

# Final decision

**Evoenergy (ACT) 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: AER24008741

### **Amendment record**

| Version | Date        | Pages |
|---------|-------------|-------|
| 1       | 21 May 2026 | 41    |

## 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 Evoenergy. 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
- Attachment 6 – Capital expenditure sharing scheme
- Attachment 7 – Efficiency carryover mechanism

# 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 Evoenergy’s reference tariff setting .....                       | 2          |
| 5.3 Annual reference tariff variation mechanism .....                | 18         |
| 5.4 Cost pass through mechanism.....                                 | 26         |
| 5.5 Non-tariff components.....                                       | 32         |
| 5.6 Revisions .....  | 33         |
| <b>Glossary</b> .....  | <b>37</b>  |

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

In this attachment, we outline our assessment of Evoenergy’s 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 Evoenergy’s initial proposal for reference services, tariffs and non-tariff components. Our *Draft Decision Attachment 5 - Reference services, tariffs and non-tariff components* (draft decision), sets out our reasons for accepting those elements. We do not repeat them in this final decision.

### Interrelationships

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

Our final decision on:

- Evoenergy's total revenue requirement is set out in the Overview to this final decision
- the services Evoenergy will offer to customers over the 2026–31 period are set out below in section 5.1 – Services covered by the access arrangement
- the tariffs Evoenergy will charge for the provision of these services are set out below in section 5.2 – Evoenergy’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 to this final decision.

### 5.1 Services covered by the access arrangement

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

Our draft decision sets out our reasons for determining a service to be a reference service, as compared to a non-reference service.<sup>1</sup> We do not repeat them in this final decision.

---

<sup>1</sup> AER, Draft decision, *Evoenergy access arrangement 2026–31 - Attachment 5 - Reference services, tariffs and non-tariff components*, November 2025, p. 2.

### 5.1.1 Final decision

Our final decision is to accept Evoenergy’s proposed reference services consistent with our November 2024 decision on its 2026–31 reference service proposal.<sup>2</sup> Our draft decision, sets out our reasons for accepting those elements. We do not repeat them in this final decision.

### 5.1.2 Evoenergy’s revised proposal

Evoenergy’s revised proposal maintained the reference and non-reference services approved by our November 2024 decision on its 2026–31 reference service proposal. Evoenergy proposed, and we approved, a permanent disconnection (abolishment) service for volume customers as a reference service.

As set out in our draft decision, Evoenergy’s Access Arrangement proposal further split the permanent disconnection service into three services:

- Basic permanent disconnection – reference service
- Basic (urgent) permanent disconnection – reference service
- Complex permanent disconnection – individually priced (i.e. a non-reference (unregulated) service).

Evoenergy retained this approach in its revised proposal. Evoenergy’s revised proposal did not accept our draft decision requirement to include a standardised cost reflective permanent disconnection reference service.

### 5.1.3 Assessment approach

Our assessment approach for the reference services is unchanged from our draft decision.<sup>3</sup>

### 5.1.4 Reasons for final decision

Our reasons for accepting Evoenergy’s reference service proposal are set out in our draft decision.

Our draft decision required Evoenergy to establish a standardised cost reflective permanent disconnection reference service. This was to provide customers with an option of a standard tariff for a complex permanent disconnection and was in addition to its three other permanent disconnection tariffs. Our reasons for accepting that Evoenergy has not include the additional permanent disconnection service are set out in section 5.2 of this attachment.

## 5.2 Evoenergy’s reference tariff setting

This section sets out our consideration of, and decision on, Evoenergy’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

---

<sup>2</sup> AER, Final decision, *Evoenergy 2026–31 Access Arrangement – Reference service proposal*, November 2024.

<sup>3</sup> AER, Draft decision, *Evoenergy access arrangement 2026–31 - Attachment 5 - Reference services, tariffs and non-tariff components*, November 2025, pp. 4-5.

focuses on the structure of reference tariffs and takes into account the revenue and pricing principles.<sup>4</sup>

### 5.2.1 Final decision

Our final decision for Evoenergy’s 2026–31 access arrangement period is to accept its revised reference tariff setting proposal with amendments to:

- Tariff structure
  - rebalance its gas transportation tariff structure for year 1 of the 2026–31 period for volume individual (VI)
  - reflect Evoenergy’s proposal to achieve a two-block structure for its demand capacity (DC) Tariff by 2030–31
- Complex permanent disconnections (abolishments)
  - specify fair and reasonable pricing and quoting processes for individually priced complex permanent disconnection services
- Wasted visit tariffs
  - reduce the wasted visit charges to \$45 for temporary disconnections and to \$65 for reconnections
  - set separate permanent disconnection wasted visit tariffs for basic permanent disconnections and the basic (urgent) permanent disconnections (per Evoenergy’s initial proposal). This will require the cost of permanent disconnection wasted visits that Evoenergy included in its permanent disconnection tariffs to be removed.
  - set the basic permanent disconnection wasted visit charge at \$168 and the basic (urgent) permanent disconnection wasted visit charge at \$224 (reduced from Evoenergy’s initially proposed charges for permanent disconnection wasted visits).

The ancillary reference service tariffs that are approved in our final decision are set out in Table 5.1, including the revised permanent disconnections and wasted visit tariffs.

**Table 5.1 Evoenergy’s approved 2025-26 initial ancillary reference service tariffs**

| Tariff  | AER’s final decision |
|---|----------------------|
| Temporary disconnection ≤25m <sup>3</sup> /hr (per meter) | \$100.00             |
| Temporary disconnection >25m <sup>3</sup> /hr (per meter) | \$187.00             |
| Wasted visit temporary disconnection                      | \$45.00              |
| Reconnection ≤25m <sup>3</sup> /hr (per meter)            | \$128.00             |
| Reconnection >25m <sup>3</sup> /hr (per meter)            | \$181.00             |
| Wasted visit reconnection                                 | \$65.00              |
| Special meter read  | \$14.00              |

<sup>4</sup> NGL, ss. 24(2)–(7).

|  |                     |
|--|---------------------|
| Wasted visit special meter read  | \$14.00             |
| Non-standard retail-initiated requests and queries (per hour)              | \$158.00            |
| Basic permanent disconnection  | \$747.00            |
| Basic permanent disconnection wasted visit                                 | \$168.00            |
| Basic (urgent) permanent disconnection                                     | \$981.00            |
| Basic (urgent) permanent disconnection wasted visit                        | \$224.00            |
| Complex permanent disconnection  | Individually priced |
| Temporary disconnection and reconnection (Demand Customer Delivery Points) | Individually priced |

Our reasons for our final decision are set out below.

### 5.2.2 Evoenergy’s revised proposal

Our draft decision did not accept Evoenergy’s reference tariff setting proposal and required that Evoenergy:

- achieve a flattened gas transportation tariff structure for year 1 of the 2026–31 period for volume customer tariffs and consider flattening its demand tariffs in the 2026–31 period, specifically:
  - amend blocks 2 to 4 of its volume individual (VI) tariff to a single block for year 1 of the access arrangement period
  - similarly flatten the outer blocks of its volume boundary (VB) tariff for year 1 of the access arrangement period
  - comparably flatten its demand capacity (DC) (large customer) declining block tariff over the 2026–31 period or lay out a plan to transition to a flatter tariff.
- establish a standardised cost reflective reference tariff for complex permanent disconnections
- reduce the temporary disconnection reference tariff to exclude the safety control program costs and to align with benchmarked levels
- justify why its wasted visit tariffs should be established, including with evidence on the number of wasted visits and what controls Evoenergy has to ensure that wasted visits are kept to a minimum
- if wasted visits are justified to our satisfaction, reduce the proposed \$210.88 basic permanent disconnection service wasted visit charge and \$445.24 permanent disconnection (urgent) service wasted visit charge, while also clearly explaining how customers will be fully informed of the wasted visit tariffs before Evoenergy confirms the related service, and what further controls it will develop to ensure that wasted visits are kept to a minimum.

### 5.2.2.1 Gas transportation reference tariff structure

Evoenergy accepted our draft decision and made the following changes in its revised proposal in response to our draft decision:<sup>5</sup>

- Volume individual (VI) Tariff: a two-block structure starting from year 1 (2026–27). This consolidated the previous blocks 2, 3 and 4 into a single block applying to gas consumption above 3.75 GJ per quarter. Block 1 was retained with its initially proposed (and current) threshold covering the first 3.75 GJ of gas consumption per quarter.
- Volume boundary (VB) Tariff: the VB tariff was moved to a two-block structure in year 1 (2026–27). This removes the previous block 3 charge, with the block 2 charge now applying to all gas consumption above 112.50 GJ per quarter.
- Demand capacity (DC) Tariff: Evoenergy proposed to transition to a flatter DC tariff by incrementally equalising block 2 and block 3 prices over the course of the 2026–31 access arrangement period and effectively achieving a two-block structure by 2030–31.
- Demand throughput (DT) Tariff: Evoenergy are not proposing changes to the structure of the DT tariff as it already has a flat structure with a single block for all gas usage.

Table 5.2 sets out the changes in Evoenergy’s 2026–31 tariff structure over the course of the access arrangement assessment period.

**Table 5.2 Changes in Evoenergy’s 2026–31 tariff structures**

| Tariff                 | Evoenergy’s initial proposal  | AER’s draft decision   | Evoenergy’s revised proposal  |
|------------------------|---|--|---|
| Volume individual (VI) | Retained the existing 4-block structure, and gradually flattened the price levels to achieve an approximate 10 per cent reduction in block 1, with commensurate increases in blocks 2-4 of approximately 5 to 8 per cent over the period. | Establish a 2-block structure from year 1 (by consolidating blocks 2–4).   | A 2-block structure starting from year 1 (2026–27).   |
| Volume boundary (VB)   | No change   | Establish a 2-block structure from year 1 (by consolidating blocks 2–3).   | A 2-block structure starting from year 1 (2026–27).   |
| Demand capacity (DC)   | No change   | Comparably flatten tariff or lay out plan to transition to flatter tariff. | Propose to transition to a flatter tariff by incrementally equalising block 2 and block 3 prices over the course of the |

<sup>5</sup> Evoenergy, *Revised proposal, Attachment 7 - Transportation (including metering) reference tariffs*, January 2026, pp. 44-45.

| Tariff                 | Evoenergy’s initial proposal | AER’s draft decision  | Evoenergy’s revised proposal       |
|------------------------|------------------------------|---|------------------------------------|
|                        |                              |   | 2026–31 access arrangement period. |
| Demand throughput (DT) | No change                    | Comparably flatten tariff, or lay out a plan to transition to flatter tariff. | Not proposing any changes.         |

Source: Evoenergy, *Revised proposal, Attachment 7-Transportation (including metering) reference tariffs*, January 2026, pp. 44-45.

