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AUSTRALIAN
ENERGY
REGULATOR

DECISION

Multinet Gas

Networks

Gas Distribution

Determination

2028 to 2033

Reference service, tariff variation mechanism and
tariff structure

October 2026

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1 Executive summary

The Australian Energy Regulator (AER) works to make all Australian energy consumers better off, now and in the future. We regulate energy networks in all jurisdictions except Western Australia. We set the amount of revenue that network businesses can recover from customers for using these networks.

The National Gas Law and Rules (NGL and NGR) provide the regulatory framework governing gas transmission and distribution networks. Our work under this framework is guided by the National Gas Objective (NGO):

The objective of this Law is to promote efficient investment in, and efficient operation and use of, covered gas services for the long term interests of consumers of covered gas with respect to—

- (a) price, quality, safety, reliability and security of supply of covered gas; and
- (b) the achievement of targets set by a participating jurisdiction—
 - (i) for reducing Australia's greenhouse gas emissions; or
 - (ii) that are likely to contribute to reducing Australia's greenhouse gas emissions.

Multinet Gas Networks (Multinet), which is part of Australian Gas Infrastructure Group (AGIG), distributes natural gas to residential, commercial and industrial business customers in Victoria.

On 1 June 2026 Multinet submitted to the AER a reference service proposal for its gas distribution network. We have assessed the proposal against the requirements set out in the NGR.

Our decision is to not approve Multinet's reference service proposal. We consider the proposal is not consistent with the regulatory requirements due to classification of the abolishment service and the service visits - no access (gas meter) or incomplete meter fix charges.

Under the new non-statutory requirements implemented by the AER in 2023, Multinet also submitted with its regulatory proposal, preliminary positions on its tariff variation mechanism and tariff structure for gas transportation (haulage) services for the 2028–33 access arrangement period (2028–33 period).

Multinet proposed to change its existing tariff variation mechanism (weighted average price cap) to a hybrid tariff variation mechanism.¹ Multinet proposed to make no changes to its

¹ Multinet Gas Networks, *Reference Service Proposal, Form of Revenue Control and Tariff Structure for the Multinet Distribution Network*, June 2026, p. 23.

tariff structures, retaining its declining block tariff structure for both volume and demand tariffs, subject to further engagement with stakeholders.²

In our view a hybrid tariff variation mechanism can best balance the positive and negative elements of price cap and revenue cap regulation. On its tariff structure for haulage services, we consider Multinet should develop and submit for AER consideration one or more implementation pathways to incrementally flatten its declining block tariff structure by reducing the number of blocks, over one or more access arrangement periods.

While we expect Multinet to respond to our tariff related considerations as set out in this paper, our preliminary views expressed here do not constrain our decisions on these issues in the context of Multinet's upcoming 2028–33 access arrangement revisions proposal. We may form different views in response to further information, stakeholder views being provided, or any requirements arising from the AEMC final determination on its Gas networks in transition rule change project, anticipated to be published in December 2026.

Next steps

The AER will publish a revised reference service proposal that addresses the reasons for our decision to not approve Multinet's proposed reference service proposal, and will make a decision giving effect to the revised reference service proposal.

² Multinet Gas Networks, *Reference Service Proposal, Form of Revenue Control and Tariff Structure for the Multinet Distribution Network*, June 2026, p. 24.

2 Background

This section discusses the NGR reference service requirements, and the new non-statutory issues addressed by Multinet's reference service proposal: reference tariff variation mechanism and declining block tariffs for haulage services.

2.1 Multinet

Multinet's gas distribution network services Melbourne's inner south and east, the Yarra Ranges and South Gippsland. It comprises around 9,900km of pipeline, serving around 722,000 customers.³

2.2 Reference services

In preparing its reference service proposal and in undertaking our assessment, the NGR require Multinet and ourselves to have regard to the NGR reference service factors:⁴

- the actual and likely demand for the pipeline's services and the number of prospective users
- the extent to which the pipeline service is substitutable with another service
- the feasibility of allocating costs to the pipeline service
- the usefulness of specifying the pipeline service as a reference service in supporting negotiations and dispute resolution
- likely regulatory costs for all parties in specifying the pipeline service as a reference service.

