

# Final decision

**Australian Gas Networks (SA) access  
arrangement 2026 to 2031  
(1 July 2026 to 30 June 2031)**

**Attachment 5 – Reference services, tariffs and  
non-tariff components**

**May 2026**

© Commonwealth of Australia 2026

This work is copyright. In addition to any use permitted under the *Copyright Act 1968* all material contained within this work is provided under a Creative Commons Attributions 4.0 Australia licence with the exception of:

- the Commonwealth Coat of Arms
- the ACCC and AER logos
- any illustration diagram, photograph or graphic over which the Australian Competition and Consumer Commission does not hold copyright but which may be part of or contained within this publication.

The details of the relevant licence conditions are available on the Creative Commons website as is the full legal code for the CC BY 4.0 AU licence.

### **Important notice**

The information in this publication is for general guidance only. It does not constitute legal or other professional advice. You should seek legal advice or other professional advice in relation to your particular circumstances.

The AER has made every reasonable effort to provide current and accurate information, but it does not warrant or make any guarantees about the accuracy, currency or completeness of information in this publication.

Parties who wish to re-publish or otherwise use the information in this publication should check the information for currency and accuracy prior to publication.

Inquiries about this publication should be addressed to:

Australian Energy Regulator  
 GPO Box 3131  
 Canberra ACT 2601  
 Email: [aerinquiry@aer.gov.au](mailto:aerinquiry@aer.gov.au)  
 Tel: 1300 585 165

AER reference: AER24008742

### **Amendment record**

Version	Date	Pages
1	21 May 2026	22

# List of attachments

This attachment forms part of our final decision on the access arrangement that will apply for 1 July 2026 to 30 June 2031 (2026–31 period) for AGN. It should be read with all parts of our final decision.

A number of issues were settled at the draft decision stage or required only minor updates so that detailed attachments to this final decision are not needed. Where this is the case, our draft decision reasons form part of this final decision. The final decision attachments have been numbered consistently with the equivalent attachments to our draft decision.

The final decision includes the following documents:

- Overview
- Attachment 1 – Capital base, regulatory depreciation and corporate income tax
  - Appendix A – Regulatory Depreciation
- Attachment 2 – Capital expenditure
- Attachment 3 – Operating expenditure
- Attachment 5 – Reference services, tariffs and non-tariff components

Includes: Services covered by the access arrangement, reference tariff settings, reference tariff variation mechanism, and non-tariff components

# Contents

<b>List of attachments</b> .....	<b>iii</b>
<b>5 Reference services, tariffs and non-tariff components</b> .....	<b>1</b>
5.1 Services covered by the access arrangement .....	1
5.2 AGN’s reference tariff setting .....	2
5.3 Annual reference tariff variation mechanism.....	10
5.4 Cost pass through mechanism .....	11
5.5 Non-tariff components .....	15
5.6 Revisions .....	16
<b>Glossary</b> .....	<b>18</b>

## 5 Reference services, tariffs and non-tariff components

In this attachment we outline our assessment of Australian Gas Network's SA (AGN) proposed reference services, reference tariffs, tariff variation mechanism and non-tariff components for the 2026–31 access arrangement period (2026–31 period).

We accepted many elements of AGN's initial proposal for references services, tariffs and non-tariff components. Our draft decision sets out our reasons for accepting those elements.<sup>1</sup> We do not repeat them in this final decision.

### Interrelationships

Reference tariffs for gas transportation (haulage) have interrelationships across other key parts of our final decision. For example, they interrelate with the total revenue that can be earned by AGN, the services it provides to its customers to recover those revenues, and the demand forecast volumes used to calculate tariffs.

Ancillary references services and tariffs also have interrelationships across other parts of our final decision. For example, the treatment of the abolishment reference tariff is relevant for operating expenditure (opex) as the socialised portion of the abolishment tariff is included in opex and recovered instead through the haulage tariffs charged to all customers.

Our final decision on:

- the total revenue requirement is set out in the Overview of this final decision
- the services AGN will offer to customers over the 2026–31 period is set out below in section 5.1 – Services covered by the access arrangement
- the tariffs AGN will charge for the provision of these services are set out below in section 5.2 – AGN's reference tariff setting
- the annual tariff variation mechanisms are set out below in section 5.3 – Annual reference tariff variation mechanism
- the cost pass through mechanism is set out below in section 5.4 – Cost pass through mechanism
- the demand forecast volumes are set out in the Overview of this final decision.

### 5.1 Services covered by the access arrangement

This section sets out our consideration of, and decision on, AGN's reference service proposal.

---

<sup>1</sup> AER, *Draft decision - AGN (SA) access arrangement 2026–31 - Attachment 5 - Reference services, tariffs and non-tariff components*, November 2025.

### 5.1.1 Final decision

Our final decision is to accept AGN's proposed reference services consistent with our November 2024 decision on its 2026–31 reference service proposal. This includes accepting that AGN has not included an additional full-cost abolishment service tariff for customers undertaking property knock down rebuild and renovation.

### 5.1.2 AGN's revised proposal

AGN's revised proposal maintained the reference and non-reference services of its initial proposal and that were approved by our November 2024 decision on its 2026–31 reference service proposal (reference service proposal - final decision).<sup>2</sup> AGN proposed, and we approved, an abolishment service as an ancillary reference service (AGN has not previously charged for abolishment services but instead recovered abolishment costs from all customers through gas haulage tariffs). All other reference and non-reference services are consistent with the current access arrangement period.<sup>3</sup>

### 5.1.3 Reasons for final decision

We have previously assessed and approved AGN's reference service proposal, submitted in June 2024. Our assessment incorporated a full stakeholder consultation process including publishing AGN's proposal and calling for submissions. Our decision took stakeholder views into account.

Our reasons for accepting AGN's reference service proposal are set out in our reference service proposal - final decision.

## 5.2 AGN's reference tariff setting

This section sets out our consideration of, and decision on, AGN's reference tariff setting proposal.

