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## **CCP33 Advice to AER**

# **CCP33 Advice to the Australian Energy Regulator**

**AER Draft Decision (November 2025) and Evoenergy Revised Access**

**Arrangement Proposal (December 2025)**

**2026-31**

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### **Consumer Challenge Panel (CCP) Sub-Panel CCP33**

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**13 February 2026**

### **Acknowledgement of Country**

We acknowledge the Traditional Custodians of the various lands on which Evoenergy owns and operates its networks and facilities. We honour the customs and traditions and special relationship of those Traditional Custodians with the land as well as those where this report is being prepared. We respect the elders of these nations, past and present.

### **Confidentiality**

To the best of our knowledge, this report does not present any confidential information.

### **Acknowledgement of support**

CCP33 wishes to acknowledge the support of Evoenergy and AER staff who have generously provided information and insights to assist us in our review of the AER's draft decision and Evoenergy's revised access arrangement proposal.

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## 1 Summary

### 1.1 About this advice

This CCP33 Advice responds to the AER's *Draft decision Evoenergy (ACT) access arrangement 2026 to 2031* (1 July 2026 to 30 June 2031) (draft decision) published on 28 November 2025 and *Evoenergy's Revised five-year gas plan 2026–31* (revised plan), which it lodged with the AER in January 2026 in response to the AER's draft decision.

In preparing this advice we have also considered the issues we raised in our response to *Evoenergy's five-year gas plan 2026–31* (plan), which it lodged with the AER in June 2025, and Evoenergy's engagement since that time with its broader customer group as well as its Energy Consumer Reference Council (ECRC).

### 1.2 Conclusions and recommendations

#### 1.2.1 Engagement

Evoenergy's post-lodgement engagement with customers and stakeholders was constructive and targeted, particularly given the short time between the AER releasing its draft decision and Evoenergy submitting its revised plan.

We commend Evoenergy for establishing its NSW community forum in response to concerns that NSW customers were underrepresented in Evoenergy's main community forum, especially as the future of gas and support for customers to electrify is not the same in NSW and the ACT. Evoenergy's post-lodgement engagement centred on tariff variation mechanisms (TVMs), accelerated depreciation and gas demand forecasts, reflecting both the AER's draft decision and feedback received through submissions.

However, we note several limitations:

- The extent to which the views of customers experiencing vulnerabilities were represented remains a concern
- In relation to accelerated depreciation, scenario testing focused only on Evoenergy's revised plan compared with the AER's draft decision
- No independent validation of customer preferences outside the community forums

Overall, Evoenergy's post-lodgement engagement met AER expectations, but it still had some notable limitations.

#### 1.2.2 CCP33's advice on substantive issues

##### Tariff variation mechanism

- We note that customers appeared to have greater support for the AER's draft decision broad hybrid option than Evoenergy's proposed narrow TVM among the four options presented to customers in the combined community forum. We now question why Evoenergy presented customers with a 50/50 option, given it was unlikely to be accepted within the regulatory framework.
- We encourage the AER to consider consumer preferences in its decision, but whichever TVM the AER decides, CCP33 encourages the AER to clearly explain the short- and long-term benefits of its final decision to consumers, supported by evidence where possible.

### Accelerated depreciation

- Across Evoenergy’s community forums, customers were surprised that the AER’s draft decision on the economic life of pipeline assets appeared inconsistent with ACT legislation, and CCP33 shares this concern. If the AER maintains this position in its final decision, CCP33 recommends it provide a clearer and more detailed explanation so customers and other stakeholders can understand its reasoning.
- CCP33 considers that customers support some accelerated depreciation to reduce longer-term price impacts, but it is unclear why a 4% or 8% guardrail is appropriate. CCP33 therefore advises the AER to clearly justify its chosen approach with evidence and explain it so customers can understand.

### Demand forecasts

- CCP33 acknowledges the significant uncertainty around the pace of electrification in the ACT and the challenge this poses for demand forecasting.
- We agree with Evoenergy that relying on historical trends alone is inadequate, and we support Evoenergy’s blended demand forecasting approach because it reflects customer behaviour and intentions and helps manage risk by combining two forecasting methods.

### Charging for new connections

- While we acknowledge Evoenergy’s position, given the importance of demand forecasts to revenue recovery a more targeted and robust approach to forecasting new NSW gas connections may be warranted, such as assessing developer and customer intentions and preferences. CCP33 therefore encourages the AER to consider this concern in its final decision
- We leave it to the AER to determine whether Evoenergy’s proposed \$2,200 upfront connection charge is prudent and efficient.

### Safety control program opex step change

- CCP33 supports a customer education program focused on temporary gas abolishments.
- Given the AEMC’s proposal likely imposes some obligations on retailers to provide customers with information about different disconnection services, Evoenergy customers should not bear sole responsibility for funding a customer education program on safety issues related to temporary gas abolishments. Instead, a cost-effective, coordinated program involving both retailers and Evoenergy would be in customers’ best interests.
- We leave it to the AER to assess:
  - whether the proposed program meets the step change criteria
  - the prudence and efficiency of the proposed expenditure.

## 2 Context for Evoenergy’s access arrangement proposal for 2026-31

CCP33 recognises this access arrangement like previous access arrangements in other jurisdictions remains difficult for all parties. Evoenergy is developing its AA proposal at the same time the ACT government is implementing plans to electrify the ACT and phase out reticulated gas by 2045, while the NSW government does not yet have such plans. The ACT’s unique position results in challenges in preparing the AA proposal. No other gas distribution network in Australia is preparing a regulatory proposal knowing that the life of the network is expected to end at a relatively short and known point in time.

In the ACT new gas connections have been banned since March 2024, whereas in NSW Evoenergy is obliged to connect customers in its service area in Queanbeyan and surrounds. On 11 December 2025 the Australian Energy Market Commission (AEMC) made its final determination on a rule change proposal that will see connecting customers pay the full connection costs up-front and Evoenergy will not be able to recover them through the RAB.<sup>1</sup> The rule change commences on 1 October 2026, three months after the AER makes its final decision on Evoenergy’s access arrangements for 2026–31. This will impact Evoenergy’s NSW customers who can still choose to connect to gas, but the upfront cost may also sway some customers to electrify earlier than they may otherwise have planned, adding to the uncertainty of demand forecasts.

