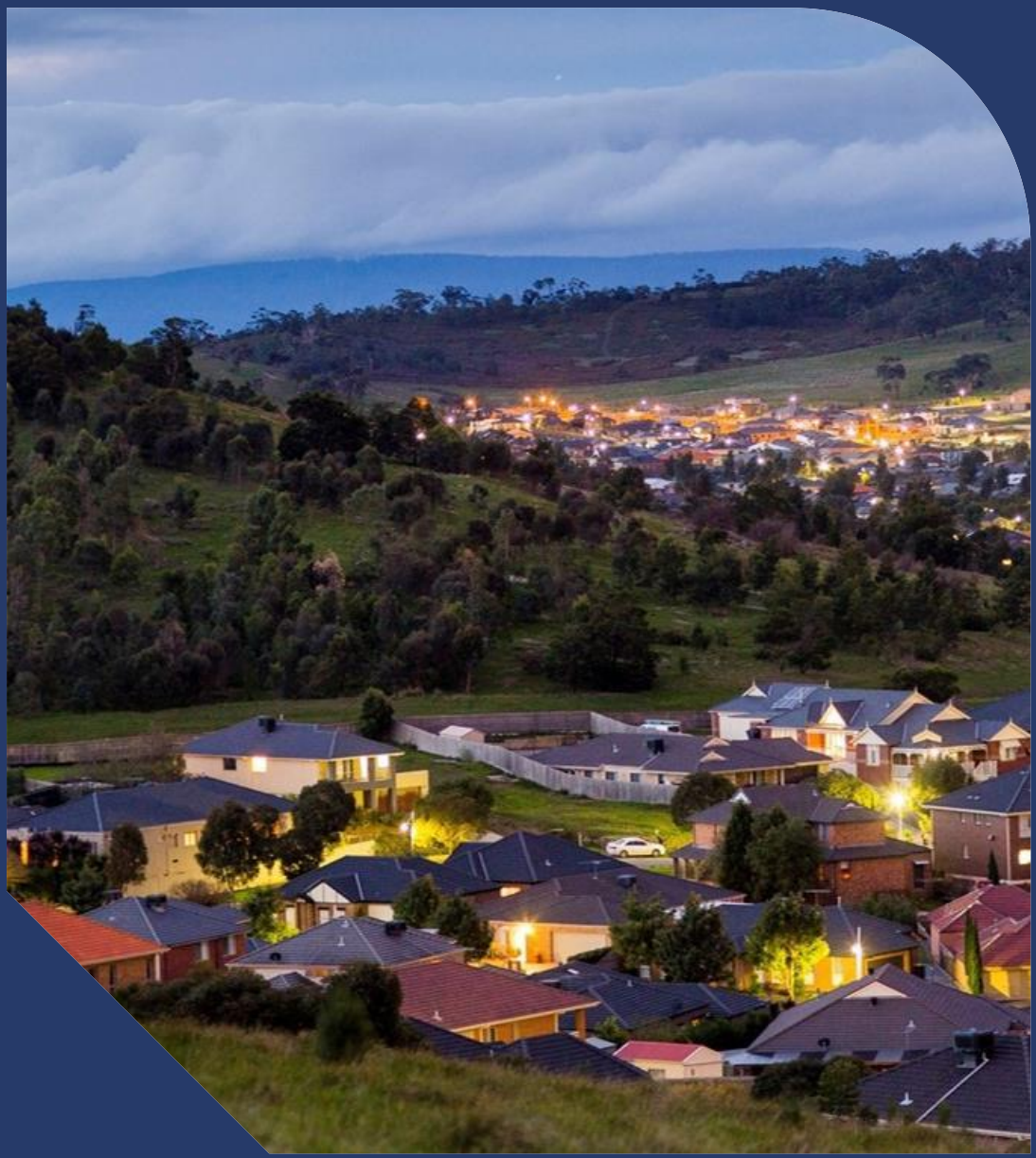
AusNet

Annual tariff variation 2025-26

Wednesday, 16 April 2025



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1. Introduction

This document, its appendices and attachments comprise AusNet's 2025-26 annual tariff variation submission. The document is published annually to inform customers of changes in tariffs and to reflect the Australian Energy Regulator's **(AER)** Final decision on AusNet Gas Services' 2024-28 Gas distribution access arrangement which commenced on 1 July 2023.

Customers receive a bill for gas that contains the following elements:

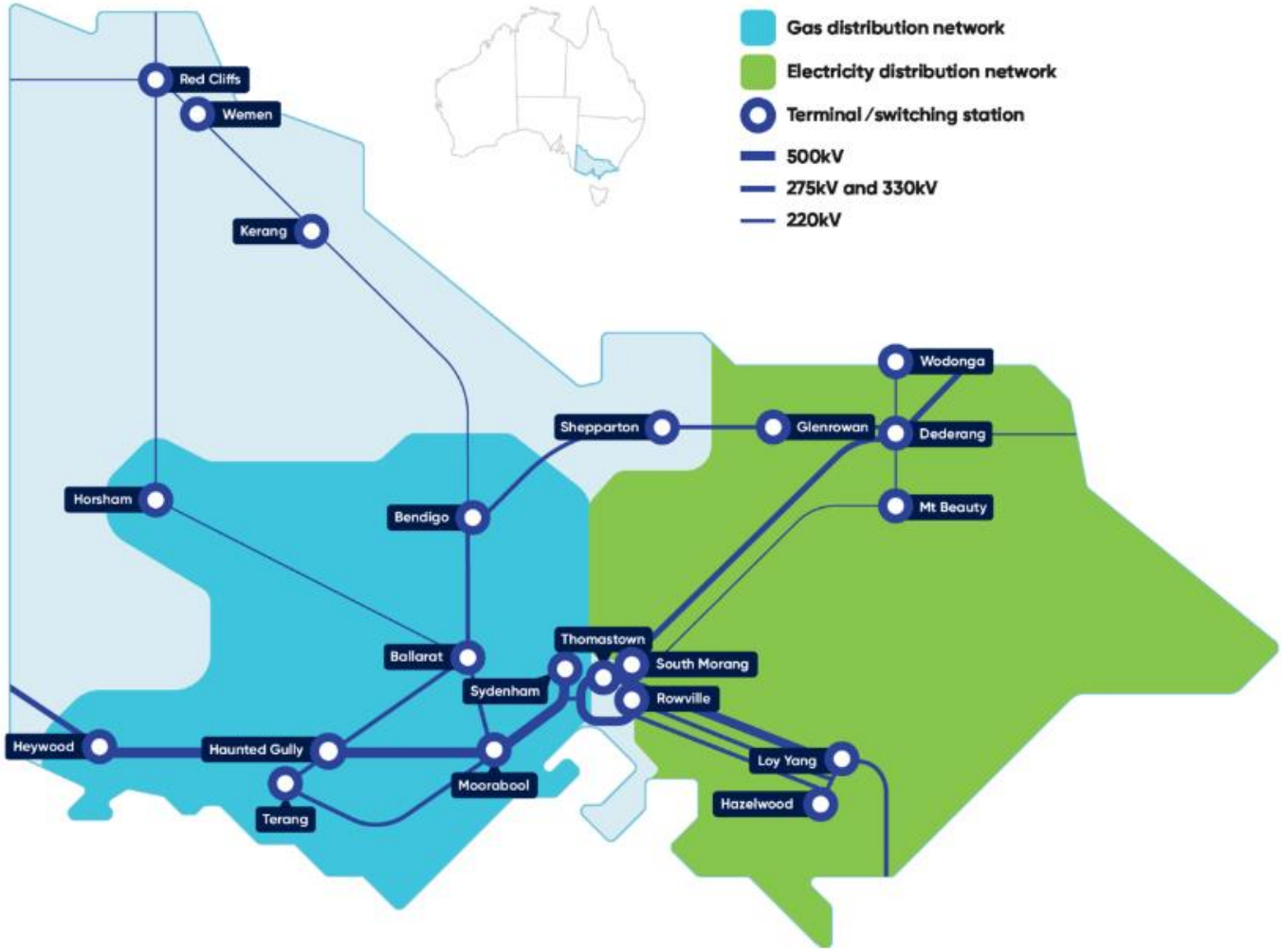
- Gas distribution charges
- Gas transmission charges
- Energy charges
- Retailer charges