Reference tariffs are reviewed against the requirements of the National Gas Law (NGL) and National Gas Rules (NGR), as well as the National Gas Objective (NGO). Our assessment focuses on the structure of reference tariffs and takes into account the revenue and pricing principles.<sup>4</sup> Our assessment approach is described in our draft decision.<sup>5</sup> We do not repeat it in this final decision.

### 5.2.1 Final decision

Our final decision is to accept AGN's revised reference tariff setting proposal with amendments to:

- set a partially socialised abolishment tariff for small scale abolishments at a price of \$257 for 2026–27

---

<sup>2</sup> AER, *Final Decision – Australian Gas Networks (South Australia) Gas Distribution Determination 2026 to 2031 Reference Service*, November 2024.

<sup>3</sup> AGN (SA), *2026–31 Access Arrangement Proposal Final Plan*, July 2025, p. 78.

<sup>4</sup> NGL, ss. 24(2)–(7).

<sup>5</sup> AER, *Draft decision - AGN (SA) access arrangement 2026–31 - Attachment 5 - Reference services, tariffs and non-tariff components*, November 2025.

- reduce the proposed full abolishment cost from AGN’s proposed \$1,250 to \$1,000 for 2026–27 (resulting in a socialised amount of \$743 to be accounted for in opex).

Our reasons for our final decision are set out below.

## 5.2.2 AGN’s revised proposal

### 5.2.2.1 Haulage reference service tariffs

Our draft decision did not accept AGN’s reference tariff setting proposal and required AGN to:

- flatten its volume (small) customer tariffs, by retaining a fixed charge and a block 1 charge, and amending the proposed blocks 2-3 for tariff R and proposed blocks 2-4 or tariff C to a single block 2 charge
- for its demand (large) customer tariffs, consider in its revised proposal beginning to transition away from its declining block tariff structures during the 2026–31 period
- provide customer bill impact modelling for the tariffs.

AGN’s revised proposal accepted our draft decision for residential customers by revising its residential tariffs to a 2-block structure. To achieve this, AGN increased the level of its block 1 charge, while equalising its block 2 and block 3 charges. AGN set the new level of its equalised block 2 and 3 charges below its initially proposed block-2 charge but above its initially proposed block-3 charge.

This structure and rebalancing is shown in figure 5.1 as ‘AER’s preferred structure (as proposed)’. It represents the 2-block structure required by our draft decision in combination with AGN’s proposed revised price levels to rebalance revenue recovery across the different blocks.

Under AGN’s initially proposed tariff structure for residential customers, network bill impacts for the smallest, median and largest customers ranged from decreases of 5% to increases of 5% in nominal terms. Impacts did not materially change under AGN’s shift to a 2-block structure. Under the 2-block structure the impacts became in the range of decreases of 7% to increases of 6% for more than 99% of residential customers. While the largest use residential customers are modelled by AGN to experience annual network bill increases of up to 16% (if the retailer passes the network bill increase on in full), this accounts for only 0.2% of residential customers.<sup>6</sup>

AGN’s revised proposal partially accepted the draft decision for commercial tariffs (small volume) by reducing these tariffs to an effective 3-block structure through consolidation of the 3rd and 4th blocks. AGN has also proposed to rebalance its block price levels, as it did for its residential tariffs, represented, as ‘Final plan (as still proposed)’ in figure 5.2. AGN considered 3-blocks was the best approach in the 2026–31 Access Arrangement period for commercial tariffs because it considered further flattening to a 2-block structure would result in an unreasonable redistribution of costs between customers on those tariffs.<sup>7</sup>

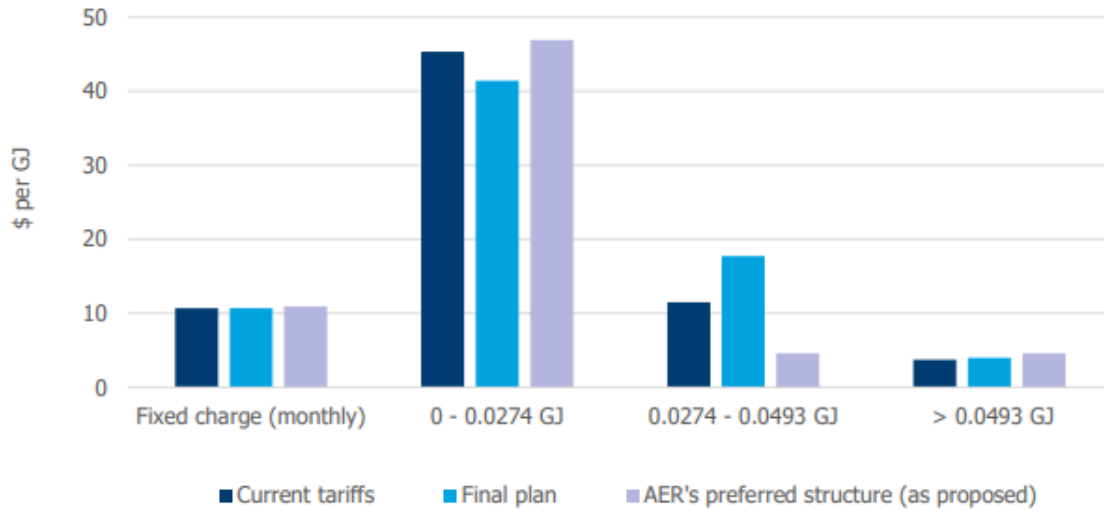
---

<sup>6</sup> AGN (SA), *Attachment 14.4 Response to Draft Decision on Revenue and Pricing*, January 2026, p. 9.

<sup>7</sup> AGN SA, *Attachment 14.4 Response to Draft Decision on Revenue and Pricing*, January 2026, p. 7.