Regardless of jurisdictional differences and AEMC rule changes, energy consumers throughout Australia are increasingly electrifying their homes and businesses, which will see a reduction in the number of customers connected to gas. In response, most gas network businesses are seeking to recover the cost of their assets sooner through accelerated depreciation of their regulated asset base to mitigate against the risk of asset stranding while sufficient numbers of customers remain on their networks and at the same time maintain the safety and reliability of their gas networks until the last customer disconnects. The risk of asset stranding raises fairness and equity issues between consumers and network operators as well as fairness between customers who choose to electrify sooner and customers who cannot readily electrify because of the cost or other reasons.

These factors and others mean that network operators and are preparing their access arrangement proposals with considerable uncertainty, and likewise the AER must exercise considerable judgement in its decision-making.

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<sup>1</sup> AEMC, *AEMC makes changes to gas connection charges to support transition to net zero*, 11 December 2025, <https://www.aemc.gov.au/news-centre/media-releases/aemc-makes-changes-gas-connection-charges-support-transition-net-zero>, viewed on 27 January 2025

### 3 Evoenergy's engagement

#### 3.1 Pre-lodgement engagement

Our CCP33 August 2025 advice to the AER includes a detailed assessment of Evoenergy's pre-lodgement engagement with customers and stakeholders.<sup>2</sup> Key features of that assessment are summarised below:

- Commencing engagement well in advance of publishing a draft plan, allowing sufficient time to ensure customers and stakeholders were well informed to engage on the subject matter
- Engaging broadly with customers through independently facilitated phased customer workshops
- Engaging deeply over a series of deep dives on more technical aspects of the proposal with the ERAP
- Publishing and engaging on a draft plan to inform the AA proposal

We were also concerned about Evoenergy's limited engagement with NSW customers. NSW customers are not under the same jurisdictional arrangements as ACT customers; the future of gas in NSW is not the same as for ACT customers and NSW customers may have different perspectives. Accordingly, we encouraged Evoenergy to undertake further dedicated engagement focusing on NSW customers to better understand the issues and risks associated with managing the diverse needs of NSW customers, particularly given the ECA rule change proposal for charging for new gas connections.

Finally, we noted we were not aware of any independent consumer report prepared either by the former ERAP or the current ECRC.

#### 3.2 AER's draft decision

Overall, the AER considered Evoenergy's engagement was genuine and generally aligned with expectations, particularly given the challenges facing a business in decline as it responds to the ACT's policy settings. The AER acknowledged Evoenergy had engaged with customers to help understand their values which centre on energy affordability and support for the energy transition. The AER also recognised, and the multiple engagement channels through which Evoenergy built its broad understanding of customer values.

However, the AER also suggested Evoenergy's engagement should provide greater context on long-term price impacts under different demand scenarios (noting the AER rejected Evoenergy's demand forecasts in its draft decision). In particular, the AER "question[ed] the way Evoenergy engaged and presented the suitability of a revenue cap with its customers."<sup>3</sup>

The AER also acknowledged CCP33's concerns about Evoenergy's engagement:

- Under-representation of some customer groups (in particular NSW customers and vulnerable customer)
- The extent to which customers genuinely understood TVMs, which had not been validated
- A need for deeper engagement on fairness in the context of accelerated depreciation

<sup>2</sup> CCP33, *CCP33 Advice to AER Evoenergy, Access Arrangement Proposal 2026-31, (Final Plan July 2025)*, August 2025

<sup>3</sup> AER, *Draft decision, Evoenergy (ACT) access arrangement 2026-31*, November 2025

### 3.3 Evoenergy's post-lodgement engagement

All parties acknowledge the short time frame between the AER publishing its draft decision on 28 November 2025 and the regulatory requirement for Evoenergy to lodge its revised plan on 14 January 2026. We recognise the inherent difficulties engaging with customers in December in the lead up to the summer break. We also note the AER had scheduled an online public forum for 8 December 2025 but subsequently cancelled this session due to limited interest [availability] in attending.

Evoenergy's post-lodgement engagement included the following activities:<sup>4</sup>

- One online one-hour community forum, October 2025, (22 community forum customers attended)
- NSW-specific community forums, November 2025, two three-hour evening sessions combined face-to-face in Queanbeyan and online, independently facilitated by Communication Link (19 participants attended session 1)
- One combined community forum, December 2025, face-to-face in Canberra and online, 22 pre-lodgement community forum customers and 8 NSW customers who attended the Queanbeyan sessions, independently facilitated by Communication Link
- Ongoing engagement with the ECRC (three sessions from August to December 2025)
- Energy Matters Forum (large customers), December 2025
- One-on-one sessions with large customers and retailers

Evoenergy's first NSW community forum focused on presenting customers with some background information about Evoenergy, Evoenergy's future of gas narrative to inform an activity on depreciation methods. The second NSW forum built on the first session and included activities for customers to consider the fair sharing of networks costs and the impacts of short- and long-term demand uncertainty.

At the final community forum Evoenergy presented the group with an overview of the AER's draft decision, then sought feedback on the AER's draft decision on accelerated depreciation and Evoenergy's proposed responses on demand uncertainty and proposed hybrid TVMs.

Evoenergy's engagement with the ECRC on Evoenergy's access arrangement proposal fell within Evoenergy's broader agenda, and largely involved updating members on its proposal. Whilst the sessions we observed were predominantly about informing the ECRC of Evoenergy's proposal, the sessions were independently facilitated and participants could question Evoenergy.

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<sup>4</sup> At least one member of CCP33 observed all events apart from the one-one-one sessions.

### 3.4 Our assessment of Evoenergy’s engagement

#### 3.4.1 Community forums

##### 1. Participation

Evoenergy’s customer workshops have been well-attended, and the hybrid format allowing customers to attend in person or online has contributed to the strong attendance. We note that of the 35 members of the original community forum, 27 remained.<sup>5</sup> Aside from the loss of three NSW members, the retention rate since the group was established in May 2024 is impressive.

We commend Evoenergy for establishing the NSW community forum. This addresses CCP33’s earlier concerns about the under-representation of NSW customers in Evoenergy’s engagement.<sup>6</sup>

We also had concerns that Evoenergy’s pre-lodgement engagement underrepresented vulnerable customers and small business owners. According to Evoenergy, of the 27 forum members who remained, 36% had an income less than \$75,000 (unclear if this is individual or household income) and 7% were renters (2 participants). According to the 2021 Census 25% of Canberra region households are renters.<sup>7</sup> Unfortunately we have not been able to locate a current personal or household income benchmark to establish the representativeness of the sample with respect to income.

We appreciate 7% of community forum customers (two participants) were business owners and relative to Evoenergy’s customer profile, this group is represented given 2,962 of Evoenergy’s 153,500 customers are commercial operators (2%).<sup>8</sup>

Finally, we note Evoenergy issued an open invitation to all members of the original and NSW community forums to inform them of its revised proposal and formally close the engagement on its access arrangement proposal. Twenty-seven original forum members and eight NSW members attended the final session.

