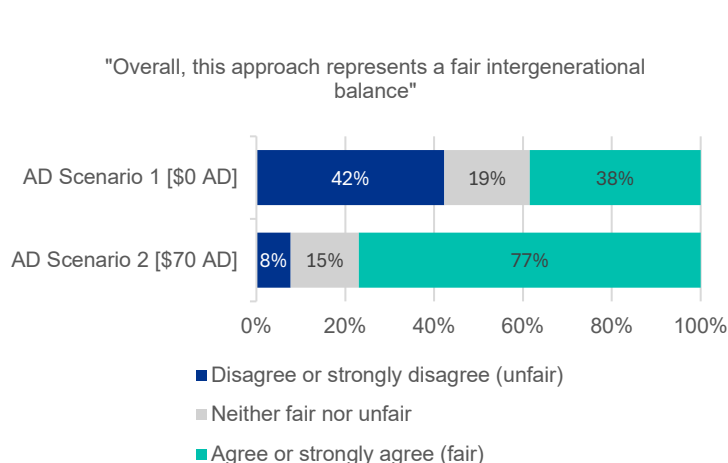


Figure 4: Questionnaire results

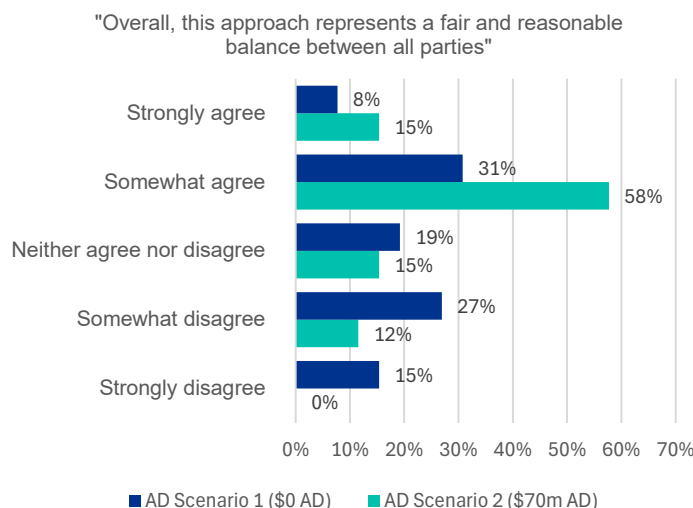


Figure 5: Questionnaire results

# Customers seek a smooth and equitable transition and support additional depreciation today, recognising its role in the long-term interests of customers and all parties



**Customer discussion and feedback on the two depreciation approaches highlighted that participants were thinking deeply about the varying trade-offs and impacts for each depreciation scenario.**

During discussions on the depreciation scenarios, customers sought further clarity from AGN on how depreciation is calculated, what impact the scenarios would have on small business and heavy industry and whether bills would rise as people left the network. Other areas that customers asked questions on related to:

- **Intergenerational balance:** Clarification was sought on a more in-depth explanation of intergenerational balance.
- **Energy transition:** Some customers queried how investments in hydrogen and green gas could shape the future of the network and impact customer groups differently, including wanting to understand the importance and role of gas in the future amid the electrification transition.

There were a range of considerations and key drivers that customers raised throughout the fairness testing questionnaire as well as in discussion, demonstrating they understood the trade-offs for the scenarios. Overall, customer considerations were driven by a balance between cost, fairness across generations and the larger energy transition.

Personal circumstances underpinned different perspectives and factored into customer assessments, but the central trade-off was between paying a little more now for stability and fairness via sharing cost responsibility versus delaying costs with the risk of higher future bills and inequity for those who remain on the network. Below is a summary of the key points customers raised about the perceived fairness of the depreciation scenarios during discussion and feedback:

- **The balance between immediate and future cost impacts:** Future cost increases and risk of higher bills under AD Scenario 1 was a central focus for customers as they noted fewer customers would remain on the gas network. Some customers noted it was unfair on future customers to pay more, while they perceived paying more now under the second approach as fairer because costs are spread across all current customers.
- **Impact of electrification:** The uncertainties and impact of electrification was raised, with customers aware of the shift to greener energy and noting it could reduce relevance and demand for gas.
- **Network stability:** Several customers highlighted the importance of maintaining the viability and security of the gas network when assessing the fairness of the scenarios, with customers connecting AD Scenario 2 (\$70m AD) to longer-term network resilience.

## A selection of what customers said about the two depreciation scenarios:

*"I don't think it's wise not to increase the price when you don't know what the future holds."*  
Scenario One

*"Today's customer would pay more leaving future remainers with less of the overall cost to pay. It would give more security to the network."* Scenario Two

*"If I stay with gas I could possibly have a larger bill annually as I age and go into a pension."*  
Scenario One

*"By paying a little more now we will reduce future costs and promote sustainability of the network and maintain support from customers."*  
Scenario Two

*"This means that as a future remainder, my bill would increase (in this situation by a small amount of \$35) however this hopefully will result in less variation in my bills in the future."*  
Scenario Two



# Customers seek a smooth and equitable transition and support additional depreciation today, recognising its role in the long-term interests of customers and all parties



Customers demonstrated a strong understanding of the impacts of each scenario on different stakeholder groups through both questionnaire responses and in-session discussion. On balance, customers identified AD Scenario 2 (\$70m AD) as providing a fairer outcome for most stakeholders. Customer commentary highlighted that the bill impacts were modest and manageable, supporting the view that this level of additional depreciation represents a reasonable and proportionate approach to promoting equity and long-term fairness for customers who wish to remain connected to the network.

Of AD Scenario 2 (\$70m AD), one customer noted “*far more fair approach to customers who want to stay connected*”, while another customer described it as having “*less variation in my bills in the future*”. There was a stronger acknowledgment from customers that AD Scenario 2 (\$70m AD) demonstrated equity and collective responsibility between network leavers and future remainers with a customer expressing “*if I am willing to pay extra now it will eliminate the burden for others in the future*”, while another said “*the non-charging I think seems unfair to future users as there will be many people switching to electric and renewables. Scenario 2 will accommodate to the people involved more in the future.*”

Several comments from customers also highlighted the importance of maintaining the viability of the gas network under the second depreciation scenario, with comments ranging from “*slight increase in bills now to make the gas network viable in the future*” and “*promoting sustainability of the network*”, highlighting that customers linked AD Scenario 2 to long-term infrastructure resilience. One customer pointed out the potential downsides of the second depreciation scenario, expressing concern about whether higher upfront costs could push customers away stating, “*it could potentially push customers away due to increased funding.*”

In comparison, many customers interpreted the first depreciation scenario to be less fair to stakeholders, particularly to remaining customers who may bear the cost burden over the long term. For example, a customer expressed AD Scenario 1 (\$0 AD) to be “*unfair on future customers to pay more*”.