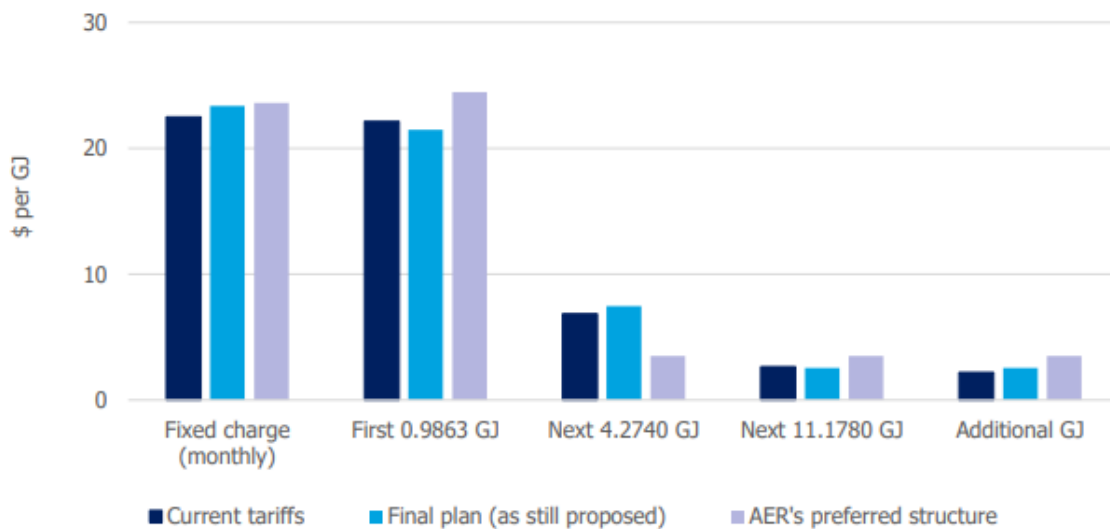
AGN maintained its tariffs for Demand (D) Haulage Tariffs (industry) without any change to the existing structure.

**Figure 5.1: Residential tariffs by block – Current versus final plan and proposed (AER- preferred structure)**



Source: AGN SA, Attachment 14.4 Response to Draft Decision on Revenue and Pricing, January 2026, p. 9.

**Figure 5.2: Commercial tariff structure change – modelled annual bill impacts (\$ nominal)**



Source: AGN SA, Attachment 14.4 Response to Draft Decision on Revenue and Pricing, January 2026, p. 10.

### 5.2.2.2 Ancillary reference service tariffs

AGN largely proposed a continuation of its approach to ancillary reference service tariffs, with the exception being the new abolishment tariff.

AGN's initial proposal was to partially socialise its full abolishment cost of \$1,250 and charge an abolishment tariff of \$257. Our draft decision accepted the subsidised abolishment tariff as a placeholder decision and invited a submission from the South Australian (SA) Office of

the Technical Regulator (OTR) on safety issues. Our draft decision also required AGN to reduce the full abolishment cost to \$1,000 and to include a new full cost (\$1,000) abolishment tariff for knock down rebuild and renovation.

AGN's revised proposal withdrew its initial proposal to partially socialise abolishment costs and instead proposed a single full cost abolishment tariff. In doing so, AGN noted a desire for an approach that would be consistent with the AEMC's draft rule that proposed to require cost reflective upfront abolishment tariffs.<sup>8, 9</sup>

AGN's revised proposal did not accept the AER's draft decision to reduce the full cost of the abolishment service to \$1,000 and instead retained its initially proposed \$1,250. By way of rationale, AGN stated that its recent costs suggest a cost reflective charge should be \$1,250 and pointed to Victoria as the only jurisdiction where costs are averaging around \$1,000.<sup>10</sup>

### 5.2.3 Reasons for final decision

We accept the haulage reference service tariff structures of AGN's revised proposal. We consider these tariff structures sufficiently reflect the revised NGO, and respond to our draft decision's requirements, including in considering customer bill impacts.

We do not accept AGN's proposed full cost abolishment tariff of \$1,250 and instead amend the full cost of the abolishment service to \$1,000, consistent with our draft decision.

The remainder of this section sets out the reasons for our draft decision in each of the following areas:

- haulage reference service tariff structures
- abolishment ancillary reference service tariff.

#### 5.2.3.1 Haulage reference service tariff structures

We consider AGN's revised proposal for residential tariffs with a 2-block structure is in line with our draft decision requirement for flatter tariff structures. The flatter structure represents movement away from the declining block structure that we consider promotes the use of gas, and better aligns with the emissions reduction element of the NGO. AGN modelled that bill impacts under the 2-block structure remain less than a 6% bill increase for over 99% of residential customers.

We accept AGN's revised proposal for commercial tariffs (small volume). With its revised proposal, AGN partially accepted our draft decision by restructuring these tariffs to a 3-block structure through consolidation of the 3rd and 4th blocks. AGN provided bill impact analysis that demonstrated the potential impacts on these customers of its proposed 3-block structure.<sup>11</sup> First year bill impacts would be negative - less than a 10% increase in nominal

---

<sup>8</sup> AEMC, *Draft rule determination - Establishing a regulatory framework for retail customer initiated gas abolishment*, 30 October 2025 ('AMEC, Draft Rule Determination').

<sup>9</sup> AGN SA, *SA Attachment 14.4 Response to Draft Decision on Revenue and Pricing*, January 2026, p. 21.

<sup>10</sup> AGN SA, *Attachment 14.4 Response to Draft Decision on Revenue and Pricing*, January 2026, p. 22.

<sup>11</sup> AGN SA, *Attachment 14.4 Response to Draft Decision on Revenue and Pricing*, January 2026, pp. 11-15.

terms for over 94% of customers but that almost 6% of customer could experience bill increases of up to 26%.