Services we determine meet the reference service factors will be determined to be reference services. Services we determine do not meet the reference service factors will be treated as non-reference services.

Determining a service to be a reference service, as compared to it being a non-reference service, makes a significant difference to how the service is regulated.

Reference services are subject to AER price regulation. That is, we set maximum prices, or price caps, which gas networks may charge network users for reference services. Gas networks may choose to charge network users less than the price caps we determine but they may not charge more.

Services we determine to be non-reference services are not subject to price regulation. This means gas networks set their own charges for non-reference services.

³ Multinet Gas Networks, *Reference Service Proposal, Form of Revenue Control and Tariff Structure for the Multinet Distribution Network*, June 2026, p. 6.

⁴ NGR, rr. 47A(14) and 47A(15).

2.3 Reference service proposal process

Gas network service providers are required to submit a separate reference service proposal to the AER for assessment 12 months in advance of the submission date for their access arrangement revisions proposal.

The NGR requires us to complete our assessment of a reference service proposal no later than 6 months in advance of the due date for submission of the relevant access arrangement revisions proposal.

Multinet's access arrangement revisions submission date is 1 June 2027.⁵ This means Multinet was required to submit its reference service proposal to the AER by no later than 1 June 2026, which it did. We are required to conclude our assessment and release our decision no later than 1 December 2026.

Where a reference service proposal is not approved, the AER will publish a revised reference service proposal that addresses the reasons for the decision to not approve the reference service proposal. The AER will then make a decision giving effect to the revised reference service proposal.

An access arrangement must be consistent with our reference service proposal decision unless there has been a material change in circumstances.⁶

2.4 Tariff (non-statutory) considerations

In early 2023 we initiated a review of how we regulate the haulage service provided by gas distribution network service providers (distributors). This review considered whether to continue to approve these elements of existing gas distribution access arrangements or whether changes were required.⁷

- weighted average price caps (reference tariff variation mechanism) which regulate the revenues distributors receive for providing reference haulage services
- declining block tariffs which set the parameters for how retailers are billed for reference haulage services provided to their customers.

In October 2023, our final decision of the review indicated we would not make sector-wide changes to gas distribution pipeline tariff variation mechanisms or tariff structures.⁸ Instead, we chose to consider these issues on a case-by-case basis in the context of individual access arrangement reviews by building consideration of these matters into the existing reference service proposal assessment. This approach allows us to signal our views on the tariff variation mechanism and tariff structure issues in time for incorporation in the distributors' access arrangement revision proposals.

⁵ Access arrangement revisions for the 2028-29 to 2032-33 access arrangement period.

⁶ NGR cl.48(1)(b), (c) and (c1).

⁷ AER, *Review of gas distribution network reference tariff variation mechanism and declining block tariffs*, 5 May 2023.

⁸ AER, *Review of gas distribution network reference tariff variation mechanism and declining block tariffs*, October 2023.

To be clear, only the reference service elements of this reference service proposal decision relate to a statutory decision. The tariff related aspects of this decision are non-statutory. That is, the NGR do not specify that the AER has a role in assessing tariff related issues at the reference service proposal stage. Rather, we proposed to undertake this assessment and the regulated gas distributors agreed.

We consider that a public process of proposal and AER consideration of these tariff related issues, at this early stage of a gas distribution access arrangement review, will benefit stakeholders and networks.

3 Multinet's reference service proposal

This section outlines Multinet's reference service proposal including the stakeholder consultation it undertook in developing its proposal. It then describes our stakeholder consultation undertaken in assessing Multinet's proposal, and our decision on Multinet's reference service proposal.

3.1 Multinet's reference service proposal

Multinet proposed to maintain mostly the same suite of reference services from its current access arrangement period (Table 3.1). A minor amendment was proposed to its reference services by removing the 'Meter Reinstallation' service as an ancillary reference service. However, Multinet later confirmed that this was an error and this service should remain an ancillary reference service. Multinet also made minor name changes to its ancillary reference services and consolidated several services and added a new service to its ancillary non-reference services.