Evoenergy considers that adopting changes required in our draft decision may impact on its ability to manage demand variability.<sup>6</sup> Evoenergy explained that the usage in the outer tariff blocks, i.e. blocks 2–4 for the individual (VI) tariff, is historically the most variable component of its demand, driven significantly by weather and partial electrification of gas appliances.<sup>7</sup> Evoenergy considers compensation is not available for the additional commercial risks that results from this approach, compensation it considers is required under the NGL.

Evoenergy’s revised proposal included a proposed additional 2% increase to its fixed charges and block 1 charges in its tariffs to help mitigate this risk and promote price stability for all its customers (see Figure 5.1).<sup>8</sup> Evoenergy intended that this adjustment<sup>9</sup>:

- increase the proportion of revenue recovered from the most stable tariff components (fixed and block 1 charges)
- reduce reliance on the outer consumption block(s) for revenue recovery and help reduce the potential for revenue under recovery or over recovery if actual demand differs from forecasts.

In aggregate, in Evoenergy’s revised proposal relative to its initial proposal, volume individual (VI) fixed charges increased by 2%, block 1 charges increased by 13% and block 2 charges decreased by 13% (noting block 2 covers its initially proposed blocks 2-4 but is also 1% lower than the initially proposed block 4).<sup>10</sup> Evoenergy’s volume (individual) tariff covers 99.9% of customers on Evoenergy’s network.<sup>11</sup>

<sup>6</sup> Evoenergy, *Revised proposal, Attachment 7 - Transportation (including metering) reference tariffs*, January 2026, p. 45.

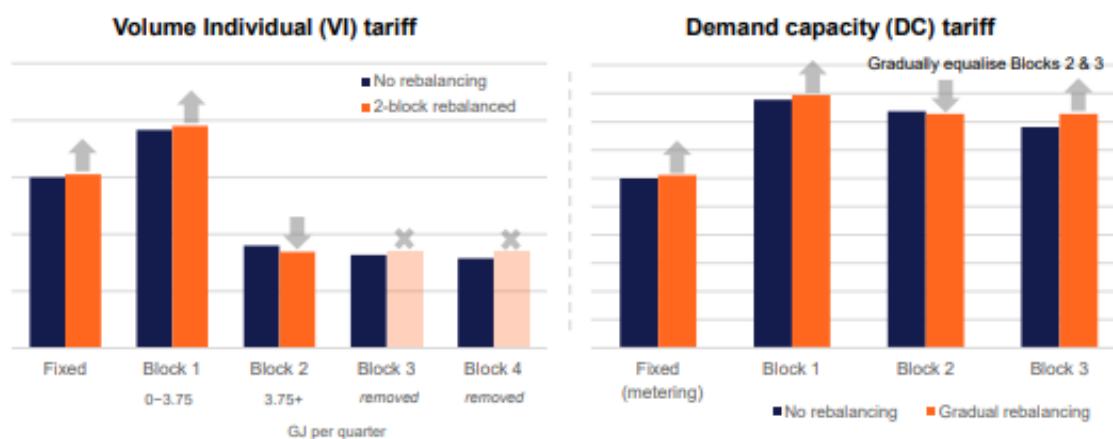
<sup>7</sup> Evoenergy, *Revised proposal, Attachment 7 - Transportation (including metering) reference tariffs*, January 2026, p. 45.

<sup>8</sup> Evoenergy, *Revised proposal, Attachment 7 - Transportation (including metering) reference tariffs*, January 2026, p. 45.

<sup>9</sup> Evoenergy, *Revised proposal, Attachment 7 - Transportation (including metering) reference tariffs*, January 2026, p. 45.

<sup>10</sup> Calculated by the AER from Evoenergy’s response to AER information request IR#022

<sup>11</sup> Evoenergy, *Revised proposal, Attachment 7 - Transportation (including metering) reference tariffs*, January 2026, p. 45.

**Figure 5.1 Rebalancing proposed in Evoenergy’s 2026–31 tariff structures**

Source: Evoenergy, Revised proposal, Attachment 7-Transportation (including metering) reference tariffs, January 2026, p. 46.

Evoenergy noted that in its engagement following its initial proposal, retailers made observations about reduced tariff blocks and the impact for smaller volume individual (VI) customers, compared to Evoenergy’s initial proposal. Retailers observed that these changes raise a number of implementation issues (including administration and billing system costs) and could increase costs for hardship and small customers, relative to its initial proposal.<sup>12</sup>

### 5.2.2.2 Permanent disconnections (abolishments)

Evoenergy did not accept our draft decision requirement on complex permanent disconnections. Evoenergy retained its individually priced complex permanent disconnection service and did not establish a standardised cost reflective reference tariff for this service in its revised proposal. Evoenergy considers the development of a standardised cost reflective charge for a non-standard service to be inappropriate. This includes because Evoenergy considers a standardised tariff would be inefficient and inconsistent with AER’s decisions for other gas distribution networks<sup>13</sup>

Evoenergy considers its individually priced complex permanent disconnection service would send efficient price signals, consistent with the Australian Energy Market Commission (AEMC) draft rule change (now final) requiring a user pays approach and efficient price signals for permanent disconnections.<sup>14</sup>

Evoenergy considers that sufficient and accessible consumer protection arrangements are in place for individually priced ancillary services. Evoenergy outlined a ‘permanent disconnection offer’ in its reference service agreement (RSA) for complex permanent disconnections. The offer would include a site-specific scope of works and estimated charge. It notes that consumer protections include that the retailer has a choice over whether to

<sup>12</sup> Evoenergy, *Revised proposal, Attachment 7 - Transportation (including metering) reference tariffs*, January 2026, pp. 46-47.

<sup>13</sup> Evoenergy, *Revised proposal, Attachment 8 - Ancillary activities reference service and tariffs*, January 2026, p. 8.

<sup>14</sup> Evoenergy, *Revised proposal, Attachment 8 - Ancillary activities reference service and tariffs*, January 2026, p. 5.

accept the offer or not, on behalf of the retail customer.<sup>15</sup> Evoenergy considers it the responsibility of the retailer (as the service requestor for the customer) to communicate any charges to its retail customer, including for individually priced services.<sup>16</sup> Evoenergy's revised RSA also includes new prescription on its arbitration option for dispute resolution which prescribes the use of NSW legislation and the place of arbitration as Sydney.

Evoenergy advised that the only complex work required for a detached single dwelling (small residential customers) would be concrete cutting and hard surface restoration and few residential permanent disconnections would require these works.<sup>17</sup> Based on a sample of 143 single standalone dwellings, Evoenergy concluded that only 3% could possibly require concrete cutting services. Evoenergy expects very low to nil demand for concrete cutting and hard surface restoration for detached single dwellings permanent disconnections.<sup>18</sup>

### 5.2.2.3 Temporary disconnections

Evoenergy's revised proposal excluded the safety control program costs from temporary disconnection tariffs and instead included the safety control program costs as an operating expenditure (opex) step change, consistent with our draft decision. Evoenergy did not accept our draft decision requirement to further reduce the charge for its temporary disconnection  $\leq 25\text{m}^3/\text{hr}$  (per meter) tariff to \$90 to align with our benchmark rate.

Evoenergy maintained that a safety control program remains necessary to ensure a safe and efficient future decommissioning of the gas network, to meet its regulatory obligations, and based on safety assessment finding recommendations.<sup>19</sup> However, Evoenergy accepted our draft decision to exclude its cost from the temporary disconnection tariffs.

As a result, Evoenergy's revised proposal reduced its temporary disconnection  $\leq 25\text{m}^3/\text{hr}$  (per meter) charge from \$134.00 to \$100.00 and its temporary disconnection  $> 25\text{m}^3/\text{hr}$  (per meter) charge from \$222.00 to \$187.00. These reductions remove the cost of the safety control program only. Evoenergy did not accept our draft decision requirement to further reduce temporary disconnection charges to align with our benchmarked amount. Evoenergy considers that:<sup>20</sup>

- its temporary disconnection charge is efficient, based on AER-approved labour rates for ancillary services, and allows it to provide a safe service
- a benchmarking approach is inappropriate since it is based on a limited averaging period of a single year, that compares charges rather than efficient costs to deliver temporary disconnection services.

---

<sup>15</sup> Evoenergy, *Revised proposal, Attachment 8 - Ancillary activities reference service and tariffs*, January 2026, p. 12.

<sup>16</sup> Evoenergy, *Revised proposal, Attachment 8 - Ancillary activities reference service and tariffs*, p. 12.

<sup>17</sup> Evoenergy, *Response to information request #17*, p. 2.

<sup>18</sup> Evoenergy, *Response to information request #22*, p. 4.

<sup>19</sup> Evoenergy, *Revised proposal, Attachment 8 - Ancillary activities reference service and tariffs*, January 2026, p. 13.

<sup>20</sup> Evoenergy, *Revised proposal, Attachment 8 - Ancillary activities reference service and tariffs*, January 2026, pp. 13-14.

### 5.2.2.4 Wasted visits

Evoenergy’s revised proposal provided additional information to justify wasted visit tariffs but did not otherwise accept our draft decision requirements.

Evoenergy’s initial proposal introduced wasted visit reference tariffs for permanent disconnection, temporary disconnection, reconnection and special meter read services.<sup>21</sup> Our draft decision required Evoenergy to justify why its wasted visit tariffs should be established and, if justified to our satisfaction, reduce the level of wasted visit tariffs.<sup>22</sup>

Evoenergy’s revised proposal for the 2026–31 period:

- retained its initially proposed wasted visit tariffs and charges for the temporary disconnection, reconnection, and special meter read services
- removed its two wasted visit tariffs for permanent disconnections
- included the average cost of permanent disconnection wasted visits in its permanent disconnection tariffs (i.e. socialised wasted visit costs across all customers seeking the permanent disconnection service). Evoenergy’s noted its reason for this approach was the low volumes for these wasted visit services.<sup>23</sup>

Table 5.3 sets out Evoenergy’s proposed wasted visit charges, our draft decision and Evoenergy’s revised proposal.