This document will only address the distribution component of a customer's gas bill.

1.1. About AusNet

AusNet owns and operates one of three gas distribution businesses in Victoria. Our network covers 12,587 km, in an area of 60,000 square kilometres. We distribute gas to over 800,000 residential, industrial and commercial customers in western Melbourne, Geelong and parts of western Victoria. Our gas distribution area is shown in Figure 1.1 below.

Figure 1.1: AusNet's Electricity and Gas regions



1.2. Structure of this document

The structure of this document is outlined in the table below and has been structured to address the requirements of the current Access Arrangement **(AA)**.

- Chapter 1 – Introduction
- Chapter 2 – Regulatory arrangements
- Chapter 3 – Distribution tariffs and ancillary reference services
- Chapter 4 – Allocation of charges between fixed and variable components
- Chapter 5 – Distribution tariff variations
- Chapter 6 – Attachments

1.3. Compliance checklist

Table 1.1 sets out the relevant requirements from the current AA and where AusNet has demonstrated compliance within this document.

Table 1.2: Compliance with AA

Clause	Requirement	Relevant section
1.1 (d)	Distribution area The Haulage Reference Tariffs apply to the Distribution System within the Service Provider's Distribution Area. The Distribution Area is divided into four zones as detailed in clause 9.	Section 2.6
2.2 (a)	From 1 July 2024 the Service Provider will make annual adjustments to the Ancillary Reference Tariffs in accordance with the formulae below. For the avoidance of doubt, Ancillary Reference Tariffs are not adjusted in accordance with the Tariff Control Formula or the Rebalancing Control Formula in clause 3.	Section 2.4 and Attachment A
3 (c)	Whenever the Service Provider proposes to vary, withdraw or introduce any new Haulage Reference Tariff, it will ensure that the proposed charge will be compliant with the relevant Tariff Control Formula set out in clause 3.1 and with the relevant Rebalancing Control Formula in clause 3.6 to the reasonable satisfaction of the Regulator, and it will comply with the procedures set out in clause 4.	Section 2
3.2	(a) Where the Service Provider is proposing to introduce new Haulage Reference Tariffs and/or new Haulage Reference Tariff Components the q_{t-2}^{ij} term in clause 3.1 will be interpreted in relation to: (1) the reasonable estimates of the quantities that would have been distributed, in relevant units, if the Haulage Reference Tariff Components had existed in Regulatory Year *t*-2 as provided by the Service Provider, in accordance with clause 1.3(i); and (2) the Haulage Reference Tariff Components of the parent Haulage Reference Tariff in Regulatory Year *t*-2 as provided by the Service Provider in accordance with clause 1.3(i). (b) Where the Service Provider has introduced new Haulage Reference Tariffs and/or new Haulage Reference Tariff Components in Regulatory Year *t*-1, the p_{t-1}^{ij} term in clause 3.1 will be interpreted in relation to the reasonable estimates of the Quantities that would have been distributed, in relevant units, if the Haulage Reference Tariff Components had existed in Regulatory Year *t*-2, as provided by the Service Provider in accordance with clause 1.3(i).	Section 2.7.1
3.3	(a) Where the Service Provider is proposing to withdraw a Haulage Reference Tariff	Section 2.7.2

