

May 2026

## Statement of reasons: AusNet Gas Services Annual Tariff Variation

The AER approves AusNet Gas Services’ (AusNet’s) 2026–27 tariff variation notice which contains tariffs which will commence on 1 July 2026. AusNet’s approved tariffs are set out on [our website](#).

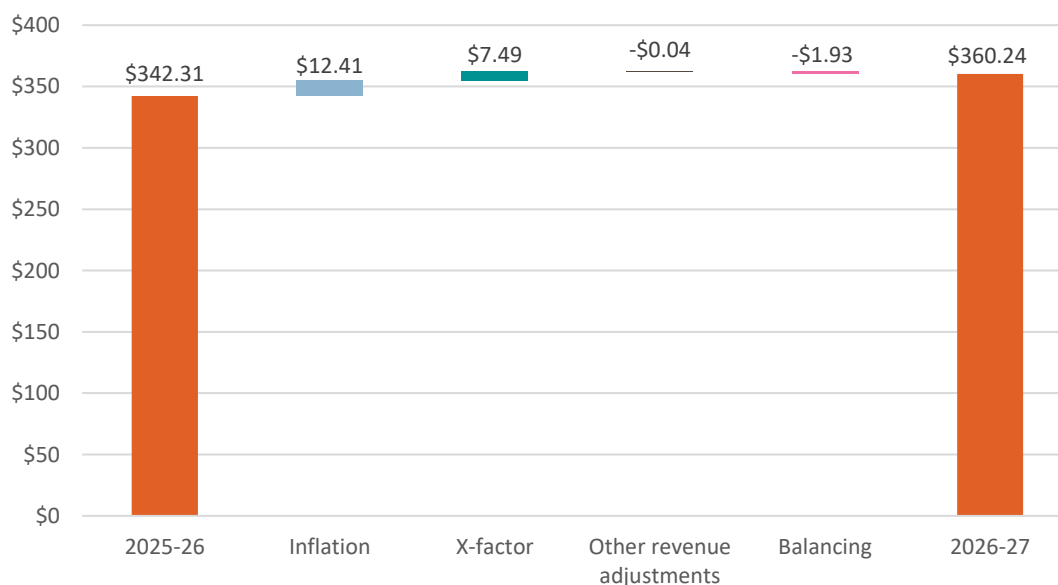
### Estimated network cost movements

We have estimated the average network cost movement for AusNet’s customers to be an increase of \$17.93 for residential customers and \$20.37 for small business customers in 2026-27 compared to 2025-26. This is for the average customer in the most populous tariff zone, which for residential customers is Tariff V Central zone – domestic and for small business Tariff V Central zone - Non-domestic.<sup>1</sup>

The network cost movements reflect an increase in revenue that AusNet is allowed to recover. The increase in revenue is predominantly due to inflation and the real price path set in the 2023-28 Access Arrangement. These tariffs also take into account tariff rebalancing. These key drivers can be seen in Figures 1 and 2.

While the price movements vary for different tariff categories, we found that the price movements are consistent with the mechanisms set in AusNet’s 2023–28 Access Arrangement, in particular the principles and formulae set out in Part B of the access arrangement.