Another strong sentiment that emerged for AD Scenario 1 was concern about future price rises as fewer customers would remain on the gas network, with a customer describing the first depreciation scenario as having “*larger bill annually as I age*”. A handful of customers noted anticipating rising costs and expressed uncertainty and concern for future remaining gas customers over the long term under the first scenario, especially as electrification accelerates.

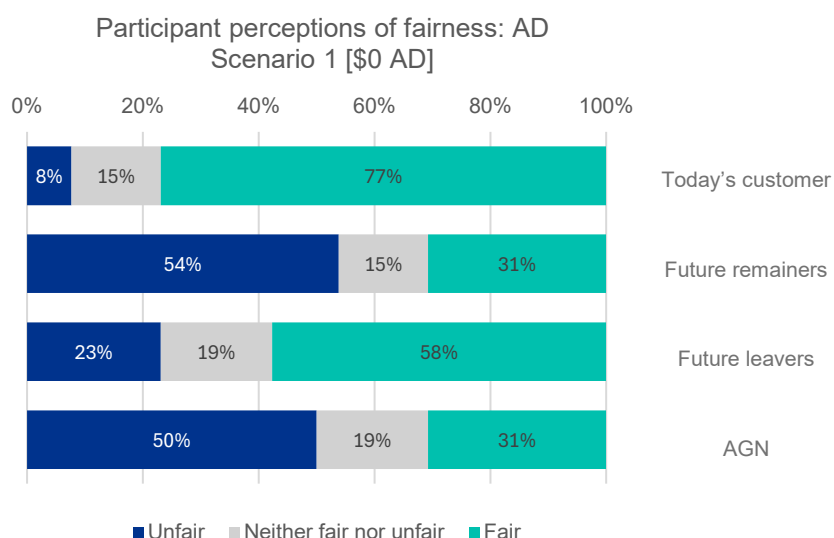


Figure 6: Questionnaire results

(Results were collapsed into 3 categories: Unfair (combining 'very unfair' and 'somewhat unfair'; Neither fair not unfair; and Fair (combining 'somewhat fair' and 'very fair').

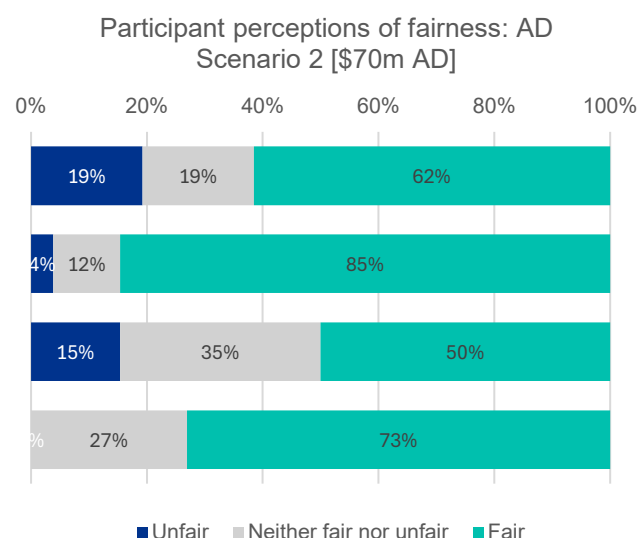


Figure 7: Questionnaire results

(Results were collapsed into 3 categories: Unfair (combining 'very unfair' and 'somewhat unfair'; Neither fair not unfair; and Fair (combining 'somewhat fair' and 'very fair').

## 03.2

**Customers consider it fairer to gradually,  
rather than rapidly, flatten tariffs**

# Customers consider it fairer to gradually, rather than rapidly, flatten tariffs



Customers consistently described the gradual approach to flatter tariffs as the preferred option to reduce the risk of bill shock and prevent sudden spikes, offering greater stability and certainty when compared to the alternative scenario.

The tariff component of the workshop adopted the same structure as the depreciation component. Customers were first provided with information on how network tariffs work and the structure of tariffs, before sharing an overview of how a declining block tariff works compared to how a flatter tariff structure works. Customers were given the opportunity to ask questions and to indicate what further information they required, and there was extensive discussion. AGN then presented and explained two scenarios, with further opportunity for discussion.:

- Tariff Scenario 1 (AGN's Final Plan proposal):** A gradual transition to flatter tariffs, involving a step-by-step move towards flatter tariffs, spread out over several years, to avoid sudden bill changes.
- Tariff Scenario 2 (AER's Draft Decision):** A rapid transition to flatter tariffs, a faster, stronger shift to flatter tariffs, where most customers pay roughly the same rate per unit of gas.

Following the same structure as in the depreciation topic, AGN tested participants' comprehension and understanding of tariffs and then provided scenarios prior to seeking feedback. Both factual comprehension (participants' accuracy in assessing factual statements about the scenarios) and self-reported comprehension (participants' assessment of their own understanding) was high:

- Tariff Scenario 1 averaged 88% correct responses and 85% agreed that they could explain the scenario to someone else
- Tariff Scenario 2 averaged 91% correct responses and 81% agreed that they could explain the scenario to someone else

[Refer to Appendix D](#) for detailed results.

## Scenario 1 (gradual transition) considered fair and reasonable

The majority (69%) of participants considered Tariff Scenario 1 (gradual transition) to represent a fair and reasonable balance between all parties, compared to 24% for Tariff Scenario 2 (rapid transition). Customer commentary, expanded on in the following pages, suggests that participants consider the more gradual transition to protect against bill shock and sudden financial stress. Customers also raised concerns in relation to economic competitiveness for businesses should Tariff Scenario 2 be adopted, and that Tariff Scenario 2 could discourage gas use and see business and households move away from gas, which could see customers who choose to stay on the network paying more in future.