	and to reassign only one other Haulage Reference Tariff to the Distribution Supply Point to which the Haulage Reference Tariff to be withdrawn applied, the p_t^{ij} in clause 3.1 for the Haulage Reference Tariff that is proposed to be withdrawn will be interpreted in relation to the Haulage Reference Tariff Components of the Haulage Reference Tariff which will be reassigned to that Distribution Supply Point in Regulatory Year *t*, in accordance with information submitted under clause 1.4. (b) Where the Service Provider is proposing to withdraw a Haulage Reference Tariff and to reassign more than one other Haulage Reference Tariff to the Distribution Supply Point to which the Haulage Reference Tariff to be withdrawn applied: (1) the p_t^{ij} in clause 3.1 for the Haulage Reference Tariff that is proposed to be withdrawn will be interpreted separately in relation to the Haulage Reference Tariff Components of each of the Haulage Reference Tariffs which will be reassigned to those Distribution Supply Points in Regulatory Year *t*, in accordance with information submitted under clause 1.4; and (2) the q_{t-2}^{ij} term in clause 3.1 for the Haulage Reference Tariff that is proposed to be withdrawn in Regulatory Year *t* will be the actual Quantities, in relevant units, of each Haulage Reference Tariff Component that were distributed under the parent Haulage Reference Tariff at those Distribution Supply Points to which the same Haulage Reference Tariff has been assigned in Regulatory Year *t*, in accordance with information submitted under clause 1.4; and (3) the q_{t-2}^{ij} term in clause 3.1 for the Haulage Reference Tariff that has been withdrawn in Regulatory Year *t*-1, will be the actual quantities, in relevant units, of each Haulage Reference Tariff Component that were distributed under the parent Haulage Reference Tariff at those Distribution Supply Points to which the same Haulage Reference Tariff has been assigned in Regulatory Year *t*-1, in accordance with information submitted under clause 1.4.	
3.5 (a)	The Service Provider will maintain Haulage Reference Tariffs between: (1) an upper limit of the cost to bypass the network; and (2) a lower limit of the marginal cost of supply.	Section 2.3
3.5 (b)	In undertaking any rebalancing, the Service Provider will ensure that the proposed Haulage Reference Tariffs comply with the Rebalancing Control Formula as set out in clause 3.5.1.	Section 2.2
4.1 (a)	The Service Provider will, at least 50 Business Days prior to the commencement of the next Regulatory Year, submit proposed Haulage Reference Tariffs to apply from the start of the next Regulatory Year for verification of compliance by the Regulator, in accordance with clauses 4.2(a), (b), (c) and (d).	Submitted on 16 April 2025
4.1 (b)	The Service Provider will ensure its proposed Haulage Reference Tariffs or proposed changes to Haulage Reference Tariffs submitted under clause 4.1(a) comply with the Tariff Control Formula and Rebalancing Control Formula in clause 3.	Section 2 and Attachment A
4.3 (a)	At the same time as submitting proposed Haulage Reference Tariffs to the Regulator, the Service Provider will also provide to the Regulator, information demonstrating that the proposed Haulage Reference Tariffs are, to the extent relevant, consistent with the Tariff Control Formula and Rebalancing Control Formula in clause 3.	Section 2 and Attachment A
4.3 (b)	In respect of the annual variations of Reference Tariffs, the Service Provider will include a statement to support the Gas Quantity inputs in the Tariff Control Formula. The statement will be independently audited or verified and the Quantity input will reflect the most recent actual annual Quantities available at the time of tariff variation assessment.	Attachment D

2. Regulatory arrangements

AusNet's gas revenues and tariffs are regulated under the National Gas Rules and the economic regulation of gas distribution networks under these rules are administered by the AER. AusNet's current AA covers the period from 1 July 2023 to 30 June 2028, and tariff variation for each regulatory year within the AA period are submitted and approved by the AER.

The content of this document applies from 1 July 2025 to 30 June 2026 and are applicable to customers in AusNet's distribution area.

2.1. Tariff control formula

AusNet's gas distribution tariffs are set in accordance with Clause 3.1 of Part B of the 2024–28 Access Arrangement. The tariff control formula applicable is:

$$(1 + \Delta CPI_t)(1 - X_t)(1 + PT_t)(1 + C_t)(1 + A_t) \geq \frac{\sum_{i=1}^{n}\sum_{j=1}^{m} p_t^{ij}\, q_{t-2}^{ij}}{\sum_{i=1}^{n}\sum_{j=1}^{m} p_{t-1}^{ij}\, q_{t-2}^{ij}}$$

where:

ΔCPI_t is the annual percentage change in the ABS CPI All Groups, Weighted Average of Eight Capital Cities from the December quarter in year $t-2$ to the December quarter in year $t-1$, calculated using the following method:

> The ABS CPI All Groups, Weighted Average of Eight Capital Cities for the December quarter in regulatory year $t-1$
>
> divided by
>
> The ABS CPI All Groups, Weighted Average of Eight Capital Cities for the December quarter in regulatory year $t-2$

minus one.

If the ABS does not, or ceases to, publish the index, then CPI will mean an index which the AER considers is the best available alternative index.

t is the year for which tariffs are being set;

X_t is the X factor for each financial year of the 2023/24-27/28 Access Arrangement Period as determined in the PTRM as approved in the AER's final decision, and annually revised for the return on debt update calculated for the relevant year during the Access Arrangement Period in accordance with that approved in the AER's final decision;

PT_t is the cost pass through factor for year t calculated as outlined in the Access Arrangement;

C_t is the Safeguard Mechanism adjustment for year t calculated as outlined in the Access Arrangement;

n is the number of different Reference Tariffs;

m is the different components, elements or variables ("components") comprised within a Reference Tariff;

p_t^{ij} is the proposed component j of Reference Tariff i in financial Year t;

p_{t-1}^{ij} is the prevailing component j of Reference Tariff i in financial Year $t-1$;

q_{t-2}^{ij} is the verified annual quantity of component of Reference Tariff i sold in financial Year $t-2$ (expressed in the units in which that component is expressed (e.g., GJ)); and

A_t is the Abolishment True-up adjustment to the Distribution price control in Regulatory Year t as determined below.

2.1.1. Pass through adjustment factor

The pass through adjustment factor PT_t is the pass through adjustment factor to the Distribution price control in Regulatory Year t and is determine in accordance with the below.

Calculation of the Adjustment factor is:

$$PT_t = \frac{(1 + PT'_t)}{(1 + PT'_{t-1})} - 1$$

where:

t is the year for which tariffs are being set.

PT_{t-1} is the value of PT'_t determined in the Regulatory Year $t-1$ for all other Regulatory Years in the Access Arrangement Period.

PT'_t equals:

$$PT'_t = \frac{AP_t}{(1 + \Delta CPI_t)(1 - X_t)\sum_{i=1}^{n}\sum_{j=1}^{m} p_{t-1}^{ij} q_{t-2}^{ij})}$$

where:

AP_t is:

(a) any determined Pass Through Amount that the Regulator approves in whole or in part in Regulatory Year t; and/or

(b) any pass through amounts arising from any Relevant Pass Through Event (as that term is defined in the Access Arrangement applying to the Service Provider in the Fifth Access Arrangement Period) occurring in the Fifth Access Arrangement Period that the Service Provider proposed to pass through in whole or in part in Regulatory Year t, that includes an amount to reflect the time value of money between incurring the costs and recovering the costs, and excludes any amounts already passed through in Haulage Reference Tariffs.

ΔCPI_t is the annual percentage change in the ABS CPI All Groups, Weighted Average of Eight Capital Cities from the December quarter in year $t-2$ to the December quarter in year $t-1$, calculated using the following method:

The ABS CPI All Groups, Weighted Average of Eight Capital Cities for the December quarter in regulatory year $t-1$

divided by

The ABS CPI All Groups, Weighted Average of Eight Capital Cities for the December quarter in regulatory year $t-2$

minus one.
If the ABS does not, or ceases to, publish the index, then CPI will mean an index which the AER considers is the best available alternative index.