Table 3.1 Multinet's proposed reference and non-reference services (changes from its current access arrangement services are shown in red)

Reference services	Non reference services
Haulage reference services:	Ancillary non-reference services:
- Volume haulage service - Demand haulage service	- Tariff D connections - Tariff V complex connections/tariff L Connections - Alter meter position - After hours connection and reconnection for Tariff V customers - Disconnect service in street for debt – requiring excavation
Ancillary reference services:	
- Special meter reading - Meter gas and gas installation test - Disconnection - Disconnection - Reconnection - Meter removal Meter reinstallation* - Service abolishment - residential	Reconnect service in street after payment Installing of a second service valve pit and disconnect gas supply Downgrade meter size Pressure change - New standard connection - Other non-reference services Service visits - no access (gas meter) or incomplete meter fix

Source: AER analysis

* An error in Multinet's proposal incorrectly excluded the Meter Reinstallation service.

3.1.1 Reference services

Multinet states that its reference services continue to:

- have actual and forecast demand
- be difficult to substitute
- have costs that can be reasonably allocated
- support access negotiations
- represent more than 99% of network revenue.

Multinet proposed to continue to classify the abolishment service as an ancillary reference service, consistent with its treatment in the current access arrangement period.⁹

3.1.2 Non-reference services

Multinet proposed no changes to its existing offerings but made minor naming and grouping updates¹⁰ to consolidate several low-demand non-reference services into its broader Other non-reference services category. Multinet's justification is that demand for these services has been nil or very low during the current access arrangement period. Multinet proposed that the following services will no longer be separately reported:¹¹

- Reconnect service in street after payment
- Installing a second service valve pit and disconnect gas supply
- Downgrade meter size
- Pressure change.

Multinet proposed that these services will remain available to customers if requested and continue to be priced where applicable.¹²

Multinet proposed to introduce a service visits - no access (gas meter) or incomplete meter fix service to its Ancillary non-reference services. This would cover situations where there is no access to the site or an incomplete meter fix occurred because the site was not ready or appliances were not installed.¹³ Multinet notes these visits are relatively common and currently generate approximately \$0.5 million per year in revenue. The proposal is intended to better align reporting with AGN (Vic)'s reporting approach.

⁹ Multinet Gas Networks, *Reference Service Proposal, Form of Revenue Control and Tariff Structure for the Multinet Distribution Network*, June 2026, p. 10.

¹⁰ Multinet Gas Networks, *Reference Service Proposal, Form of Revenue Control and Tariff Structure for the Multinet Distribution Network*, June 2026, p. 3.

¹¹ Multinet Gas Networks, *Reference Service Proposal, Form of Revenue Control and Tariff Structure for the Multinet Distribution Network*, June 2026, p. 15.

¹² Multinet Gas Networks, *Reference Service Proposal, Form of Revenue Control and Tariff Structure for the Multinet Distribution Network*, June 2026, p. 15.

¹³ Multinet Gas Networks, *Reference Service Proposal, Form of Revenue Control and Tariff Structure for the Multinet Distribution Network*, June 2026, p. 15.

Multinet proposed to continue treating new standard connections as a non-reference service because:

- since 1 January 2025 customers must pay the full upfront connection cost
- Victorian electrification policies are expected to significantly reduce future gas connection demand
- demand is expected to become increasingly volatile and low
- cost-reflective pricing is easier under a non-reference classification.

3.2 Multinet's stakeholder consultation

AGIG implemented a joint engagement approach for Multinet and Australian Gas Networks (Victoria and Albury) (AGN (Vic)) networks. Its core engagement includes the following groups:¹⁴

- AGIG Stakeholder Panel: experts in consumer advocacy, customer research and engagement, energy policy, regulation, business, industry and economics.
- Customer Voice Collective: around 50 customers who participate in a series of workshops.
- Retailer Panel: representatives from gas retailers who operate in national markets in Victoria.

Multinet's proposal indicated that its stakeholders broadly supported retaining the current suite of haulage and ancillary reference services and that there were no objections to maintaining existing reference services.¹⁵ The main areas of feedback related to the implications of the abolishment service and a desire for greater transparency around the services captured within the Other non-reference services category.