**Table 5.3 Proposed wasted visits charges**

| Activity   | Evoenergy’s initial proposal | AER’s draft decision | Evoenergy’s revised proposal                                   |
|--|------------------------------|----------------------|--|
| Temporary disconnection (Volume Customer Delivery Points)                | \$73.00                      | Not accept           | \$73.00  |
| Reconnection (Volume Customer Delivery Points)                           | \$93.00                      | Not accept           | \$93.00  |
| Special meter reads  | \$14.00                      | Not accept           | \$14.00  |
| Basic permanent disconnection (Volume Customer Delivery Points)          | \$211.00                     | Not accept           | Socialised into Basic permanent disconnection tariffs          |
| Basic (urgent) permanent disconnection (Volume Customer Delivery Points) | \$445                        | Not accept           | Socialised into Basic (urgent) permanent disconnection tariffs |

<sup>21</sup> Evoenergy, *Attachment 8 - Ancillary activities reference service and tariffs*, January 2026, p. 14.

<sup>22</sup> AER, *Draft decision, Evoenergy access arrangement 2026–31 - Attachment 5 - Reference services, tariffs and non-tariff components*, November 2025, p. 37.

<sup>23</sup> Evoenergy, *Revised proposal, Attachment 8 - Ancillary activities reference service and tariffs*, January 2026, p. 5.

Source: Evoenergy, *Revised proposal, Attachment 8 - Ancillary activities reference service and tariffs*, January 2026, p. 6.

Evoenergy's revised proposal included justification for the imposition of wasted visit tariffs. Evoenergy views wasted visits as unavoidable for Evoenergy but avoidable from the customer's perspective. Evoenergy maintains that separate charges will promote economically efficient outcomes and provide cost-reflective price signals to incentivise minimisation of wasted visits.<sup>24</sup> Evoenergy considers that applying efficient cost reflective price signals is consistent with standard industry practice.<sup>25</sup>

Evoenergy's proposed RSA provides that the wasted visit charges only apply where the customer is at fault for the requested service not being completed – a charge would not apply where the meter could not be located.<sup>26</sup> For the ancillary activities reference service, the RSA states that Evoenergy must use reasonable endeavours to provide the service.<sup>27</sup>

Evoenergy submitted data on the percentage of historic wastage visits as a proportion of total service visits across years 2020–21 to 2024–25. Wasted visits were highest for temporary disconnections - between 24-33% of total visits. Reconnection wasted visits were between 4-6% of total visits and special meter reads between 5-10%. Permanent disconnection wasted visits were the lowest, ranging from 0-3% of total visits.<sup>28</sup>

Evoenergy reported that the main reason for wasted visits for a temporary disconnection is field workers unable to access the meter. This is predominantly due to locked gates, a key being required, the meter being in a secure building or internally located in the premises, or due to a shop being closed.

Evoenergy's revised proposal outlines that wasted visit volumes can be minimised through use of price signals, i.e. recovering costs on a causer pays basis.<sup>29</sup> It expects that introducing wasted visit charges will result in less wasted visits as retailers and customers seek to avoid charges. Specifically, the introduction of standalone and cost-reflective wasted visit charges, applied where the customer is at fault, will provide economic incentives for retailers to inform customers of their risk of incurring a wasted visit charge.

Evoenergy also proposed to include information on allowing safe and unhindered access to gas meters in its annual safety information campaigns and has confirmed with retailers that where they pass on wasted visit charges, customers will receive advance notice of the potential charge.<sup>30</sup> However, Evoenergy also note that wasted visits are typically not on-

---

<sup>24</sup> Evoenergy, *Revised proposal, Attachment 8 - Ancillary activities reference service and tariffs*, January 2026, p. 5.

<sup>25</sup> Evoenergy, *Revised proposal, Attachment 8 - Ancillary activities reference service and tariffs*, January 2026, p. 19.

<sup>26</sup> Evoenergy, *Revised proposal, Attachment 8 - Ancillary activities reference service and tariffs*, January 2026, p. 17.

<sup>27</sup> Evoenergy, *Reference Service Agreement Evoenergy's gas distribution network in the ACT and Queanbeyan-Palerang 1 July 2026 – 30 June 2031*, January 2026, clauses 16.2, 16.3(b), 16.4(b).

<sup>28</sup> Evoenergy, *Revised proposal, Attachment 8 - Ancillary activities reference service and tariffs*, January 2026, pp. 19-21.

<sup>29</sup> Evoenergy, *Revised proposal, Attachment 8 - Ancillary activities reference service and tariffs*, January 2026, p. 21.

<sup>30</sup> Evoenergy, *Response to AER information request #17*, p. 7.

charged to most customers in the ACT.<sup>31</sup> Evoenergy asserts it takes reasonable steps to ensure retailers have access to the information they need to ensure their retail customers are informed and Evoenergy proposed to further clarify the imposition of wasted visits charges by an explanatory note in its 2026–31 access arrangement on when a wasted visit would apply.<sup>32</sup>

Evoenergy considers the retailer is the appropriate party to inform customers of wasted visit charges that may apply if the customer who requested the service is at fault, on the basis that.<sup>33</sup>

- retail customers request services from their retailer
- Evoenergy provides services at the request of retailers
- it would require additional cost and resourcing for Evoenergy to communicate directly with the retail customer and create confusion over costs if the retailer chose to charge a different amount.

Evoenergy provided a breakdown of ancillary charges in its initial and revised proposal. The cost build up consisted of non-field and field-based labour rates, travel time and time to safely complete the task, and corporate overhead rates. In the case of permanent disconnections, it also included specialised equipment (a hydrovac).<sup>34</sup>

### 5.2.3 Assessment approach

Our assessment approach for the reference services is unchanged from our draft decision.<sup>35</sup>

### 5.2.4 Reasons for final decision

We accept Evoenergy's reference tariff setting proposal with amendments to its volume individual (VI) tariff structure, customer quoting process for its individually priced complex permanent disconnections and its wasted visit charges.

The remainder of this section sets out the reasons for our final decision under the following headings:

- gas transportation reference service tariff structures
- permanent disconnections
- temporary disconnections
- wasted visits

---

<sup>31</sup> Evoenergy, Revised proposal, *Attachment 8 - Ancillary activities reference service and tariffs*, January 2026, p. 24.

<sup>32</sup> Evoenergy, *Access arrangement for the ACT and Queanbeyan-Palerang gas distribution network 1 July 2026 – 30 June 2031* (tracked version), pp. 71-72.

<sup>33</sup> Evoenergy, Revised proposal, *Attachment 8 - Ancillary activities reference service and tariffs*, January 2026, pp. 23-24.

<sup>34</sup> Evoenergy, Proposal, *Appendix 8.1- ANS model - June 2025 - Public and Evoenergy, Revised proposal, Appendix 8.1- ANS model - January 2026 - Public*

<sup>35</sup> AER, Draft decision, *Evoenergy access arrangement 2026–31 - Attachment 5 - Reference services, tariffs and non-tariff components*, November 2025, pp.10-11.

- other ancillary reference services

#### 5.2.4.1 Gas transportation reference service tariff structure

Our final decision accepts Evoenergy’s approach to flattening its gas transportation tariff structure for volume individual (VI) and volume boundary (VB) customer tariffs and to flatten its demand capacity (DC) tariff over the 2026–31 period. We also accept the current structure of Evoenergy’s demand throughput (DT) tariff which already has a flat (single block) structure. However, we amend the charging block price levels to rebalance its volume individual (VI) tariffs so block 2 prices are within the bounds of its initially proposed block 2 and 4 prices, to better contribute to the achievement of the emissions reduction element of the NGR and to have regard to whether customers can respond to price signals (per NGR r. 94(4)(b)(ii)).

Our final decision amends Evoenergy’s access arrangement to reflect its proposal, accepted by our final decision, to flatten demand capacity (DC) tariff under the annual tariff variation process as set out in Table 5.8.

#### Submissions

The Property Council of Australia submitted that commercial, mixed-use and multi-tenant buildings may face materially different constraints and risk exposures to residential customers due to limited ability to transition at the same pace as residential users. The Property Council of Australia noted higher absolute annual network charge increases for business customers than for residential customers (reflecting usage levels and declining customer numbers), and that network pricing and cost recovery should not assume homogenous customer behaviour.<sup>36</sup> The Property Council of Australia requested this be considered in Evoenergy’s access arrangement final decision.<sup>37</sup>

Consumer Challenge Panel, sub-panel 33 (CCP33) submitted that the AER’s draft decision better reflected customer perspectives overall than Evoenergy’s revised proposal. CCP33 observed that most community forum members accepted the proposed tariff structures, but that several participants pushed for Evoenergy to be more ambitious in its tariff rebalancing to encourage customers to use less gas/electrify.<sup>38</sup> However, CCP33 question the proposed additional 2% increase to fixed and block 1 charges and expressed concern about the impact of price increases for low volume consumers and whether it was consistent consumer sentiment.<sup>39</sup>

#### AER considerations

We consider the reduced blocks of Evoenergy’s revised proposal tariff structures are in line with our draft decision requirements. The proposed structures represent movement away from the declining block structure that we consider promotes the use of gas, and better aligns

---

<sup>36</sup> Property Council of Australia, *Submission*, 13 February 2026, p. 1.

<sup>37</sup> Property Council of Australia, *Submission*, 13 February 2026, p. 1.

<sup>38</sup> CCP33, *Advice to the AER - Evoenergy's 2026–31 revised proposal and draft decision* - February 2026, p. 20.

<sup>39</sup> CCP33, *Advice to the AER - Evoenergy's 2026–31 revised proposal and draft decision* - February 2026, p. 20.

with the emissions reduction element of the NGO. However, Evoenergy has rebalanced cost recovery with substantial front loading of its charges, particularly for its volume individual (VI) tariff. The extent of this frontloading in its volume individual (VI) tariff has created two issues.

Firstly, it has increased the implicit reward to large users for using more gas. Relative to its initial proposal, customers face an increased price differential between block one and all consumption above block one. This works against the objective of our draft decision in requiring flatter tariffs to better align with the emissions reduction element of the NGO.

Evoenergy’s proposed rebalancing has also increased the negative bill impacts on small residential and average residential customers while reducing the negative bill impacts to small commercial and average commercial customers, with small residential customers facing the largest bill increases (see Table 5.4). This outcome may partly address the Property Council of Australia’s comments. However, we acknowledge CCP33’s comments and consider small customers will not be able to respond to the higher charges and that the negative bill impact to small residential customers charges is too high. We note that in Evoenergy’s revised proposal, the bill impacts from front loading are influenced by its reduction of block 2 charges to a level below the cheapest block (block 4) of its initial proposal and its consequential need to ensure expected revenue recovery by increasing fixed charges and block 1 charges (per NGR r. 94(5)).

