

May 2026

## Statement of reasons: Multinet Gas Networks Annual Tariff Variation

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

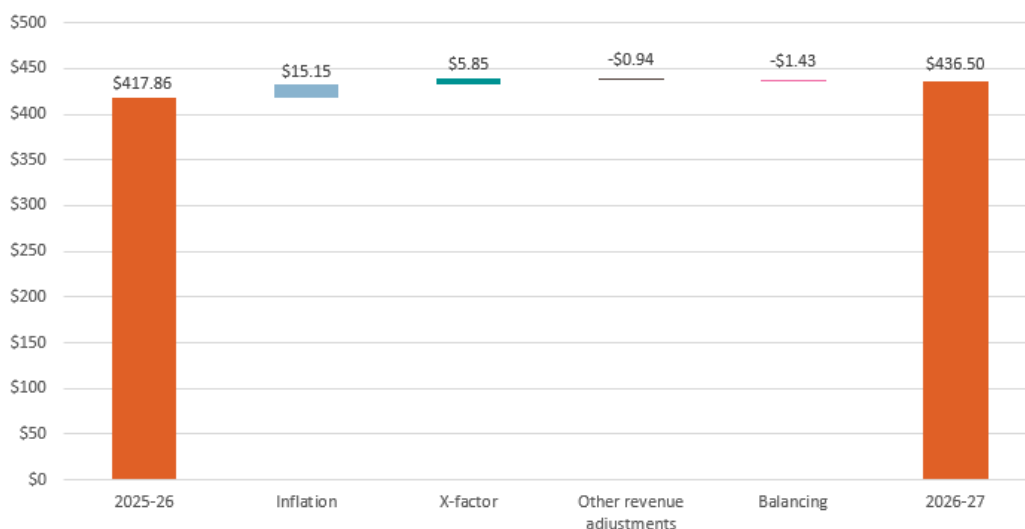
### Estimated network cost movements

We have estimated the average network cost movement for Multinet’s customers to be an increase of \$18.63 for residential customers and \$38.50 for small business customers in 2026-27 compared to 2025-26. This is for the average residential and small business customer in the most populous tariff zone, which is Multinet’s ‘Metro’ area.<sup>1</sup>

The network cost movements reflect an increase in revenue that Multinet is allowed to recover. The increase in revenue is predominantly due to inflation and the real price path set in the 2023-28 Access Arrangement. It is partially offset by the abolishment true-up amount to reflect the difference between the number of actual small customer abolishments compared to the forecasts included in the Access Arrangement. These tariffs also take into account tariff rebalancing. These key drivers can be seen in Figures 1 and 2.

While the price movements vary for different tariff categories, we found that the price movements are consistent with the mechanisms set in Multinet’s 2023–28 Access Arrangement, in particular the principles and formulae set out in Section 4 and Annexure D of the access arrangement.