The AGIG Stakeholder Panel met with Multinet on 1 May 2026 to discuss the reference services proposal and the Customer Voice Collective participated in sessions on 14 May 2026 and 21 May 2026, where reference services and tariff structures were discussed. Multinet shared its draft reference services proposal with the Retailer Panel and invited them to provide feedback either through direct discussions or the public consultation process.¹⁶

The feedback reported by Multinet in its proposal came primarily from the AGIG Stakeholder Panel and the Customer Voice Collective. The proposal notes that the Retailer Panel was provided with the reference service proposal and invited to comment, but no specific feedback from retailers on reference or non-reference services was provided.¹⁷

¹⁴ Multinet Gas Networks, *Reference Service Proposal, Form of Revenue Control and Tariff Structure for the Multinet Distribution Network*, June 2026, p. 8.

¹⁵ Multinet Gas Networks, *Reference Service Proposal, Form of Revenue Control and Tariff Structure for the Multinet Distribution Network*, June 2026, p. 10.

¹⁶ Multinet Gas Networks, *Reference Service Proposal, Form of Revenue Control and Tariff Structure for the Multinet Distribution Network*, June 2026, p. 9.

¹⁷ Multinet Gas Networks, *Reference Service Proposal, Form of Revenue Control and Tariff Structure for the Multinet Distribution Network*, June 2026, p. 10.

Multinet reports that its AGIG Stakeholder Panel generally supported its proposal to retain the existing reference services. The AGIG Stakeholder Panel did not raise any objections to the existing haulage and ancillary reference services or to retaining Service Abolishment as a reference service. However, they raised concerns on the following matters:

- the expected increase in abolishment requests due to electrification policies
- whether customers seeking abolishment would face full cost recovery charges
- the potential impacts on remaining gas customers if abolishment volumes increase
- the desire for more transparency regarding services included in the Other non-reference services category.

Multinet reports that its Customer Voice Collective was generally supportive of the existing reference services after receiving information about the services provided by Multinet.

3.3 AER stakeholder consultation

We published Multinet's reference service proposal on the AER website on 3 June 2026. We called for written submissions by no later than 1 July 2026.

In response, we received two submissions, one from the AGIG Stakeholder Panel and the other from LMS Energy (LMS) who provided a submission on each of Multinet¹⁸ and AusNet's¹⁹ reference service proposals. AGIG Stakeholder Panel supported Multinet's reference service proposal, submitting that it is comfortable with the proposed reference and non-reference services.²⁰ However, the AGIG Stakeholder Panel also supported broader engagement beyond the Melbourne-focused Customer Voice Collective, particularly to capture regional and other customer perspectives.

LMS's primary concern is that the access arrangement's should be sufficiently future-focused and technology-neutral to ensure they do not create regulatory, contractual or service-related barriers to the injection and transportation of renewable gases as the gas sector transitions to lower-emissions energy sources.

3.4 AER assessment of Multinet's reference service proposal

Our decision is to not approve Multinet's reference service proposal because we consider:

- residential abolishments are to be determined by the AER under a Model Standing Offer (MSO) framework and therefore should not be a reference service, but instead are to be classified as a non-reference service (reflecting the AEMC's recent rule determination)
- non access to a gas meter is not a service that is offered/requested, but represents a penalty charge for the inability to provide or complete a requested/booked service and

¹⁸ LMS Energy - *Submission on Multinet 2028-33 access arrangement reference service proposal* - July 2026.

¹⁹ LMS Energy - *Submission on AusNet Gas Services Reference service proposal - Access arrangement 2028-33* - July 2026.

²⁰ AGIG Stakeholder Panel - *Submission on Multinet 2028-33 access arrangement reference service proposal* - June 2026, p. 2.

therefore should not itself be classified as a service (whether non-reference or reference)

If Multinet wishes to apply no access or incomplete meter fix charges, we consider it should apply for these through its access arrangement revision proposal. Any no access or incomplete meter fix charges should sit under and be applied in respect of the service a customer is seeking, ie a special meter read or a disconnection. We consider that Multinet's access arrangement revision proposal should explain:

- why no access or incomplete meter fix charges should be established, including with evidence on the number of wasted visits undertaken in the current period and what controls Multinet has in place to ensure that wasted visits are kept to a minimum
- the cost build up for the charges and why each element cannot be avoided
- how it will ensure customers are fully informed of the no access or incomplete meter fix charges before it confirms the related service
- what further controls it will develop to minimise wasted visits.

