

Final Decision

Exemption from the requirement to have a Model Standing Offer for Basic Connection Services — Evoenergy

October 2026

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1 Purpose

On 3 September 2026, Evoenergy applied for an exemption from the requirement to maintain a model standing offer (MSO) for basic gas connection services for its ACT and Queanbeyan-Palerang gas network.

Our final decision is to grant the exemption. We are reasonably satisfied that retail customer demand for basic connection services in the area served by Evoenergy's ACT and Queanbeyan-Palerang gas network is likely to be very low for the reasonably foreseeable future.

This decision document sets out our assessment and reasons for granting the exemption.

1.1 Background

An MSO is a contract between a gas distribution network service provider and a customer connecting to the network. It sets out the terms and conditions for the provision of a basic connection service.

The Australian Energy Market Commission's *Updating the regulatory framework for gas connections* rule change amends the National Gas Rules (NGR) to introduce mandatory upfront, cost-reflective charges for new retail gas connections from 1 October 2026. This requires relevant distributors to have an MSO unless the AER grants an exemption.

The AER is empowered to grant an exemption to gas distributors from the requirement to have and maintain a basic connection MSO under rule 119CA.

Evoenergy sought an exemption after the AER Board did not approve its proposed amended MSO on 24 July 2026.

2 AER's decision

2.1 Legal framework

Under rule 119CA(2) of the NGR, the AER may grant an exemption for a specified distribution pipeline if it is reasonably satisfied that retail customer demand for basic connection services in the area served by that pipeline is likely to be very low for the reasonably foreseeable future.

A distributor holding an exemption must notify the AER of a change in circumstances relevant to the exemption under rule 119CA(6). The AER may revoke an exemption if it is reasonably of the opinion that the criterion is no longer satisfied under rule 119CA(7) and must publish notice of its decision and reasons under rule 119CA(11).

2.2 AER assessment

Evoenergy demonstrated to us that there has been a substantial and continuing decline in new gas connections. In late 2023 the ACT introduced restrictions that have significantly reduced demand. As a result Evoenergy provided only 42 new connections to detached homes in 2025–26, a decrease of 97 per cent since 2016–17. Although transitional arrangements may allow some connections until 2029, demand is expected to remain very low.

Demand has also declined in the New South Wales part of the network. Evoenergy recorded 126 new connections in 2025–26, fewer than half the number recorded in 2016–17, and forecast a continued decline based on anticipated detached dwelling completions. Actual demand may be lower where developments are all-electric.

We are satisfied that demand across Evoenergy's ACT and Queanbeyan-Palerang network is likely to remain very low for the reasonably foreseeable future. Evoenergy will continue to provide connections through a process which does not require an MSO, publish information explaining the process and charges, and monitor demand and notify us of relevant changes in circumstances.

We acknowledge Evoenergy's commitment to customer communications, and note it has prepared material to support consumer understanding including:

- Why up-front gas connection charges are being introduced.
- How to apply for a gas connection, the information required, and the process Evoenergy follows to assess applications and develop site-specific connection offers.
- The roles, responsibilities and costs associated with a new connection, including customer-side work not included in Evoenergy's connection charge.
- Key connection requirements and considerations, property boundaries, meter locations, access requirements, and factors that may affect costs and timeframes.
- How to make enquiries or lodge complaints, including available contact points and the circumstances in which a connection dispute may be referred to the AER.

2.3 We continue to encourage measures that support clear customer information and access to the connection process. Consultation

We engaged directly with Evoenergy to determine whether an exemption application was appropriate and to clarify the evidence required for our assessment.

Broader public consultation was not undertaken. The application concerns whether the statutory low-demand criterion is met, and the evidence required to determine that question was obtained directly from Evoenergy.

2.4 Conclusion

For the reasons set out above, we are reasonably satisfied that retail customer demand for basic connection services in the area served by Evoenergy's ACT and Queanbeyan-Palerang gas network is likely to be very low for the reasonably foreseeable future. We therefore grant the exemption with effect from 1 October 2026. The exemption will remain in place unless revoked by the AER.

Glossary

Term	Definition
AER	Australian Energy Regulator
Basic connection service	A basic gas connection service provided to a retail customer.
Evoenergy	The gas distribution network service provider for the ACT and Queanbeyan-Palerang network.
MSO	Model standing offer
NGR/the Rules	National Gas Rules