The analysis shows AGN's proposed tariff structure would have little impact or often benefit customers using smaller amounts of gas, as well more evenly impacting customers. The 79% of customers using up to 300GJ of gas annually would experience bill impacts ranging from decreases of 3% to increases of 1%. The 15% of customers using between 300GJ and 1,000 GJ would experience bill increases of between 1% and 4%. The 6% of larger use customers consuming over 1,000 GJ would experience bill increases of 2% to 6%. This compares to much more varied bill impacts under a 2-block structure that ranged from bill decreases of 26% to bill increases of 12%.

We accept AGN's explanation that a 3-block structure is the best approach in the 2026–31 Access Arrangement period for commercial tariffs, because further flattening to a 2-block structure could result in an unreasonable redistribution of costs between customers.

We accept AGN's rebalancing of block price levels across residential and commercial tariffs (small customers) to reasonably redistribute costs between customers. AGN has delivered flatter tariff structures through a reduced number of blocks while increasing its block-1 prices and also increasing the price level of outer block/s relative to its initial proposal, i.e. AGN's revised proposal aligns with the objective of our draft decision, to reduce the incentive for customers to consume more gas, while also not unreasonably redistributing costs between customers.

We note the South Australian Reference Group Review Panel's (SARG) support for AGN's changes to residential and small business tariff structures, and South Australian Council of Social Service's (SACOSS) support of the move towards flatter tariffs.<sup>12</sup> We note the Energy & Water Ombudsman SA (EWOSA) and Consumer Challenge Panel, sub-panel 33 (CCP33) cautioned that transitioning towards flatter tariffs too fast could cause adverse customer impacts.<sup>13</sup> We consider AGN's revised proposal has adequately addressed these concerns and balanced customer impacts with the emissions reduction element of the NGO.

We consider it acceptable that AGN maintained its tariffs for Demand (D) Haulage Tariffs (industry) for this period without any change to the existing structure, due to the potentially adverse customer impacts. The SA Business Chamber submitted that the gas consumption of many large commercial and industrial businesses reflects their operational needs rather than any choice, and that many of these businesses operate in hard to abate sectors where there is no technical or commercially viable alternative at this stage.<sup>14</sup> We expect AGN to reconsider flattening its Demand (D) Haulage Tariffs (industry) in its 2031–36 access arrangement.

---

<sup>12</sup> SARG Review Panel, *Submission on AER's Draft Decision and AGN(SA) 2026–31 Access Arrangement Revised Proposal*, February 2026; SACOSS, *Submission on AER's Draft Decision and AGN(SA) 2026–31 Access Arrangement Revised Proposal*, February 2026, p. 29-31.

<sup>13</sup> EWOSA, *Submission on AER's Draft Decision and AGN(SA) 2026–31 Access Arrangement Revised Proposal*, February 2026, p.1; CCP33, *Advice to the AER - AGN(SA)'s 2026–31 revised proposal and draft decision*, February 2026, pp. 18-19.

<sup>14</sup> South Australian Business Chamber, *Submission on AER's Draft Decision and AGN(SA) 2026–31 Access Arrangement Revised Proposal*, February 2026.

### 5.2.3.2 Abolishment ancillary reference service tariff

The final decision confirms our place holder approval of AGN's initial proposal for a partially socialised abolishment tariff. However, unlike our draft decision, our final decision accepts the same tariff treatment for all abolishments (i.e. including for knockdowns and renovations). The final decision also amends the full cost of the abolishment service to \$1,000.

#### Submissions

The OTR submitted that it supported a wholly (\$zero) or partially socialised abolishment tariff for all abolishment services, on safety grounds. The OTR submitted that abolishing a connection is the safest approach where gas is no longer being used at that connection. It reasoned that customers may seek to avoid a full cost abolishment charge, if imposed, and instead choose a temporary disconnection instead of abolishment. The OTR considered this could lead to less safe outcomes with a higher risk of pipeline strikes, including where the customer intends to reconnect after building works. The OTR submission noted there are around 4,000 dormant connections in SA and there were 112 incidents specific to dormant connections over 2023 and 2024.<sup>15</sup>

SARG submitted support for AGN's proposed full cost recovery tariffs for abolishments.<sup>16</sup> EWOSA submitted that treatment of abolishment charges in the final decision for AGN should be consistent with the AEMC's draft rule or subsequent final rule on abolishment charges.<sup>17</sup>

In response to our draft decision requirement for AGN to include a new full cost (\$1,000) abolishment tariff for knock down rebuild and renovation, AGN submitted that given the costs of the full cost abolishment charge, there would be a strong incentive to avoid the charge.<sup>18</sup> Submissions from the OTR, CCP33 and South Australia Federation of Residents and Ratepayers Associations Inc (SAFRRA) opposed setting two different AGN tariffs for abolishments i.e. the addition of a full cost knock down rebuild and renovation tariff, and queried whether it could be implemented by AGN.<sup>19</sup>

The OTR also submitted that it understands AGN does not have a system in place to monitor the reason for an abolishment at this stage and that a full cost tariff could trigger the safety concerns that partial socialisation is intended to address.<sup>20</sup>

---

<sup>15</sup> The Office of the Technical Regulator, *Submission on AER's Draft Decision and AGN(SA) 2026–31 Access Arrangement Revised Proposal*, February 2026, pp. 3-5.

<sup>16</sup> SARG Review Panel, *Submission on AER's Draft Decision and AGN(SA) 2026–31 Access Arrangement Revised Proposal*, February 2026.

<sup>17</sup> EWOSA, *Submission on AER's Draft Decision and AGN(SA) 2026–31 Access Arrangement Revised Proposal*, February 2026; CCP33, *Advice to the AER - AGN(SA)'s 2026–31 revised proposal and draft decision*, February 2026.

<sup>18</sup> AGN (SA), *Response to AER Information Request #16*, 20 February 2026.

<sup>19</sup> The Office of the Technical Regulator, *Submission on AER's Draft Decision and AGN(SA) 2026–31 Access Arrangement Revised Proposal*, February 2026; CCP33, *Advice to the AER - AGN(SA)'s 2026–31 revised proposal and draft decision*, February 2026; SAFRRA Inc, *Submission on AER's Draft Decision and AGN(SA) 2026–31 Access Arrangement Revised Proposal*, February 2026.