"Overall, this approach represents a fair and reasonable balance between all parties"

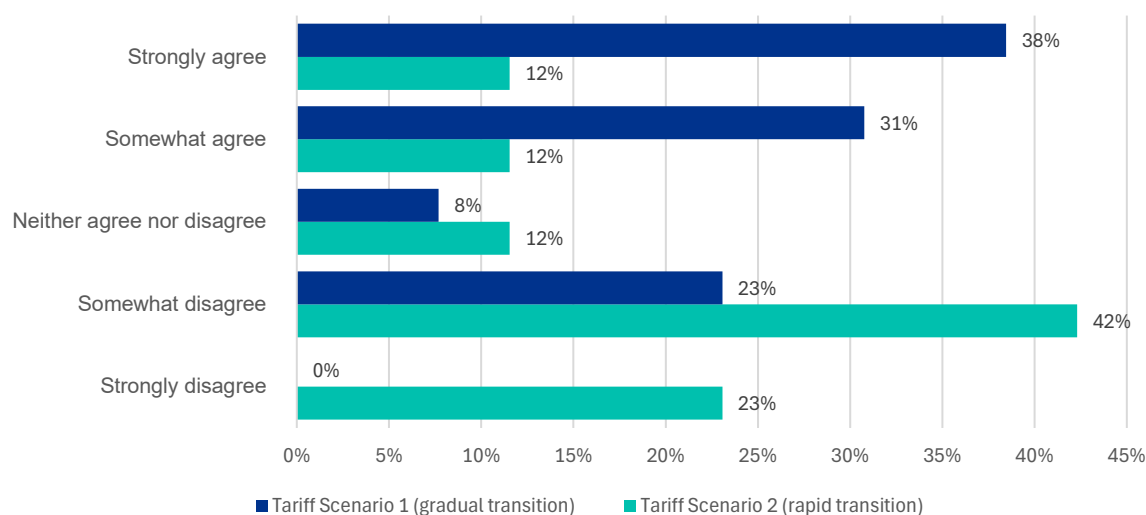


Figure 8: Survey results

# Customers consider it fairer to gradually, rather than rapidly, flatten tariffs (cont.)



Customers voiced varying perspectives and considerations on the two different network tariff scenarios, with customers engaging in questions and discussion with the AGN subject matter experts to better understand the impacts of the different scenarios on the various customer groups.

The key areas of focus where customers sought clarification and asked questions related to:

- **Impact on businesses compared to households:** Some customers wanted additional information on how much more businesses of varying sizes would need to pay under Tariff Scenario 2.
- **Transmission to renewables and emissions:** A few customers questioned the perceived push towards electrification in Tariff Scenario 2, with some customers querying if the option would put people off gas as well as trying to eliminate gas.
- **Potential alternative scenarios:** Some customers queried if AGN had to go with the option the AER had recommended, while another customer wanted to know if there was an in-between scenario where AGN's approach and the AER's could co-exist.

Written customer feedback indicated a stronger preference for a gradual transition to flatter tariffs, driven by the greater budget stability it provides. In contrast, some customers raised concerns that the more rapid transition increased the risk of bill shock. The main areas of consideration raised through customer feedback and discussion are outlined below:

- **Bill shock and bill stability:** Many customers perceived the gradual transition to flatter tariffs as protecting against sudden financial stress, while conversely the rapid transition to flatter tariffs was viewed negatively due to the associated bill shock.
- **Economic competitiveness:** Concerns were noted about economic competitiveness and the potential risks posed for businesses in Tariff Scenario 2, particularly for large business.
- **Renewable gas targets and electrification push:** The future cost impact that could occur through customers exiting the gas network in line with a shift towards electrification was consistently raised, with some customers noting the faster transition to flatter tariffs could discourage gas use and see businesses and households move to electrification.

While much of the commentary centred around the preference for Tariff Scenario 1 (gradual transition), some customers considered Tariff Scenario 2 (rapid transition) to be fairer.

**A selection of what we heard from customers during question and discussion time on the tariff scenarios:**

*"To me it just sounds like they are trying to get rid of people and get rid of gas."*

Scenario Two

*"A smoother transition with bills i.e. no bill shock. More in line with customer needs whilst still reducing emissions. Still supports the network."*

Scenario One

*"Is there any regard for a higher output of green gas so that they can also reach those emission targets without booting many customers from the network?"*

Scenario Two

*"Is there an in-between scenario where your plan and their plan can co-exist?"*

*"Customers would pay same rate regardless of the gas used, this would be detrimental to business that rely on gas & they would pass on these costs to customers."*

Scenario Two

*"I [loveheart] GAS!! As a low fixed income user, I prefer a Flat Tariff and a gradual increase to a flatter tariff. I agree users pay."*

Scenario One

*"You pay for what you use. Couldn't be more fair in my eyes. You are rewarded for low usage, with low cost. For people who don't use alot [sic] you aren't charged at a high rate."*

Scenario One



# Customers consider it fairer to gradually, rather than rapidly, flatten tariffs (cont.)



While customer perceptions of fairness for the two tariff scenarios varied for the different customer groups, AGN's proposal for a gradual transition to flatter tariffs was generally favoured, with participants viewing this first scenario as fair to low and high gas users while also providing businesses time to adjust.

For Tariff Scenario 1, involving a step-by-step move towards flatter tariffs, many participants expressed that paying for what you use is fair, particularly in the case for low-usage customers. One customer noted that the first tariff approach meant *"you pay for what you use. Couldn't be fairer in my eyes. You are rewarded for low usage, with low cost. For people who don't use a lot, you aren't charged at a high rate."*

Customers indicated they considered the bill impacts more broadly, with many customers highlighting that Tariff Scenario 1 would lead to the avoidance of bill shock for both residential customers and businesses, providing greater bill certainty. One customer stated that AGN's gradual transition to flatter tariffs indicated *"no sudden shocks for both domestic and commercial customers allowing planning for the future without panic."*

The questionnaire results from the fairness testing supported feedback and discussion, with customers largely considering Tariff Scenario 1 to be fairer than Tariff Scenario 2.

While most customers considered Tariff Scenario 1 (gradual transition) fair to all groups, in comparison, many customers viewed Tariff Scenario 2 (rapid transition) as having a detrimental impact, particularly for businesses and large commercial industries reliant on gas. One customer said Tariff Scenario 2 will *"deter manufacture [sic] in this country"*, while another participant described the second scenario as *"bill shock for large businesses, forcing some out of business or to be able to swivel to more efficient usage"*. Some customers said Tariff Scenario 2 would not be fair for those unable to electrify, such as renters, as they would bear higher costs without viable alternatives. Other customer concerns included weighing the possibility that the rapid transition to flatter tariffs and push to electrification would discourage gas use, leading to declining customer bases in the future, with one customer saying the second scenario *"means bills will go up and people could choose to leave the gas network."*

The questionnaire results derived from the fairness testing on Tariff Scenario 2 reflected the customer discussion, with 65% of customers deeming the rapid transition to flatter tariffs as 'not at all fair' or 'somewhat unfair' for high-usage customers.

