

7 April 2026

Mr Gavin Fox  
General Manager Network Pricing  
Australian Energy Regulator  
360 Elizabeth St Melbourne  
Victoria 3001

Dear Mr Fox,

### **Proposed 2026/27 Multinet Reference Tariffs**

This letter sets out Multinet Gas Network's (Multinet) reasons for varying its Reference Tariffs to apply from 1 July 2026. Multinet is proposing to vary its Reference Tariffs in a manner that is consistent with clause 4.3 of the *Access Arrangement for our Multinet natural gas distribution networks* (hereafter referred to as the Access Arrangement).

#### **Reference Tariffs: Residential, Commercial and Demand Haulage Reference Services**

The proposed adjustments to the Reference Tariffs for residential (Tariff R), commercial (Tariff C) and demand (Tariff D) Haulage Reference Services to apply from 1 July 2026 are being made pursuant to clause 4.3 of the Access Arrangement. This allows Reference Tariffs to vary in accordance with a weighted average tariff basket mechanism, as detailed in section 4.4 and Annexure D of the Access Arrangement. Annexure D contains a Reference Tariff Control Formula.

In broad terms, the Reference Tariff Control Formula allows Multinet to change its tariffs so that the revenue derived from each of the Haulage Reference Services does not increase by an amount that is greater than  $(1+CPI) \times (1-X) \times (1+Pt) \times (1 + Ct) \times (1+At)$ . The CPI is the change in the CPI for the 12 months to December 2025, which is 3.63%, and the X factor provided by the AER is -1.35%. The Pass Through factor is 0.21% for a correction for a misstatement of tariff from the 2025/26 tariffs.

The Safeguard Mechanism factor is 0.09% for eligible costs in meeting Safeguard Mechanism obligations under the *National Greenhouse and Energy Reporting Act 2007*. In our calculation, we have included a true up for actual eligible costs for 2024/25 and an estimate of eligible costs for 2025/26. The Abolishment 'true-up' factor is -0.42%, based on an estimate of abolishment service costs from July 2025 to June 2026 compared with the allowance for costs over this period by the AER, and a true up of actual versus estimated abolishment costs from July 2024 to June 2025.

The combination of the CPI, Pt factor, Ct factor, X factor and At factor results in an allowed change in Reference Tariffs for 2026/27 of 4.89 per cent.

The Rebalancing Control Formula allows Multinet to change its tariffs so that the change in the revenue derived from an individual tariff within a particular category of Haulage Reference Service is no greater than  $(1+CPI) \times (1-X) \times (1+Pt) \times (1 + Ct) \times (1+At) \times (1+2\%)$ . This allows a particular tariff to increase by no more than 7.44%.

Multinet's proposed 2026/27 Reference Tariffs comply with both the Reference Tariff Control Formula and the Rebalancing Control Formula. This has been demonstrated by the model provided to the AER setting out the application of the above formulae and the resultant Reference Tariffs. The model and tariff schedules comprise Attachments 1 and 2 respectively of this submission.

We were also requested by the AER in email correspondence of 18 March 2026 to provide an explanation in our tariff proposal of "what the reported numbers for actual 2024-25 volumes under Tariff D and L in the 'Proposed prices' sheet represent in detail, with a focus on the difference in reporting to commercial and residential tariffs." We can advise that:

- the reported 2024-25 volumes for Tariff D are based on the sum of the Maximum Hourly Quantity (MHQ) of gas (in GJ) used by each customer in accordance with its agreed or actual MHQ over the 12 months (July to June) rather than the total consumption (or usage) as for commercial and residential tariffs. This aligns with how the Tariff D customers are billed with two charging blocks for MHQ 0-50 GJ and >50 GJ.
- the reported 2024-25 volumes for Tariff L are based on the different tariff components in the customer contracts and reflect the billing approach accordingly:
  - for the two consumption bands (<5 GJ and >5 GJ), the volumes are based on the sum of the consumption levels for each customer in each of the bands, which is the same approach as for commercial and residential tariffs.
  - for the 'Rolling 12 month max', the volumes are the sum of the average of each customer's maximum usage levels based on their rolling 12-month MHQ levels (reported monthly) and for 'Peak Demand' the volumes are the sum of the average of each customer's maximum usage levels based on their MHQ levels over the peak months of June, July, August and September only. The approach to calculate these Tariff L volumes are unique to this tariff category.

The Reference Tariff Control Formula and the Rebalancing Control Formula require the quantities used to be the period two years prior to the year that the proposed tariffs take effect, which in this case is 2024/25. An independent review verifying the gas quantities has been undertaken and the associated report is provided as Attachment 3.

#### Impact on Users

The table below shows the average impact on end users of the proposed change in tariffs on a GST exclusive basis.

## Change in Average Customer Charge

### Multinet Metro

Component	2025/26 (\$)	2026/27 (\$)	Quantity (p/a)	Cost Change (\$)
Residential	417.86	436.86	GJ	19.00
Non-Residential	1,231.05	1,270.32	GJ	39.26
Tariff D	8,778.44	9,347.77	MHQ GJ	569.33
Tariff L	3,150.20	3,316.25	MHQ GJ	166.04

### Multinet Yarra Valley Towns

Component	2025/26 (\$)	2026/27 (\$)	Quantity (p/a)	Cost Change (\$)
Residential	499.35	521.39	GJ	22.05
Non-Residential	2,505.05	2,567.50	GJ	62.45

### Multinet Gippsland Towns

Component	2025/26 (\$)	2026/27 (\$)	Quantity (p/a)	Cost Change (\$)
Residential	393.27	416.75	GJ	23.48
Non-Residential	4,185.28	4,253.39	GJ	68.11
Tariff D	21,276.61	22,398.07	MHQ GJ	1,121.46

### Reference Tariffs: Ancillary Reference Services

Multinet has also varied its Ancillary Reference Tariffs in a manner that is consistent with clause 4.4.2 of the Access Arrangement. Ancillary Reference Tariffs are to be adjusted by the annual change in the CPI, which is also calculated as the change in CPI for the 12 months ending December 2025. The calculation and resultant tariffs also form part of Attachments 1 and 2.

### Summary

Attachment 1 comprises the model demonstrating the derivation of the proposed Reference Tariffs. Attachment 2 comprises the tariff schedules detailing the proposed tariffs to apply from 1 July 2026. Attachment 3 comprises the findings of the independent review of the 2024/25 quantities. Attachment 4 comprises the model for the abolishment cost estimates for 2025/26 and 2024/25. Attachment 5 comprises the receipt of credits purchased in 2024/25 for the Safeguard Mechanism.

Please contact me on [REDACTED] should you wish to discuss this matter further.

Yours sincerely

[REDACTED]

Peter Bucki  
Head of Regulation