<sup>20</sup> The Office of the Technical Regulator, *Submission on AER's Draft Decision and AGN(SA) 2026–31 Access Arrangement Revised Proposal*, February 2026, p. 5.

SACOSS submitted that a \$1,250 abolishment tariff for AGN would present a significant barrier to electrification for low income/low health households.<sup>21</sup>

### AER considerations

Having considered stakeholder submissions on our draft decision, our final decision is that the partially socialised tariff of \$257 for 2026—27 should be applied to all abolishments.

While we acknowledge EWOSA’s preference is for the abolishment tariff to reflect the AEMC’s rule change (discussed below), our final decision reflects the safety concerns raised by the OTR. This is consistent with AER decisions on NSW and Victorian distributor abolishment tariffs, in placing weight on the advice of technical / safety regulators. The non-socialised portion of \$257 also aligns with the \$220 approved for Victorian distributors in 2023 and \$250 approved for Jemena Gas Network (JGN) in 2025.

We also note the practical difficulties of implementing a separate abolishment tariff and acknowledge that AGN does not have a standard abolishment tariff, so has no existing abolishment service charging system. AGN also does not have a means to determine if an abolishment is for a knock down rebuild or renovation and no method of monitoring or enforcing its implementation.

We note too that our final decision on AGN’s abolishment tariff differs from our decision on JGN’s 2025—30 access arrangement, for which we required JGN to set a cost reflective abolishment tariff for knock down rebuild and renovation. JGN already had an abolishment reference service and reference tariff, unlike AGN. For AGN, we accept that its differing starting point makes a material difference to what it can reasonably be expected to deliver for the 2026—31 period.

We consider AGN’s proposed total cost of undertaking an abolishment service of \$1,250 is not in line with comparable cost build-ups of other distributors (around \$1,000 on average). Consistent with the NGR r.91 requirement that opex be such as would be incurred by a prudent service provider, we consider that a benchmark reduction of 20% is appropriate to lower the cost to \$1,000.

Table 5.1 outlines our benchmarking analysis, indicating that AGN’s proposal is out of step with other regulated distributors and therefore not reflective of the costs of a prudent service provider. In line with the prices of Table 5.1, the final decision for Evoenergy has set a 2026—27 basic abolishment tariff at \$747 and a basic (urgent) abolishment tariff at \$981, both still below the benchmarked price we have set for AGN.<sup>22</sup>

**Table 5.1 Abolishment (unsocialised) tariff benchmarks**

Gas Distributor	Charge (\$2025–26)
Jemena Gas Network	\$1,104*

<sup>21</sup> SACOSS, *Submission on AER’s Draft Decision and AGN(SA) 2026–31 Access Arrangement Revised Proposal*, February 2026.

<sup>22</sup> AER, *Final decision - Evoenergy access arrangement 2026–31 - Attachment 5 - Reference services, tariffs and non-tariff components*, May 2025, p. 4.

Gas Distributor	Charge (\$2025–26)
MultiNet*	\$1,044*
AGN Victoria*	\$1,044*
AusNet*	\$910*
Evoenergy	\$883

Notes: \*Abolishment service cost incorporating upfront charge and any partial socialisation.

AGN's proposed abolishment charges reflect the labour cost of staff attending customer premises to perform the task. They do not incorporate any contribution to shared network cost recovery – they are not exit fees. Rather, AGN's small customer connection abolishment charges have been proposed by AGN on a cost recovery basis.

Setting the AGN abolishment cost at \$1,000 and the partially socialised upfront tariff at \$257 reduces the socialised amount to \$743 that will be accounted for in opex.

On 2 April 2026 the AEMC published its final determination of its rule change process for *Establishing a regulatory framework for retail customer initiated gas abolishment*. The final rule establishes a new regulatory framework requiring abolishment services to be charged at full cost. However, the final rule provides for phased implementation from 2027 such that obligations for AGN will not commence until the start of its 2031–36 access arrangement period.

In reaching our decision to partially socialise AGN's abolishment tariff for the 2026—31 period, we have accounted for the risk of confusing consumers by establishing what will in effect be an interim partially socialised tariff. In doing so we have reflected on the need to give the OTR and South Australian Government time to consider whether any policy response may be warranted before the AEMC's mandated cost-reflective abolishment tariffs will be implemented from 1 July 2031.

### 5.2.3.3 Other ancillary reference tariffs

Consistent with our draft decision we are satisfied that AGN's proposed tariffs for its remaining ancillary reference services (that is, with the exception of the small customer abolishment charge) are reasonable. The ancillary reference tariffs that AGN has proposed are in line with other gas distributors and our final decision is to accept them. Our final decision tariffs are set out in Table 5.2.

**Table 5.2 AGN's approved ancillary reference services prices**

Ancillary reference service (individual price caps)	2026–27
Special Meter Read	\$13.70
Disconnection	\$93.00
Reconnection	\$93.00
Meter Removal	\$93.00

Ancillary reference service (individual price caps)	2026–27
Meter Reinstallation	\$102.00
Meter Gas and Installation Test	\$278.00
Abolishment - Small-Scale	\$257.00

Source: AER Analysis.

## 5.3 Annual reference tariff variation mechanism

This section sets out our consideration of, and decision on, AGN's annual reference tariff variation mechanism proposal.

### 5.3.1 Final decision

Our final decision is to accept AGN's proposed weighted average price cap hybrid tariff variation mechanism for haulage services with its 5% revenue sharing threshold. Our draft decision accepted AGN's proposed escalation of Ancillary Reference Tariffs annually by CPI and our reasoning for that is in our *Draft Decision Attachment 5 - Reference services, tariffs and non-tariff components*.

The remainder of this section covers only AGN's hybrid tariff variation mechanism for haulage services.