##### 2. Prereading and participant understanding of content

Evoenergy commenced engagement with the original community forum in May 2024. CCP33 observed the October 2025 session with the community forum. In our view Evoenergy’s presentation slides at the October 2025 session were clear and easy to understand. Although the focus of the session was to provide participants with an update on Evoenergy’s access arrangement plan and the AEMC review covering connections and disconnections, participants asked some well-informed questions about the implications of the AEMC’s rule change proposals, including implications for Evoenergy’s accelerated depreciation proposal.

In relation to the newly established NSW community forum, CCP33 observed both sessions in person and online. We consider Evoenergy presented this group with clear and easy to follow information to inform the activities. For example, background information described the implications of the energy transition for different customer groups, such as residents, small businesses and commercial and industrial customers and indicative costs to electrify different appliances. Importantly,

<sup>5</sup> Evoenergy, Attachment 1: Revised plan engagement report, Revised access arrangement information ACT and Queanbeyan-Palerang gas network access arrangement 2026–31, January 2026, p.9

<sup>6</sup> CCP33, CCP33 Advice to AER Evoenergy - Access Arrangement Proposal 2026-31, August 2025

<sup>7</sup> .idcommunity, Canberra Region Joint Organisation area community profile, <https://profile.id.com.au/crjo/tenure>

<sup>8</sup> Evoenergy, *Evoenergy’s five-year gas plan 2026–31: overview, Access arrangement information ACT and Queanbeyan-Palerang gas network access arrangement 2026–31*, June 2025, p.11

customers were also presented with information that considered the future of Evoenergy, the jurisdictional differences between the ACT and NSW and implications for customers in both locations.

In summary, we are comfortable that the original community forum customers had developed a sound appreciation of the issues they engaged on, and many members demonstrated confidence to ask Evoenergy challenging questions. We also have reasonable confidence that NSW participants, despite the limited time to engage developed a reasonable understanding of the issues.

However, although the intent for the first session, according to Communication Link was to “involve and empower” customers,<sup>9</sup> and for the second session “involve and collaborate”,<sup>10</sup> given the short time and focus of the topics we consider the “informing and consulting” to be more accurate descriptors of the sessions with respect to the IAP2 Public Participation Spectrum.

Also, as discussed below and on the following pages, both in relation to accelerated depreciation and tariffs, the scope of engagement on each topic was narrow and focuses on Evoenergy garnering customer support for its preferred options in each case.

### 3. Accelerated depreciation

Prior to submitting the revised plan, Evoenergy engaged with the NSW community forum, the combined community forum and the ECRC on accelerated depreciation and the associated price path.

The two NSW community forum sessions were held before the AER published its draft decision. For most participants, this was the first time they had been exposed to the bill implications arising from closure of the gas network. For some it was also their introduction into Evoenergy’s role as their gas distributor and the AER’s role in setting Evoenergy’s regulated revenue allowance.

With reference to the NSW community forum, we noted with interest participants’ engagement on the more technical information associated with Evoenergy’s accelerated depreciation proposal. Participants saw the information for the first time over a 40-minute presentation (approximately).

We commend participants for their engagement on this content, which in the short time available resulted in a number of insightful questions back to Evoenergy. In the second NSW session, Evoenergy responded to participants’ questions. Evoenergy then summarised the accelerated depreciation information from the first session at the beginning of the second community forum and presented participants customers with Evoenergy’s preferred option.

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<sup>9</sup> Evoenergy, *Appendix 1.1: Communication Link report of feedback from community and community forum sessions Revised 2026–31 access arrangement information ACT and Queanbeyan-Palerang gas network access arrangement 2026–31*, Submission to the Australian Energy Regulator, January 2026, p.18

<sup>10</sup> *Ibid*, p.22

Participants were asked:

*“Have we got the balance right between customer prices now and in the future and for different types of customers?”*

Participants discussed their views on this question, but the overarching theme centred on affordability. In the final combined community forum session, Evoenergy presented an overview of the AER’s draft decision on accelerated depreciation and its preferred approach.

We return to our specific views on Evoenergy’s accelerated depreciation proposal in Section 4.

#### **4. Tariff variation mechanism**

In the limited time between the draft decision and lodging its revised plan Evoenergy explored customer responses to a hybrid TVM with its NSW community forum. Subsequently, Evoenergy consulted with the combined community forum and the ECRC on options for a hybrid TVM under different demand scenarios. We commend Evoenergy for engaging on this topic under challenging time constraints.

We return to our specific views on Evoenergy’s TVM proposal in Section 4.

##### **3.4.2 ECRC and other engagement**

As previously noted, Evoenergy has continued to engage with the ECRC and other stakeholder groups since lodging its final plan with the AER. CCP33 has observed all three ECRC meetings, the Energy Matters forum but not the other one-on-one stakeholder sessions with retailers or large energy users.

Whilst we commend Evoenergy for its continued engagement with the ECRC, the ECRC’s role is broader than Evoenergy’s access arrangement proposal. This means that Evoenergy’s plans are commonly one item on a broader agenda and much of the engagement with the ECRC has continued to be limited to Evoenergy “informing” the ECRC of its plans.

## 4 Substantive issues

Our August 2025 *Advice on Evoenergy’s Access Arrangement Proposal* focused on the following substantive topics:

- Tariff variation mechanism and risk sharing
- Accelerated depreciation and price path
- Disconnections
- Demand forecasts
- Tariff rebalancing

Subsequently we reviewed the AER’s draft Decision, and Evoenergy’s revised plan with respect to those topics.

CCP33 considers the issues raised in our earlier Advice in relation to disconnections and missed engagement opportunities have been largely resolved. This advice therefore focuses on the remaining topics listed above, together with two additional topics which have emerged in Evoenergy’s revised plan, i.e.

- Charging for new connections
- Safety control program opex step change

In accordance with the CCP’s role, our focus in examining each of these issues is on Evoenergy’s engagement activities and how these activities and what Evoenergy heard has informed and supported Evoenergy’s revised plan.