X_t is the X factor for each Regulatory Year of the Sixth Access Arrangement Period as determined in the PTRM as approved in the Regulator's Final Decision, and annually revised for the Return on Debt Update calculated for the Relevant Year during the Sixth Access Arrangement Period in accordance with that approved in the full access arrangement decision.

p_{t-1}^{ij} is the prevailing component j of Haulage Reference Tariff i in Regulatory Year $t-1$.

q_{t-2}^{ij} is the Quantity of component j of Haulage Reference Tariff i that was sold in Regulatory Year $t-2$.

2.1.2. Safeguard mechanism

The Safeguard Mechanism Factor is:

C_t is the Safeguard Mechanism adjustment to the Distribution price control in Regulatory Year t for the

Service Provider as determined below. For the purpose of this formula the Safeguard amount includes all eligible costs incurred in meeting Safeguard Mechanism obligations under the *National Greenhouse and Energy Reporting Act 2007*.

Calculation of the Safeguard Mechanism factor:

The Safeguard Mechanism Factor C_t, for the Service Provider is:

$$C_t = \frac{(1 + C'_t)}{(1 + C'_{t-1})} - 1$$

where:

If financial year t is any year in the AA period

$$C'_t = \frac{cf_{t-1}(1 + realWACC_t)(1 + \Delta CPI_t) + \Delta cf_{t-2}(1 + realWACC_{t-1})(1 + realWACC_t)(1 + \Delta CPI_{t-1})(1 + \Delta CPI_t)}{(1 + \Delta CPI_t)(1 - X_t)(1 + PT_t)(1 + A_t)\sum_{i=1}^{n}\sum_{j=1}^{m} p_{t-1}^{ij}\, q_{t-2}^{ij}}$$

C'_{t-1}	if financial year t is the financial year ending 30 June 2024, the value is zero; and if financial year t is after the financial year ending 30 June 2024, C'_{t-1} is the value of the C_t determined in financial year $t - 1$.
cf_{t-1}	is the estimate of the Safeguard mechanism costs incurred by the Service Provider for the financial year ending June of the financial year $t - 1$.
Δcf_{t-2}	is the actual Safeguard mechanism cost for regulatory year $t - 2$ less the estimated Safeguard mechanism cost for financial year $t - 2$. For the avoidance of doubt, the estimated Safeguard mechanism cost for financial year $t - 2$ is the same as cf_{t-1} determined for financial year $t - 1$
$realWACC_t$	is the real vanilla weighted average cost of capital as set out in this final decision and updated annually within the PTRM for financial year t
$realWACC_{t-1}$	is the real vanilla weighted average cost of capital as set out in this final decision and updated annually within the PTRM for financial year $t - 1$
ΔCPI_t	is the annual percentage change in the ABS CPI All Groups, Weighted Average of Eight Capital Cities from the December quarter in year $t - 2$ to the December quarter in year $t - 1$, calculated using the following method: The ABS CPI All Groups, Weighted Average of Eight Capital Cities for the December quarter in regulatory year $t - 1$ divided by The ABS CPI All Groups, Weighted Average of Eight Capital Cities for the December quarter in regulatory year $t - 2$ minus one. If the ABS does not, or ceases to, publish the index, then CPI will mean an index which the AER considers is the best available alternative index.
ΔCPI_{t-1}	is the annual percentage change in CPI determined for year $t - 1$;
t	is the year for which tariffs are being set;
X_t	is the X factor for each financial year of the 2023/24-2027/28 Access Arrangement period as determined in the PTRM as approved in the AER's final decision, and annually revised for the return on debt update calculated for the relevant financial year during the Access Arrangement period in accordance with that approved in the AER's final decision;
PT_t	is the cost pass through factor for year t calculated as outlined in the Access Arrangement;
n	is the number of different reference tariffs;
m	is the different components, elements or variables ("components") comprised within a reference tariff;
p_t^{ij}	is the proposed component j of reference tariff i in year t;
p_{t-1}^{ij}	is the prevailing component j of reference tariff i in year $t - 1$;
q_{t-2}^{ij}	is the audited annual quantity of component j of reference tariff i that was sold in year $t - 2$

(expressed in the units in which that component is expressed (e.g., GJ));

A_t is defined below.

Eligible costs are the costs of any relevant certificates / permits / credits (including but not limited to Australian carbon credit units. This would also include costs associated with the acquisition of certificates, such as brokerage fees, transaction fees and the engagement of resources (whether internal or external) to manage compliance and acquire and surrender any certificates. This includes administrative costs but excludes penalties or any costs associated with penalties.

2.1.3. Abolishment true-up factor

The Abolishment True-up Factor is:

A_t is the Abolishment True-up adjustment to the Distribution price control in Regulatory Year t for the Service Provider as determined below. For the purpose of this formula the Abolishment amount incorporates variance between abolishment volumes used to calculate the abolishment ex ante opex allowance and volumes actually incurred + the effect of any lower per unit abolishment methods approved by Energy Safe Victoria.

Calculation of the Abolishment True-up factor:

The Abolishment True-up Factor A_t, for the Service Provider is:

$$A_t = \frac{(1 + A'_t)}{(1 + A'_{t-1})} - 1$$

$$A'_t = \frac{\Delta af_{t-1}(1 + realWACC_t)(1 + \Delta CPI_t) + \Delta af_{t-2}(1 + realWACC_{t-1})(1 + realWACC_t)(1 + \Delta CPI_{t-1})(1 + \Delta CPI_t)}{(1 + \Delta CPI_t)(1 - X_t)(1 + PT_t)(1 + C_t)\sum_{i=1}^{n}\sum_{j=1}^{m} p_{t-1}^{ij} q_{t-2}^{ij}}$$

A'_{t-1} if financial year t is the financial year ending 30 June 2024, the value is zero; and
if financial year t is after the financial year ending 30 June 2024, A'_{t-1} is the value of the A_t determined in financial year $t - 1$.

Δaf_{t-1} is the estimated abolishment cost for regulatory year $t - 1$ less the forecast of abolishment costs incurred by the Service Provider included in the Access Arrangement for the financial year ending June of the financial year $t - 1$

Δaf_{t-2} is the actual abolishment cost for regulatory year $t - 2$ less the estimated abolishment cost for financial year $t - 2$.

2.1.4. Average price movement

In 2025-26, the average price movement is 4.86%. This is made up of the following components.