### 5.3.2 AGN's revised proposal

Our draft determination accepted AGN's broad approach of a hybrid transportation reference tariff variation mechanism but determined that its proposed 10% revenue sharing threshold was too broad and instead required a 5% threshold (consistent with JGN's hybrid tariff variation mechanism approved by the AER).

AGN's revised proposal accepted our draft decision. Its revised proposal was for a hybrid tariff variation mechanism comprising the existing price cap form of control, augmented with a revenue sharing threshold of 5%. Under this hybrid approach, any incremental revenue gain or loss relative to forecast revenue and beyond the 5% threshold would be shared between the business and customers on an equal (50:50) basis.

### 5.3.3 Reasons for final decision

AGN has adopted our draft decision requirement for a 5% revenue sharing threshold in its revised proposal and we consider that the tariff variation mechanism is consistent with the NGR requirements and will contribute to the achievement of the NGO.

We consider a hybrid tariff variation mechanism, incorporating elements of both price cap and revenue cap regulation, better reflects the changed regulatory context for provision of gas haulage services than a pure weighted average price cap or a revenue cap. A hybrid tariff variation mechanism reduces the incentive for AGN to grow gas demand (better aligning with emissions reduction element of the NGO than a price cap), while mitigating potential tariff year-on-year volatility (which can be a feature of revenue cap regulation).

A hybrid tariff variation mechanism manages the risk of tariff volatility by limiting revenue true-ups to instances when actual volumes are (as per the draft decision) more than 5% higher (or lower) than targets. Also, a hybrid mechanism splits 50:50 the revenues associated with actual volumes being outside the 5% upper and lower volume boundaries. This means customers and AGN alike would only be impacted by half of any changes above or below the 5% volume boundaries.

## 5.4 Cost pass through mechanism

### 5.4.1 Final Decision

We accept the cost pass through events set out below:

- Regulatory change event
- Service standard event
- Tax change event
- Terrorism event
- Insurer credit risk event
- Insurance cap event
- Natural disaster event.

AGN adopted our definitions for these cost pass through events as set out in our draft decision. For avoidance of doubt, our definitions are set out in Table 5.3.

Our reasons for our final decision are set out in section 5.4.4.

### 5.4.2 AGN's revised proposal

AGN accepted our draft decision and maintained in its revised proposal that the above seven cost pass through events are to apply over the 2026–31 access arrangement period.<sup>23</sup>

AGN also adopted our draft decision definitions for the proposed events.

### 5.4.3 Assessment approach

We have applied the same assessment approach as set out in our draft decision.<sup>24</sup>

### 5.4.4 Reasons for final decision

We accept AGN's revised cost pass through events and the revised definitions. AGN accepted our draft decision and made all the amendments we requested in our draft decision. Our detailed reasoning for accepting AGN's proposed events and their revised definition are set out in our draft decision.<sup>25</sup>

---

<sup>23</sup> AGN SA, 2026.01.14 - AGN - SA AA 1 July 2026 to 30 June 2031 - Clean, January 2026, pp. 13-17.

<sup>24</sup> AER, *Draft decision - AGN (SA) access arrangement 2026–31 - Attachment 5 - Reference services, tariffs and non-tariff components*, November 2025, pp. 19-23.

<sup>25</sup> AER, *Draft decision - AGN (SA) access arrangement 2026–31 - Attachment 5 - Reference services, tariffs and non-tariff components*, November 2025, pp. 23-28.

**Table 5.3 AER’s definitions of cost pass through events**

Event	Definition
Regulatory Change Event	<p>Regulatory Change Event means a change in a regulatory obligation or requirement that:</p> <ul style="list-style-type: none"> <li>a) falls within no other category of relevant Pass Through Event; and</li> <li>b) occurs during the course of an Access Arrangement Period; and</li> <li>c) substantially affects the manner in which the Service Provider provides Reference Services; and</li> <li>d) materially increases or materially decreases the costs of providing Reference Services.</li> </ul>
Service Standard Event	<p>Service Standard Event means a legislative or administrative act or decision that:</p> <ul style="list-style-type: none"> <li>a) has the effect of: <ul style="list-style-type: none"> <li>(1) substantially varying, during the course of an Access Arrangement Period, the manner in which the Service Provider provides a Reference Service;</li> <li>(2) imposing, removing or varying, during the course of an Access Arrangement Period, minimum service standards applicable to Reference Services; or</li> <li>(3) altering, during the course of an Access Arrangement Period, the nature or scope of the Reference Services provided by the Service Provider; and</li> </ul> </li> <li>b) materially increases or materially decreases the costs to the Service Provider of providing Reference Services.</li> </ul>
Tax Change Event	<p>Tax Change Event occurs if:</p> <ul style="list-style-type: none"> <li>(a) any of the following during the course of the Access Arrangement Period: <ul style="list-style-type: none"> <li>(1) a change in a Relevant Tax, in the application or official interpretation of a Relevant Tax, in the rate of a Relevant Tax, or in the way a relevant Tax is calculated;</li> <li>(2) the removal of a Relevant Tax;</li> <li>(3) the imposition of a Relevant Tax; and</li> </ul> </li> <li>(b) as a consequence, the costs to the Service Provider of providing Reference Services are materially increased or decreased.</li> </ul>
Terrorism Event	<p>Terrorism Event means an act (including, but not limited to, the use of force or violence or the threat of force or violence) of any person or group of persons (whether acting alone or on behalf of or in connection with any organisation or government), which:</p> <ul style="list-style-type: none"> <li>1. from its nature or context is done for, or in connection with, political, religious, ideological, ethnic or similar purposes or reasons (including the intention to influence or intimidate any government and/or put the public, or any section of the public, in fear); and</li> </ul>