**Figure 1 Residential: Average annual network cost movement**

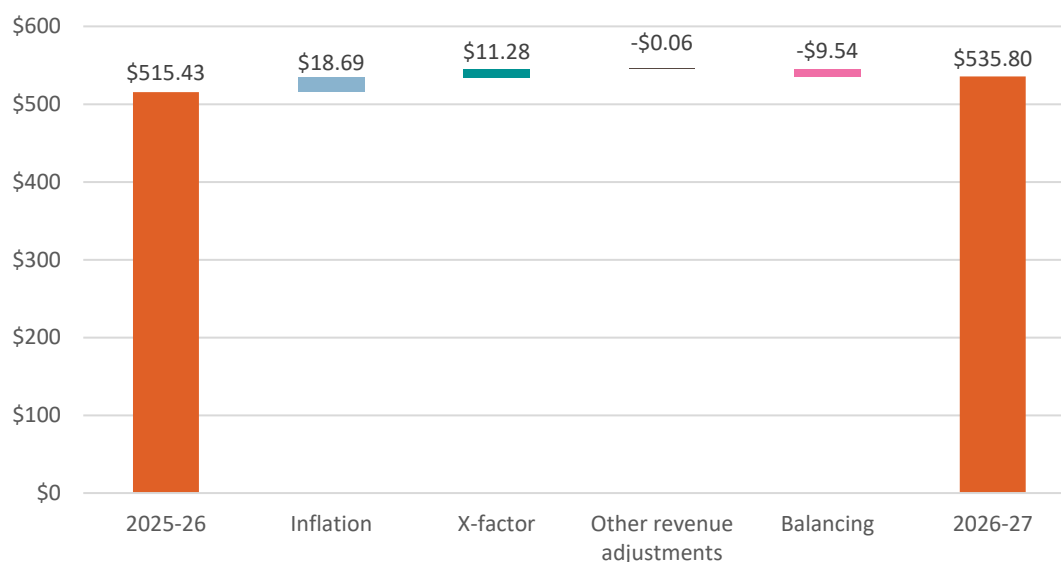


Source: AER analysis; AusNet’s 2026–27 tariff variation notice.

Note: The above analysis is for Tariff V - Central Zone - Domestic (which has the greatest number of residential customers) and assumes annual gas peak and off peak usage of 31.7 GJ based on the most recent data reported in AusNet’s 2026–27 tariff variation. The X-factor column refers to the real price path set in the 2023-28 Access Arrangement and the annual update to rate of return. The balancing column reflects changes in demand over time and how AusNet balanced its weighted average price cap across its tariffs at the assumed gas usage.

<sup>1</sup> See the notes for Figures 1 and 2 for more details.

**Figure 2 Small business: Average annual network cost movement**



Source: AER analysis; AusNet's 2026–27 tariff variation notice.

Note: The above analysis is for Tariff V - Central Zone - Non-domestic (which has the greatest number of small business customers) and assumes annual gas peak and off peak usage of 334.8 GJ based on the most recent data reported in AusNet's 2026–27 tariff variation. The X-factor column refers to the real price path and the annual update to rate of return. The balancing column reflects changes in demand over time and how a distributor balanced its weighted average price cap across its tariffs and its fixed and variable charges at the assumed gas usage.

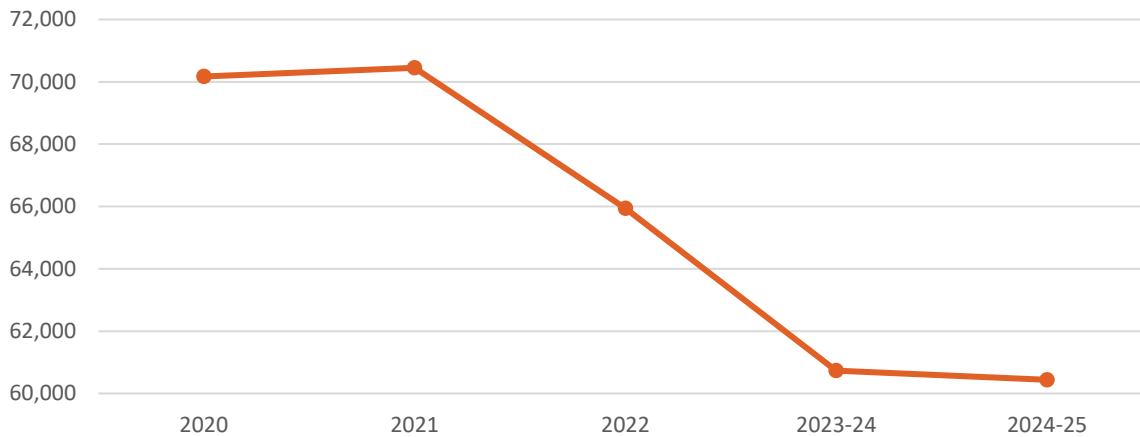
We note gas retailers ultimately determine how these underlying network tariffs are reflected in the retail prices offered to customers. Distribution charges make up approximately a third of the retail bill.

Actual bill impacts for individual customers will vary from our estimates as customers may be on different tariffs (which may differ based on geographic location) or consume different amounts of energy from our assumptions. Our bill impact analysis is based on the residential and small business tariffs with the highest number of customers.