Our final decision amends Evoenergy’s volume individual (VI) tariff prices to remove the additional 2% uplift and ensure its block 2 falls within the bounds of its initial proposed blocks 2 and 4 prices. In particular, that it aligns with an alternative structure provided by Evoenergy in response to an information request (Table 5.5).<sup>40</sup> We consider this represents a middle position between Evoenergy’s initial and revised proposals. It will reduce negative bill impacts to small customers from the front loading of charges, which we consider has better regard to customer ability to respond to prices (per NGR r. 94(4)(b)(ii)), and better balances the bill impacts across all customers. It also better aligns with the intention behind flatter tariffs of reducing the incentive to consume more gas. We acknowledge the Property Council of Australia’s comments and consider this outcome would still decrease negative bill impacts on commercial customers relative to the initial proposal. We note Evoenergy’s observation of retailers’ views over their administration and billing system costs but we see no substantial costs necessitated by reduced blocks. On retailers’ views about potential cost increases for hardship and small customers, we consider our final decision responds to that issue.<sup>41</sup>

We acknowledge that Evoenergy provided its alternative structure for information purposes only and considers its alternative structure could reduce its ability to mitigate risk associated with the variable component of consumption. It considers consolidation of the outer tariff blocks into a single rate reduced the levers available to it to respond to demand variability and to stabilise revenue recovery across the markets segments served by the volume individual (VI) tariff. Whilst acknowledging Evoenergy’s concerns over the link between of the tariff structure and demand forecast risk, we note that the hybrid 50:50 sharing of revenue risk (beyond the 5% revenue sharing threshold) provides a mechanism to mitigate this

---

<sup>40</sup> Evoenergy, *Response to AER information request IR#022*, March 2026.

<sup>41</sup> Evoenergy, *Revised proposal, Attachment 7 - Transportation (including metering) reference tariffs*, January 2026, pp. 46-47.

demand risk. We note also that the alternative structure still provides increased front loading relative to Evoenergy’s initial proposal, incorporating an 11% increase in the level of the block 1 charge.<sup>42</sup>

**Table 5.4 Bill % increase from current tariff structure 2025–26 (\$2025–26)**

| Tariffs                         | 2026-27 - Evoenergy proposal tariff structure | 2026-27 - Evoenergy revised proposal tariff structure | 2026-27 - Evoenergy IR#022 revised proposal tariff structure, without 2% uplift |
|---------------------------------|---|---|---|
| Tariff VI - Small residential   | 2.4%  | 10.6%   | 8.7%  |
| Tariff VI - Average residential | 5.1%  | 8.4%  | 7.6%  |
| Tariff VI - Large residential   | 7.6%  | 7.0%  | 6.9%  |
| Tariff VI - Small commercial    | 13.5%   | 5.5%  | 6.9%  |
| Tariff VI - Average commercial  | 16.0%   | 9.5%  | 11.7%   |

Source: Evoenergy, *Response to AER information request IR#022, Question 5*, March 2026.

**Table 5.5 Alternative price levels for Evoenergy’s volume individual (VI) tariff (\$2025-26)**

| Volume individual (VI)                                | Fixed charge (\$/annum) | Block 1 (\$/GJ) | Block 2 (\$/GJ) | Block 3 (\$/GJ) | Block 4 (\$/GJ) |
|---|-------------------------|-----------------|-----------------|-----------------|-----------------|
| 2025–26 - Current tariff structure*                   | \$91.600                | \$17.892        | \$8.413         | \$7.641         | \$7.356         |
| 2026–27 - Evoenergy proposal tariff structure         | \$99.555                | \$17.501        | \$9.873         | \$8.967         | \$8.633         |
| 2026–27 - Evoenergy revised proposal tariff structure | \$101.342               | \$19.795        | \$8.574         |                 |                 |
| Rebalanced w/o additional 2% uplift                   | \$99.555                | \$19.446        | \$8.774         |                 |                 |

Source: Evoenergy, *Response to AER information request IR#022, Question 5*, March 2026.

\* Evoenergy, *Gas network reference tariff schedule for the Evoenergy gas distribution network in ACT and Queanbeyan-Palerang, Effective date: 1 July 2025*, 17 March 2025, p. 5.

### 5.2.4.2 Permanent disconnections

We accept Evoenergy’s revised proposal to not establish a standardised cost reflective reference tariff for its complex permanent disconnection service due to the low numbers forecast for this service. However, we amend Evoenergy’s RSA to ensure its customers are fully informed of any charges and provided with an itemised quoted price prior to the

<sup>42</sup> Calculated by the AER from Evoenergy’s response to AER information request IR#022, March 2026.

acceptance of a complex permanent disconnection (enabling users to understand the basis and derivation of these charges per NGR r. 42(1)(b)).

Our draft decision accepted Evoenergy's proposed cost reflective basic permanent disconnection tariffs but required Evoenergy to establish an additional standardised cost reflective reference tariff for the complex permanent disconnection service. We considered that a reference service tariff was appropriate for complex disconnections for small customers in the context of increasing demand for the service. In addition, Evoenergy's initial proposal had not explained:

- how the price level would be determined or negotiated with the customer
- what its dispute resolution options would be if a customer disagreed with a tariff quoted or charged to them,
- how the customer would engage with Evoenergy, as opposed to their retailer, regarding these matters.

We received no submissions on this issue.

### **AER considerations**

Since very few complex permanent disconnection services are forecast for detached single dwellings, we consider a standalone charge is not justified. The administrative burden on Evoenergy to implement it would be out of proportion to customer benefits.

We acknowledge Evoenergy's amendments to its RSA which explain complex permanent disconnection service requests. However, we consider further information and consumer protection is required since not all customers will have a choice over whether or not to proceed with a complex permanent disconnection service. Some customers may be required to permanently disconnect due to building works or (as anticipated by Evoenergy) transfer of property, and will not have a choice over whether or not to proceed with the service. We also consider it unreasonable for an arbitration process to require that Australian Capital Territory (ACT) customers be bound by NSW arbitration legislation and for ACT and Queanbeyan customers to travel to Sydney for arbitration proceedings<sup>43</sup>.

We consider Evoenergy's inclusions acceptable but make amendments to ensure arbitration provisions are not unreasonable and that users and prospective users can understand the operation and imposition of Evoenergy's complex permanent disconnection services (per NGR r. 42(1)(b)):

- replace the newly added paragraph 31.6(c) that prescribes NSW legislation and Sydney location for arbitration, with Canberra based options
- replace references to 'Permanent Disconnection Offer' in paragraphs 16.5 and 16.8 with 'Complex Permanent Disconnection Offer'

---

<sup>43</sup> Evoenergy delivers gas to customers in the Australian Capital Territory (ACT) and Queanbeyan-Palerang region (New South Wales (NSW)) with around 90 per cent of its gas network users being located in the ACT.

- replace paragraph 16.5(c) of the RSA with: ‘As soon as practicable, and in any event within 30 Business Days of receiving the request (or a reasonable longer period in regional areas or as otherwise agreed), Evoenergy will use reasonable endeavours to provide the User with an offer to Permanently Disconnect the Delivery Point. The Permanent Complex Disconnection Offer will include a quote for the costs of performing the service, a timeframe for performing the works, and the level of any wasted visit charge that could be applied and the circumstances in which it could be applied.’

Evoenergy should set out all relevant permanent disconnection information, responsible parties, requirements and options on Evoenergy’s website.

In the context of current low demand for the service and the processes Evoenergy proposes to implement, we consider it is acceptable for Evoenergy to implement individually priced complex disconnections at this time. However, with demand for permanent disconnection services expected to increase over the 2026–31 period, this approach could be revisited in the next regulatory access arrangement revision process.

#### **5.2.4.3 Temporary disconnections**

Our final decision accepts Evoenergy’s revised proposal for temporary disconnection tariffs, which has reduced the charges to exclude safety control program costs. Evoenergy’s revised temporary disconnection charges, excluding the safety control program cost are:

- Temporary disconnection (\$100 - <25m<sup>3</sup>/hour)
- Temporary disconnection (\$187- >25m<sup>3</sup>/hour)

We received no submissions on this issue.

Evoenergy has reduced its temporary disconnection charges to a level comparable to other gas distributors. While they are the higher end distributors’ temporary disconnection charges, we accept that they reflect efficient costs to provide the service.

#### **5.2.4.4 Wasted visits**

Our final decision accepts Evoenergy’s proposed wasted visit charges for its temporary disconnection, reconnection and special meter read services but amends to reduce the wasted visit charges for temporary disconnections and reconnections (per NGR rr. 93(2)(a) and 91(1)).

Our final decision does not accept Evoenergy’s proposed socialisation of its permanent disconnection wasted visit costs and amends to set separate permanent disconnection wasted visit tariffs (consistent with our draft decision) and to reduce the charges from the levels in its initial proposal (per NGR rr. 93(2)(a) and 91(1)). Evoenergy will also need to reinstate the references to wasted visits for permanent disconnections in its RSA.

Our draft decision required Evoenergy to:

- justify why wasted visit tariffs should be established, including with evidence on the number of wasted visits undertaken in the current period and what controls Evoenergy has in place to ensure that wasted visits are kept to a minimum
- explain the cost build up for the charges and why each element cannot be avoided

- explain how it will ensure customers are fully informed of the wasted visit charges before it confirms the related service
- explain what further controls it will develop to minimise wasted visits
- reduce the charges for its proposed basic permanent disconnection wasted visits.

We received no submissions on this issue.

### **AER considerations**

Our final decision does not accept Evoenergy’s proposed socialisation of its permanent disconnection wasted visit costs. We consider that the wasted visit costs can be recovered as a separate charge (in line with Evoenergy’s initial proposal) but that the level of the charges should be reduced to achieve the lowest sustainable cost.<sup>44</sup> We consider applying such charges on a causer pays basis (at an appropriate level and once they are justified) is consistent with the NGR<sup>45</sup> and aligns with the principles of economic efficiency.

