Attachment G: Response to revisions required by the Australian Energy Regulator

Revised access arrangement information

ACT and Queanbeyan-Palerang gas network access arrangement 2026–31

Submission to the Australian Energy Regulator

January 2026

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1. Evoenergy's response to the Australian Energy Regulator's required revisions

Evoenergy's responses to the Australian Energy Regulator's (AER) required revisions are set out in Table 1.

Table 1 Response to revisions required in the AER's draft decision

AER revision reference	Amendment required	Evoenergy response	2026–31 revised proposal and AA reference
Revision 1.1	Make all necessary amendments to reflect this draft decision on the roll forward of the capital base for the 2021–26 access arrangement period, and to reflect this draft decision on the projected capital base for the 2026–31 access arrangement period.	Mechanical changes to relevant models have been made, as appropriate. Estimated capex has been replaced with actual capex for 2024–25. Estimated capex for 2025–26 has been updated. Our forecast capex has also been updated (refer to revision 2.2).	Attachment 3: Depreciation; Attachment 6: Revenue requirement and bill impacts; Appendix 6.1: PTRM-Step 1-January 2026; Appendix 6.3: RFM-January 2026.
Revision 1.2	Make all necessary amendments to reflect this draft decision on the depreciation approach for establishing the opening capital base at the commencement of the 2031–36 access arrangement period.	Clause 5.1 of Evoenergy's access arrangement 2026–31 has been amended as required.	Attachment C: Access arrangement 2026–31 (Clause 5.1).
Revision 1.3	Make all necessary amendments to reflect this draft decision on the regulatory depreciation amounts for the 2026–31 access arrangement period.	Under the ACT's legislated net zero targets and its commitment to commence phased decommissioning of the gas network during the 2035–40 period, coupled with evidence that it will not be economically viable to continue to operate the network for a small number of customers, we maintain there is adequate evidence the gas	Attachment 3: Depreciation; Appendix 6.1 PTRM model-Step 1-January 2026.

AER revision reference	Amendment required	Evoenergy response	2026–31 revised proposal and AA reference
		network will be decommissioned and/or uneconomic by 2045 or earlier. Taking more action on depreciation now is in the best long-term interest of our gas consumers and achieves the community's priority for a fair and equitable energy transition. Nevertheless, reflecting the AER draft decision we have reduced our accelerated depreciation amount.	
Revision 1.4	Make all necessary amendments to reflect this draft decision on the cost of corporate income tax amounts for the 2026–31 access arrangement period.	AER's amendments to corporate income tax incorporated into PTRM.	Attachment 6: Revenue requirement and bill impacts; Appendix 6.1: PTRM model Step 1-January 2026; Appendix 6.44: Depreciation tracking module-January 2026.
Revision 2.1	Make all necessary amendments to reflect our draft decision on the proposed capex forecast for the 2026–31 access arrangement period, as set out in section 2.5.2.3.	Our revised capex forecast: • amends our approach to network overheads by adopting a 50:50 fixed-variable ratio to these costs, and • reduces the forecast number of network connections in NSW to reflect the AEMC's final decision and the feedback received from our NSW customers.	Attachment 4: Capital expenditure; Appendix 4.1: Capex model-January 2026; Appendix 4.2: Capex input model-January 2026; Appendix 4.6: New connections capex forecast model-January 2026.
Revision 3.1	Make all necessary amendments to reflect our draft decision on the proposed opex	Evoenergy's revised proposal includes:	Attachment 5: Operating expenditure; Appendix 5.1:

AER revision reference	Amendment required	Evoenergy response	2026–31 revised proposal and AA reference
	forecast for the 2026–31 access arrangement period, as set out in section 3.	• jurisdictional taxes and levies as category-specific costs consistent with historic treatment and the inappropriateness of Evoenergy, and customers, bearing the risk associated with changes to ACT Government taxation, particularly given the materiality of these costs for Evoenergy relative to other distributors, • safety control program step change to ensure safety outcomes for temporarily disconnected customers which is integral to our prudent and efficient targeted approach to manage disconnections, and • trends that reflect our need to maintain and operate the entire network over 2026–31 despite forecast customer disconnections.	Opex model-January 2026; Attachment C: Access arrangement 2026–31 (clause 3.1–3.2).
Revision 4.1	Make all necessary amendments to its VI and VB tariffs to reflect the AER's placeholder demand forecasts set out in this Attachment 4.	We have updated our customer-research based demand forecast (prepared by CIE) for additional data and to address valid methodological concerns raised by the AER. We disagree with many of the AER's criticisms of the CIE's customer-research based forecasting method and have material concerns with Frontier Economics' forecast derived primarily from linear extrapolations of historical trends. However in the context of our unique circumstances of an unprecedented energy transition with demand	Attachment 2: Demand.

AER revision reference	Amendment required	Evoenergy response	2026–31 revised proposal and AA reference
		forecasting uncertainty, we have revised our demand forecast approach to take an average of the CIE's updated demand forecast, and the AER's alternative forecast for volume tariff customers. Evoenergy's VI and VB tariffs have been updated accordingly.	
Revision 5.1	Flatten the gas transportation tariff structure for year 1 of the 2026−31 period for volume customer tariffs.	Evoenergy maintains that its proposed 2026–31 tariff structures reflect our community's views that tariffs should achieve both emissions reductions objectives while decreasing bills for smaller customers. However, Evoenergy's revised tariff structures reflect the AER's draft decision.	Attachment 7: Transportation (including metering) reference tariffs; Attachment C: Access arrangement 2026–31 (Schedule 3, clause 4).
Revision 5.2	Establish a standardised cost reflective reference tariff for complex permanent disconnections.	Evoenergy maintains it is inefficient, not practicable and inconsistent with the AEMC's draft determination to establish a standardised charge for a non-standard complex disconnection service as there is significant variability in the scope and cost of works for these services.	Attachment 8: Ancillary activities reference service and tariffs; Attachment F: RSA 2026–31 (clause 16.5 sets out provisions relating to requests for complex permanent disconnections).
Revision 5.3	Reduce the temporary disconnection reference tariff to exclude the safety control program costs and to align with benchmarked levels.	Temporary disconnection reference tariff excludes safety control program costs.	Attachment 8: Ancillary activities reference service and tariffs; Attachment C: Access arrangement 2026–31 (schedule 3, clause 5.1).

AER revision reference	Amendment required	Evoenergy response	2026–31 revised proposal and AA reference
Revision 5.4	Justify why the wasted visit tariffs should be established, including with evidence on the number of wasted visits and what controls Evoenergy has to ensure that wasted visits are kept to a minimum.	Wasted visits are unavoidable and should be a separate charge to promote economic efficiency. Cost reflective wasted visit charges apply to temporary disconnection, reconnection and special meter read services and have been removed from basic and basic (urgent) permanent disconnection services given the low volumes expected. These costs will instead by recovered through the charges for those services.	Attachment 8: Ancillary activities reference service and tariffs; Attachment C: Access arrangement 2026–31 (schedule 3, clause 5.1).
Revision 5.5	Implement a hybrid approach for its tariff variation mechanism for transportation service.	Evoenergy maintains that a revenue cap TVM best reflects our jurisdictional-specific circumstances and community's clearly stated priority that customers pay no more, or less than the efficient costs of providing a safe and reliable gas service within the context of an unprecedented energy transition with demand forecasting uncertainty. However, as required by the AER in its draft decision, we included a hybrid TVM with a 2 per cent revenue constraint and 50:50 sharing ratio.	Attachment 7: Transportation (including metering) reference tariffs; Attachment C: Access arrangement 2026–31 (clause 8 and schedule 4).
Revision 5.6	Exclude government taxes, levies, and other licence fees from the transportation (including metering) reference service tariff variation mechanism (to be included in opex).	Government taxes, levies and other licence fees are included as category-specific costs in the opex forecast to be trued up via the tariff variation mechanism, consistent with historic treatment. It is not appropriate to incentivise a business to reduce its legislated obligation to pay jurisdictional charges and taxes, particularly	Attachment 5: Operating expenditure; Attachment 7: Transportation (including metering) reference tariffs; Attachment C: Access arrangement 2026–31