### 4.1 Tariff variation mechanism

#### 4.1.1 Background

##### Evoenergy’s final plan

In a departure from previous gas access arrangements, Evoenergy proposed to move from a price cap tariff variation mechanism to a revenue cap. Evoenergy’s rationale for this change was set out in its final plan as follows:

*“Given the demand forecasting challenge resulting from the unprecedented nature of the ACT’s transition, our unique demand and customer characteristics and the regulatory risk of additional policy measures to accelerate the transition, we consider a revenue cap TVM for Transportation (including metering) Reference Services best serves the long-term interests of consumers and meets the specific TVM related requirements of the regulatory framework.”<sup>11</sup>*

In October 2023, the AER published its final decision on its review of gas distribution network reference TVMs and declining block tariffs<sup>12</sup>. The review determined that the form of regulation (or TVM), i.e. price cap or revenue cap, will be determined case-by-case with a hybrid TVM worthy of consideration. The AER also indicated that it expects networks to undertake substantive stakeholder consultation regarding TVMs.

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<sup>11</sup> Evoenergy, *Attachment 9: Tariff variation mechanism ACT and Queanbeyan-Palerang gas network 2026–31 Access arrangement information*, June 2025, p.5

<sup>12</sup> AER, *Review of gas distribution network reference tariff variation mechanism and declining block tariffs, Final decision*, October 2023

Before lodging its final plan, Evoenergy engaged with its community forum on the TVM in two consecutive meetings in May 2024 to inform its Reference Service Proposal, a further discussion in March 2025, and two more sessions in May 2025 to address stakeholders' concerns.

#### CCP33's advice to the AER

In our August 2025 advice to the AER on the TVM, we acknowledged customers had a level of support for the revenue cap TVM, but we also observed that some customers appeared to struggle with their understanding of the implications of the different TVM options. Consequently, we questioned the level of explicit support for a revenue cap. We did not observe any engagement by Evoenergy on options for a hybrid TVM.

#### AER's draft decision

The AER's draft decision rejected Evoenergy's proposed revenue cap TVM and required Evoenergy to implement a hybrid approach in its revised proposal as a mechanism for protecting consumers against tariff volatility.<sup>13</sup> The draft decision states:

*"A hybrid approach, with elements of both price cap and revenue cap regulation assigning volume risk to both customers and the NSP, can best reduce the incentive inherent in a pure price cap form of control to encourage gas consumption, while providing protection to consumers against large price increases if demand falls faster than forecasts."<sup>14</sup>*

#### Evoenergy's revised plan

In response to the AER's draft decision, Evoenergy proposed a narrow hybrid TVM, described as follows:

*"Under the narrower hybrid TVM, we will bear 100 per cent of the risk of the demand forecast in the final decision being incorrect up to a 2 per cent deviation of actual demand, and 50 per cent of the risk of demand deviations beyond the threshold with customers holding the remaining 50 per cent."<sup>15</sup>*

#### 4.1.2 CCP33's view on Evoenergy's revised plan

Evoenergy initially presented its proposal against a hybrid revenue approach to NSW customers in the second community forum. Subsequently, when the combine community forum met in December 2025, Evoenergy presented three hybrid revenue scenarios (one of which was the AER's draft decision) with Evoenergy's original revenue cap proposal. Evoenergy also considered these scenarios in the context of demand uncertainty associated with the pace of the transition.

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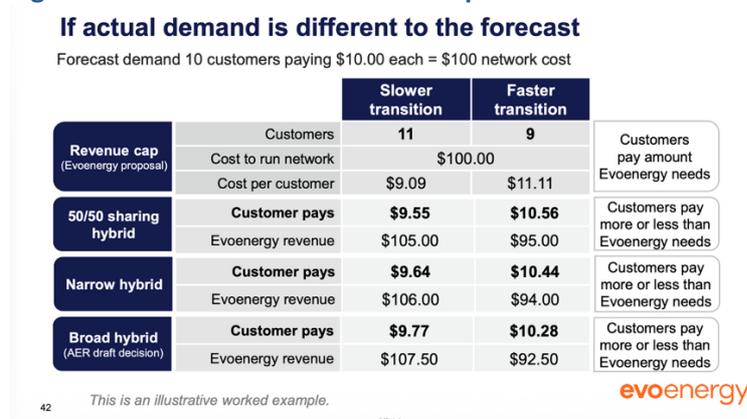
<sup>13</sup> AER, *Draft decision Evoenergy (ACT) access arrangement 2026 to 2031 (1 July 2026 to 30 June 2031)*, November 2025, p.19

<sup>14</sup> *Ibid*, p.22

<sup>15</sup> Evoenergy, *Attachment 7: Transportation (including metering) reference tariffs Response to the Australian Energy Regulator's draft decision ACT and Queanbeyan-Palerang gas network access arrangement 2026–31*, p.39

The following figure shows the TVM options presented to customers together with potential revenue and bill volatility resulting from a faster and a slower transition than forecast:<sup>16</sup>

Figure 4-1: Form of control scenarios presented at NSW community forum 2



Community forum participants were asked:

*“Do you think a 50/50 sharing hybrid, a broad hybrid or a narrow hybrid approach is most appropriate in Evoenergy’s circumstances? Why?”*

In the final combined community workshop, Evoenergy again presented information on the form of control, and sought customers’ preferences for a 50/50 sharing hybrid, a narrow hybrid, or a broad hybrid (being the AER’s draft decision). Participants mostly preferred a 50/50 sharing hybrid tariff.<sup>17</sup>

Specific features of each option (50/50 sharing hybrid, a broad hybrid or a narrow hybrid), such as revenue constraints or sharing allocations (apart from the 50/50 sharing hybrid) were not discussed. However, most participants seemingly preferred the 50/50 sharing hybrid option.

CCP33 noted with interest that the “50/50” label clearly appealed to participants. We are not certain whether this was a genuine reflection of their preference for risk sharing or their choice simply reflected a broader notion of fairness and equity. Although participants were asked for their reasons for their preferences, some answers were relatively simplistic, for example as noted in our observations:

- *“We should meet in the middle”*
- *“Evo takes a bit of risk and customers take a bit of risk”*

However, some participants provided different and more insightful answers, such as:

- *“Broad hybrid is better for customers, 50/50 is better for Evo”*
- *“We should choose the lowest cost for customers, not a risk sharing arrangement”*

We note the second most popular option was the broad hybrid as proposed by the AER.

Anticipating the 50/50 option would not meet the AER’s requirements, Evoenergy ultimately proposed a narrow hybrid option, which is closer to customers’ seemingly preferred option. Evoenergy’s proposal also presents a narrower revenue risk for Evoenergy than the AER’s draft

<sup>16</sup> Evoenergy, Community forum, Session 12, 9 December 2025, slide 42

<sup>17</sup> Evoenergy, Appendix 1.1: Communication Link report of feedback from community and community forum sessions Revised 2026–31 access arrangement information ACT and Queanbeyan-Palerang gas network access arrangement 2026–31, January 2026, p. 29

decision broad hybrid option. We now question why Evoenergy presented customers with a 50/50 option, given it was unlikely to be accepted within the regulatory framework.