LMS Energy submitted that biomethane should be explicitly included in reference service proposals. We agree with LMS that reference service proposals should refer to 'covered gas' as opposed to just 'natural gas' in keeping with amendments made to the NGL and NGR to enable gases other than 'natural' gas to be transported via gas distribution and transmission pipelines. Multinet's reference service proposal uses the term 'natural gas' and (in response to an information request) Multinet has proposed that it remove the reference to 'natural' within a definition referring to 'natural gas'.²¹ We consider 'gas' is sufficiently broad to cover both natural and renewable gas and will amend the reference service proposal to refer to 'gas' only.

Other minor amendments are:

- including a reference to a website link at which a description of the pipeline can be inspected
- reinstating as a reference service the Meter reinstallation service that Multinet removed in error
- making the name Special meter reading consistent across the proposal
- making the name Meter gas and installation test consistent across the proposal
- updating the definition for the Alter meter position service
- confirming which proposed services are substitutable and which are not.

We consider the proposal is otherwise consistent with NGR r. 47A.

To assess Multinet's reference service proposal we considered the extent to which it conforms to each regulatory requirement set out in the NGR r. 47A. Our detailed assessment is set out in Table 3.2. While we have had regard to the reference service factors in

²¹ AER, *Information request to Multinet/AGN - Reference service proposals - 2028-33 access arrangement*, 11 August 2026, Ref #80,030,499.

considering whether abolishments should be classified as a reference service, we have also had regard to AEMC's new abolishments Model Standing Offer (MSO) framework and determined that as abolishments are covered under an MSO framework, it would be inappropriate to specify them as a reference service. In this table, therefore, we do not cover abolishment services. We also do not cover the no access or incomplete meter fix services, which we consider are not a service.

Table 3.2 Summary of NGR r. 47A reference service requirements

NGR r. 47A requirement	Compliance assessment
(1) A service provider in respect of a full regulation pipeline must, whenever required to do so under subrule (3), submit to the AER a reference service proposal in respect of a forthcoming full access arrangement proposal that:	
(a) identifies the pipeline and includes a reference to a website[AB1.1] at which a description of the pipeline can be inspected;	Not compliant. No reference to website. See section 1.3 of Multinet's reference service proposal.
(b) sets out a list of all the pipeline services that the service provider can reasonably provide on the pipeline and a description of those pipeline services having regard to the characteristics in subrule (2);	Compliant. See Table 3 of Multinet's reference service proposal.
(c) from the list referred to in subrule (1)(b), identifies at least one of those pipeline services that the service provider proposes to specify as reference services having regard to the reference service factors including any supporting information required by the AER; and	Compliant. See Table 3 of Multinet's reference service proposal.
(d) if the service provider has engaged with pipeline users and end users in developing its reference service proposal, describes any feedback received from those users about which pipeline services should be specified as reference services.	Compliant. See section 2.3 of Multinet's reference service proposal.
(2) A pipeline service is to be treated as distinct from another pipeline service having regard to the characteristics of different pipeline services, including:	Multinet's reference service proposal appropriately defines pipeline services in regard to their characteristics, priority and receipt points.
(a) the service type (for example, forward haul, backhaul, connection, park and loan);	
(b) the priority of the service relative to other pipeline services of the same type; and	
(c) the receipt and delivery points.	