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

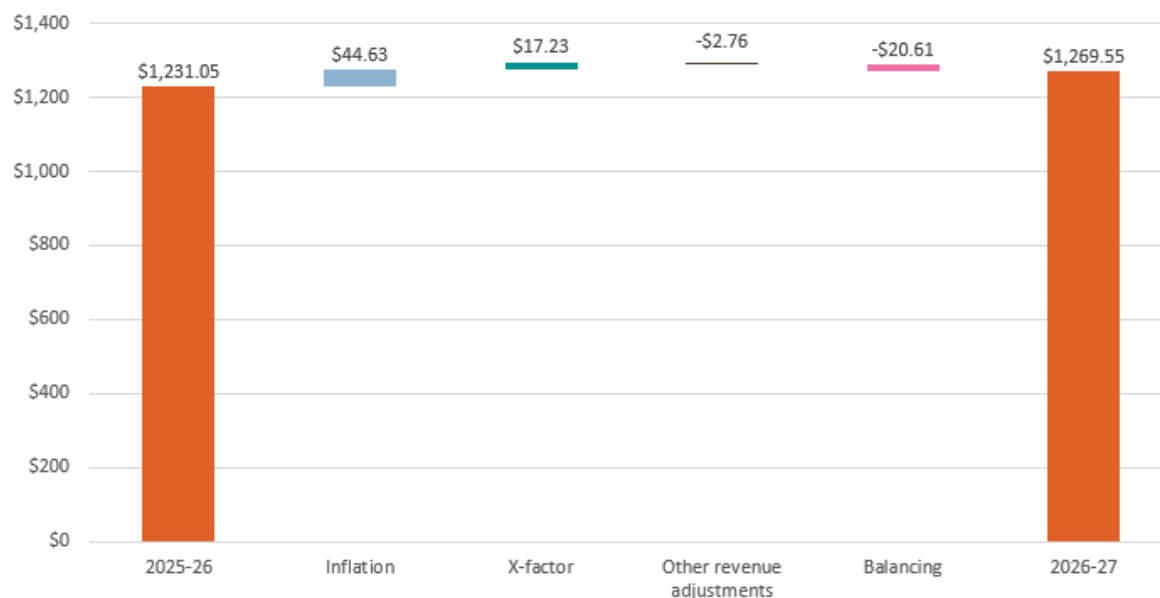


Source: AER analysis; Multinet’s 2026–27 tariff variation notice.

Note: The above analysis is for Tariff V Residential – MultiNet Metro (which has the greatest number of residential customers) and assumes annual gas usage of 39.9 GJ based on the most recent data reported in Multinet’s 2025–26 tariff variation. The X-factor column refers to the real price path set in the Access Arrangement and the annual update to rate of return. The other revenue adjustment column aggregates pass through amounts, the safeguard mechanism amount and abolishment true-up amounts. The tariff balancing column reflects how Multinet balanced its weighted average price cap across its tariffs at the assumed gas usage

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

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



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

Note: The above analysis is for Tariff V Non-Residential – Multinet Metro (which has the greatest number of small business customers) and assumes annual gas usage of 327.9 GJ based on the most recent data reported in Multinet’s 2026–27 tariff variation. The X-factor column refers to the real price path and the annual update to rate of return. The other revenue adjustment column aggregates pass through amounts, the safeguard mechanism amount and abolishment true-up amounts. The tariff balancing column reflects how Multinet balanced its weighted average price cap across its tariffs at the assumed gas usage

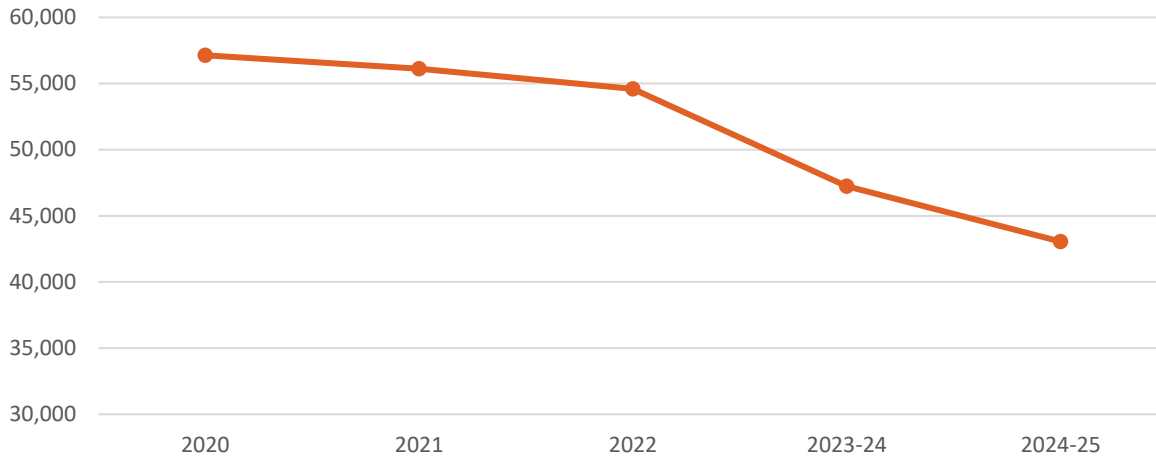
We note gas retailers ultimately determine how these underlying network tariffs are reflected in the retail prices offered to customers. Distribution charges make up approximately a third of the retail bill.