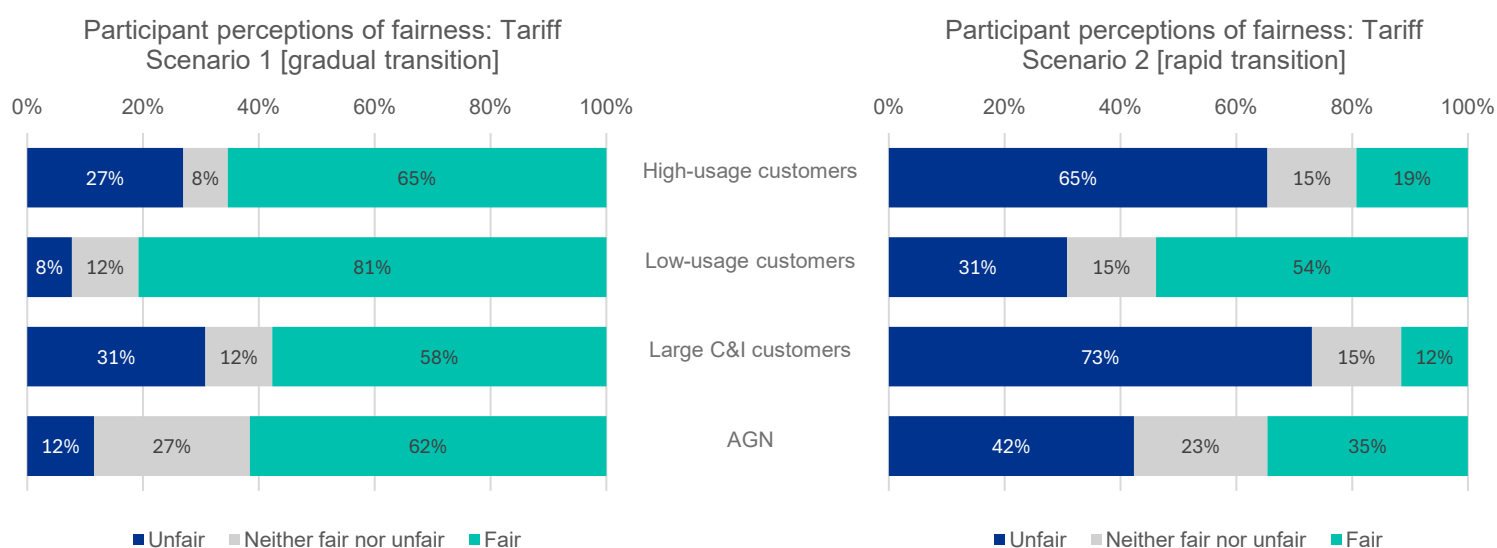


Figure 9: Questionnaire results

(Results were collapsed into 3 categories: Unfair (combining 'very unfair' and 'somewhat unfair'; Neither fair not unfair; and Fair (combining 'somewhat fair' and 'very fair'.

Figure 10: Questionnaire results

(Results were collapsed into 3 categories: Unfair (combining 'very unfair' and 'somewhat unfair'; Neither fair not unfair; and Fair (combining 'somewhat fair' and 'very fair'.

# 03.3

**Customers valued the deliberative approach for enabling informed, balanced decisions that consider shared value**

# Customers valued the deliberative approach for enabling informed, balanced decisions that consider shared value



**AGN's deliberative shared value engagement approach fostered deep, high-quality participation. Customers engaged actively and thoughtfully with complex regulatory topics, demonstrating strong grasp of the issues and a commitment to fairness and shared value.**

AGN's focus on adopting a deliberative shared value engagement approach across the workshop enabled customers to thoughtfully weigh up the trade-offs of each scenario for the stakeholder groups being considered. Both quantitative and qualitative feedback showed strong engagement and thoughtful deliberation.

Survey results confirmed high levels of understanding and confidence. Participants consistently achieved strong comprehension scores on factual questions relating to both AD and tariff scenarios and self-reported high levels of comprehension. This quantitative evidence was reinforced by the detailed and considered comments made in discussion and through the Microsoft Teams chat function, revealing participants who were eager to interrogate assumptions, challenge scenarios and weigh competing priorities. Participants reflected on the implications of each option for both current and future customers, raising questions about intergenerational fairness, network sustainability and the broader impacts of the energy transition.

Rather than accepting information at face value, customers actively explored the finer details of each scenario. They questioned the rationale of regulatory decisions, probed the potential consequences for vulnerable groups, and discussed the trade-offs between short-term costs and long-term network viability. This willingness to engage deeply with complex material led to richer, more meaningful dialogue and surfaced a diversity of perspectives that might otherwise have been missed.

The workshop's deliberative format enabled participants to move beyond surface-level reactions. Customers were able to articulate not only which options they preferred, but also why certain approaches felt fairer or more sustainable. They identified potential risks, such as the impact of rapid tariff changes on businesses or the risk of higher future bills for those remaining on the network and suggested ways to support those who may be most affected by the change.

As a result, the discussion and insights generated were notably more informed and balanced. Participants demonstrated an ability to consider the needs of different stakeholder groups, weigh competing priorities, and provide feedback that reflected both individual and collective interests and overall shared value.

## A selection of thoughtful questions and comments from customers during discussion time:

*"What explanation did the AER give for refusing Depreciation?"*

*"Are the current customers aware of all these ramifications of being a customer? What they may be liable for in the future?"*

*"What percentage more are high consumption users, namely businesses, likely to pay?"*

*"Gas can be clean, there just seems to be little push to make greener gas quicker to me. It's delayed which I don't understand but that's a very layered government issue."*

*"While I also want emissions to be low, the lack of pushing for more renewable gas quicker I think is intriguing. It would make sense to me to invest faster in renewable to both keep the gas network alive and reach targets concurrently."*

# Customers valued the deliberative approach for enabling informed, balanced decisions that consider shared value (cont.)