We are generally satisfied that wasted visits are justified and that Evoenergy will make reasonable efforts to inform customers of the wasted visits and will implement processes to keep them to a minimum. Evoenergy noted that wasted visits are unavoidable due to reasons outside of its control, including for safety, or restricted access (e.g. where a meter is located behind an installed locked gate).<sup>46</sup>

However, the number of Evoenergy’s wasted visits is high, particularly its temporary disconnection wasted visits – approximately 24% of its total annual requests for the temporary disconnection service.<sup>47</sup> We consider ensuring all wasted visits costs are those of a prudent distributor acting efficiently (per NGR r. 91(1)) will assist to minimise the number of wasted visits. This is, it is consistent with, and necessary for, providing the distributor with effective incentives to promote the efficient provision of the associated ancillary reference service (applying the principle in s. 24(3)(b) of the NGL).

In considering Evoenergy’s justification for wasted visit charges, we examined the cost build-up of all wasted visit charges. We amend the temporary disconnection and reconnection wasted visit charges, reducing them by the \$28 labour cost included by Evoenergy and which is equal to the labour costs to complete the full temporary disconnection and reconnection tasks. While Evoenergy considers time is required to determine if the task can be done, we consider that should be determined promptly and reflected in Evoenergy’s proposed travel time. We consider that it does not provide the distributor with an effective incentive for efficient provision of an ancillary services (i.e. to do what it can to avoid wasted visits) if Evoenergy receives the same charge for completing the task as it does for a non-completed (wasted visit) task.

For the permanent disconnection wasted visit tariffs, our final decision amends the basic permanent disconnection wasted visit charge to \$168. This reduction removes the costs for the Hydrovac (specialist digging equipment) which is also excluded from the urgent basic

---

<sup>44</sup> NGR, r. 91(1).

<sup>45</sup> NGR rr. 93(2)(a) and 91(1).

<sup>46</sup> Evoenergy, *Response to information request #17*, p. 7.

<sup>47</sup> Evoenergy, *Response to information request #17*, p. 6.

calculation. We understand that the urgent permanent disconnection service requires additional time to travel and perform the task due to the urgency of the call out since the basic service is provided in prearranged geographic groupings for efficiency. However, we view these costs as excessive to what is necessary for these wasted visits<sup>48</sup> and reduce the time allocated by half to better reflect average Canberra travel times. This has reduced the urgent permanent disconnection wasted visit charge to \$224. This also creates an incentive for Evoenergy to avoid instances of wasted visits (per NGL s. 24(3)(b)). Table 5.6 lists the proposed, excluded component and final decision charges.

We consider lowest sustainable cost is important despite the low number of requests for the permanent disconnection wasted services. Evoenergy has forecast 3 wasted visits annually for basic permanent disconnections and 16 for urgent basic permanent disconnections. However, we consider it is possible that these may increase over the period.

We consider our final decision aligns with a cost reflective approach for customer affordability.

**Table 5.6 Proposed wasted visits charges**

| Activity   | Evoenergy's initial/revised proposal* | Excluded component                  | AER final decision |
|--|---------------------------------------|-------------------------------------|--------------------|
| Temporary disconnection (Volume Customer Delivery Points)                | \$73.00                               | \$28.25                             | \$45.00            |
| Reconnection (Volume Customer Delivery Points)                           | \$93.00                               | \$28.25                             | \$65.00            |
| Special meter reads  | \$14.00                               | \$0                                 | \$14.00            |
| Basic permanent disconnection (Volume Customer Delivery Points)          | \$211.00                              | \$43 Hydrovac                       | \$168.00           |
| Basic (urgent) permanent disconnection (Volume Customer Delivery Points) | \$445.00                              | \$108 Hydrovac<br>\$113 Travel time | \$224.00           |

Source: \*Evoenergy, *Revised proposal, Attachment 8 - Ancillary activities reference service and tariffs*, January 2026, p. 6.

### 5.3 Annual reference tariff variation mechanism

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

<sup>48</sup> Evoenergy's revised proposal cost build up for urgent basic permanent disconnections included a half hour travel each way (per staff member) for the average service. This is an excessive *average* travel time for Canberra distances and travel times.

### 5.3.1 Final decision

Our final decision accepts the hybrid tariff variation mechanism proposed by Evoenergy with amendment to the tariff variation mechanism to apply a 5% revenue sharing threshold (instead of Evoenergy's proposed 2%).

Our final decision accepts Evoenergy's inclusion of an additional 8% side constraint for its demand market tariff class (which it proposes to implement through an S-factor) to facilitate rebalancing revenue recovery from the volume to demand market tariff classes.

Our final decision does not accept Evoenergy's inclusion of the government taxes, levies, and other licence fees in its transportation (including metering) reference service tariff variation mechanism and amends the gas transportation reference tariff variation mechanism to remove these.

Our reasons for our final decision are set out below.

### 5.3.2 Evoenergy's revised proposal

In its revised proposal, Evoenergy accepted our draft decision requirement to:

- implement a hybrid approach for its transportation reference tariff variation mechanism
- amend the tariff variation mechanism for ancillary activities reference services to limit the annual adjustment of tariffs to CPI only.

Evoenergy's revised proposal did not accept our draft decision requirements on government taxes, levies, and other licence fees and instead retained the government taxes, levies, and other licence fees within the transportation (including metering) reference service tariff variation mechanism.

#### 5.3.2.1 Gas transportation tariff variation mechanism

Evoenergy's revised proposal is for a hybrid tariff variation mechanism comprising the existing price cap form of control, augmented with a revenue sharing threshold of 2%. Under this hybrid approach, any incremental revenue gain or loss relative to forecast revenue and beyond the 2% threshold would be shared between the business and customers on an equal (50:50) basis. This is achieved via a partial revenue true-up in the tariff variation mechanism if actual revenue for a year is 2 per cent lower or higher than the AER's approved allowances for efficient costs.

Evoenergy accepted the hybrid approach in its revised proposal but noted that the AER's explanation of its consideration of the mandatory tariff variation mechanism factors under rule 97(3) of the NGR was limited.<sup>49</sup>

---

<sup>49</sup> Evoenergy, *Revised proposal, Attachment 7 - Transportation (including metering) reference tariffs 2026–31*, p. 4.

Evoenergy considers a 2% revenue sharing threshold as more appropriate in the context of its network, in comparison to the Jemena Gas Networks (JGN) hybrid tariff variation mechanism which incorporated a 5% threshold.<sup>50</sup>

Evoenergy also included an additional 8% side constraint for its demand market tariff class, implementing it through a new S-factor, to facilitate rebalancing revenue from the volume to demand market tariff classes if required. In 2024–25, Evoenergy recovered over 95 per cent of its revenue from volume tariff customers (residential and commercial customers) and less than 5 per cent from demand tariff customers (major and industrial customers).<sup>51</sup> Evoenergy no longer considers it appropriate for volume tariff customers to bear such a high share of network costs, especially given the high level of demand forecasting uncertainty within the volume tariff class.

Evoenergy explained that the 8 per cent side constraint increment would better enable Evoenergy to manage bill impacts and revenue recovery across the volume and demand tariff classes. Evoenergy provided graphs showing the potential revenue recovery by tariff class, with and without the 8% side constraint increment for the demand tariff class.<sup>52</sup> Using an 8% side constraint increment, Evoenergy could increase revenue recovery from demand tariff customers to no more than 7.1 per cent by the end of the 2026–31 regulatory period.

Evoenergy also proposed to retain government taxes, levies, and other licence fees (Utilities Network Facility Tax (UNFT) and Energy Industry Levy (EIL) costs) in its transportation (including metering) reference service tariff variation mechanism. Evoenergy considers that these costs should be treated in the same way as the current access arrangement period. That is, they are included as category specific forecasts in opex and subject to an annual true-up via the transportation (including metering) reference service tariff variation mechanism.<sup>53</sup> Evoenergy noted that jurisdictional charges are outside its control and are set annually by the ACT Government to meet its own-source taxation requirements.<sup>54</sup> Evoenergy consider the exclusion of these costs from its tariff variation mechanism will deny it the opportunity to recover the efficient costs associated with its regulatory obligations to pay jurisdictional charges, without creating any benefits for economic efficiency.<sup>55</sup>

### 5.3.2.2 Ancillary reference service tariff variation mechanism

In Evoenergy's revised proposal, the tariff variation mechanism for ancillary activities reference services has been amended to limit the annual adjustment of tariffs to CPI only for

---

<sup>50</sup> Evoenergy, *Revised proposal, Attachment 7 - Transportation (including metering) reference tariffs 2026–31*, January 2026, p. 6.

<sup>51</sup> Evoenergy, *Information request #024*, 1 April 2026, p. 1.

<sup>52</sup> Evoenergy, *Information request #024*, 1 April 2026, p. 2.

<sup>53</sup> Evoenergy, *Revised proposal, Attachment 7 - Transportation (including metering) reference tariffs 2026–31*, January 2026, p. 41.

<sup>54</sup> Evoenergy, *Revised proposal, Attachment 7 - Transportation (including metering) reference tariffs 2026–31*, January 2026, p. 7.

<sup>55</sup> Evoenergy, *Revised proposal, Attachment 7 - Transportation (including metering) reference tariffs 2026–31*, January 2026, p. 7.

the 2026–31 access arrangement. That is, Evoenergy has excluded the bespoke adjustment and pass through factors in the formulae, consistent with our draft decision.<sup>56</sup>

### 5.3.3 Assessment approach

Our assessment approach for the reference tariff variation mechanism is unchanged from our draft decision.<sup>57</sup>

### 5.3.4 Reasons for final decision

Our final decision accepts Evoenergy’s proposed gas transportation reference hybrid tariff variation mechanism with amendment to apply a 5% revenue sharing threshold (per NGR r. 97(3)).

Our draft decision did not accept Evoenergy’s tariff variation mechanism proposal and required Evoenergy to:

- implement a hybrid approach for its tariff variation mechanism
- exclude government taxes, levies, and other licence fees from the transportation (including metering) reference service tariff variation mechanism (to be included in operating expenditure)
- amend the tariff variation mechanism for ancillary activities reference services to limit the annual adjustment of tariffs by CPI only.

### Submissions

Submissions generally supported the hybrid tariff variation mechanism but there are significant differences across the submissions.