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		given the materiality of these costs for Evoenergy relative to other distributors.	(clause 8.16–8.17 and schedule 4).
Revision 5.7	Amend the tariff variation mechanism for ancillary activities reference services to limit the annual adjustment of charges by CPI only.	Ancillary activities TVM has been amended to limit the annual adjustment of charges by CPI.	Attachment 8: Ancillary activities reference service and tariffs; Attachment C: Access arrangement 2026–31 (clause 8.5–8.6 and schedule 5).
Revision 5.8	Amend Schedule 1 – Definitions of the access arrangement to reflect the definitions of the following pass through events as specified in Table 5.6. • Regulatory Change Event • Service Standard Event • Insurance Coverage Event • Insurer Credit Risk Event • Terrorism Event • Natural Disaster Eve	Required amendments to pass through event definitions have been made.	Attachment C: Access arrangement 2026–31 (schedule 1).
Revision 6.1	Make revisions necessary to update CPI, real vanilla WACC, reported performance inputs, and reported capex inputs in the calculation of the CESS revenue increment, in line with our draft decision.	Required amendments have been made to relevant models. The CPI figure for 2020–21 which in the AER's draft decision capex model shows 1.84%, was updated to 0.86% as per discussion with the AER.	Attachment 6: Revenue requirement and bill impacts; Appendix 6.1 PTRM model Step 1-January 2026; Appendix 6.5: CESS model-January 2026; Appendix 4.2: Capex input model-January 2026.

AER revision reference	Amendment required	Evoenergy response	2026–31 revised proposal and AA reference
Revision 6.2	Reincorporate the CESS mechanism into the access arrangement, making adjustments so that Evoenergy will forgo any rewards but maintains the penalty provisions for any overspends.	We maintain that the ACT Government's commitment to commence phased decommissioning of the gas network during the 2035–40 period[1] provides sufficient incentive for Evoenergy to minimise its capex and a CESS is not appropriate. Further the asymmetric CESS put forward by the AER provides perverse incentives and is inconsistent with the regulatory framework. However revised symmetric CESS provisions are provided.	Appendix 4.7: CESS provisions for access arrangement-January 2026.
Revision 6.3	Update API targets for the 2026–31 period	We maintain that the ACT Government's commitment to commence phased decommissioning of the gas network during the 20235–40 period[2] provides sufficient incentive for Evoenergy to minimise its capex and a CESS is not appropriate. Further the asymmetric CESS put forward by the AER provides perverse incentives and is inconsistent with the regulatory framework. However updated API targets are provided.	Appendix 4.3: API targets for CESS-January 2026; Appendix 4.7: CESS provisions for access arrangement-January 2026
Revision 7.1	Amend clause 3.1 to read: The incentive mechanism specified in this clause 3 will apply to Transportation Reference Services operating expenditure incurred in the 2026 Access Arrangement Period and will operate in the following way:	Required amendments have been made.	Attachment C: Access arrangement 2026–31 (clause 3.1).

[1] ACT Government (2024). The Integrated Energy Plan: Our pathway to electrification, June, pp. 16–18.

[2] ACT Government (2024). The Integrated Energy Plan: Our pathway to electrification, June, pp. 16–18.

