Australian Government

AUSTRALIAN ENERGY REGULATOR

Final Decisions

Energex and Ergon Energy Distribution Determinations 2025–2030

(1 July 2025 to 30 June 2030)

Revocation and substitution distribution determinations

November 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 International licence with the exception of:

- the Commonwealth Coat of Arms
- the AER logo
- any illustration diagram, photograph or graphic over which the AER 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 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.

At the AER, we use artificial intelligence (AI) to enhance our internal productivity and data analysis. Our AI tools do not make decisions or take action on our behalf. We maintain high standards of security measures to safeguard personal information. The AER remains fully responsible for all work and oversight, including checking the quality of any AI outputs. We ensure our AI use complies with all legal and regulatory requirements. To learn more, see the AER AI transparency statement. If you have any questions about this statement or would like further information on our use of AI, please contact us.

Inquiries about this publication should be addressed to:

Australian Energy Regulator
GPO Box 3131
Canberra ACT 2601
Email: aerinquiry@aer.gov.au
Tel: 1300 585 165

AER reference: 80063704

Amendment record

Version	Date	Pages
1	17 November 2026	9

Contents

1 Overview 1
2 ANS pricing error 3
3 Consultation 5
Glossary 6

1 Overview

Ancillary network services (ANS) are non-routine services provided to individual customers as requested. Ancillary network services are charged to customers on a user-pays approach, and are charged on either a fee or quotation basis, depending on the nature of the service.

We determined price caps for Energex and Ergon Energy's (collectively Energy Queensland (EQ)) fee-based services for the 2025–30 period as part of our determinations, based on the cost inputs and the average time taken to perform each service. These services tend to be homogenous in nature and scope and can be costed in advance of supply with reasonable certainty, such as disconnections and special meter reads.

On 30 April 2025, we published Energex and Ergon Energy's 2025–30 distribution determinations, which included ANS price caps for 2025–26.

In July 2026, as a part of ongoing work around ANS we identified errors we had made in the fee-based ANS price caps in EQ's 2025–30 distribution determinations, including the ANS price caps for 2025–26.

For each ANS, the price cap is calculated using labour rates, labour time, other direct costs such as materials, vehicles, and contractor rates, and indirect costs such as on-costs, overheads and margins. These inputs are then escalated using labour cost escalators and inflation to produce the relevant price cap output for each year. When we applied final updates to the labour cost escalator and inflation inputs as part of updating for the final decisions, these adjustments did not flow through to the final price caps. This occurred because formulas were missing in the calculation fee-based worksheet of the ANS models, resulting in the models not aggregating all required components of the cost build-up of price caps.

The approved (but incorrect) 2025–26 ANS price caps were then used in setting 2025–26 ANS prices through the 2025–26 initial pricing process (approved proposals published on 26 May 2025). In the 2026–27 annual pricing process, the approved (but incorrect) ANS price caps were again used, so the errors were carried forward again.

As these errors occurred in EQ's 2025–30 distribution determinations, under rule 6.13(a) of the National Electricity Rules (NER), the AER has the discretion to revoke a distribution determination during a regulatory control period if it appears that it is affected by a material error or deficiency of one or more of the following kinds:

1. a clerical mistake or an accidental slip or omission
2. a miscalculation or misdescription
3. a defect in form
4. a deficiency resulting from the provision of false or materially misleading information to the AER.

We consider that an error has occurred and that this error is within the scope of rule 6.13(a)(2) of the NER where there is a material miscalculation.

The AER, therefore, considers it appropriate to revoke Energex and Ergon Energy's final distribution determinations for the 2020–25 regulatory control period under rule 6.13 of the

NER and substitute them with new determinations that will apply for the remainder of the regulatory control period.

In section 2, we set out the basis for these decisions, including what is being revoked and substituted, and the reasons why. Further, in making these decisions the AER consulted with both EQ and consumer representatives. The outcomes of this consultation are set out in section 3.

The final decision ANS price lists can be found within the corrected ANS models for both Energex and Ergon Energy:

- AER Final Decision – Energex – 11.07 – Standardised ANS Model 2025–30 - updated for revocation of ANS errors – Public
  - Refer to tab – 'AER Amendments' for the changes made
- AER Final Decision – Ergon Energy – 11.07 – Standardised ANS Model 2025–30 - updated for revocation of ANS errors – Public
  - Refer to tab – 'AER Amendments' for the changes made.

2 ANS pricing error

The ANS pricing errors as outlined in section 1 occurred in the ANS 2025–30 final decision models for both Energex and Ergon Energy. The errors occurred in the calculation fee-based worksheet of the ANS models, where the values were hardcoded instead of reflecting the outcome of the required formula. As a result, the inflation and labour cost escalators did not flow through to the final decision price caps, and 2025–26 prices, and these were not calculated correctly.

In July 2026, the AER identified these errors in EQ's ANS models. These errors caused the ANS prices in the 2025–30 distribution determinations to be understated by approximately 3% for both Energex and Ergon Energy. As a result, Energex and Ergon Energy's ANS price caps, and the resulting prices, approved under these determinations for 2025–26 and 2026–27 were understated by approximately 3%. This has then led to revenue under-recoveries in each of these years.