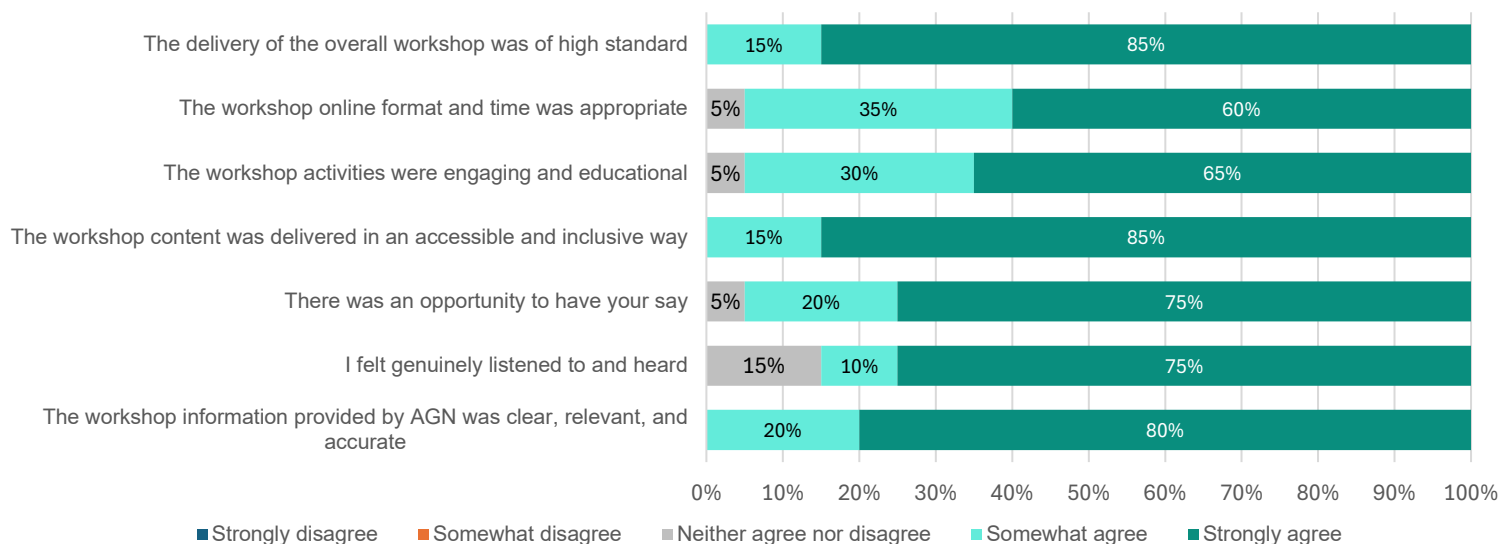


**Participant feedback on the Phase Four Customer Workshop reinforced the strength of the deliberative engagement approach. Customers responded positively, with no negative feedback and strong agreement on the clarity, relevance, and accessibility of the information provided. This reflects that the workshop supported informed, balanced decision-making.**

Participants felt equipped to explore issues in depth, with 100% of participants agreeing that the content was delivered in an accessible and inclusive way, that workshop information was clear, relevant and accurate, and that the delivery of the overall workshop was of a high standard.

Overall, the feedback demonstrates that customers valued the structured, deliberative process. It enabled them to engage deeply with the two complex regulatory topics, consider multiple viewpoints, and confidently make recommendations that balanced fairness with long-term certainty.

**Figure 11: Phase Four Customer Workshop participant feedback results**



## What we heard from Phase 4 participants

### What did you enjoy the most about today?

“Interactive, good tangible scenarios that made the questions more real.”

“The feedback sections as we went further on were met with extremely information heavy and methodical replies - including a lot of tangential information that wouldn't have been given otherwise.”

“The questions posed by the participants and the answers from AGIG.”

“I think most people were engaged and the discussions were very insightful. I have a great understanding of it all now.”

### What could be improved for future sessions?

“Timing was a little long although it was scattered with breaks well.”

“The homework helped.”

### Any other comments?

“Good presenters, appreciate the approach to explaining to the more complex economic concepts, great delivery.”

“Happy with the sessions overall. I have enjoyed being involved.”



# 04

## Appendices

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Refer to this section for the following:

A: Additional Depreciation Scenarios One & Two

B: Tariff Scenarios One & Two

C: Questionnaire results: Participant comprehension of Additional Depreciation

D: Questionnaire results: Participant comprehension of Network Tariffs

E: Phase Four workshop delivery

# A: Additional Depreciation Scenarios One & Two

Customers were presented with two different Additional Depreciation Scenarios (shown below) and were asked to consider the scenarios in the context of what feels fair across four different customer groups.



## Depreciation | Scenario #1

### \$0m Additional Depreciation

*No adjustment to the annual share prior to customers leaving*

**Dollar Impact**  
\$0 per  
household  
today

#### How this scenario works:

- No change to depreciation – customers continue paying the same annual share as planned.
- Bills stay the same now, but more of the network's costs remain unpaid for future years.
- As customer numbers fall, a smaller number of customers must cover this unpaid share.

#### What this means for different customer/stakeholder groups:

<b>Today's customer</b>	<ul style="list-style-type: none"> <li>• No increase to bills now; short term affordability protected.</li> <li>• But if you remain connected in later years, you may face higher costs as the unpaid share grows.</li> </ul>
<b>Future remainers</b>	<ul style="list-style-type: none"> <li>• Inherit a larger unpaid share of the network.</li> <li>• If the customer base shrinks, their bills rise significantly as the unpaid cost is spread across fewer people.</li> </ul>
<b>Future leavers</b>	<ul style="list-style-type: none"> <li>• Contribute only their small annual share before they exit.</li> <li>• Leave behind a large unpaid share, increasing the burden on future remainers.</li> </ul>
<b>AGN</b>	<ul style="list-style-type: none"> <li>• Pushing more asset recovery into the future:               <ul style="list-style-type: none"> <li>• AGN is unable to recover its past investment in the network</li> <li>• Could create financial risk if usage falls faster than expected</li> <li>• May reduce flexibility to invest in new technology or maintain network efficiency</li> <li>• Impacts ability to be cost competitive in the future</li> </ul> </li> </ul>

#### How fairly are costs shared between today's and tomorrow's customers?

<b>Intergenerational balance</b>	<ul style="list-style-type: none"> <li>• Benefits today's customers by avoiding any increase now.</li> <li>• Shifts substantial unpaid share to <b>future remainers</b>, who may end up much fewer in number.</li> <li>• Creates higher risk of large future bill increases.</li> </ul>
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#### Why this option might be chosen

- Protects short term affordability, and avoids immediate change for customers.

## Depreciation | Scenario #2

### \$70m Additional Depreciation

*Adjust the annual share early prior to customers leaving*

**Dollar Impact**  
\$35 per  
household  
today

#### How this scenario works:

- More depreciation is brought forward, so today's annual share increases.
- Customers pay a bit more now, leaving less unpaid cost for the future.
- This reduces the burden if many customers leave the network over time.

#### What this means for different customer/stakeholder groups:

<b>Today's customer</b>	<ul style="list-style-type: none"> <li>• Bills increase by around \$35 per year.</li> <li>• Helps prevent much larger increases later, especially if customer numbers decline.</li> <li>• Supports a smoother, more predictable price path.</li> </ul>
<b>Future remainers</b>	<ul style="list-style-type: none"> <li>• Benefit from a smaller unpaid share, because more cost is recovered today.</li> <li>• Face a much lower risk of sharp bill increases in gas use declines.</li> </ul>
<b>Future leavers</b>	<ul style="list-style-type: none"> <li>• Still contribute only part of their share before leaving.</li> <li>• But because overall costs are reduced earlier, the amount they leave unpaid is smaller.</li> </ul>
<b>AGN</b>	<ul style="list-style-type: none"> <li>• Bringing a larger amount forward:               <ul style="list-style-type: none"> <li>• Reduces long-term financial risk due to earlier cost recovery</li> <li>• Supports future network capability (including renewable gas readiness)</li> <li>• Enables cost competitiveness in the future</li> </ul> </li> </ul>

#### How fairly are costs shared between today's and tomorrow's customers?

<b>Intergenerational balance</b>	<ul style="list-style-type: none"> <li>• Today's customers contribute more now.</li> <li>• Future remainers pay a smaller unpaid share and face lower long-term risk.</li> <li>• Strongest protection against a scenario where a smaller number of future remainers must carry a disproportionate cost.</li> </ul>
----------------------------------	--

#### Why this option might be chosen

- Reduces risk of very high future bills.
- Strengthens long-term financial sustainability of the network.

