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Attorney-General
Minister for Consumer Affairs
Minister for Water, Energy and Emissions Reduction
Minister for Gaming

Member for Kurrajong

Our ref: 24/460

Mr Gavin Fox
General Manager
Australian Energy Regulator
Email: AERinquiry@aer.gov.au

Dear Mr Fox

Evoenergy – Access arrangement 2026-31

Thank you for the invitation to comment on Evoenergy's Reference Service Proposal.

The ACT Government has committed to reaching net zero emissions by 2045, through legislated emissions reduction targets. In support of these targets, the ACT Government released its first [Integrated Energy Plan](#) (IEP) in June 2024. This plan sets the foundation to transition the ACT economy away from fossil fuel gas use, and signals that the gas network will be progressively phased out by 2045.

Key existing and new actions in the IEP that will impact the future demand for gas and relate to the upcoming access arrangement period include:

- electrifying all feasible public and community housing by 2030.
- electrifying all ACT Government owned and operated buildings where possible by 2040.
- \$5.2 million in support to electrify the appliances of households that most need support.
- A new program to help multi-unit buildings develop a plan to electrify.
- Developing policy and regulatory setting to support safe, efficient and equitable. decommissioning of the gas network. This includes the development of a gas meter abolishment policy.
- Continuation of the sustainable business program, which provides technical advice and rebates up to \$10,000 for businesses.
- The commercial kitchens trial which provides rebates of up to 50% to transition commercial kitchens to all electric.
- The ACT's Sustainable Household Scheme and Sustainable Home advice program.
- Regulation preventing new gas connections in most areas of the Territory.

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Tariff variation mechanism

Evoenergy has proposed to change the variation mechanism for its transportation service from a 'weighted average price cap' to a 'revenue cap'.

The ACT Government supports tariff variation mechanisms that will support achievement of both the Integrated Energy Plan and the legislated Emissions Reduction Targets. The ACT Government acknowledges that current policies will put downward pressure on gas demand over the coming period.

It is important during the energy transition that gas customers pay no more than is necessary for maintaining the gas network and also that Evoenergy receives sufficient revenue to maintain its operations. The ACT Government asks the Australian Energy Regulator to consider the appropriate balance of demand risk and reward. Evoenergy's proposal appears to seek to transfer risk for declining transportation services to consumers, while maintaining benefits and minimal risk for ancillary services where it expects growth.

This change could potentially create an unfair transfer of risk to consumers, whilst Evoenergy maintains profits for areas of growth in demand. Conversely, this change could also incentivise Evoenergy to seek to maximise disconnection and abolishment services, which supports ACT Government policy.

Tariff structure

The ACT Government supports tariff structures that will support achievement of both the Integrated Energy Plan and the legislated Emissions Reduction Targets.

The ACT Government also recognises that many ACT households are currently facing cost of living pressures and barriers to transition. Current policy and programs are focused on assisting households to transition and supporting our most vulnerable consumers.

Tariff structures can play a significant role in setting signals and helping to reduce demand for gas in the Territory. The current declining block structure does not incentivise large gas consumers to reduce use and conflicts with the achievement of emissions reduction targets of the Territory.

The ACT Government asks the Australian Energy Regulator to consider whether a declining block structure is appropriate in the context of the ACT Government's policies, particularly for large gas users.

Redefining temporary disconnections

Evoenergy's proposal seeks to make changes to its ancillary charges to clarify the difference between temporary and permanent disconnection. The ACT Government acknowledges the current trend of customers using a lower cost temporary disconnection, rather than paying for a service abolishment, and the subsequent issues this can cause for network planning and cost sharing.

The ACT Government supports changes to clarify the intent of a temporary disconnection charge but does not support the coupling of the charge with a reconnection. The primary concerns with this approach are:

- The coupling of the charge with a reconnection could result in customers that are moving in or out of a premises, being asked to pay for part of a service they do not receive.
- Implementation issues. How would an energy retailer accurately apportion or pass the cost on to end customers. What administrative implications would it have for retailers in trying to enforce the charge?

- If the reconnection did not occur, it is possible that Evoenergy would be recouping funds for services not provided.
- The proposal still lists a separate reconnection fee in the ancillary charges. This is confusing and uncertain why this charge would be required and when it would apply.

Thank you for your consideration. If you wish to discuss this submission in more detail, please contact Geoffrey Rutledge [REDACTED] in my directorate.

Yours sincerely [REDACTED]

Shane Rattenbury MLA

14/8/24