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

### *Demand*

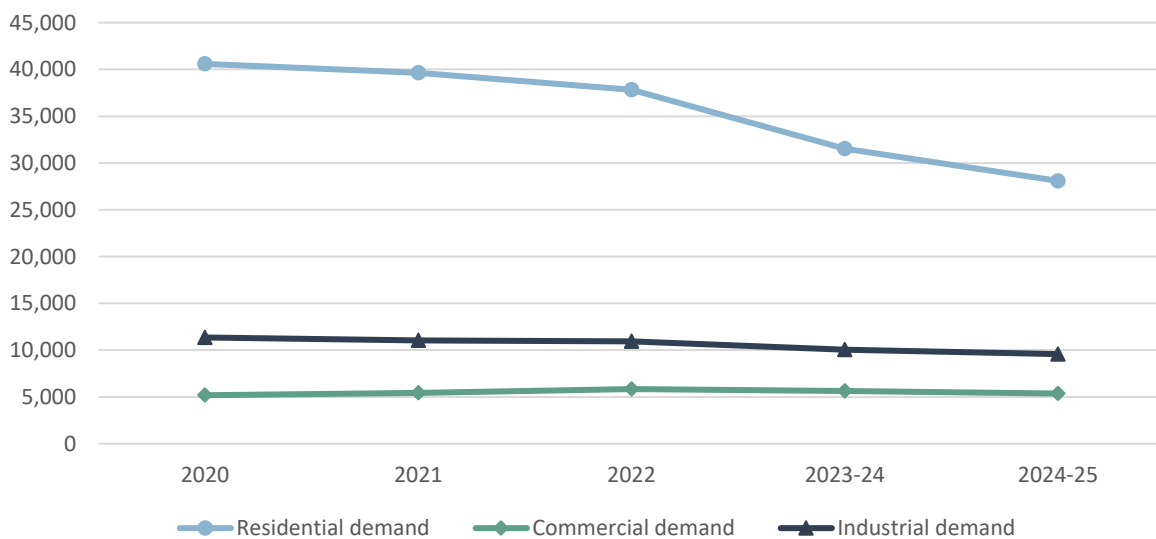
Gas demand declined by 8.9% from 2023–24 to 2024–25, as seen in Figure 3. This was largely driven by the residential sector, shown in Figure 4. Because the weighted average price cap variation mechanism in the Access Arrangement uses the most recent actual quantities (2024–25) to determine prices, information on estimated (2025–26) or forecast (2026–27) demand is not provided and therefore not shown in the charts below.

**Figure 3 Total Demand (TJ)**



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

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



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

**Price caps**

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

### Declining block tariffs

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

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

Residential <sup>1</sup> (daily blocks)		Small business <sup>2</sup> (daily blocks)	
Fixed charge	\$0.23 (+6.7% change)	Fixed charge	\$0.38 (+6.7% change)
First 0.05 GJ/day	\$11.69/GJ (+6.7%)	First 0.25 GJ/day	\$5.22/GJ (+6.7% change)
0.05 – 0.1 GJ/day	\$6.98/GJ (No change)	0.25 – 1 GJ/day	\$2.76/GJ (No change)
0.1 – 0.15 GJ/day	\$3.11/GJ (No change)	1 – 1.5 GJ/day	\$1.42/GJ (No change)
0.15 – 0.25 GJ/day	\$1.59/GJ (-0.02%)	1.5 – 5GJ/day	\$0.82/GJ (-0.05%)
>0.25 GJ/day	\$1.19/GJ (-0.07%)	>5 GJ/day	\$0.26/GJ (-0.08%)

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

1. Tariff V Residential – Multinet Metro.
2. Tariff V Non-Residential – Multinet Metro.