CCP33 submitted that customers appeared to have greater support for the AER’s draft decision broad (i.e. 5% revenue sharing threshold) hybrid option than Evoenergy’s proposed narrow (i.e. 2% revenue sharing threshold) tariff variation mechanism.<sup>58</sup> CCP33 encourage the AER to consider consumer preferences and clearly explain benefits of our final decision.<sup>59</sup>

Energy Networks Australia (ENA)’s submission encouraged the AER to consider the appropriate tariff variation mechanism for each network to reflect their circumstances and certainty of demand forecast over the period.<sup>60</sup> ENA noted concern over whether the

---

<sup>56</sup> Evoenergy, *Revised proposal, Attachment 7 - Transportation (including metering) reference tariffs 2026–31*, January 2026, p. 41.

<sup>57</sup> AER, *Draft decision, Evoenergy access arrangement 2026–31 - Attachment 5 - Reference services, tariffs and non-tariff components*, November 2025, pp. 20-21.

<sup>58</sup> CCP33, *Advice to the AER - Evoenergy's 2026–31 revised proposal and draft decision* - February 2026, p. 4.

<sup>59</sup> CCP33, *Advice to the AER - Evoenergy's 2026–31 revised proposal and draft decision* - February 2026, p. 4.

<sup>60</sup> ENA, *Submission on Evoenergy’s Access Arrangement 2026–31 – Evoenergy revised proposal*, 13 February 2026, p. 2.

combined effect of AER’s draft decision, including on Evoenergy’s tariff variation mechanism, provided Evoenergy a reasonable opportunity to recover its efficient costs.<sup>61</sup>

ACT Council of Social Service (ACTCOSS) recommend reconsidering the appropriateness of a 50:50 risk sharing and introducing additional consumer protections within the tariff variation mechanism.<sup>62</sup> However, CCP33 stated that most participants in Evoenergy’s community forum meeting seemingly preferred the 50:50 sharing hybrid option, although also noted that CCP33 was uncertain if this was a genuine reflection of preference for risk sharing or reflected notions of fairness and equity.<sup>63</sup>

ACTCOSS submitted that it supports the adoption of a hybrid tariff variation mechanism as a necessary safeguard for the current cost-of-living environment.<sup>64</sup> ACTCOSS contrasted the hybrid approach with the additional price volatility which may be introduced by a revenue cap, which it considered carries “a heightened risk of deepening hardship which may undermine household stability”.<sup>65</sup>

ACTCOSS also commented on the proposed 50:50 risk sharing (and limited effectiveness of the 2% revenue sharing threshold in reducing consumers’ exposure), which it considered does not reflect the probability of downside demand, relative capacity of each party to manage and absorb that risk, or appropriateness of relying on consumers to absorb that risk. ACTCOSS added that gas networks are compensated under the regulatory framework for the risks associated with delivering a regulated service, unlike network customers.<sup>66</sup> ACTCOSS questioned the appropriateness of a 50:50 revenue shortfall sharing mechanism given the network’s history of persistent revenue over recovery which was not shared with its customers.<sup>67</sup> ACTCOSS also noted that any unrecovered shortfall allocated to consumers outside the 2% annual revenue constraint, would roll over into the next year.<sup>68</sup>

## **AER considerations**

### *Hybrid tariff variation mechanism*

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 transportation services than a pure weighted average price cap or a revenue cap, including with reference to Evoenergy’s circumstances. A hybrid tariff variation mechanism reduces the incentive to grow gas demand (better aligning with emissions reduction objectives than a price cap), while mitigating potential tariff year-on-year volatility (which can be a feature of revenue cap regulation). Although the first consideration is not relevant in the

---

<sup>61</sup> ENA, *Submission on Evoenergy’s Access Arrangement 2026–31 – Evoenergy revised proposal*, 13 February 2026, p. 2.

<sup>62</sup> ACTCOSS, *Submission on Evoenergy’s Access Arrangement 2026–2031*, 13 February 2026, p. 4.

<sup>63</sup> CCP33, *Advice to the AER - Evoenergy’s 2026–31 revised proposal and draft decision* - February 2026, p. 14.

<sup>64</sup> ACTCOSS, *Submission on Evoenergy’s Access Arrangement 2026–2031*, 13 February 2026, p. 1.

<sup>65</sup> ACTCOSS, *Submission on Evoenergy’s Access Arrangement 2026–2031*, 13 February 2026, p. 2.

<sup>66</sup> ACTCOSS, *Submission on Evoenergy’s Access Arrangement 2026–2031*, 13 February 2026, p. 3.

<sup>67</sup> ACTCOSS, *Submission on Evoenergy’s Access Arrangement 2026–2031*, 13 February 2026, p. 3.

<sup>68</sup> ACTCOSS, *Submission on Evoenergy’s Access Arrangement 2026–2031*, 13 February 2026, p. 3.

context of the ACT Government's ban on new connections and Evoenergy's preference for a revenue cap, the second consideration is relevant to Evoenergy and an important part of our reasoning.

We approved JGN's (NSW) proposed hybrid tariff variation mechanism in its 2025–30 access arrangement and we have now approved the same hybrid mechanism for Australian Gas Networks (South Australia) (AGN (SA))'s 2026–31 access arrangement. Both approved hybrids manage the risk of tariff volatility by limiting revenue true-ups to instances when actual volumes are more than 5% higher (or lower) than targets. The hybrid approach also splits 50:50 the revenues associated with actual volumes being outside the 5% upper and lower volume boundaries. This means customers would only be impacted by half of any changes above or below the 5% volume boundaries.

The tariff variation mechanism does not allow Evoenergy to recover any revenue foregone by Evoenergy under the 50:50 revenue sharing. Once actual volumes, and hence revenue, for a given year are observed (which occurs with a two-year lag), the difference between Evoenergy's actual revenue and its allowed revenue for that year is determined. Any revenue over or under recovery driven by volumes being more than 5% higher or lower than forecast, will be split equally between Evoenergy and customers, and the customer portion plus the amounts within the 5% bandwidth flow through to the prices charged two-years after the actual over or under recovery. For example, since 2026–27 would be the first year of the hybrid approach, actual volumes for that year would not have been observed, and no revenue true-up would apply to 2027–28 pricing. The first true-up, if required, would occur in 2028–29 pricing once 2026–27 actual volumes are available.

We acknowledge the limitations of the hybrid mechanism raised by ACTCOSS – the 2% revenue sharing threshold and 50:50 revenue sharing, as well as its caution over the sometimes misalignment between the views of Evoenergy's Consumer Reference Council and ACTCOSS' understanding of community sentiment. Our final decision partly addresses these comments in considering all stakeholder submissions and in amending the revenue sharing threshold to 5% which provides for greater price certainty and stability under moderate demand changes than a 2% threshold would.

On the appropriateness of the 50:50 revenue sharing given historic over recovery, we note that historic volume outperformance may, at least in part, be explained by the incentive properties of weighted average price caps. This is because distributors will rationally do what they can to grow the volume of gas carried by their networks, given that under price cap regulation they retain all revenue earned. That the forecast volumes we use to determine gas transportation reference tariffs have been lower than actuals does not necessarily mean that customers are worse off. It may only mean that volume forecasts for future periods are higher than they would otherwise be, and customers could have been even better off if forecasts used in our determinations could reflect the full effect of the incentives faced by distributors.

In the current context, a 50:50 sharing ratio provides for some reduction in the demand risk that would otherwise be faced entirely by customers under Evoenergy's preferred revenue form of control, while not placing demand risk entirely on distributors. We acknowledge the asymmetric nature of distributors' and consumers' ability to manage risk, but also reflect on

the considerations ENA raised, that Evoenergy retain reasonable opportunity to recover efficient costs.

We consider a 50:50 sharing ratio, moderated by the 5% revenue sharing threshold, does not unreasonably reduce Evoenergy’s ability recover efficient costs because gas distributors have a regulatory pathway to manage their volume risk under price cap regulation. Under r. 65 of the NGR distributors may submit to us an application to vary an approved access arrangement. A driver of an access arrangement reopener application could be actual gas volumes being significantly lower than the forecasts we used to determine a distributor’s target revenues. Customers do not have the same opportunity to re-open an approved access arrangement if actual volumes are higher than forecast.

Rule 97(3) of the NGR states that:

In deciding whether a particular reference tariff variation mechanism is appropriate to a particular access arrangement, the AER must have regard to:

- (a) the need for efficient tariff structures; and
- (b) the possible effects of the reference tariff variation mechanism on administrative costs of the AER, the service provider, and users or potential users; and
- (c) the regulatory arrangements (if any) applicable to the relevant reference services before the commencement of the proposed reference tariff variation mechanism; and
- (d) the desirability of consistency between regulatory arrangements for similar services (both within and beyond the relevant jurisdiction); and
- (d1) the risk sharing arrangements implicit in the access arrangement; and
- (e) any other relevant factor.

Below, we address each of the above factors:

- NGR r. 97(3)(a): Our draft decision required Evoenergy to implement a hybrid price cap with revenue collar form of control. We consider a hybrid price cap with revenue collar form of control allows for a range of tariff structures.
- NGR r. 97(3)(b): We consider that changing over to a revenue cap would be administratively more costly than converting the weighted average price cap to a hybrid approach. At a time when volumes are more difficult to forecast, we consider that network tariffs could be relatively volatile under a revenue cap compared to a hybrid, impacting retailer and customer planning and ability to mitigate bill impacts.
- NGR r. 97(3)(c): While moving from the existing weighted average price cap to a hybrid will be a change in regulatory arrangements, we consider it will be a less significant change than moving to a revenue cap would be.
- NGR r. 97(3)(d): The requirement for a hybrid approach is consistent with our guidance to Evoenergy on its reference service proposal, our final decision on JGN’s 2025–30 access arrangement and our AGN (SA) 2026–31 access arrangement draft and final decisions.

- NGR r. 97(3)(d1): A hybrid approach with 5% revenue variation threshold provides for sharing of the demand risks between customers and distributors, which under a revenue cap alternative would fall entirely on customers. At this point in time, we consider the revenue cap alternative could cause volatile and unpredictable price levels and price shocks. We note also that Evoenergy considers that a 2% revenue sharing threshold would better enable it to manage its demand forecasting risk, compared to 5%.<sup>69</sup> While we accept Evoenergy's point that a lower revenue sharing threshold would mitigate more of its risk, we note there are other offsets within the framework for Evoenergy to manage its demand risk, in particular the access arrangement re-opener provisions.
- NGR r. 97(3)(e): Other factors we considered included that Evoenergy's proposed revenue cap could create bill volatility while the hybrid approach would provide more protection to consumers against large price increases if demand fell faster than forecasts. This is because the if actual revenue (driven by lower demand) is more than 5% (the revenue sharing threshold) lower forecast revenue, the lower revenue is shared equally between Evoenergy and customers (Evoenergy recovers 50% from customers and foregoes the other 50%). We also consider a hybrid tariff variation mechanism reflects the changed regulatory context and the NGO's incorporation of the emissions reduction element. Overall, a hybrid tariff variation mechanism reduces the incentive to grow gas demand (aligning with emissions reduction objectives), while balancing concerns of potential tariff year-on year volatility.