(14) In deciding whether or not a pipeline service should be specified as a reference service, the AER must have regard to the reference service factors.	We have had regard to the reference service factors in assessing Multinet's reference service proposal.
(15) The reference service factors are:	
(a) actual and forecast demand for the pipeline service and the number of prospective users of the service;	Multinet's reference service proposal is premised on there being ongoing high demand for the haulage reference service. Demand for its proposed ancillary reference services ranges from relatively low to high, but the sole low demand reference service (meter and gas installation test) is not substitutable with other services. In respect of Multinet's proposed non-reference services, it expects little to no demand for these services - with the exception of Tariff D connections and Alter meter position services (these are discussed in following rows). We accept Multinet's proposition that demand for its proposed non-reference services other than those identified above will be low.
(b) the extent to which the pipeline service is substitutable with another pipeline service to be specified as a reference service;	The haulage reference services and ancillary reference services are not substitutable with other services. The proposed non-reference services tend to be substitutable with other services or have low demand from retailers or customers (as discussed above).
(c) the feasibility of allocating costs to the pipeline service;	Costs may be allocated to the proposed reference services. We accept that allocating costs to Multinet's proposed non-reference services may be difficult due to uncertain demand and/or variable costs. We accept Multinet's proposition that charges for the proposed non-reference Tariff D connections and Alter meter position services are variable.
(d) the usefulness of specifying the pipeline service as a reference service in supporting access negotiations and dispute resolution for other pipeline services, such that:	
(i) reference services serve as a point of reference from which pipeline services that are not reference services can be assessed by a user or prospective user for the purpose of	The reference services will be a point of reference for negotiations.

negotiating access to those other pipeline services;

(ii) a reference tariff serves as a benchmark for the price of pipeline services that are not reference services; and

As above.

(iii) reference service terms and conditions serve as a benchmark for the terms and conditions of pipeline services that are not reference services;

As above.

(e) the likely regulatory cost for all parties (including the AER, users, prospective users and the service provider) in specifying the pipeline service as a reference service.

By specifying haulage services and commonly used ancillary services as reference services the current arrangements will be continued.

4 Multinet's tariff variation mechanism

This section outlines Multinet's tariff variation mechanism proposal including the stakeholder consultation it undertook in developing its proposal. It then describes our stakeholder consultation undertaken in assessing Multinet's proposal, and our decision on Multinet's proposal.

4.1 Multinet's tariff variation mechanism proposal

Multinet's preliminary proposal is for a hybrid form of revenue control for the next access arrangement period in Victoria, replacing its existing weighted average price cap approach with a mechanism that combines elements of both a price cap and a revenue cap.

The proposal reflects the approach recently adopted by the AER for Australian Gas Networks (South Australia) (AGN (SA)) and the Jemena Gas Network. Under the proposed mechanism:²²

- Multinet would continue to operate under a weighted average price cap while annual haulage revenue remains within $\pm 5\%$ of the AER-approved revenue allowance.
- If actual haulage revenue varies by more than 5% above or below the forecast, the amount outside the threshold would be shared equally (50:50) between Multinet and customers.
- Any tariff adjustment resulting from over- or under-recovery would be applied through the annual tariff variation mechanism with a two-year lag.

Multinet considers this approach a reasonable balance between:²³

- price stability for customers
- and revenue recovery for the business.

While Multinet has included the AER's preferred hybrid mechanism as a placeholder proposal, it has indicated that the key design features should be revisited before the final decision, including:

- Whether the 5% threshold remains appropriate; and
- Whether the 50:50 sharing arrangement beyond the threshold is the best allocation of risk between customers and the business.

Multinet proposes that these matters be considered alongside the final demand forecasts, on the basis that the forecasts will largely determine the extent of future revenue over- or under-recovery.

²² Final decision, *Australian Gas Networks (SA) access arrangement 2026 to 2031 (1 July 2026 to 30 June 2031)*, Attachment 5 – Reference services, tariffs and non-tariff components, May 2026 and Draft decision, *Jemena Gas Networks (NSW) access arrangement 2025 to 2030 (1 July 2025 to 30 June 2030)*, Attachment 10 – Reference tariff variation mechanism, November 2024.

²³ Multinet Gas Networks, *Reference Service Proposal, Form of Revenue Control and Tariff Structure for the Multinet Distribution Network*, June 2026, p. 11.