AER revision reference	Amendment required	Evoenergy response	2026–31 revised proposal and AA reference
Revision 7.2	Amend clause 3.2 to: • remove all references to 2024–25 and instead refer to 2023–24; and • remove the definition of non-recurrent efficiency gains.	Required amendments have been made.	Attachment C: Access arrangement 2026–31 (clause 3.2).
Revision 7.3	Amend clause 3.7(a) to read: (a) the following costs will be excluded: (i) any cost category not forecast using a single year revealed cost approach in the 2031 Access Arrangement Period; and (ii) any cost that the AER determines to exclude from the operation of the efficiency carryover mechanism in the relevant period, which would not promote the National Gas Objective; and (iii) any movements in provisions included in reported actual operating expenditure	Amendments to the clause have been made to clarify exclusions to the calculation of the ECM formulae. These amendments do not accept the AER's draft decision to allow it to unilaterally exclude costs at any time, without the agreement of Evoenergy as we consider this to be contrary to incentive based regulatory framework. See Attachment 5: Operating expenditure.	Attachment 5: Operating expenditure; Attachment C: Access arrangement 2026–31 (clause 3.7(a)).
Revision 7.4	Amend clause 3.7(b) to read: (b) the forecast operating expenditure amounts that are used as the basis for measuring efficiencies are equal to the approved forecast operating expenditure in the most recent Evoenergy Post Tax Revenue Model published by the AER from time to time (plus any other operating expenditure approved by the AER, such as any Determined Pass Through Amounts), subject to the exclusions set out in this clause 3.7(a).	Evoenergy's amendments to this clause are aligned to the AER's draft decision. However Evoenergy's drafting makes clear that the opex forecasts to which the ECM applies are the opex forecasts approved by the AER in its final decision and amended from time to time in accordance with the NGL, NGR or the access arrangement.	Attachment 5: Operating expenditure; Attachment C: Access arrangement 2026–31 (clause 3.7(b)).

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Revision 7.5	Insert a new clause 3.7(c) to read: (c) where Evoenergy changes its approach to classifying costs as either capital expenditure or operating expenditure during the Access Arrangement Period, when reporting such costs for the purposes of the efficiency carryover mechanism Evoenergy must classify the actual operating expenditure in the same manner as the accounting treatment of expenditure as at the date of the AER Final Decision.	Evoenergy's amendments to this clause are aligned to the AER's draft decision.	Attachment C: Access arrangement 2026–31 (clause 3.7(c)).
Revision 7.6	Delete clause 3.8.	Required amendments have been made.	Attachment C: Access arrangement 2026–31.
Revision 7.7	Make revisions necessary to update the carryovers from the application of the efficiency carryover mechanism in the 2021–26 Access Arrangement period, in line with our draft decision.	Required amendments have been made. Estimated operating expenditure has been replaced with actual operating expenditure for 2024-25.	Attachment 6: Revenue requirement and bill impacts; Appendix 6.6: ECM model -January 2026.

Glossary

Term or acronym	Definition
AA	Evoenergy's access arrangement
ACT	Australian Capital Territory
ACTG	ACT Government
AEMC	Australian Energy Market Commission
AER	Australian Energy Regulator
CAB	Capital asset base
Capex	Capital expenditure
CESS	Capital Expenditure Sharing Scheme
CIE	Centre for International Economics
CPI	Consumer price index
ECM	Efficiency carryover mechanism
EIL	Energy Industry Levy
GJ	Gigajoule – unit of measurement of energy consumption
NGL	National Gas Law
NGO	National Gas Objective
NGR	National Gas Rules
NSW	New South Wales
Opex	Operating expenditure
Permanent disconnection	The permanent disconnection of a gas connection at the premises. A permanent disconnection involves the removal of the gas meter and the physical disconnection of any pipeline to the property. This is considered the safest option as it removes all risks associated with having a pressurised gas pipe, including the risk of gas leaks and excavation strikes.
PTRM	Post Tax Revenue Model (AER model) used to calculate Evoenergy's revenue forecast
RSA	Reference Service Agreement
Temporary disconnection	A disconnection is a temporary closure of a gas connection on a premises. It involves disabling the meter equipment by introducing a plug, wad, meter lock or blanking device to the inlet of the meter, preventing gas flow through the meter. A temporary disconnection does not disconnect the pipeline to the premises, meaning the gas pipeline is still active and pressurised. A temporary disconnection can be reversed.
The Rules or Rules	National Gas Rules
TVM	Tariff Variation Mechanism

Term or acronym	Definition
UNFT	Utilities (Network Facilities) Tax
VB	Volume Boundary tariff
VI	Volume Individual tariff