# B: Tariff Scenarios One & Two

*Customers were presented with two different Tariff Scenarios (shown below) and were asked to consider the scenarios in the context of what feels fair across four different customer groups.*



## Network Tariffs | Scenario #1

**AGN Final Plan:** *A gradual transition to flatter tariffs*

<b>What is this scenario</b>	<ul style="list-style-type: none"> <li>A step-by-step move towards flatter tariffs, spread out over several years, to avoid sudden bill changes</li> </ul>
<b>How this scenario works</b>	<ul style="list-style-type: none"> <li>Fixed charge higher by up to around 10%</li> <li>Usage charges become slightly flatter, but declining blocks remain</li> <li>Bills change gradually over time, not all at once</li> </ul>
<b>Why this option might be chosen</b>	<ul style="list-style-type: none"> <li>You have previously told us that you value bill stability and predictable changes</li> <li>Prevents bill shocks, especially for households who rely on gas for heating and hot water</li> <li>Helps customers and businesses adjust slowly as appliances naturally reach replacement age</li> <li>Supports emission reduction while still recognising current customer needs</li> <li>Reduces the risk of customers disconnecting suddenly due to affordability pressure</li> </ul>
<b>Who is impacted and how?</b>	
<b>High-usage customers</b>	<ul style="list-style-type: none"> <li>A gradual move to flatter tariffs means customers may see a small increase in bills over time, but nothing sudden</li> <li>Avoids big jumps in winter bills for homes that rely on gas heating or hot water</li> </ul>
<b>Low-usage customers</b>	<ul style="list-style-type: none"> <li>Bills stay about the same or change only slightly</li> <li>Because the tariff only becomes a little flatter, customers who use smaller amounts of gas are not heavily affected. The average customer (15 GJ) will likely receive lower bills.</li> </ul>
<b>Large C&amp;I customers</b>	<ul style="list-style-type: none"> <li>Only modest changes are expected because this scenario adjusts the tariff structure slowly</li> <li>Business operating costs may increase slightly, but changes should be manageable and easier to plan around</li> </ul>
<b>AGN</b>	<ul style="list-style-type: none"> <li>A gradual shift helps us move towards flatter tariffs while avoiding sudden bill impacts for high-usage customers</li> <li>This supports a smoother transition and upholds customer preferences during the energy transition</li> </ul>

## Network Tariffs | Scenario #2

**AER Draft Decision:** *A rapid transition to flatter tariffs*

<b>What is this scenario</b>	<ul style="list-style-type: none"> <li>A faster, stronger shift to flatter tariffs, where most customers pay roughly the same rate per unit of gas</li> </ul>
<b>How this scenario works</b>	<ul style="list-style-type: none"> <li>Fixed charge still applies</li> <li>Declining blocks are largely removed, with blocks beyond the first equalised</li> <li>High-usage customers lose access to cheaper "later blocks"</li> <li>Bills may change noticeably and sooner than under the AGN option</li> </ul>
<b>Why this option might be chosen</b>	<ul style="list-style-type: none"> <li>Encourages energy efficiency by removing "use more, pay less" signals</li> <li>Supports emissions-reduction goals by discouraging higher gas consumption</li> <li>Creates more neutral pricing across customer types</li> <li>May be viewed as fairer in the long term if fewer customers remain on the network</li> <li>Responds directly to the AER's expectation for flatter structures</li> </ul>
<b>Who is impacted and how?</b>	
<b>High-usage customers</b>	<ul style="list-style-type: none"> <li>Customers will likely see significant bill increases, especially in winter.</li> <li>This is because the cheaper "later" blocks of gas disappear when tariffs are flattened</li> </ul>
<b>Low-usage customers</b>	<ul style="list-style-type: none"> <li>Customers may see small reductions in their gas bill because the "first units" of gas would no longer be the most expensive. However very low users would likely experience an increase (with higher fixed charges)</li> </ul>
<b>Large C&amp;I customers</b>	<ul style="list-style-type: none"> <li>Businesses that use a lot of gas will likely see larger increases in operating costs, because they lose the benefit of cheaper bulk-use rates</li> <li>Impacts depend on how gas-intensive their operations are, noting many businesses cannot electrify</li> </ul>
<b>AGN</b>	<ul style="list-style-type: none"> <li>Sharper customer price impacts may create higher levels of concern or dissatisfaction in the short term.</li> </ul>

## C: Additional customer responses on depreciation (testing understanding)

After AGN's presentation on depreciation and the explanation of the two Additional Depreciation scenarios (Scenario 1 and Scenario 2) ([see pages 15-17](#)), participants were asked to answer three questions for each scenario. These questions assessed their understanding of the key features and potential impacts of each scenario.

Overall, customer comprehension was high across both additional depreciation scenarios.

- Depreciation Scenario 2 achieved an average of 95% correct responses on key statements, while Depreciation Scenario 1 averaged 87% correct.
- The least well-understood element was the impact on future customers under (77%).

Figure 12: Comprehension Depreciation Scenario #1

The impact of this scenario on future customers who stay connected is that they may pay more because more cost is left for them to pay

Under this scenario, customers today would pay the same amount now, with more costs left for future years.

Additional depreciation is not used in this scenario. This means more of the network's unpaid cost stays in the future

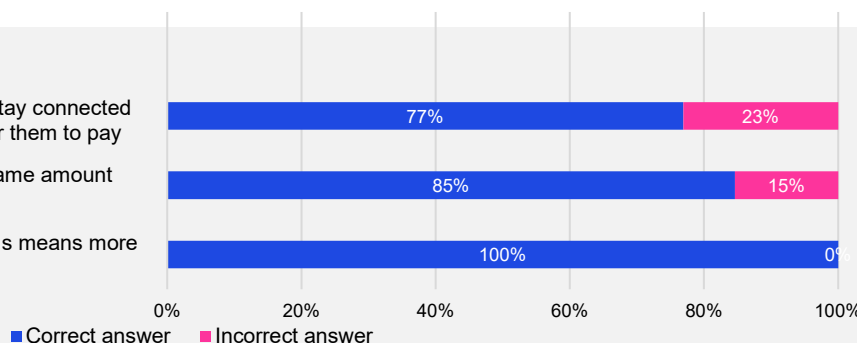
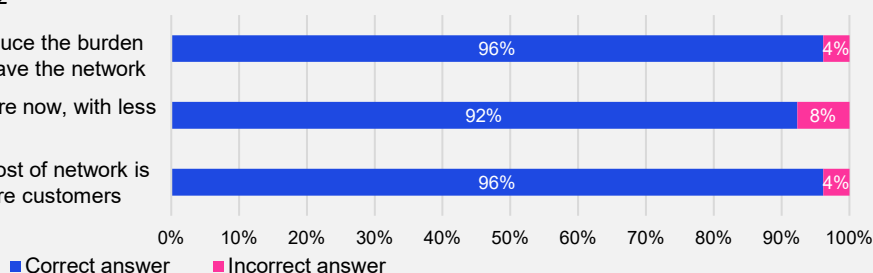