4.2 Multinet's stakeholder consultation

Multinet discussed the proposed form of revenue control with its AGIG Stakeholder Panel (Panel) on 1 May 2026. Key feedback included:

- The AGIG Stakeholder Panel did not oppose the proposed hybrid mechanism.
- Members acknowledged that the proposal is consistent with recent AER decisions and represents a shift away from Multinet's historical weighted average price cap approach.
- The AGIG Stakeholder Panel considered that the detailed design of the mechanism should be assessed later in the planning process, when more information is available regarding demand forecasts and customer impacts.
- Stakeholders wanted further information on several issues as the access arrangement process progresses.

Overall, the AGIG Stakeholder Panel's feedback suggested acceptance of the hybrid framework in principle, while reserving judgement on the detailed parameters until demand forecasts are better understood.

Multinet introduced tariff structures and revenue control concepts to its Customer Voice Collective during workshops in May 2026. The consultation focused primarily on tariff structures rather than the revenue control mechanism itself. Feedback indicated that customers:

- wanted a better understanding of how network pricing affects retail bills
- had limited awareness of Victorian gas policy settings and their implications
- were generally concerned about avoiding customer bill shock and maintaining affordability.

No specific objections to the proposed hybrid revenue control mechanism were reported from the Customer Voice Collective.

Multinet also shared the reference services proposal with its Retailer Panel and invited feedback through direct engagement or the AER consultation process. At the time of the proposal, no specific retailer views on the tariff variation mechanism were reported.

4.3 AER stakeholder consultation

AGIG Stakeholder Panel submitted that it is comfortable with Multinet's proposed hybrid form of revenue control. LMS did not comment on Multinet's tariff variation mechanism proposal.

We also received many submissions in the context of our 2023 gas distribution network tariffs review. Stakeholders generally do not support application of revenue cap regulation to haulage services and prefer either to retain existing weighted average price caps or to introduce hybrid mechanisms incorporating elements of both weighted average price cap and revenue cap regulation.

4.4 AER assessment of Multinet's tariff variation mechanism proposal

Multinet proposed a hybrid tariff variation mechanism with a 5% revenue sharing threshold and a 50:50 sharing mechanism in its proposal and we consider that the tariff variation mechanism is consistent with the NGR requirements and will contribute to the achievement of the NGO.

We consider the proposal to move to a hybrid price cap is consistent with our recent decisions on Jemena, Evoenergy and AGN (SA).²⁴ Multinet are proposing the same design parameters as used by these networks.

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

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

²⁴ AER, *Final Decision, Attachment 10: Jemena Gas Networks (NSW) access arrangement 2025-2030*, p.3, May 2025; AER, *Final Decision, Attachment 5, Evoenergy (ACT) access arrangement 2026 to 2031*, pp. 20-25, May 2026; AER, *Final Decision, Attachment 5, AGN (SA) access arrangement 2026 to 2031*, pp. 10-11, May 2026.

5 Multinet's gas transportation tariff structure

This section outlines Multinet's haulage tariff structure proposal including the stakeholder consultation it undertook in developing its proposal. It then describes our stakeholder consultation undertaken in assessing Multinet's proposal, and our decision on Multinet's proposal.

5.1 Multinet's gas transportation tariff structure proposal

Multinet proposed to retain its existing declining block tariff structure for the 2028–33 period, subject to further stakeholder engagement. At this stage, Multinet considered there is insufficient evidence that changing the tariff structure would materially contribute to emissions reduction objectives or improve outcomes under the National Gas Objective (NGO).²⁵

Multinet currently applies declining block tariffs to both residential and business customers where customers pay a fixed daily charge and the unit rate for gas distribution decreases as consumption increases. Larger-volume customers therefore pay a lower marginal distribution charge than smaller-volume customers. Multinet proposed to continue this structure.

Multinet considered declining block tariffs are an efficient pricing approach because gas distribution networks have high fixed costs and low marginal costs. The lower charges for higher volumes encourage network utilisation and allow fixed costs to be spread across more consumption. This reduces average costs for customers overall.

Multinet also notes it originally designed its current tariff blocks to place much of customers' winter heating consumption into lower-priced tariff bands. This was to smooth seasonal bill impacts by making summer bills slightly higher and winter bills lower than they would be under a flat tariff, supporting households that rely on gas heating during winter.

Multinet considered that moving towards flat tariffs would largely result in a redistribution of costs between customers rather than improving efficiency.

