AGN (Victoria and Albury) and Multinet Reference Service Proposals for 2028-33

Submission from the AGIG Stakeholder Panel

Helen Bartley, Amelia Bitsis, Kieran Donoghue, Gavin Dufty, Mark Grenning, Dean Lombard, Linda Nieuwenhuizen and Tony Robinson

26th June 2026

VICGAAR2028@aer.gov.au

Introduction

In April 2026 AGIG established a Stakeholder Panel to ensure consumer preferences are meaningfully considered in the development of the 2028-33 Access Arrangements (AAs) for the AGN and Multinet Gas Networks in Victoria.

As detailed in the Stakeholder Panel's Terms of Reference[1], AGIG's objective is to develop and submit a proposal that is capable of acceptance by customers, stakeholders and the AER and that delivers value for customers now and in the future.

The Panel's members are experts covering the fields of consumer advocacy, customer research and engagement, energy policy, regulation and understanding the needs of network consumers large and small. Most panel members are also customers of AGN or Multinet.

Comments on the Reference Service Proposals

Our comments cover both the AGN and Multinet Reference Service Proposals (RSPs). The Panel has participated in regular discussions with AGIG as they developed the proposals and we have provided AGIG with feedback on a draft version of each RSP. We have compared our feedback to the final RSPs submitted to the AER and appreciate that AGIG considered our feedback and incorporated all our suggestions into the final versions the business submitted to the AER.

The RSPs are 'live' documents which may change as AGIG responds to customer and stakeholder feedback and uncertainties such as:

- The outcome of the Victorian election in November 2026 and the continued implementation of the Gas Substitution Roadmap in its current form
- The outcome of AEMO's consideration of the ECA and JEC rule changes[2].

Given these factors, at this stage we are comfortable with the AGN and Multinet RSPs including:

- the proposed reference and non-reference services,
- the starting point for tariff structure, and
- the proposed 'hybrid' form of revenue control.

In our discussions with AGIG on the RSPs we have highlighted the following points that will be the subject of more detailed engagement over the next 18 months:

Will the definition of 'service abolishment' cover all the possible circumstances that could arise?

There are complex interactions between full cost abolishment, consumers' options to try to avoid that cost and the safety risks of incomplete abolishment to avoid costs. We consider that this issue should be informed by factors such as the importance of minimising future expenditure on delayed abolishment activity that AGIG seeks to recover via its haulage tariffs because the opportunity to recover on a "causer pays" basis has passed.

[1] We understand this will be published in the near future
[2] https://www.aemc.gov.au/rule-changes/gas-networks-transition

The need to closely examine the bill impacts across different customer groups in assessing any move away from the current declining block tariffs

AGIG's starting position is to retain the existing Victorian block structure (e.g. three tiers for AGN residential customers and five for Multinet residential customers) established in 2017, rather than follow the AER's Final decision on South Australia that flattened tariffs for residential and small business.

This approach is supported by the Stakeholder Panel given Victoria's unique position on gas usage.

Victorian gas consumption is different in size and composition compared to South Australia. Victoria is dominated by residential and small business users with almost 2 million gas connections with a very large winter heating load. It also has more and bigger large industrial users across the network geography including hard to electrify industries (based on energy needs) that may or may not be in hard to electrify regions (based on limits of the existing distribution network) where tariff signals may be ineffective. We look forward to engagement with AGIG on:

- different block structures to establish the structure(s) that are most appropriate for different classes of Victorian customers, and
- how to better understand the potential impact of different tariff structures on those hard to abate/hard to electrify customers and whether other interventions are required to enable/incentivise Government policy outcomes.

This engagement will occur in multiple settings.

AGIG has established the independently facilitated Customer Voice Collective (CVC), a panel of around 40 residential and small business customers to engage more broadly on its AA proposal[3]. Three sessions have been held so far with the agendas including the draft RSP and tariff structures. This group is almost exclusively located in Melbourne. We commend AGN for committing to engage more broadly in its RSP to capture a greater diversity of customer perspectives across all parts of the networks and address the limitations of customer representation in its CVC. We will continue to advocate strongly for this.

Modelling to help assess the emission reduction impacts of declining block tariffs

This was a significant issue in the AER's assessment of AGIG's South Australian AA Proposal. The AER argued that declining block tariffs were inconsistent with the emissions reduction part of the NGO as they incentivised higher consumption. However, the AER did not provide any empirical evidence to support this view. In contrast, AGIG bill impact analysis has shown that flatter tariffs for all customers (even if fully passed on by retailers) would result in significant spread of winners (lower prices) and losers (higher prices) and that the resulting very small consumption reduction would have an immaterial impact on emissions.

The RSPs provide similar evidence for the impact of flat tariffs on gas consumption and hence emissions, in Victoria.

We look forward to further engagement with AGIG through both:

- the Stakeholder Panel e.g. on modelling assumptions for short (reducing consumption given existing appliances/technologies) and long term price elasticity (where customers have the option of electrifying gas loads), and

[3] https://gasmatters.agig.com.au/agnmgn-vic-2028-33

- the broader CVC e.g. on their views of different tariff structures given bill impacts.

This engagement will necessarily consider not just the impact on 2028-33, but also beyond that AA period.

We encourage the AER to engage early on AGIG's modelling to develop some common ground on this issue. For example, to address the question of the impact on consumption and emissions if retailers do not pass through the tariff structure, what tariff structure might the AER a priori prefer?

We also consider there would be merit in AGIG, the AER and stakeholders considering what is or is not an appropriate rebalancing of tiers within an AA period through the annual tariff variation mechanism.

Is the 5% variation in the proposed 'hybrid' approach to revenue control appropriate for Victoria?

AGIG has proposed the 5% variation for application of a price cap to allowed revenue to share demand risk between customers and the network, following the recent AER decisions for Jemena in NSW, Evo in ACT and AGIG in South Australia. However we agree with AGIG to undertake further examination of the application of this percentage in Victoria depending on what Government policy might be in 2028-33.

26th June 2026