Figure 13: Comprehension Depreciation Scenario #2

The main reason for additional depreciation is to reduce the burden on future customers if many of today's customers leave the network

Under this scenario, customers today would pay more now, with less costs left for future years

Additional depreciation in this scenario means the cost of network is paid off faster, reducing the unpaid share left to future customers



Workshop participants were then asked to respond to three questions for each scenario, self-rating their understanding of depreciation. They did this by indicating their agreement with three statements on a five-point Likert scale (One = strongly disagree to Five = strongly agree).

- Depreciation Scenario 1 is well understood, but the depth of confidence is moderate, with respondents leaning toward somewhat agree rather than strongly agree.
- Depreciation Scenario 2 generates a higher confidence across all three statements, especially for the ability to explain and the perceived rationale.

Figure 14: Self-Rated Comprehension Depreciation

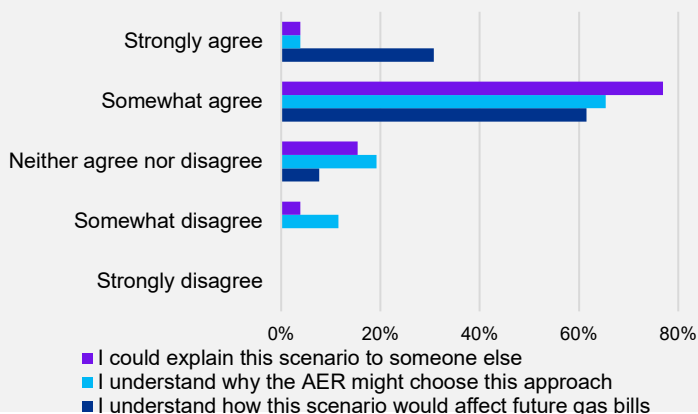
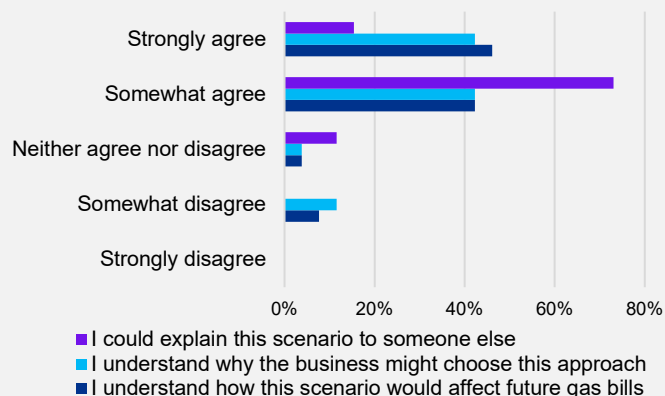


Figure 15: Self-Rated Comprehension Depreciation Scenario 2



## D: Additional customer responses on tariffs (testing understanding)

Following a presentation on tariffs and two related scenarios (see pages 19-21), participants were asked to answer three questions for each scenario. These questions assessed their understanding of the key features and potential impacts of each scenario.

- Tariff Scenario 1 averaged 88% correct across key statements, while Tariff Scenario 2 averaged 91% correct, indicating slightly stronger understanding of faster, flatter tariff changes.
- The least well-understood element was Tariff Scenario 1's structural nuance "usage charges become slightly flatter while declining blocks remain" with 73% answering correctly.
- In Tariff Scenario 2, comprehension of "declining blocks are largely removed" was 85% correct, indicating some uncertainty.

Figure 16: Comprehension Tariff Scenario #1

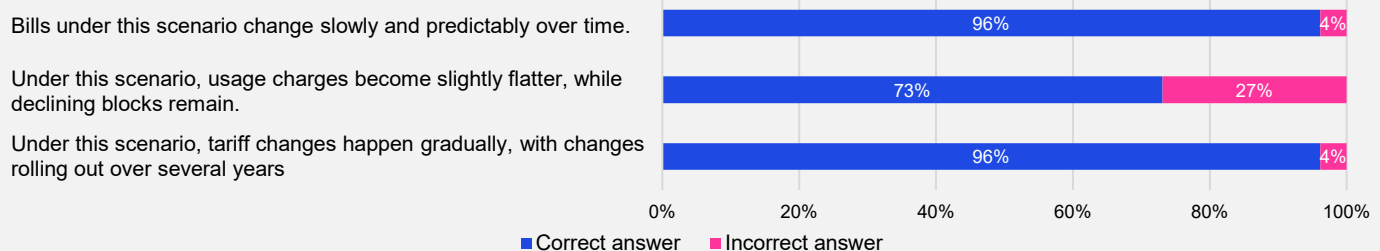
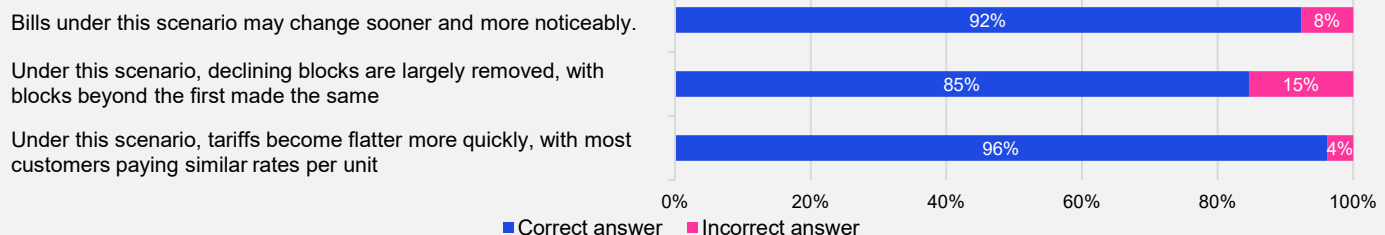


Figure 17: Comprehension Tariff Scenario #2



Workshop participants were then asked to respond to three questions for each scenario, self-rating their understanding of tariffs. They did this by indicating their agreement with three statements on a five-point Likert scale (One = strongly disagree to Five = strongly agree).