Table 2.1: Average price movement for 2025-26

Price change components	Description	2025-26
CPI	CPI for year t	2.42%
X factor	X factor for year t	-2.32%
PT	Pass through amount for year t	-
C	Safeguard mechanism amount for year t	-0.005%
A	Abolishment true-up amount for year t	0.06%
	Average price movement	4.86%

To demonstrate compliance with the tariff control formula, see Attachment A.

2.2. Rebalancing control formula

In addition to the tariff control formula which sets the annual average price movement, the rebalancing control sets the annual price movement limit allowed for individual tariffs. The rebalancing control formula applicable during this current AA is:

$$(1 + \Delta CPI_t)(1 - X_t)(1 + C_t)(1 + PT_t)(1 + 0.02) \geq \frac{\sum_{i=1}^{n}\sum_{j=1}^{m} p_t^{ij} q_{t-2}^{ij}}{\sum_{i=1}^{n}\sum_{j=1}^{m} p_{t-1}^{ij} q_{t-2}^{ij}}$$

where:

ΔCPI_t is the annual percentage change in the ABS CPI All Groups, Weighted Average of Eight Capital Cities from the December quarter in year $t-2$ to the December quarter in year $t-1$, calculated using the following method:

The ABS CPI All Groups, Weighted Average of Eight Capital Cities for the December quarter in regulatory year $t-1$

divided by

The ABS CPI All Groups, Weighted Average of Eight Capital Cities for the December quarter in regulatory year $t-2$

minus 1.

If the ABS does not, or ceases to, publish the index, then CPI will mean an index which the AER considers is the best available alternative index.

t is the Regulatory Year for which tariffs are being set.

X_t is the X factor for each year of the Sixth Access Arrangement Period as determined in the PTRM as approved in the full access arrangement decision, and annually revised for the Return on Debt Update calculated for the relevant year in accordance with that approved in the full access arrangement decision.

C_t is the Safeguard Mechanism factor as defined in clause 3.1 of Part B of the Access Arrangement. If $C_t < 0$ then $(1 + L_t) = 1$

PT_t is the cost pass through adjustment factor for Regulatory Year t as calculated in accordance with clause 3.1.3 of Part B of the Access Arrangement.

n is the number of different Haulage Reference Tariffs;

m is the different components, elements or variables ("components") comprised within a Haulage Reference Tariff;

p_t^{ij} is the proposed component j of Haulage Reference Tariff i in Regulatory Year t;

p_{t-1}^{ij} is the prevailing component j of Haulage Reference Tariff i in Regulatory Year $t-1$;

q_{t-2}^{ij} is the audited Quantity of Haulage Reference Tariff Component j of Haulage Reference Tariff i that was sold in Regulatory Year $t-2$.

In 2025-26, the annual price movement limit allowed for individual tariffs is 6.89%. The is made up of the following components.

Table 2.2: Rebalancing control for 2025-26

Rebalancing control components	Description	2025-26

CPI	CPI for year t	2.42%
X factor	X factor for year t	-2.32%
PT	Pass through amount for year t	-
C	Safeguard mechanism amount for year t	-0.005%
Y	Y factor (maximum tolerable allowance)	2.00%
	Rebalancing control	6.89%

2.3. Stand alone and avoidable costs

Clause 3.5 (a) of Part B of the Access Arrangement sets out that the distribution tariffs prices must be set between the stand alone cost to bypass the network and the avoidable costs of supply. Table 2.3 demonstrates how 2025-26 distribution prices complies with this clause.

Table 2.3: Stand alone and avoidable costs

Tariff	Stand alone	Avoidable cost	Average revenue
Central – Domestic	$2,201	$604	$965
West – Domestic	$2,331	$508	$815
Adjoining Central – Domestic	$1,653	$706	$1,095
Adjoining West – Domestic	$2,440	$791	$1,278
Central – Non-domestic	$22,024	$1,037	$1,506
West – Non-domestic	$13,640	$645	$987
Adjoining Central – Non-domestic	$8,486	$1,669	$1,765
Adjoining West – Non-domestic	$16,723	$2,899	$4,673
Tariff D – 0m from transmission with MHQ of 387 GJ/hr	$483 per MHQ	$162 per MHQ	$269 per MHQ
Tariff D – above the MHQ of 387 GJ/hr threshold	$913 - $389 per MHQ	$129 - $55 per MHQ	$269 per MHQ
Tariff M -0m from transmission assuming usage equivalent to citigate capacity of 387 GJ/hr	$483 per MHQ	$162 per MHQ	$317 per MHQ
Tariff M – 825m from transmission assuming average usage equivalent to citygate capacity of 387 GJ/hr	$487 per MHQ	$162 per MHQ	$317 per MHQ
Tariff M – 0m from transmission assuming largest Tariff M customers of 102 MHQ and citygate of 387 GJ/hr	$1,840 per MHQ	$162 per MHQ	$317 per MHQ

2.4. Adjustments to ancillary reference tariffs

Ancillary reference tariffs are adjusted yearly in accordance with Clause 2.2 of Part B of the Access Arrangement. The ancillary reference tariff control formula applicable is:

$$ART_t = ART_{t-1} \times (1 + \Delta CPI_t)$$

where:

ART_t is the Ancillary Reference Tariff that applies in Regulatory Year t.

ART_{t-1} is the Ancillary Reference Tariff that applies in Regulatory Year $t-1$.

ΔCPI_t is the annual percentage change in the ABS CPI All Groups, Weighted Average of Eight Capital Cities from the December quarter in year $t-2$ to the December quarter in year $t-1$, calculated using the following method:

The ABS CPI All Groups, Weighted Average of Eight Capital Cities for the December quarter in regulatory year $t-1$

divided by

The ABS CPI All Groups, Weighted Average of Eight Capital Cities for the December quarter in regulatory year $t-2$

minus 1.

If the ABS does not, or ceases to, publish the index, then CPI will mean an index which the AER considers is the best available alternative index.

In 2025-26, ancillary reference tariffs will be adjusted by 2.42%. To demonstrate compliance with the ancillary reference tariff control formula, refer to Attachment A which accompanies this annual tariff variation submission.

2.5. Tariff principles

Distribution tariffs should be set such that they accurately reflect the costs associated with the AusNet's distribution network as a whole. It should also reflect the allocation of these costs between customer groups.