We encourage the AER to consider consumer preferences in its decision, but whichever TVM the AER decides, CCP33 encourages the AER to clearly explain the short- and long-term benefits of its final decision to consumers, supported by evidence where possible.

## 4.2 Accelerated depreciation and price path

### 4.2.1 Background

#### Evoenergy's final plan

Evoenergy sought a regulatory depreciation allowance of \$212 million. It proposed aligning the remaining life of gas assets to 2045 in accordance with the ACT Government's policy to phase out gas network services by 2045 and commence the phased decommissioning of sections of Evoenergy's gas distribution network from 2035.

Evoenergy also proposed accelerating the depreciation profile of gas network assets using the sum-of-years-digits methodology. Customer workshop participants supported this proposal as it encouraged Evoenergy to recover costs in a way that does not heavily penalise those less able to leave the network early such as the financially vulnerable, renters, the occupants of multi-occupant dwellings and businesses with limited economically and/or technically viable solutions to fully electrify.

#### CCP33's advice to the AER

CCP33 confirmed that, within the constraints of the current regulatory framework for accommodating the anticipated closure of a gas network, customers supported Evoenergy's proposed arrangements for accelerated depreciation and price path.<sup>18</sup>

We also considered that Evoenergy had largely met the AER's expectations for network engagement on accelerated depreciation, notwithstanding our overarching concerns about the underrepresentation of NSW customers.

#### AER's draft decision

The draft decision reduced Evoenergy's proposed accelerated depreciation by \$58 million by:

- Reducing the standard and remaining asset lives for new and existing assets to a maximum of 30 and 25 years for the High Pressure (HP) and Medium Pressure (MP) pipeline asset classes and
- Providing accelerated depreciation targeted to deliver a base real price increase limit of 4.0% per annum as a guardrail.

#### Evoenergy's revised plan

With respect to the remaining asset lives of pipeline assets, Evoenergy considers there is sufficient evidence to substantiate their view that the gas network will be decommissioned and/or uneconomic by 2045 or even earlier. Consequently, Evoenergy re-proposed a maximum economic life for its pipeline assets of 19 years, consistent with the ACT Government's policy to phase out gas and cease operation of the gas network by 2045.<sup>19</sup>

<sup>18</sup> CCP33, CCP33 Advice to AER Evoenergy - Access Arrangement Proposal 2026-31, August 2025, p. 33

<sup>19</sup> Evoenergy, *Attachment 3: Depreciation Revised access arrangement information ACT and Queanbeyan-Palerang gas network access arrangement 2026-31*, January 2026, p.8

Evoenergy expressed a range of concerns with the AER’s draft decision on its accelerated depreciation allowance being set by a guardrail base real price increase limit of 4% per annum. Evoenergy does not accept that a real annual increase in network prices more than 4% will distort demand for gas and network services and lead to customers hastening their departing from the gas network. Evoenergy also holds that the AER’s draft decision will not deliver long-term price stability for customers and does not reflect community preferences.

In response, Evoenergy has accepted the AER’s “guardrail approach” to set the level of accelerated depreciation but instead proposed setting the guardrail at 8% per annum.<sup>20</sup>

#### 4.2.2 CCP33’s view on Evoenergy’s revised plan

##### Lives of pipeline assets

Across all Evoenergy’s community forums, customers were surprised that the AER’s draft decision on the economic life of pipeline assets appeared to be at odds with the legislated arrangements in the ACT, and we have some sympathy for that view.

CCP33 recommends that if the AER maintains this position in the final decision, it should provide a more comprehensive explanation to enable customers and other stakeholders to understand the AER’s reasoning.

##### Asset cost recovery

In the first NSW community forum, Evoenergy presented participants with two asset cost recovery options to consider – a straight-line depreciation approach and Evoenergy’s sum-of-year-digits approach.

Participants expressed significant concern at Evoenergy’s forecast bill impacts from a straight-line depreciation in the period beyond 2035.

From our observations and session notes, the following examples of comments reflected NSW customer sentiment, around the bill impact of any increases:

- *“We need government assistance for NSW customers given there is no incentive from the ACT”*
- *“Straight line [accelerated depreciation] is more equitable but it does not address the issue of affordability”*
- *“Age, also young people with disabilities on NDIS, how will they afford any increases?”*
- *“NSW is wearing the cost of ACT policy.”*

Their concerns were driven by their views that NSW customers would likely stay on the gas network for longer because they were not offered the same level of government and community support, compared to the financial incentives available to ACT customers.

Almost 70% of NSW participants were not planning to transition off gas in the next five years, or they had no foreseeable plans.<sup>21</sup> They felt strongly that NSW customers would bear an unfair proportion of the network costs and were therefore supportive of the approach that minimises long term prices.

<sup>20</sup> Evoenergy, *Attachment 3: Depreciation Revised access arrangement information ACT and Queanbeyan-Palerang gas network access arrangement 2026–31*, January 2026, p.52

<sup>21</sup> Evoenergy, *Appendix 1.1: Communication Link report of feedback from community and community forum sessions Revised 2026–31 access arrangement information ACT and Queanbeyan-Palerang gas network access arrangement 2026–31*, January 2026, p. 20

At the final combined community forum meeting December 2025, Evoenergy sought customer feedback on an alternative option to the AER's draft decision. Evoenergy proposed an 8% per annum base price increase, which provided significantly lower price increases in future periods compared with the AER's 4% guardrail. Evoenergy also presented this comparison under a faster and slower transitions off gas than forecast. Participants' responses to this alternative proposal were mixed. Participants provided some support for Evoenergy's proposed alternative approach to depreciation, considering it a fairer compromise<sup>22</sup>. However, some considered the AER's approach to be reasonable and acceptable.

The ECRC's views are consistent with those from the community forum, although at least one ECRC member representing vulnerable customers continued to oppose adoption of any accelerated depreciation.

On balance, CCP33 considers customers support some accelerated depreciation to minimise longer term price impacts. However, we are not clear why 4% or 8% or even another percentage would be the most appropriate guardrail. Whichever percentage is adopted we advise the AER to provide a fuller justification in its final decision and explain its reasoning with evidence where possible and in a way customers can understand.

### 4.3 Demand forecasts<sup>23</sup>

#### 4.3.1 Background

##### Evoenergy's final plan

Given the criticality of demand forecasts to its business decisions and network planning for a declining gas network over the next 20 years, Evoenergy engaged independent experts, the Centre for International Economics (the CIE), to develop a detailed gas demand forecast for the 2026–31 access arrangement period, and beyond to 2045<sup>24</sup>. The results from CIE's forecast show demand declining over the 2026–31 period by 28% for consumption and 31% for customer numbers.