### *Demand*

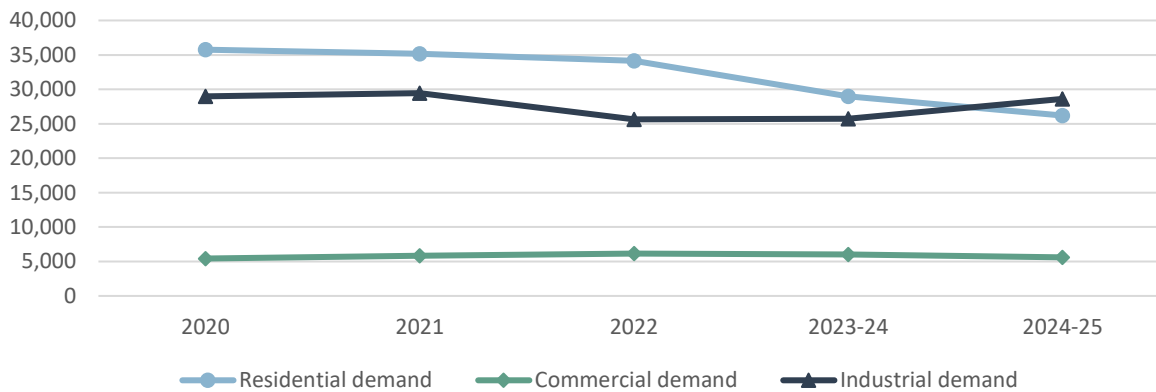
Gas demand declined by 0.5% from 2023–24 to 2024–25, as seen in Figure 3. This was largely driven by the residential sector, which offset an increase in industrial demand, shown in Figure 4. Because the weighted average price cap variation mechanism in the Access Arrangement uses the most recent actual quantities (2024–25) to determine prices, information on estimated (2025–26) or forecast (2026–27) demand is not provided and therefore not shown in the charts below.

**Figure 3 Total Demand (TJ)**



Source: AusNet’s 2026–27 tariff variation notice.

**Figure 4 Demand breakdown by customer type (TJ)**



Source: AusNet’s 2026–27 tariff variation notice.

**Price caps**

Gas distributors operate under a weighted average price cap, which caps the average increase in prices for each tariff from one year to the next. Under this mechanism, prices for different services may adjust each year by different amounts—for example, some prices may rise while others may rise by a smaller amount, or even fall, subject to the weighted average price cap. So, a small price increase of a popular service would need to be offset by a large price decrease of an infrequently provided service. Even within a tariff, gas distributors decide which fixed and variable charges are to be adjusted to remain compliant with the weighted average price cap. The distributor complies with this constraint by setting prices so the change in the weighted average price is equal to or less than the CPI – X cap.

## Declining block tariffs

AusNet applies a declining block method of pricing to its tariffs. Under declining block tariff structures the haulage price for the first 'block' of gas consumed by a customer is set higher than the price for subsequent blocks. As customers consume progressively more gas within a billing period, they meet the threshold between blocks and pay progressively lower per unit prices for haulage. Figure 5 demonstrates this declining block pricing, and details how movements are applied over different charging components in AusNet's 'Central Zone' residential and small business tariff (which have the most customers).

**Figure 5 Residential and small business: Changes in fixed and variable charges for 2026–27**

Residential <sup>1</sup> (daily/blocks)		Small business <sup>2</sup> (daily/ blocks)	
Fixed charge	\$0.58/day (+9.2%)	Fixed charge	\$0.61/day (+10.0%)
Peak 0 - 0.1 GJ	\$7.09/GJ (0.0%)	Peak 0 - 0.1 GJ	\$1.28/GJ (0.0%)
Peak 0.1 – 0.2 GJ	\$4.27/GJ (0.0%)	Peak 0.1 – 0.2 GJ	\$1.22/GJ (0.0%)
Peak 0.2 - 1.4 GJ	\$0.74/GJ (0.0%)	Peak 0.2 - 1.4 GJ	\$1.10/GJ (0.0%)
Peak > 1.4 GJ	\$0.67/GJ (0.0%)	Peak > 1.4 GJ	\$0.84/GJ (0.0%)
Off Peak 0 - 0.1 GJ	\$2.40/GJ (0.0%)	Off Peak 0 - 0.1 GJ	\$1.21/GJ (0.0%)
Off Peak 0.1 – 0.2 GJ	\$1.90/GJ (0.0%)	Off Peak 0.1 – 0.2 GJ	\$0.85/GJ (0.0%)
Off Peak 0.2 - 1.4 GJ	\$0.73/GJ (0.0%)	Off Peak 0.2 - 1.4 GJ	\$0.70/GJ (0.0%)
Off Peak > 1.4 GJ	\$0.26/GJ (0.0%)	Off Peak > 1.4 GJ	\$0.68/GJ (0.0%)

Source: AusNet's 2026–27 tariff variation notice.

1. Tariff V - Central Zone – Domestic peak and off peak charges.
2. Tariff V - Central Zone – Non-domestic peak and off peak charges.