In developing and adjusting distribution tariffs, AusNet has regard to a number of broad principles including:

- Economic efficiency - requires that prices give correct signals for the use, operation and expansion of the distribution network.
- Cost reflectivity - requires that distribution tariffs accurately reflect the cost of supplying gas to customers via the distribution system.
- Customer equity - requires that distribution tariffs are fair and provide non-discriminatory access to the network.
- Regulatory compliance - decisions about AusNet's distribution tariffs need to be made within the context of various regulatory/legislative instruments as well as other relevant documents.
- Simplicity and stability - simplicity requires that distribution tariffs should be straightforward in application and readily understood by network users. For distribution tariffs to meet the stability criteria, they should remain stable and relatively predictable over time to permit customers to make informed investment decisions.
- Commercial viability - commercial viability, or financial sufficiency, requires distribution tariffs to raise adequate revenue to sustain the distribution business in the performance of its operations and obligations.

It is important to recognise that in developing and adjusting distribution tariffs, trade-offs may occur between principles where they conflict.

2.6. Pricing zones

AusNet's gas distribution tariffs are allocated into four pricing zones. The four zones are Central, West, Adjoining central and Adjoining west. Below outlines the postcodes that sits within each pricing zone.

Central

3003, 3008[1], 3011, 3012, 3013, 3015, 3016, 3018, 3019, 3020, 3021, 3022, 3023, 3024, 3025, 3026, 3027, 3028, 3029, 3030, 3031, 3032, 3033, 3034, 3036, 3037, 3038, 3039, 3040, 3041, 3042, 3043, 3044, 3045, 3046, 3047, 3048, 3049, 3055[2], 3058, 3059, 3060, 3061, 3062, 3063, 3064[3], 3073[4], 3211, 3212, 3213, 3214, 3215, 3216, 3217, 3218, 3219, 3220, 3221, 3222, 3223, 3224, 3225, 3226, 3228, 3335, 3336, 3337, 3338, 3427, 3428, 3429

West

3249, 3250, 3266, 3277, 3280, 3282, 3300, 3305, 3340, 3342, 3350, 3351, 3352[6], 3355, 3356, 3357, 3358, 3377, 3380, 3400, 3401, 3430, 3444, 3450, 3451, 3460, 3461, 3464, 3465, 3550, 3551[5], 3555, 3556

Adjoining central

3227, 3331

Adjoining west

3241, 3260, 3284, 3352[6], 3363, 3364, 3431, 3434, 3435, 3437, 3438, 3440, 3441, 3442, 3467, 3551[5]

Notes:

1 Postcode 3008 is shared between the Australian Gas Networks (Vic) Pty Ltd ACN 085 899 001, Multinet Partnership ABN 53 634 214 009, and AusNet Gas Services Pty Ltd ACN 086 015 036. As at the date of this Licence the distribution supply points of AusNet Gas Services Pty Ltd ACN 086 015 036 are connected in the north side of Footscray Road, the east side of Harbour Esplanade, Docklands Drive from Footscray Road to Waterfront Way, Waterfront Way south of Docklands Drive, Doepel Way, Caravel Lane, Aquatania Way, St Mangos Lane, Rakaia Way, New Quay Promenade, Waterview Walk from Bourke Street to Collins Street, Palmyra Way, Etihad Stadium and Batmans Hill Drive.

2 Postcode 3055 is shared between the Licensee and Vic Gas Distribution Pty Ltd ACN 085 899 001. The Licensee's distribution supply points are connected in Galtes Crescent, Southam Street, Morrow Street, Hopetoun Avenue, Moreland Road, Hodgins Court and Flannery Court.

3 Postcode 3064 is shared between AusNet Gas Services Pty Ltd ACN 086 015 036 and Australian Gas Networks (Vic) Pty Ltd ACN 085 899 001. AusNet Gas Services assets are in Craigieburn, Roxburgh Park and Mickleham, south of the Transmission Electricity Power Line located approximately 1.5 km south of Donnybrook Road.

4 Postcode 3073 is shared between Vic Gas Distribution Central and AusNet Services Central to the extent that an AusNet Services Central distribution injection point is located at Phillip Street (no AusNet Services Central distribution supply points are connected in postcode 3073).

5 Postcode 3551 - All suburbs are currently supplied under West Zone with the exclusion of Huntly and Maiden Gully. Huntly and Maiden Gully is supplied under Adjoining West Zone with the exception of:
- Supply points north west of Sparrowhawk Road but south of Maiden Gully Road and north of Calder Highway;
- Supply points south of Calder Highway and east of Olympic Parade.

6 Postcode 3352 is supplied under West Zone with the exception of Mount Rowan and Sulky which are supplied under Adjoining West.

2.7. Future network tariffs

As a regulated distribution business, AusNet is required to comply with the National Gas Rules, state regulations and our current approve 2024-28 AA. The current AA provides for the annual adjustment of tariffs by way of a CPI – X formula that is applied to AusNet's tariff basket.

Table 2.7 sets out the X factor for each year of the current AA. The X-factors for future years are revised annual for the Return on Debt update calculated for the relevant year and in accordance with Clause 3.1.2 of Part B of the 2024-28 AA.

Table 2.4: 2024 to 2028 X factors

Regulatory year	2023-24	2024-25	2025-26	2026-27	2027-28
X factor	-2.41%	-2.41%	-2.32%	-2.41%	-2.41%

Provisions within the current AA provides AusNet the ability to rebalance our tariffs throughout the period. The enables AusNet to adjust tariffs and tariff components to have regard to the Tariff Principles.

2.7.1. New tariffs

No new tariffs will be introduced in 2025-26.

2.7.2. Withdrawal of tariffs

No tariffs will be withdrawn in 2025-26.

3. Distribution tariffs and ancillary reference services

3.1. Distribution tariffs

AusNet levies distribution tariffs on customers supplied with gas within its distribution area. Through the application of distribution tariffs, AusNet recovers:

- The costs of operating, maintaining and augmenting the distribution network;
- A return of capital (depreciation of capital expenditure); and
- A return on capital that allows the distributor to earn a rate of return determined by the AER.

In the current AA period, the above is recovered through the below distribution tariffs.

3.1.1. Tariff V

Tariff V is a volume based tariff that is applied to the majority of customers connected to the AusNet's network.