- Tariff Scenario 1 is well understood, but confidence is moderate, with most participants selecting somewhat agree across the three statements.
- Tariff Scenario 2 shows higher confidence overall, particularly for the ability to explain the scenario and understanding the rationale for a rapid transition.

Figure 18: Self-Rated Comprehension Tariffs

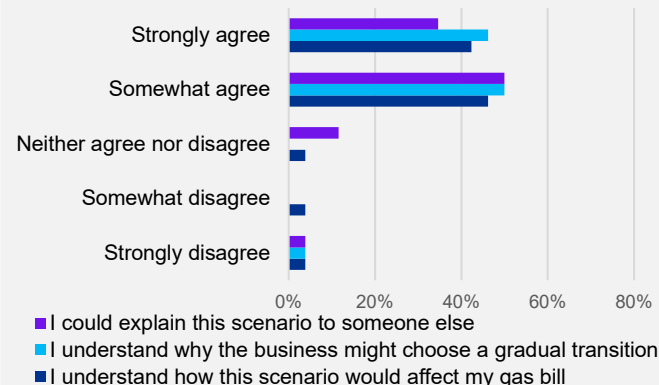
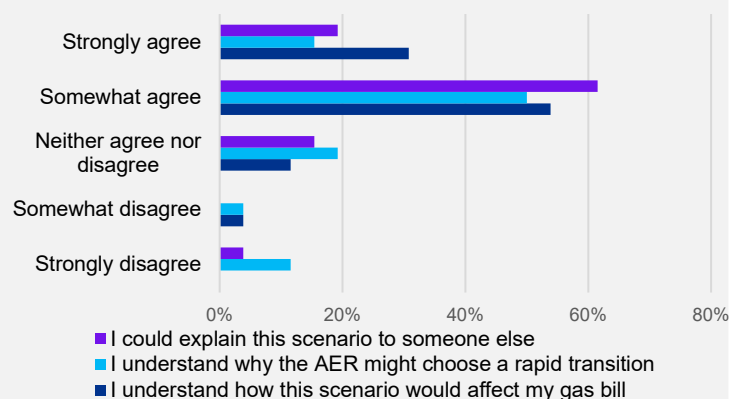


Figure 19: Self-Rated Comprehension Tariff Scenario 2





## E: Phase Four workshop delivery

**The Phase Four Workshop was designed to address two key topics: Additional Depreciation (AD) and Network Tariffs, building on customers' prior understanding and engagement on these topics in earlier phases. The workshop aimed to deepen understanding and explore customers' perceptions of fairness for different scenarios under consideration by AGN.**

Prior to the workshop, participants received pre-reading materials designed to refresh their understanding of AD and tariff topics, which had been introduced and discussed during earlier engagement phases. During the workshop, participants were provided with a summary overview of relevant AGN context and background, before providing detailed information on AD and tariffs. For each of the two primary topics, participants completed a short set of survey questions – first, questions assessing their understanding of the topic; and then seeking their perception of fairness for the different scenarios presented.

Throughout the session, participants were actively encouraged to ask questions, seek clarification, and provide feedback. This approach was intended to foster an open, collaborative environment and ensure meaningful engagement.

### Welcome, Introductions and Refresh of Past Phases

- *Pre-reading:* participants received pre-reading materials covering AGN's Final Plan, the AER's Draft Decision, AD and tariffs.
- Customers were welcomed back and reintroduced to the facilitators, AGN staff, and third-party observers attending the sessions.
- AGN provided a summary of Phases One through Three and emphasised the purpose of the Phase Four Workshop. The facilitator outlined the workshop agenda.
- KPMG and AGN delivered a brief refresher on the information shared during previous phases, as well as key learnings from AGN's ongoing engagement journey.
- AGN provided engagement guidelines for the online workshop.

### Ice Breaker Activity

- To open the workshop, AGN undertook an engaging icebreaker activity. Participants completed a short multiple-choice poll designed around three core concepts included in the pre-reading pack: the role of the AER, the definition of Additional Depreciation, and the meaning of Regulated Asset Base.
- Customers used an interactive poll and the Microsoft Teams chat function to respond to the questions, testing their knowledge of the three concepts.
- The light warm-up exercise helped participants settle into the session, with the activity highlighting that understanding the pre-reading material would be essential for meaningful engagement.

### Understanding of the AER Draft Decision

- AGN restated the purpose of the Phase Four Customer Workshop and discussed the AER's recent draft decision, providing the rationale for the Phase Four Workshop and its core focus on AD and Tariffs.

## E: Phase Four workshop delivery (cont.)

### Understand Depreciation

- An AGN representative and depreciation subject matter experts provided an overview of depreciation and its role within AGN.
- The subject matter expert presented four illustrative examples demonstrating how depreciation is applied and how various models could impact customers, supported by simple and illustrative numbers.
- Following the presentation, a facilitated discussion was held among participants, allowing the subject matter experts to address questions.

### Explore & Expand Depreciation

- This section delved deeper into the concept of depreciation by presenting two depreciation scenarios.
- Depreciation Scenario One was presented, allowing participants to ask clarifying questions before responding to targeted survey questions designed to assess their understanding and comprehension. This process was then repeated for Depreciation Scenario Two ([see Appendix A for the depreciation scenarios](#)).
- AGN then explained that they wanted customers to think about the scenarios in the context of 'fairness', including how the impacts of each scenario are shared across different groups. Customers were directed to the fairness section of the questionnaire to enable them to rate their perceptions of fairness for each of the depreciation scenarios ([see pages 15-17](#)). Facilitated discussion followed to explore customers perspectives and the range of viewpoints.

### Understand Tariffs

- An AGN representative and tariff expert delivered a clear overview of tariffs, explaining their structure and how they function.
- The subject matter expert introduced two core tariff concepts; declining block and flatter tariffs, highlighting how each impacts user groups differently. They then outlined AGN's Final Plan approach, the AER's Draft Decision, and the context surrounding the Draft Decision.
- Participants engaged in a facilitated discussion, with the subject matter expert addressing questions and providing further clarification.

### Explore & Expand Tariffs

- AGN explored tariffs further by presenting two real-life tariff scenarios for participants to consider and share their views.
- The session began with Depreciation Scenario One, providing participants the opportunity to ask clarifying questions. AGN then assessed participants' understanding and key takeaways through targeted questions. Following this, the group moved to Depreciation Scenario Two and repeated the same process ([see Appendix B for the tariff scenarios](#)).
- AGN then proceeded to give an overview of what they mean by 'fairness', explaining that they wanted customers to think about how the impacts of each scenario are shared across different groups. Customers were directed to the fairness section of the questionnaire to enable them to rate their perceptions of fairness for each of the tariff scenarios ([see pages 19-21](#)). Facilitated discussion followed to explore customers perspectives and the range of viewpoints.



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