##### CCP33's advice to the AER

CCP33 congratulated Evoenergy on their innovative approach, but at the same time raised some concerns about the customer survey methodology. We concluded that the demand forecasts may overstate the rate of disconnections from the network.

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<sup>22</sup> Ibid, p.28

<sup>23</sup> Evoenergy, Evoenergy's revised five-year gas plan 2026–31: Overview, Response to the Australian Energy Regulator's draft decision, ACT and Queanbeyan-Palerang gas network access arrangement 2026–31, p.24

<sup>24</sup> Evoenergy, Appendix 2.1: The Centre for International Economics Gas demand forecast report, Revised 2026–31 access arrangement, information, ACT and Queanbeyan-Palerang gas network access, arrangement 2026–31, June 2025

### AER's draft decision

The AER did not accept Evoenergy's demand forecast for volume tariffs, citing concerns with the forecasting methodology. Consequently, the AER invited Evoenergy to address those concerns when updating forecasts for the revised proposal. The AER substituted a placeholder demand forecast using a more conventional forecasting methodology, which resulted in a declining forecast over the 2026–31 period by 21% for gas consumption and 17% for customer numbers.<sup>25</sup>

### Evoenergy's revised proposal

In response to the AER's draft decision, Evoenergy engaged the CIE to provide updated gas demand forecast for the 2026–31 access arrangement period, and beyond to 2045<sup>26</sup>. The CIE's revised forecast as at January 2026 incorporated new information and some changes to its model which resulted in a more modest forecast declining demand over the 2026–31 period.

Evoenergy subsequently incorporated changes to the CIE forecasts in response to some of the AER's concerns in its revised plan.<sup>27</sup> Evoenergy's revised proposal adopts a blended forecasting approach, combining the revised CIE forecast with the AER's Frontier Economics forecast in the draft decision for volume tariff customers. Specifically, it includes the simple average of gas usage and customer numbers from the CIE and Frontier Economics forecasts<sup>28</sup>. This results in a forecast that shows demand declining over the 2026-31 period by 23% for consumption and 25% for customer numbers.

#### 4.3.2 CCP33's view on Evoenergy's revised plan

CCP33 recognises the uncertainties inherent in the move to electrification in the ACT, even with supportive government policies, and the difficulty in confidently forecasting customer demand under the circumstances.

We agree with Evoenergy's view that trending forward historical usage patterns is unlikely to deliver the most credible future demand forecasts. We endorse a forecasting approach that:

- Takes account of customer behaviour and expressed intentions, and
- Attempts to manage forecasting risk by balancing two different forecasting approaches.

Hence, we support Evoenergy's proposed blended approach to demand forecasting.

## 4.4 Tariff rebalancing

### 4.4.1 Background

#### Evoenergy's final plan

Evoenergy adopted a gradual transition to a flatter tariff for most customers in its final plan. This included lowering Block 1 charges in the VI tariff while increasing Blocks 2 to 4, resulting in flatter prices across different usage levels. Evoenergy's proposed approach is illustrated in the following figure:<sup>29</sup>

<sup>25</sup> Evoenergy, *Evoenergy's revised five-year gas plan 2026–31: Overview*, Response to the Australian Energy Regulator's draft decision, ACT and Queanbeyan-Palerang gas network access arrangement 2026–31, p.24

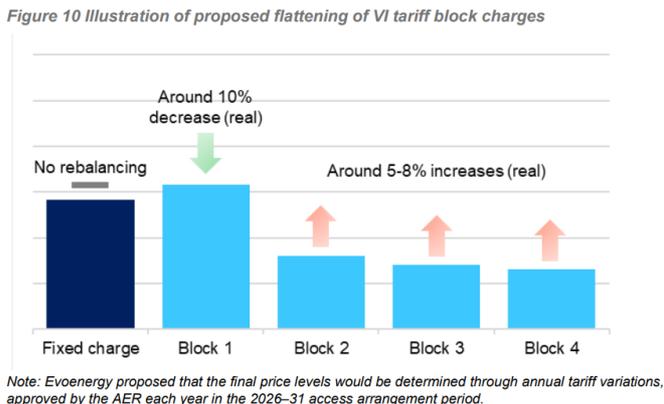
<sup>26</sup> Evoenergy, *Appendix 2.1: The Centre for International Economics Gas demand forecast report, Revised 2026–31 access arrangement, information, ACT and Queanbeyan-Palerang gas network access, arrangement 2026–31, June 2025*

<sup>27</sup> Evoenergy, *Appendix 2.1: The Centre for International Economics revised demand forecast report, Revised 2026–31 access arrangement, information, ACT and Queanbeyan-Palerang gas network access, arrangement 2026–31, January 2026*

<sup>28</sup> Evoenergy, *Attachment 2: Demand Revised access arrangement information ACT and Queanbeyan-Palerang gas network access arrangement 2026–31*, January 2026, p.15

<sup>29</sup> Evoenergy, *Attachment 7: Transportation (including metering) reference tariffs Response to the Australian Energy Regulator's draft decision ACT and Queanbeyan-Palerang gas network access arrangement 2026–31*, January 2026, p.42

Figure 4-2: Evoenergy’s final plan proposed approach to tariff rebalancing



Evoenergy did not propose any change to demand tariffs.

CCP33’s advice to the AER

CCP33 observed that most community forum members accepted the proposed tariff structures, but several participants pushed for Evoenergy to be more ambitious in its tariff rebalancing to encourage customers to use less gas/electrify and in accordance with the ACT’s emissions reduction targets.

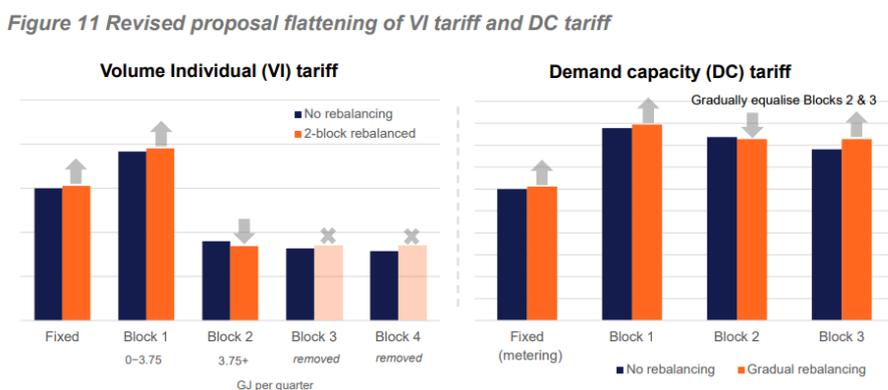
AER’s draft decision

The AER did not accept Evoenergy’s gradual transition to a flatter volume tariff structure and required Evoenergy to move towards a faster flattening of volume tariffs. The AER’s considered that Evoenergy’s declining block tariffs promote the use of gas and are in conflict with the emissions reduction component of the National Gas Objective.<sup>30</sup> Specifically the AER required Evoenergy to reduce the number of tariff blocks.