It is applied to both domestic and small to medium sized non-domestic customers. Each has a fixed and variable component. The variable component has a declining block structure that is driven by level of gas consumption (measured in GJ). The peak and off-peak rates are applied at different times of the year. These are applied as follows:

Table 3.1: Tariff V component time periods

Component	Time
Peak	1 June to 30 September
Off peak	All other times

For usage blocks, Tariff V has four blocks based on a daily consumption range. Declining unit rates ($/GJ) apply to each block. The first block attracts the highest $/GJ charge and the last block attracts the lowest $/GJ rate. The blocks are:

Table 3.2: Tariff V consumption blocks

Blocks	Consumption range (GJ/day)
Block 1	0 – 0.1
Block 2	> 0.1 – 0.2
Block 3	> 0.2 – 1.4
Block 4	> 1.4

The annual GJ volume limit for Tariff V is 10,000 Gigajoules (**GJ**) in any 12-month period. The Maximum Hourly Quantity (MHQ) demand limit is 10GJ consumption in any one hour. Where an existing Tariff V customer exceeds either the volume or demand limit, they may, under the current tariff structure, be eligible to transfer to Tariff M for a minimum of one year.

3.1.2. Tariff D

Tariff D is a demand based tariff and applies only to large business customers connected to the AusNet's network.

It is applied to any new (or Greenfield) customers. It is also available to any customer who previously elected to be on Tariff D and has agreed to:

- purchase a meter (that complies with the appropriate metering standard) capable of recording their MHQ;
- pay a contribution to the capital cost of their connection; and
- take or pay for a minimum MHQ of 1.15 GJ (equivalent of any annual consumption of 10,074 GJ at 100% load factor).

Annual customer charges are determined by the MHQ of gas delivered to the customer during the calendar year. The MHQ charge recovers all capital and operation and maintenance costs associated with the common use assets in the distribution system. In addition to the tariff charges, customers on Tariff D are also required to pay an Operations and Maintenance (**O&M**) charge for any dedicated distribution assets, in particular the meter and regulator set installed at the connection point.

Tariff D customers are charged per MHQ and three blocks apply. These blocks are:

Table 3.3: Tariff D MHQ blocks

Blocks	MHQ (GJ/hour)
Block 1	0 – 10
Block 2	> 10 – 50
Block 3	> 50

To qualify for Tariff D, a customer should be consuming either more than 10,000 GJ in any 12-month period, or the MHQ limit of 10 GJ in any hour.

3.1.3. Tariff M

Tariff M is a demand based tariff and applies only to large business customers connected to the AusNet's network. Annual customer charges are determined by the MHQ of gas delivered to the customer during the calendar year.

For Tariff M, the MHQ charge recovers an average O&M charge across all Tariff M customers for the dedicated assets, and capital and operation and maintenance costs associated with the entire distribution system, rather than an individually calculated charge for each customer. As the charge relates to the entire network, it is not necessary to make a separate O&M charge. This reduces administrative costs and ensures that customers can accurately assess the cost of changing tariffs prior to reassignment occurring. The nature of the reassignment process from Tariff V to Tariff M means that customers have the opportunity to request to remain on Tariff V for a period that is monitored by AusNet Gas Services Pty Ltd to ensure that consumption requirements are not exceeded.

Tariff M customers are charged per MHQ and three blocks apply. These blocks are:

Table 3.4: Tariff M MHQ blocks

Blocks	MHQ (GJ/hour)
Block 1	0 – 10
Block 2	> 10 – 50
Block 3	> 50

To qualify for Tariff M, an existing Tariff V customer should be using either more than the Tariff V consumption limits of 10,000 GJ of gas in any 12-month period or more than MHQ limit of 10 GJ in any hour. Where a Tariff V customer's load exceeds the 10,000 GJ/year or 10GJ/hour limits they may be transferred to Tariff M.

3.1.4. Assignment of distribution tariffs

Initial assignment and reassignment of the gas distribution tariffs can be found in Part B of AusNet's current AA. The document is available on AER's website at www.aer.gov.au.

3.2. Ancillary reference services

The following ancillary reference services are currently provided in relation to distribution supply points at which gas is withdrawn by or in respect of a residential customer:

- **Meter and Gas Installation Test:** On-site testing to check the accuracy of a meter (in measuring the quantity of gas delivered) and the soundness of a gas installation.
- **Disconnection Service:** Disconnection by the carrying out of work being:
  - Removal of the meter at a metering installation, or
  - The use of locks or plugs at a metering installation to prevent the withdrawal of gas at the distribution supply point.
- **Reconnection Service:** Reconnection by turning on supply, including the removal of locks or plugs used to isolate supply or reinstallation of a meter if it has been removed, performance of a safety check and the lighting of appliances where necessary.
- **Special Meter Reading Service:** Meter reading for a distribution supply point in addition to the scheduled meter readings that form part of the Haulage Reference Services.

Three additional ancillary reference services have been introduced in the current AA period. These are:

- **Meter Fix or Reinstallation:** Reinstallation of a meter at a metering installation, performance of a safety check and the lighting of appliances where necessary.
- **Meter and Service Removal:** Removal of a meter and service line to prevent the withdrawal of natural gas at the delivery point.
- **Minor Meter Alter Position:** Relocating an existing gas meter to a new position, within 4 meters of the original meter, in a single site visit.

4. Allocation of charges between fixed and variable components

4.1. Standing charge - fixed

Tariff V is the only gas distribution tariff with a standing charge. The standing charge is a fixed charge that recovers the network unavoidable customer costs. These costs are typically connection costs, meter reading, use of system billing, and collection and other fixed costs associated with the maintenance of systems.

4.2. Peak and off peak charge - variable

For Tariff V, the variable peak and off peak charges recover all other non-standing charge costs associated with use of the distribution system. Typically, these costs are associated with network operations, network maintenance, attending to network outages and faults.

4.3. MHQ - variable

This is the measure of the maximum amount of gas used during any one-hour period over the regulatory year. Tariff charges are applied to the MHQ recorded for the regulatory year in declining blocks. Once a customer's MHQ exceeds the first block the second block rate is applied to incremental MHQ until that is exceeded and the third block rate applied to the balance. When a customer records an MHQ that is greater than that in any prior month the excess amount is retrospectively applied to all prior months for that year.

4.4. Operations and maintenance charge

The operations and maintenance (O&M) charge applied to Tariff D customers is an excluded service charge that recovers the cost of operating and maintaining mains extensions, services, metering and all other installation-related costs. O&M charges are levied on a per-month basis and apply to all Tariff D customers while they are connected to AusNet's distribution network.

5. Distribution tariff variations

The tables below show the distribution price changes from 2024-25 to 2025-26.