While proposing to retain declining block tariffs for the next access arrangement period, Multinet acknowledges ongoing industry discussions about tariff reform. Consistent with recent Australian Energy Market Commission (AEMC) directions, Multinet proposes to:

- continue assessing tariff options as part of its broader long-term planning
- consider customer impacts, demand risks and energy transition outcomes over a longer horizon

²⁵ Multinet Gas Networks, *Reference Service Proposal, Form of Revenue Control and Tariff Structure for the Multinet Distribution Network*, June 2026, pp. 10-11 & 24.

- evaluate tariff structures alongside expenditure, capital recovery and pricing decisions rather than in isolation.

5.2 Multinet's stakeholder consultation

Multinet reported that its AGIG Stakeholder Panel agreed that only a high-level tariff structure decision is appropriate at this stage, with detailed tariff design to be considered later.²⁶

Multinet reported that its AGIG Stakeholder Panel also queried whether the Victorian policies restricting new gas connections may affect customer demand responses and elasticity assumptions. The AGIG Stakeholder Panel also commented that flatter tariffs could redistribute costs onto industrial and business customers.

Multinet reported that its Customer Voice Collective wanted:

- more information about how network charges affect retail bills.
- better understanding of Victorian gas policies and their impacts.
- tariff structures that minimise "bill shock" for households reliant on gas.

Multinet also reported that in scenario-based exercises, most Customer Voice Collective participants considered a declining block tariff (either the current version or a slightly flatter version) to be the fairest approach.

5.3 AER stakeholder consultation

AGIG Stakeholder Panel submitted that it is comfortable with Multinet's proposed starting point for tariff structures. Consistent with Multinet's reflection on its engagement outcomes, although the AGIG Stakeholder Panel supported retaining declining blocks, it also wanted detailed analysis of the impacts and more modelling of whether changes affect gas consumption and emissions.

5.4 AER assessment of Multinet's tariff structure proposal

We consider Multinet should develop and submit for AER consideration one or more implementation pathways to incrementally flatten its declining block tariff structure, over one or more access arrangement periods, including by reducing its tariffs to a two-block structure.

Declining block tariffs do not align with the NGO which now includes an emissions reduction element. We acknowledge Multinet has reflected on this in its proposed further consideration of flattening options as it progresses its access arrangement revision, and that while its stakeholders generally support its current tariff structures, there is some support for exploring options for some flattening of tariffs. In developing its potential implementation pathway(s), Multinet should consider the pace of change, bill and demand impacts for a range of customer consumption levels, and the need for adequate transition periods. Multinet should

²⁶ Multinet Gas Networks, *Reference Service Proposal, Form of Revenue Control and Tariff Structure for the Multinet Distribution Network*, June 2026, p. 10.

include detailed information on these considerations in its access arrangement revision proposal.

We recognise there may be tensions to balance in considering energy equity, while supporting the energy transition and access to the benefits of transition. Customers negatively impacted by changes to Multinet's existing tariff structure could include high consumption households experiencing disadvantage, in addition to other households and commercial/industrial customers. There may also be low consumption customers who have largely transitioned to electricity but still value a low emissions gas cooktop. We consider there may be reform options available to moderate the declining block structure without imposing material bill impacts on either large or small consumption customers. As an example, AGN (SA) and Evoenergy have made incremental changes to their gas transportation tariff structures with the effect of achieving flat pricing blocks in blocks 2 and 3, ie the blocks beyond the initial fixed charge and the block 1 charge. We consider similar changes should be available to Multinet.

We intend to explore such tariff redesign opportunities in the context of Multinet's 2028–33 access arrangement revisions proposal. We encourage Multinet to consult its customers and stakeholders on tariff reform options prior to submission to the AER.

Glossary

Term	Definition
AEMC	Australian Energy Market Commission
AER	Australian Energy Regulator
AGIG	Australian Gas Infrastructure Group
AGN (SA)	Australian Gas Networks (South Australia)
AGN (Vic)	Australian Gas Networks (Victoria and Albury)
Multinet	Multinet Gas Networks
NGO	National Gas Objective
NGR	National Gas Rules
r.	rule