Event	Definition
	<p>2. changes the costs to the Service Provider in providing Reference Services:</p> <p>Note: In assessing a Terrorism Event pass through application, the AER will have regard to, amongst other things:</p> <ul style="list-style-type: none"> <li>i) whether the Service Provider has insurance against the event</li> <li>ii) the level of insurance that an efficient and prudent service provider would obtain in respect of the event; and</li> <li>iii) whether a declaration has been made by a relevant government authority that a terrorism event has occurred.</li> </ul>
Insurer Credit Risk Event	<p>An Insurer Credit Risk Event occurs if an insurer of the Service Provider becomes insolvent, and as a result, in respect of an existing, or potential, claim for a risk that was insured by the insolvent insurer, the Service Provider:</p> <ul style="list-style-type: none"> <li>a) is subject to a higher or lower claim limit or a higher or lower deductible than would have otherwise applied under the insolvent insurer's policy; or</li> <li>b) incurs additional costs associated with funding an insurance claim, which would otherwise have been covered by the insolvent insurer.</li> </ul> <p>Note: in assessing an Insurer Credit Risk Event pass through application, the AER will have regard to, amongst other things:</p> <ul style="list-style-type: none"> <li>i) the Service Provider's attempts to mitigate and prevent the event from occurring by reviewing and considering the insurer's track record, size, credit rating and reputation; and</li> <li>ii) in the event that a claim would have been covered by the insolvent insurer's policy, whether the Service Provider had reasonable opportunity to insure the risk with a different provider.</li> </ul>
Insurance Coverage Event	<p>An Insurance Coverage Event means an event where:</p> <ul style="list-style-type: none"> <li>1. the Service Provider: <ul style="list-style-type: none"> <li>a) makes a claim or claims and receives the benefit of a payment or payments under a relevant insurance policy or set of insurance policies; or</li> <li>b) would have been able to make a claim or claims under a relevant insurance policy or set of insurance policies but for changed circumstances; and</li> </ul> </li> <li>2. the Service Provider incurs costs: <ul style="list-style-type: none"> <li>a) beyond the relevant policy limit for that policy or set of insurance policies; or</li> <li>b) that are unrecoverable under a policy or set of insurance policies due to changed circumstances; and</li> </ul> </li> <li>3. the costs referred to in paragraph 2 above materially increase the costs to the Service Provider of providing Reference Services.</li> </ul>

Event	Definition
	<p>For the purposes of this Insurance Coverage Event:</p> <ul style="list-style-type: none"> <li>• 'changed circumstances' means movements in the relevant insurance liability market that are beyond the control of the Service Provider, where those movements mean that it is no longer possible for the Service Provider to take out an insurance policy or set of insurance policies at all or on reasonable commercial terms that include some or all of the costs referred to in paragraph 2 above within the scope of that insurance policy or set of insurance policies.</li> <li>• 'costs' means the costs that would have been recovered under the insurance policy or set of insurance policies had: <ul style="list-style-type: none"> <li>– the limit not been exhausted; or</li> <li>– those costs not been unrecoverable due to changed circumstances.</li> </ul> </li> <li>• a relevant insurance policy is an insurance policy or set of insurance policies held during the Access Arrangement Period or a previous access arrangement period in which the Service Provider was regulated; and</li> <li>• the Service Provider will be deemed to have made a claim on a relevant insurance policy or set of insurance policies if the claim is made by a related party of the Service Provider in relation to any aspect of the Service Provider's Network or business; and</li> <li>• the Service Provider will be deemed to have been able to make a claim on a relevant insurance policy or set of insurance policies if, but for changed circumstances, the claim could have been made by a related party of the Service Provider in relation to any aspect of the Service Provider's Network or business.</li> </ul> <p>Note for the avoidance of doubt, in assessing an Insurance Coverage Event through application under clause 3.5(i), the AER will have regard to:</p> <ol style="list-style-type: none"> <li>i) the relevant insurance policy or set of insurance policies for the event;</li> <li>ii) the level of insurance that an efficient and prudent service provider would obtain, or would have sought to obtain, in respect of the event;</li> <li>iii) any information provided by the Service Provider to the AER about the Service Provider's actions and processes; and</li> <li>iv) any guidance published by the AER on the matters the AER will likely have regard to in assessing any Insurance Coverage Event that occurs.</li> </ol>
Natural Disaster Event	Natural Disaster Event means any natural disaster including, but not limited to cyclone, fire, flood, or earthquake that occurs during the Access Arrangement Period that changes the costs to the Service Provider in providing the Reference Services, provided the cyclone, fire, flood, earthquake or other event was:

Event	Definition
	<p>a) a consequence of an act or omission that was necessary for the Service Provider to comply with a regulatory obligation or requirement or with an applicable regulatory instrument; or</p> <p>b) not a consequence of any other act or omission of the Service Provider.</p> <p>Note: In assessing a Natural Disaster Event pass through application, the AER will have regard to, amongst other things:</p> <p>i) whether the Service Provider has insurance against the event;</p> <p>ii) the level of insurance that an efficient and prudent service provider would obtain in respect of the event.</p>

Source: AER analysis.

## 5.5 Non-tariff components

In addition to the reference services that will apply to AGN, there are other non-tariff components that are proposed for the 2026–31 period.

As in our draft decision, our final decision approves the non-tariff components of AGN's access arrangement for the 2026–31 period, including:

- proposed queuing<sup>26</sup>, extension and expansion<sup>27</sup>, and capacity trading requirements<sup>28</sup>
- the proposed approach to changing users' receipt or delivery points<sup>29</sup>
- the proposed terms and conditions for the supply of reference services<sup>30</sup>
- the proposed review submission date (the date by which AGN must submit its next access arrangement proposal) of 1 July 2030<sup>31</sup>
- the proposed revision commencement date (the date on which AGN's next access arrangement period will commence) of 1 July 2031.<sup>32</sup>

In our draft decision, while we approved the nontariff components of AGN's access arrangement, we also encouraged AGN to continue engaging with users on elements of its terms and conditions for its revised proposal.<sup>33</sup>

<sup>26</sup> NGR, r. 68D.