5.1. Tariff V

5.1.1. Central

		Domestic			Non-domestic		
	Unit	2025-26	2024-25	Change %	2025-26	2024-25	Change %
Fixed charge	$/day	0.5345	0.4942	8.15%	0.5581	0.5160	8.16%
Peak 0 – 0.1	$/GJ	7.0920	7.0919	0.00%	1.2776	1.2776	0.00%
Peak > 0.1 – 0.2	$/GJ	4.2745	4.2744	0.00%	1.2171	1.2171	0.00%
Peak > 0.2 – 1.4	$/GJ	0.7431	0.7431	0.00%	1.0953	1.0953	0.00%
Peak > 1.4	$/GJ	0.6676	0.6676	0.00%	0.8360	0.8360	0.00%
Off peak 0 – 0.1	$/GJ	2.4040	2.4039	0.00%	1.2105	1.2105	0.00%
Off peak > 0.1 – 0.2	$/GJ	1.8997	1.8997	0.00%	0.8470	0.8470	0.00%
Off peak > 0.2 – 1.4	$/GJ	0.7281	0.7281	0.00%	0.6973	0.6973	0.00%
Off peak > 1.4	$/GJ	0.2583	0.2583	0.00%	0.6761	0.6761	0.00%

5.1.2. West

		Domestic			Non-domestic		
	Unit	2025-26	2024-25	Change %	2025-26	2024-25	Change %
Fixed charge	$/day	0.5345	0.4942	8.15%	0.5581	0.5160	8.16%
Peak 0 – 0.1	$/GJ	3.7487	3.7486	0.00%	1.9524	1.9524	0.00%
Peak > 0.1 – 0.2	$/GJ	2.6992	2.6991	0.00%	1.6456	1.6456	0.00%
Peak > 0.2 – 1.4	$/GJ	0.8719	0.8719	0.00%	1.0166	1.0166	0.00%
Peak > 1.4	$/GJ	0.8357	0.8357	0.00%	0.3812	0.3812	0.00%
Off peak 0 – 0.1	$/GJ	1.1590	1.1590	0.00%	0.9047	0.9047	0.00%
Off peak > 0.1 – 0.2	$/GJ	1.0862	1.0862	0.00%	0.7622	0.7622	0.00%
Off peak > 0.2 – 1.4	$/GJ	0.6193	0.6193	0.00%	0.3672	0.3672	0.00%
Off peak > 1.4	$/GJ	0.1222	0.1222	0.00%	0.2731	0.2731	0.00%

5.1.3. Adjoining central

		Domestic			Non-domestic		
	Unit	2025-26	2024-25	Change %	2025-26	2024-25	Change %
Fixed charge	$/day	0.5345	0.4942	8.15%	0.5581	0.5160	8.16%
Peak 0 – 0.1	$/GJ	11.6144	11.6142	0.00%	4.7754	4.7753	0.00%
Peak > 0.1 – 0.2	$/GJ	8.3702	8.3700	0.00%	4.5507	4.5506	0.00%
Peak > 0.2 – 1.4	$/GJ	2.9813	2.9812	0.00%	4.3018	4.3017	0.00%
Peak > 1.4	$/GJ	2.8588	2.8587	0.00%	4.0630	4.0629	0.00%
Off peak 0 – 0.1	$/GJ	5.2015	5.2014	0.00%	4.3958	4.3957	0.00%
Off peak > 0.1 – 0.2	$/GJ	3.0166	3.0165	0.00%	4.2197	4.2196	0.00%
Off peak > 0.2 – 1.4	$/GJ	2.6248	2.6247	0.00%	4.0890	4.0889	0.00%
Off peak > 1.4	$/GJ	2.5242	2.5241	0.00%	3.9891	3.9890	0.00%

5.1.4. Adjoining west

		Domestic			Non-domestic		
	Unit	2025-26	2024-25	Change %	2025-26	2024-25	Change %
Fixed charge	$/day	0.5345	0.4942	8.15%	0.5581	0.5160	8.16%
Peak 0 – 0.1	$/GJ	8.1389	8.1387	0.00%	5.8929	5.8928	0.00%
Peak > 0.1 – 0.2	$/GJ	6.8333	6.8332	0.00%	5.5315	5.5314	0.00%
Peak > 0.2 – 1.4	$/GJ	3.5069	3.5068	0.00%	4.7511	4.7510	0.00%
Peak > 1.4	$/GJ	3.1455	3.1454	0.00%	4.1762	4.1761	0.00%
Off peak 0 – 0.1	$/GJ	4.8297	4.8296	0.00%	4.5303	4.5302	0.00%
Off peak > 0.1 – 0.2	$/GJ	3.6527	3.6526	0.00%	4.3105	4.3104	0.00%
Off peak > 0.2 – 1.4	$/GJ	2.6155	2.6154	0.00%	3.7684	3.7683	0.00%
Off peak > 1.4	$/GJ	2.5336	2.5335	0.00%	3.5885	3.5884	0.00%

5.2. Tariff M

	Unit	2025-26	2024-25	Change %
0 – 10	$/MHQ	802.7040	802.6870	0.00%
> 10 – 50	$/MHQ	764.5087	764.4925	0.00%

> 50	$/MHQ	159.6311	159.6277	0.00%

5.3. Tariff D

	Unit	2025-26	2024-25	Change %
0 – 10	$/MHQ	366.1750	366.1673	0.00%
> 10 – 50	$/MHQ	348.7410	348.7336	0.00%
> 50	$/MHQ	169.3181	169.3145	0.00%

5.4. Change in weighted average customer charges

Tariff	2025-26 ($/customer)	2024-25 ($/customer)	Change %
Tariff V – Central – Domestic	$354	$339	4.34%
Tariff V – West – Domestic	$288	$273	5.38%
Tariff V – Adjoining central – Domestic	$414	$399	3.68%
Tariff V – Adjoining west - Domestic	$467	$452	3.25%
Tariff V – Central – Non-domestic	$535	$520	2.96%
Tariff V – West – Non-domestic	$394	$378	4.06%
Tariff V – Adjoining central – Non-domestic	$597	$581	2.65%
Tariff V – Adjoining west – Non-domestic	$1,630	$1,615	0.95%
Tariff M	$7,294	$7,294	0.00%
Tariff D	$11,527	$11,527	0.00%

6. Attachments

6.1. Haulage reference tariffs

Schedule of tariffs are shown in Attachment B – AusNet – Schedule of haulage reference tariffs 2025-26.

6.2. Ancillary reference tariffs

Ancillary reference tariffs are shown in Attachment C – AusNet – Ancillary reference tariffs 2025-26.

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