Evoenergy’s revised plan

Evoenergy’s revised proposal reflects the AER’s requirements for flatter tariff structures, as illustrated in the following figure:<sup>31</sup>

Figure 4-3: Evoenergy’s revised plan proposed approach to tariff rebalancing



<sup>30</sup> AER, Draft decision, Evoenergy (ACT) access arrangement 2026–31 – Attachment 5, November 2025, p.14  
<sup>31</sup> Evoenergy, Attachment 7: Transportation (including metering) reference tariffs Response to the Australian Energy Regulator’s draft decision ACT and Queanbeyan-Palerang gas network access arrangement 2026–31, January 2026, p.46

However, in a departure from the AER’s draft decision, Evoenergy’s revised proposal includes an additional 2% increase to the fixed charges and block 1 charges,<sup>32</sup> to promote revenue stability.

#### 4.4.2 CCP33’s view on Evoenergy’s revised plan

CCP33 observed a briefing for large customers on the tariff structures for the revised proposal at the Energy Matters Forum on 10th December 2025, however we are unaware of any feedback from those customers on the proposed changes.

Evoenergy did not engage on tariff structures with the NSW or combined community forum before it lodged its final plan. However, we noted the several comments from community forum participants when reflecting on the draft decision and revised proposals. For example:<sup>33</sup>

- *“I am really not happy that the tariff for those using least will increase and punish those using least”*
- *“More predictable gas pricing and user pay system. ie the price tiers to reflect it by higher prices for higher users”*

As noted in our August 2025 advice, customers were comfortable with Evoenergy’s proposed tariff structures at that time, although there was some appetite for a faster rebalancing.

We question whether Evoenergy’s proposed additional 2% increase to fixed and block 1 charges is consistent with the customer sentiment expressed above, and customers’ concerns about the impact of price increases for low volume consumers. It is not clear to us how Evoenergy has struck the balance between revenue certainty for Evoenergy and affordability concerns, particularly for vulnerable customer cohorts.

Therefore, we consider the AER’s draft decision to better reflect customer perspectives overall.

## 4.5 Charging for new connections

### 4.5.1 Background

#### Evoenergy’s final plan

Evoenergy forecast capex of \$6.2 million on new connections for customers in NSW, noting that new connections to the gas network are banned in the ACT. At that time, the AEMC was considering a rule change request for new connections to gas networks that would see the connecting party pay for the costs of a new gas connection, rather than expose remaining gas customers to the stranding risk of these new connections. Evoenergy’s proposal conformed with the rules in place at the time.

#### CCP33’s advice to the AER

CCP33 acknowledged the rule change proposal in its August 2025 advice on Evoenergy’s final plan. Given the AEMC proposal, CCP33 did not comment further on Evoenergy’s new connections proposal in its final plan.

#### AER’s draft decision

The AER accepted Evoenergy’s connection capex forecast as a placeholder pending the AEMC’s decision and flagged a reviewed for the final decision should there be any changes to Evoenergy’s regulatory obligations.

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<sup>32</sup> Ibid, p.45

<sup>33</sup> Evoenergy, *Appendix 1.1: Communication Link report of feedback from community and community forum sessions Revised 2026–31 access arrangement information ACT and Queanbeyan-Palerang gas network access arrangement 2026–31*, January 2026, p. 26 & 29

### Evoenergy's revised plan

Evoenergy's revised plan reflects the AEMC's final decision. It includes a cost-reflective upfront charge of around \$2,200 for new retail gas customers. This change has also led to a forecast decline in gas volumes, as the upfront charges are expected to influence customer decisions. The new rule is set to commence on 1 October 2026, but in effect will phase in gradually as development approvals in place before that date will not be affected by the rule change.

#### 4.5.2 CCP33's view on Evoenergy's revised plan

Evoenergy briefed participants in the first NSW community forum on the AEMC's change to connection charges. Participants were then asked:<sup>34</sup>

*“Consider the new (around \$2,200) upfront charge to connect to the gas network. How do you think this will impact new customers' decision to connect to Evoenergy's gas network in NSW?”*

Of the 19 participants who responded to the question, more than half considered that it would discourage some new connections. The remainder felt that the AEMC's proposed change would stop most people from seeking to connect to the gas network. This feedback provided Evoenergy with some indications to inform its forecasts of new connections and demand in NSW. Using this data and extrapolations from Victorian gas distribution business's experience, Evoenergy assumed a 50% reduction in NSW new gas connections compared to original forecasts

In its revised plan, Evoenergy identified the following:<sup>35</sup>

*“[as] connections charges are cost-reflective and connections capex is excluded from the CESS (if applied in the AER's final decision), so the financial impact of forecasting error associated with the uncertainty of demand for connections in NSW is small.”*

CCP33 understands and acknowledges Evoenergy's comment. However, to the extent that new connections in NSW impact demand forecasts, and the criticality of demand forecasts to revenue recovery, a more targeted and robust method of forecasting new NSW connection demand, potentially assessing developer/customer intentions and preferences may be warranted. We encourage the AER to consider this concern in its final decision.

We also leave it to the AER to determine if \$2,200 is the prudent and efficient up-front cost for a new gas connection.

<sup>34</sup> Evoenergy, *Evoenergy, Appendix 1.1: Communication Link report of feedback from community and community forum sessions Revised 2026–31 access arrangement information ACT and Queanbeyan-Palerang gas network access arrangement 2026–31*, January 2026, p.18

<sup>35</sup> Evoenergy, *Attachment 4: Capital expenditure Revised access arrangement information ACT and Queanbeyan-Palerang gas network access arrangement 2026–31*, November 2025, p.8

## 4.6 Safety control program opex step change

### 4.6.1 Background

#### Evoenergy's final plan

The costs associated with Evoenergy's temporary disconnection service included a Safety Control Program to support and educate the community and provide targeted information for those with a non-consuming service. Evoenergy proposed to recover the cost of this program (\$1.5 million) through the temporary disconnection charge.