For these reasons, we consider a hybrid tariff variation mechanism approach is supported by the factors we must have regard to under rule 97(3) of the NGR. We consider it also reflects the changed regulatory context for provision of gas transportation services, the NGO now incorporates an emissions reduction element, while balancing concerns of potential tariff year-on-year volatility. We also consider our decision reflects Evoenergy's community forum's overall preference, as the tariff variation mechanism will share demand risk between customers and Evoenergy.

#### *Side constraint*

Our final decision accepts Evoenergy's inclusion of a 10% side constraint for its demand market tariff class to facilitate rebalancing revenue from the volume to demand market tariff classes. This side constraint was proposed by Evoenergy to be implemented as an additional 8% side constraint specifically for demand tariffs through its S-factor. We consider an 8% side constraint for its demand market tariff class will enable Evoenergy to consider appropriate cost recovery levels from volume tariff customers as demand shifts. This is in line with our final decision for JGN which allowed a 10% side constraint for its demand market customer tariffs, to enable it to rebalance its demand customer tariffs via the annual pricing process in its 2025–30 access arrangement.

#### *Government taxes, levies, and other licence fees*

Our final decision does not accept Evoenergy's inclusion of the government taxes, levies, and other licence fees in its transportation (including metering) reference service tariff

---

<sup>69</sup> Evoenergy, *Revised proposal, Attachment 7 - Transportation (including metering) reference tariffs 2026–31*, January 2026, pp. 6-7.

variation mechanism. However, we have accepted Evoenergy revised proposal to include an ex-ante forecast for government taxes, levies and other licence fees as opex category specific forecast, excluded from the efficiency carryover mechanism (see Attachment 3). Further, we have accepted Evoenergy’s proposed tax change event (see section 5.4.1 below). We are satisfied that an ex-ante opex category specific forecast combined with the approved tax change event would provide Evoenergy with a reasonable opportunity to recover at least its efficient costs it incurs in providing reference services. This is consistent with NGR r. 91(1) and the revenue and pricing principles.

## 5.4 Cost pass through mechanism

### 5.4.1 Final Decision

Our final decision is to:

- accept cost pass throughs for the following events:
  - regulatory change event
  - service standard event
  - insurance coverage event
  - insurer credit risk event
  - terrorism event
  - natural disaster event
  - tax change event.
- accept Evoenergy’s revised definitions of the service standard, insurance coverage, insurer credit risk, terrorism, and natural disaster events, subject to minor edits to align with the wording of our draft decision.
- accept Evoenergy’s proposed definition for the tax change event, subject to minor edits to align with the wording of our recent determinations.
- not accept Evoenergy’s proposed change to the definition of the regulatory change event.

Our final decision is consistent with our draft decision, in that we are accepting the cost pass through events proposed for the 2026–31 access arrangement period, subject to some amendments for drafting consistency with our recent determinations, including our draft determination for Evoenergy’s 2026–31 access arrangement period.

The reasoning behind our final decision is outlined in section 5.4.4.

### 5.4.2 Evoenergy’s revised proposal

In its revised proposal, Evoenergy accepted most of our draft decision amendments, except for the regulatory change event. Evoenergy defined this event as follows:

Regulatory change event means a change in, a regulatory obligation or requirement that:

- (a) falls within no other category of pass through event; and
- (b) occurs during the course of an access arrangement Period; and

(c) substantially affects the manner in which Evoenergy provides the reference services; and

(d) materially increases or materially decreases the costs of providing those services.

For the avoidance of doubt, any change in a regulatory obligation or requirement in respect of network decommissioning that results in a change in costs is a regulatory change event provided it satisfies paragraphs (a) and (b) above.

While the first part of this definition (points a-d) broadly aligns with our draft decision, the last part (underlined) is new.

### 5.4.3 Assessment Approach

We have applied the same assessment approach as set out section 5.4.3 of our draft decision.<sup>70</sup>

### 5.4.4 Reasons for final decision

Consistent with our past decisions, we consider that Evoenergy’s proposed regulatory change, service standard, insurance coverage, insurer credit risk, terrorism, natural disaster and tax change events are appropriate as they:

- are not covered by another category of pass through event
- can be clearly identified at the time when we are approving the access arrangement
- are of the nature or type that a prudent service provider could not reasonably prevent from occurring or substantially mitigate their cost impact
- are prohibitively costly to cover by full insurance, or there is no available insurance cover on reasonable commercial terms.

As a result, we accept these proposed pass through events for the 2026–31 access arrangement.

We accept Evoenergy’s definition for the terrorism event as set out in its revised proposal because it aligns with our draft decision. However, we have made minor drafting amendments to the definitions of the service standard, insurance coverage, insurer credit risk, natural disaster, and tax change events to ensure consistency with our recent determinations, as set out in Table 5.7. These changes are to provide greater drafting consistency between Evoenergy and other network service providers. They are also consistent with our draft decision.

---

<sup>70</sup> AER, *Draft decision, Evoenergy (ACT) access arrangement 2026–31 - Attachment 5 - Reference services, tariffs and non-tariff components*, November 2025, pp. 24-27.

#### 5.4.4.1 Regulatory change event

We do not accept Evoenergy’s proposed addition to the definition of the regulatory change event. Our definition for this event is set out below:<sup>71</sup>

Regulatory change event means a change in a regulatory obligation or requirement that:

- (a) falls within no other category of pass through event; and
- (b) occurs during the course of an Access Arrangement Period; and
- (c) substantially affects the manner in which the service provider provides the Reference Services; and
- (d) materially increases or materially decreases the costs of providing reference services.

We have adopted this definition from the National Electricity Rules (NER)<sup>72</sup> in our past determinations.<sup>73</sup>

As stated earlier, Evoenergy added the following statement to its revised definition (see section 5.1.2).

For the avoidance of doubt, any change in a regulatory obligation or requirement in respect of network decommissioning that results in a change in costs is a regulatory change event provided it satisfies paragraphs (a) and (b) above.

Evoenergy did not explain why it proposed to amend the definition we accepted in our draft decision by adding the above statement. We consider that a regulatory change event as defined in the NER is sufficiently broad to capture a regulatory obligation or requirement associated with network decommissioning that may be imposed on Evoenergy. Consequently, in our view, the highlighted statement above is an unnecessary addition to the current definition of a regulatory change event.

Further, we are concerned that by adding the above statement to its revised definition, Evoenergy is proposing to exclude application of the materiality threshold to a regulatory change event under this (network decommissioning) specific circumstance. We do not consider that Evoenergy’s access arrangement should provide for immaterial revenue adjustments (either positive or negative) for certain types of cost pass through events. The

---

<sup>71</sup> For the purposes of this definition, ‘regulatory obligation or requirement’ has the meaning assigned in National Electricity Law, as set out in Chapter 10 of the National Electricity Rules.

<sup>72</sup> NER, 6.6.1(a1)(1)

<sup>73</sup> AER, Draft decision, *Attachment 10 - Reference tariff variation mechanism – Jemena Gas Networks (NSW) 2025–30*, p. 19; AER, Draft decision, *Attachment 10 - Reference tariff variation mechanism – AGN (SA) 2025–30*, p. 25; AER, Final decision, *Attachment 15 – Pass through events – Ausgrid – 2024–29 Distribution revenue proposal*, April 2024; AER, Draft decision, *Attachment 15 – Pass through events – Ausgrid – 2024–29 Distribution revenue proposal*, September 2023; AER, Draft decision, *Attachment 10 - Reference tariff variation mechanism - AusNet 2023–28*, December 2022.

materiality threshold for cost pass through events reflects that network service providers are expected to manage immaterial changes in costs from within existing revenue allowances.

In addition, we look to promote consistency in our approach to pass through categories across our electricity determinations and gas access arrangement decisions.<sup>74</sup> It is, therefore, not appropriate to change the definition of the regulatory change event applicable to Evoenergy only.

For the above reasons, we do not accept Evoenergy’s revised definition of a regulatory change event.

Table 5.7 sets out our definitions of the approved cost pass through events, including minor amendments to ensure consistency with recent AER determinations. These amendments are to provide greater drafting consistency between Evoenergy and other network service providers.

**Table 5.7 AER’s definitions of cost pass through events**

| Event                    | Definition  |
|--------------------------|---|
| Regulatory Change Event  | Regulatory Change Event means a change in a regulatory obligation or requirement that: <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 the Reference Services; and</li> <li>d) materially increases or materially decreases the costs of providing reference services.</li> </ul>  |
| Service Standard Event   | Service Standard Event means a legislative or administrative act or decision that: <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; or</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> |
| Insurance Coverage Event | An Insurance Coverage Event means an event where:   |

<sup>74</sup> Consistent with the principle in r. 97(3)(d) of the NGR.

| Event | Definition  |
|-------|---|
|       | <p>1. the Service Provider:</p> <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> <p>2. the Service Provider incurs costs:</p> <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> <p>3. the costs referred to in paragraph 2 above materially increase the costs to the Service Provider of providing Reference Services.</p> <p>For the purposes of this Insurance Coverage Event:</p> <p>(1) '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.</p> <p>(2) 'costs' means the costs that would have been recovered under the insurance policy or set of insurance policies had:</p> <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> <p>(3) 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</p> <p>(4) 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</p> <p>(5) 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.</p> |

| Event                     | Definition   |
|---------------------------|--|
|                           | <p>Note for the avoidance of doubt, in assessing an Insurance Coverage Event pass through application under clause 3(5)(i), the AER will have regard to:</p> <ul 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> </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> |
| 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> <ol 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> <li>2. changes the costs to the Service Provider in providing Reference Services:</li> </ol> <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> </ul>  |

| Event                  | Definition   |
|------------------------|--|
|                        | <ul style="list-style-type: none"> <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>  |
| Natural Disaster Event | <p>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:</p> <ul style="list-style-type: none"> <li>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</li> <li>b) not a consequence of any other act or omission of the Service Provider.</li> </ul> <p>Note: In assessing a Natural Disaster 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.</li> </ul> |
| Tax Change Event       | <p>Tax Change Event occurs if:</p> <ul style="list-style-type: none"> <li>(a) Any of the following occur during the course of the Access Arrangement Period: <ul style="list-style-type: none"> <li>i) A change in a Relevant Tax, in the application of official interpretation of a Relevant Tax, in the rate of a Relevant Tax, or in the way a relevant tax is calculated;</li> <li>ii) The removal of a Relevant Tax;</li> <li>iii) The imposition of a Relevant Tax; and</li> </ul> </li> <li>(b) As a consequence, the costs to Evoenergy of providing Reference Services are materially increased or decreased.</li> </ul>   |

Source: AER analysis.