To correct these errors in the EQ's ANS models, we have updated the appropriate formulas in the 'calculation fee-based' worksheet, particularly the columns that had hard coded values, and calculated the final ANS price caps and 2025–26 prices. These columns have been updated to ensure ANS prices are calculated correctly for both Energex and Ergon Energy and inflation and labour escalators are flowing through correctly into the final ANS price caps and 2025–26 prices. The changes to the updated models are set out in the 'AER Amendments' worksheet of the ANS models for both Energex and Ergon Energy. This refers to the changes in 'calculation fee-based' worksheet which are highlighted in orange.

In consulting with EQ, it advised that these errors would not have impacted all ANS as some ANS services are regulated under Schedule 8 of the Electricity Regulation 2006 (Qld).[1] Under these regulations, the Queensland government is responsible for these specific price caps, and it sets them independent of the AER's process via Schedule 8 (in most cases lower than the AER's price caps or at $0).[2]

Schedule 8 of the Electricity Regulation 2006 sets out the maximum prices that customers can pay for certain services, including:[3]

- special meter reads and testing of meters
- disconnection and reconnection of supply of electricity to premises in some circumstances, both during business hours and outside business hours
- some temporary connections of a supply of electricity
- some services for premises that are connected to a long rural feeder or an isolated feeder.

Further to this issue, and the impact of the errors, EQ provided us with the information on volumes of the ANS fee-based services requested, and the resulting revenue under-recovery amounts given the errors, for 2025–26. EQ stated that the actual 2025–26 revenue under-

1 EQ, *Information request response ACS fee-based services analysis – Public*, received on 28 August 2026.

2 QCA, *Queensland Competition Authority* Issues Paper, June 2020, p. 2.

3 QCA, *Queensland Competition Authority* Issues Paper, June 2020, p. 1.

recovery was $380,338 for Energex and $194,877 for Ergon Energy and it had derived these amounts by multiplying the actual volume of requests for each fee-based ANS by the correct ANS price.[4] These under-recovery amounts as a result of the errors will be considered as a part of future EQ annual pricing processes, taking into account the consultation on these matters as set out in section 3.

[4] EQ, *Information request response ACS fee-based services analysis – Public*, received on 28 August 2026. This excludes all Schedule 8 prices except 1 ANS for Ergon Energy and 2 ANS for Energex where the prices are set to be the same as the AER's price cap.

3 Consultation

In accordance with the rule 6.13(d) of the NER, the AER consulted with EQ on the errors and the resulting impacts (as set out in section 2). The AER also sought EQ's views on how and when the revenue under-recoveries from 2025–26 and 2026–27 should be recovered from customers. The AER also consulted two members of its Customer Consultative Group (CCG) on how and when the under-recoveries should be recovered.

Specifically, the AER sought EQ and CCG members' feedback on the options for recovering the revenue under-recoveries from 2025–26 and 2026–27, and whether this should occur via future annual pricing processes for ANS (and alternative control service (ACS)) or standard control service (SCS). EQ suggested the option of recovering revenue under-recoveries via SCS as a part of our initial consultation. Further, whether this should occur in 2027–28 and 2028–29 annual pricing processes, or just in 2028–29.

EQ stated it preferred the option of recovering the revenue under-recovery through the SCS annual pricing process.[5] It considered this option more equitable because the recovery would be spread across the broader SCS customer base, rather than being recovered solely from future ACS customers. EQ also stated that the future ACS customers may not be the same customers who received the incorrect fee-based ANS services during 2025–26 (and 2026–27) and contributed to the under-recovery.

EQ also advised that it does not foresee any practical implementation or billing issues in terms of whether it recovers the revenue under-recoveries via ACS or SCS annual pricing processes.[6]

In terms of feedback from CCG, both CCG members had differing views on the options to recover the under-recoveries in 2025–26 and 2026–27. One member of the CCG stated their preference was to spread the revenue under-recoveries across all SCS customers due to smaller price impact. The other member of the CCG preferred the option to recover the revenue under-recoveries from the ACS customers, as ACS customers are the beneficiaries of the services, and the increases were not considered unreasonable.

In terms of feedback from EQ and CCG members on the timing to recover the under-recoveries, both supported the option to recover the revenue under-recoveries in 2027–28 and 2028–29 to mitigate the price impact on customers.

The feedback from EQ and CCG members on the 2025–26 and 2026–27 revenue under-recoveries arising from the identified errors, and how and when they will be recovered, will be considered as part of the future annual pricing processes, starting in 2027–28.

---

5 EQ, *Information request response – ANS pricing error – Public*, received on 28 August 2026.

6 EQ, *Information request response - Questions on EQ ANS revenue recovery – Public*, received on 8 October 2026.

Glossary

Term	Definition
ACS	Alternative Control Services
AER	Australian Energy Regulator
ANS	Ancillary Network Services
CCG	Consumer Consultative Group
EQ	Energy Queensland
NER	National Electricity Rules
QCA	Queensland Competition Authority
SCS	Standard Control Services