#### CCP33's advice to the AER

In our advice to the AER on this topic, we noted customers ultimately supported Evoenergy's proposal for a small proportion of the disconnection fee to fund community education:<sup>36</sup>

*"Given some Community Forum participants were still confused about the difference between a permanent and a temporary disconnection, Community Forum participants stressed the need for community education on the difference. Participants were advised that Evoenergy would direct approximately \$29 from each disconnection fee towards a community education program. They considered that approach to be reasonable."*

However, the ECRC had a slightly different view on this topic as follows:<sup>37</sup>

*When they were briefed on the new disconnections framework, ECRC members endorsed the need for a community education program but queried whether Evoenergy should absorb this cost within its normal operating budget."*

#### AER's draft decision

In its draft decision, the AER did not accept Evoenergy's proposed temporary disconnection tariff of \$172 which included the costs of a new safety control program as it considered the safety control program to be a standard operating cost<sup>38</sup>. The AER required Evoenergy to remove the safety control program costs from the tariff.

#### Evoenergy's revised plan

Evoenergy took a different approach in its revised plan and included the safety control program as an opex step change at a cost of \$1.5 million. Evoenergy claim's that this proposal meets the criteria for a step change because:

- It is not already included in base year or trend, and
- It is a regulatory requirement in the ACT

### 4.6.2 CCP33's view on Evoenergy's revised plan

During discussions on disconnection approaches, we have consistently observed strong endorsement from customers through the NSW and combined community forums and also from the ECRC for an information program to educate both current and previous gas customers on the safety issues associated with temporary gas disconnections.

We note the AEMC is currently assessing a rule change request covering retail customer-initiated gas abolishment.

<sup>36</sup> CCP33, CCP33 Advice to AER Evoenergy - Access Arrangement Proposal, 2026-31, p.35

<sup>37</sup> Ibid.

<sup>38</sup> AER, Draft decision Evoenergy (ACT) access arrangement 2026 to 2031 (1 July 2026 to 30 June 2031). November 2025, p.38

In its October 2025 draft decision, the AEMC states:<sup>39</sup>

*“The draft retail rule would require a retailer to provide general information about the availability of different services and the differences between them if a customer is seeking to terminate its retail contract or otherwise enquiring about disconnection or abolishment services. The draft gas rule would also require relevant distributors to publish, on their websites, a range of information on the disconnection and abolishment services available to retail customers connected to their distribution network.”*

The AEMC also indicated that the new information provisions in the NGR and NERR would come into effect six months after it finalises the rule.

The anticipated timing of the final decision makes it highly likely that these obligations will apply to Evoenergy and ACT gas retailers early in the 2026-31 access arrangement period.

Therefore, Evoenergy will not bear sole responsibility for a customer education program to address safety issues associated with temporary gas abolishments. It is not clear from Evoenergy’s revised proposal the extent to which a shared program is contemplated. CCP33 suggest that a cost-effective coordinated program involving both retailers and Evoenergy would be in the best interests of consumers.

CCP33 supports a customer education program focussed on temporary gas abolishments, however we leave it to the AER to assess:

- Whether the proposed program meets the step change criteria
- The prudence and efficiency of the proposed expenditure

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<sup>39</sup> AEMC, *Draft determination on retail customer initiated gas abolishment*, October 2025

## 5 Other matters

### 5.1 Public forum

CCP33 is disappointed that the AER cancelled the December public forum, although we recognise the timing was challenging. Public forums are an important opportunity for consumers, consumer representatives, network operators and the regulator to share perspectives and raise concerns openly. This is especially valuable when there is significant uncertainty about the future and potential tension between consumer and network interests. Consumers already have fewer opportunities to express their views compared with network businesses, and cancelling the forum further limited their ability to participate.

Public forums also support transparency in the regulatory process. They provide an opportunity for the AER to clearly and directly explain the rationale for its decisions (and particularly contentious decisions) to stakeholders rather than network businesses providing these explanations to stakeholders on behalf of the AER. Rather than cancelling the session entirely, CCP33 would have preferred the AER to offer an alternative date.

We are also concerned when forums for multiple resets or access arrangements are combined into a single event. Customers in different jurisdictions often face different issues—as is the case for AGN SA and ACT's Evoenergy customers. Combining these into one forum may have reduced interest or availability for the December 2025 event. We therefore encourage the AER to reconsider the timing and structure of future public forums to better support meaningful consumer participation.

### 5.2 AER explanation of decisions

CCP33 has found a number of aspects of the AER's draft decision could be confusing and inconsistent in customers' minds. To address this confusion CCP33 encourages the AER to:

- Seek and provide evidence to support its decision making
- Explain how the evidence supports a particular decision
- Explain decisions in a way that consumers can understand, including the impacts on consumers, particularly when decisions appear inconsistent with consumer preferences

### 5.3 The value of an effective customer panel

Energy network operators have used a range of approaches to engage deeply on more technical aspects of their regulatory proposals and validate feedback from broader customer engagement as well as being open to have their proposals challenged more generally.

CCP33 considers that some businesses, whilst operating an effective business as usual (BAU) customer panel, have missed an opportunity to better utilise those panels to strengthen their evidence of consumer perspectives. Other businesses have established reset-specific stand-alone panels or sub-panels of their BAU panels that have engaged more deeply on aspects of their regulatory proposals.

In our broader roles as CCP members (beyond the specifics of CCP33), we have seen some excellent models where networks have appointed a well-informed, well-resourced panel that focuses on engaging in the development of a regulatory proposal which has resulted in a significantly enhanced regulatory proposal. In particular we have observed better outcomes for consumers when:

- Early appointment of a reset-specific panel allows them to help shape early broader engagement plans
- Appointing individuals with complementary skills and experiences including a mix of technical, lived experience, engagement and regulatory backgrounds, and not necessarily representing any specific advocacy group organisation ensures a breadth of perspectives
- The business is transparent and timely with respect to publication of meeting content
- Panel members are fairly remunerated
- The business has an appetite to be challenged; the panel is willing to challenge the business (and the AER) and seek additional information and evidence to form a view
- The business is willing to fairly fund a subgroup to produce three independent and detailed reports (covering the draft plan, final plan, and the draft decision and revised plan)
- Panel members work collaboratively, respectfully and professionally with each other and the business
- All parties explain their views and decisions and use evidence where possible to support those decisions

CCP33 considers consumer interests would be better met if businesses were encouraged to establish and appropriately resource panels (or subgroups of existing BAU groups) to engage deeply, provide challenge and report on their views. CCP33 recommends the AER does more to encourage some networks to strengthen the depth of their engagement.