<sup>27</sup> NGR, rr. 48(1)(g), 68E.

<sup>28</sup> NGR, rr. 48(1)(f), 68F.

<sup>29</sup> NGR, rr. 48(1)(h), 68G.

<sup>30</sup> NGR, rr. 48(d)(ii), 68B.

<sup>31</sup> NGR, rr. 48(1)(i), 49.

<sup>32</sup> NGR, rr. 48(1)(i), 49.

<sup>33</sup> AER, *Draft decision - AGN (SA) access arrangement 2026–31 - Attachment 5 - Reference services, tariffs and non-tariff components*, November 2025, pp. 30-32.

### 5.5.1 Final decision

Our final decision accepts AGN's proposed queuing, extension and expansion, and capacity trading requirements, its proposed approach to changing users' receipt or delivery points, its terms and conditions, and its proposed review submission and revision commencement dates. For the reasons already set out in our draft decision, we remain satisfied that these elements meet the requirements of the NGR and NGL.<sup>34</sup>

AGN's submitted revised terms and conditions following feedback from one retailer. AGN provided a response outlining whether it accepted or had not accepted the proposed changes to its terms and conditions in Annexure G.<sup>35</sup>

Where AGN had not accepted the feedback from the retailer, AGN provided further explanation as to why it has not made the suggested amendments and/or provided additional information to understand the meaning of the relevant clauses.

We have reviewed the updated revisions provided and consider these reasonable and note, we did not receive any submissions on our draft decision, or on AGN's revised proposal in relation to the non-tariff components.

Our final decision maintains our draft decision to approve AGN's non-tariff components and would encourage AGN's to continue consultation with users over the next period.

## 5.6 Revisions

We require the following revisions to make the access arrangement proposal acceptable as set out in Table 5.4 Reference tariff setting revisions Table 5.4, and Table 5.5.

### Services covered by the access arrangement

We do not require AGN to make any revisions the services covered by the access arrangement proposal.

**Table 5.4 Reference tariff setting revisions**

Revision	Amendments
Revision 5.1	Amend full abolishment cost for small scale abolishments to \$1,000 in the 2026–27 year. <sup>36</sup>
Revision 5.2	Amend abolishment tariff for small scale abolishments to the partially socialised amount of \$257 in the 2026–27 year. <sup>37</sup>

<sup>34</sup> AER, *Draft decision - AGN (SA) access arrangement 2026–31 - Attachment 5 - Reference services, tariffs and non-tariff components*, November 2025, pp. 28-36

<sup>35</sup> AGN SA, [Attachment 15.3 Response to Draft Decision on Network Access](#), January 2026; AGN SA, [Access Arrangement 2026–31 Draft GTCs marked up](#), January 2026.

<sup>36</sup> As an ancillary reference tariff it will be escalated annually by the ancillary reference tariff variation mechanism which is addressed in section 5.3 of this attachment 5.

<sup>37</sup> As an ancillary reference tariff it will be escalated annually by the ancillary reference tariff variation mechanism which is addressed in section 5.3 of this attachment 5.

Revision 5.3	<p>Amend to include in section 4 – <i>Reference Tariff Policy General</i> of its access arrangement the following:</p> <p style="padding-left: 40px;">AGN may rebalance cost recovery across the tariff components of each gas transportation tariff only where explicitly provided for in this access arrangement, or through small adjustments to enable recovery of efficient costs but that do not change the broad tariff structure as reflected by the initial reference tariff schedule.</p>
--------------	---

**Table 5.5 Reference tariff variation mechanism revisions**

Revision	Amendments
Revision 5.4	<p>Amend the references in Schedule 4.4.2 and Annexure E on pages 13, 53, 54 of the AA (clean version) to:</p> <p>“CPI<sub>t</sub> is the annual percentage change in the ABS CPI <b>Quarterly All Groups, Australia Weighted Average of Eight Capital Cities</b> from the December quarter in year t-2 to the December quarter in year t-1, calculated using the following method:”</p> <p>Amend the references on page 13 of the AA (clean version) to:</p> <p>“If the ABS does not or ceases to publish the index, <b>or it is substantially changed</b>, then CPI will mean an index which the AER considers is the best available alternative index.”</p> <p>Amend the references on pages 36 of the AA (clean version) to:</p> <p>‘CPI’ means the Consumer Price Index (All Groups Weighted Average for the Eight Capital Cities) as published by the Australian Bureau of Statistics or its successor. <b>If the ABS does not or ceases to publish the index, or it is substantially changed, then CPI will mean an index which the AER considers is the best available alternative index.</b> <del>or, if that Consumer Price Index is not published for any reason, whatever alternative index AGN determines (with the Regulator’s approval) from time to time is reasonably equivalent to that Consumer Price Index.”</del></p>
Revision 5.5	<p>In Schedule 4.4.1 remove the price cap tariff variation mechanism for haulage services and amend the reference on page 12 of the AA (clean version) to the hybrid tariff variation mechanism threshold, to 5%.</p>

**Cost pass through mechanism revisions**

We do not require AGN to make any revisions to cost pass through events or definitions.

**Non-tariff component revisions**

We do not require AGN to make any revisions to the non-tariff components of its access arrangement proposal.

# Glossary

Term	Definition
ACT	Australian Capital Territory
AGN	Australian Gas Network (SA)
AEMC	Australian Energy Market Commission
AEMO	Australian Energy Market Operator
AER	Australian Energy Regulator
CCP33	Consumer Challenge Panel, sub-panel 33
EWOSA	Energy & Water Ombudsman South Australia
JGN	Jemena Gas Networks
NGO	National Gas Objective
NGL	National Gas Law
NGR	National Gas Rules
OTR	Office of the Technical Regulator
opex	operating expenditure
SACOSS	South Australian Council of Social Service's
SAFRRA	South Australia Federation of Residents and Ratepayers Associations Inc
SARG	South Australian Reference Group

---