## 5.5 Non-tariff components

In addition to the reference services that will apply to Evoenergy, 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 Evoenergy's access arrangement for the 2026–31 period, including:

- proposed queuing<sup>75</sup>, extension and expansion<sup>76</sup>, and capacity trading requirements<sup>77</sup>
- the proposed approach to changing users' receipt or delivery points<sup>78</sup>
- the proposed terms and conditions for the supply of reference services<sup>79</sup>
- the proposed review submission date (the date by which Evoenergy must submit its next access arrangement proposal) of 1 July 2030<sup>80</sup>
- the proposed revision commencement date (the date on which Evoenergy's next access arrangement period will commence) of 1 July 2031.<sup>81</sup>

### 5.5.1 Final decision on the non-tariff components

Our final decision accepts Evoenergy'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>82</sup>

We did not receive any submissions on our draft decision, or on Evoenergy's revised proposal in relation to the non-tariff components.

Our review of Evoenergy's revised proposal has found that only updates required to give effect to the draft decision have occurred to its RSA and access arrangement.

Our final decision maintains our draft decision to approve Evoenergy's non-tariff components, and we would encourage ongoing stakeholder engagement on these components through the next period.

## 5.6 Revisions

We require the following revisions to make the access arrangement proposal acceptable as set out in Table 5.8 to Table 5.9.

### Services covered by the access arrangement

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

---

<sup>75</sup> NGR, r. 68D.

<sup>76</sup> NGR, rr. 48(1)(g), 68E.

<sup>77</sup> NGR, rr. 48(1)(f), 68F.

<sup>78</sup> NGR, rr. 48(1)(h), 68G.

<sup>79</sup> NGR, rr. 48(d)(ii), 68B.

<sup>80</sup> NGR, rr. 48(1)(i), 49.

<sup>81</sup> NGR, rr. 48(1)(i), 49.

<sup>82</sup> AER, *Draft decision, Evoenergy access arrangement 2026–31 - Attachment 5 - Reference services, tariffs and non-tariff components*, November 2025, pp. 31-39.

**Table 5.8 Reference tariff setting revisions**

| Revision     | Amendments   |
|--------------|--|
| Revision 5.1 | <p>Flatten the gas transportation tariff structure of volume individual (VI) tariffs for year 1 of the 2026–31 period, consistent with our final decision and Evoenergy’s revised proposal tariff structure without the 2% uplift, and include in section 8 - <i>Initial Reference Tariffs and Reference Tariff Variation Mechanism</i> of its access arrangement the following:</p> <p>Evoenergy 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>  |
| Revision 5.2 | <p>Progressively flatten the gas transportation tariff structure of the demand capacity (DC) tariff by the end of the 2026–31 period and include in section 8 - <i>Initial Reference Tariffs and Reference Tariff Variation Mechanism</i> the following:</p> <p>Block 2 and block 3 will be a single block by 2030–31, achieved through incremental equalisation over each year 2026–31 access arrangement period. Equalising blocks 2 and 3 will involve incremental increase to block 3 and may involve incremental decrease to block 2.</p>   |
| Revision 5.3 | <p>Update <math>CPI_t</math> definitions in schedule 5, item 2, p.63<sup>83</sup>:</p> <p>is the annual percentage change in the Australian Bureau of Statistics (ABS) CPI <b>Quarterly All Groups, Australia Weighted Average of Eight Capital Cities</b> from the December quarter in year <math>t-2</math> to the December quarter in year <math>t-1</math>, calculated using the following method:</p> <p>The ABS CPI <b>Quarterly All Groups, Australia Weighted Average of Eight Capital Cities</b> for the <b>from</b> December quarter in financial year <math>t-1</math></p> <p>divided by</p> <p>The ABS CPI <b>Quarterly All Groups, Australia Weighted Average of Eight Capital Cities</b> for the <b>from</b> December quarter in financial year <math>t-2</math></p> <p>minus one.</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 <del>inflation</del> index which the AER considers is the best available alternative index.</p> |

<sup>83</sup> Evoenergy, *Access arrangement for the ACT and Queanbeyan-Palerang gas distribution network, 1 July 2026 - 30 June 2031*, January 2026 (clean version), p.63.

|              |  |
|--------------|--|
| Revision 5.4 | <p>Update change in <math>CPI_t</math> definition in schedule 4, item 2<sup>84</sup>:</p> <p>is the annual percentage change in the Australian Bureau of Statistics (ABS) CPI <b>Quarterly All Groups, Australia Weighted Average of Eight Capital Cities</b> from the December quarter in year <math>t-2</math> to the December quarter in year <math>t-1</math>, calculated using the following method:</p> <p>a) The ABS CPI <b>Quarterly All Groups, Australia Weighted Average of Eight Capital Cities</b> for the <b>from</b> December quarter in financial year <math>t-1</math></p> <p>divided by</p> <p>b) The ABS CPI <b>Quarterly All Groups, Australia Weighted Average of Eight Capital Cities</b> for the <b>from</b> December quarter in financial year <math>t-2</math></p> <p>minus one.</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 inflation index which the AER considers is the best available alternative index.</p> |
| Revision 5.5 | <p>Identify Canberra as the location for arbitration and use of <i>Commercial Arbitration Act 2017</i> (ACT) legislation and appropriate ACT based arbitrator in paragraphs 31.6(b) and 31.6(c) of Evoenergy's RSA, to replace the currently prescribed NSW legislation, Sydney as the location for arbitration and President of the Law Society of New South Wales as arbitrator.</p>   |
| Revision 5.6 | <p>Replace references to 'Permanent Disconnection Offer' in paragraphs 16.5 and 16.8 of the RSA with 'Complex Permanent Disconnection Offer'.</p>  |
| Revision 5.7 | <p>Amend paragraph 16.5(c) of the RSA as follows:</p> <p>As soon as practicable, and in any event within 30 Business Days of receiving the request (or a reasonable longer period in regional areas or as otherwise agreed), Evoenergy will use reasonable endeavours to provide the User with an offer to Permanently Disconnect the Delivery Point, <del>including an estimate of the costs of performing the permanent disconnection and a timeframe for performing the works (Permanent Disconnection Offer).</del> <b>The Permanent Complex Disconnection Offer will include a quote for the costs of performing the service, a timeframe for performing the works, and the level of any wasted visit charge that could be applied and the circumstances in which it could be applied.</b></p>  |
| Revision 5.8 | <p>Set out all relevant permanent disconnection information, responsible parties, requirements and options on Evoenergy's website in accordance with the final decision.</p>   |

<sup>84</sup> Evoenergy, *Access arrangement for the ACT and Queanbeyan-Palerang gas distribution network, 1 July 2026 - 30 June 2031*, January 2026 (clean version), p.57.

|               |  |
|---------------|--|
| Revision 5.9  | Establish separate wasted visit tariffs for permanent disconnections in its AA and reinstate references to these tariffs in its RSA, as per Evoenergy's initial proposal.  |
| Revision 5.10 | Amend wasted visit charges for temporary disconnections to \$45 and reconnections to \$65, and set the permanent disconnection wasted visit charges at \$168 for basic permanent disconnections and \$224 for basic (urgent) permanent disconnections. <sup>85</sup> |
| Revision 5.11 | Amend permanent disconnection charges to \$747 for basic permanent disconnections and \$981 for basic (urgent) permanent disconnections. <sup>86</sup>   |
| Revision 5.12 | Update the Volume Throughput Rate table for clarity <sup>87</sup> , it is unclear as laid out that rows 2-3 are VI or that units of row 4 are \$/GJ (repeated issue for rows 5-7).   |

**Table 5.9 Reference tariff variation and cost pass through mechanism revisions**

| Revision      | Amendments   |
|---------------|--|
| Revision 5.13 | Evoenergy is to amend its tariff variation mechanism to apply a 5% revenue sharing threshold (instead of Evoenergy's proposed 2%).   |
| Revision 5.14 | Evoenergy is to exclude government taxes, levies, and other licence fees (UNFT and EIL) from the transportation (including metering) reference service tariff variation mechanism (to be included in opex).  |
| Revision 5.15 | Amend Schedule 1 – Definitions of the access arrangement to reflect the definitions of the following pass through events as specified in Table 5.7.<br>Regulatory Change Event<br>Service Standard Event<br>Insurance Coverage Event<br>Insurer Credit Risk Event<br>Terrorism Event<br>Natural Disaster Event<br>Tax Change Event |

### Non-tariff component revisions

We do not require Evoenergy to make any revisions to the non-tariff component but note that changes to the RSA will be required to give effect our final decision on Evoenergy's reference tariff setting.

<sup>85</sup> As an ancillary reference tariff, these will be escalated annually by the ancillary reference tariff variation mechanism which is addressed in section 5.3 of this attachment.

<sup>86</sup> As an ancillary reference tariff, these will be escalated annually by the ancillary reference tariff variation mechanism which is addressed in section 5.3 of this attachment.

<sup>87</sup> Evoenergy, *Access arrangement for the ACT and Queanbeyan-Palerang gas distribution network, 1 July 2026 - 30 June 2031*, January 2026 (clean version), pp. 63-64.

# Glossary

| Term     | Definition                                |
|----------|---|
| ACT      | Australian Capital Territory              |
| ACTCOSS  | ACT Council of Social Service             |
| AEMC     | Australian Energy Market Commission       |
| AER      | Australian Energy Regulator               |
| AGN (SA) | Australian Gas Networks (South Australia) |
| CCP33    | Consumer Challenge Panel, sub-panel 33    |
| ENA      | Energy Networks Australia                 |
| JGN      | Jemena Gas Networks                       |
| NGO      | National Gas Objective                    |
| NGL      | National Gas Law                          |
| NGR      | National Gas Rules                        |
| opex     | operating expenditure                     |
| RSA      | Reference Service Agreement               |

---