

2 April 2025

Mr Gavin Fox  
General Manager Network Pricing  
Australian Energy Regulator  
360 Elizabeth St Melbourne  
Victoria 3001

Dear Mr Fox,

### **Proposed 2025/26 Multinet Reference Tariffs**

This letter sets out Multinet Gas Network's (Multinet) reasons for varying its Reference Tariffs to apply from 1 July 2025. Multinet is proposing to vary its Reference Tariffs in a manner that is consistent with clause 4.3 of the *Access Arrangement for our Multinet natural gas distribution networks* (hereafter referred to as the Access Arrangement).

### **Reference Tariffs: Residential, Commercial and Demand Haulage Reference Services**

The proposed adjustments to the Reference Tariffs for residential (Tariff R), commercial (Tariff C) and demand (Tariff D) Haulage Reference Services to apply from 1 July 2025 are being made pursuant to clause 4.3 of the Access Arrangement. This allows Reference Tariffs to vary in accordance with a weighted average tariff basket mechanism, as detailed in section 4.4 and Annexure D of the Access Arrangement. Annexure D contains a Reference Tariff Control Formula.

In broad terms, the Reference Tariff Control Formula allows Multinet to change its tariffs so that the revenue derived from each of the Haulage Reference Services does not increase by an amount that is greater than  $(1 + \text{CPI}) \times (1 - X) \times (1 + \text{Pt}) \times (1 + \text{Ct}) \times (1 + \text{At})$ . The CPI is the change in the CPI for the 12 months to December 2024, which is 2.42%, and the X factor provided by the AER is -1.57%. The Pass Through factor is -0.21% for a correction for a misstatement of tariff from the 2024/25 tariffs (refer Attachment 4).

The Safeguard Mechanism factor is +0.32% for eligible costs in meeting Safeguard Mechanism obligations under the *National Greenhouse and Energy Reporting Act 2007*. In our calculation, we have included actual eligible costs for 2023/24 and an estimate of eligible costs for 2024/25. The Abolishment 'true-up' factor is 0.11%, based on an estimate of abolishment service costs from July 2024 to June 2025 compared with the allowance for costs over this period by the AER, and a true up of actual versus estimated abolishment costs from July 2023 to June 2024.

The combination of the CPI, Pt factor, Ct factor, X factor and At factor results in an allowed change in Reference Tariffs for 2025/26 of 4.27 per cent.

The Rebalancing Control Formula allows Multinet to change its tariffs so that the change in the revenue derived from an individual tariff within a particular category of Haulage Reference Service is no greater than  $(1+CPI) \times (1-X) \times (1+Pt) \times (1 + Ct) \times (1+At) \times (1+2\%)$ . This allows a particular tariff to increase by no more than 6.24%.

Multinet's proposed 2025/26 Reference Tariffs comply with both the Reference Tariff Control Formula and the Rebalancing Control Formula. This has been demonstrated by the model provided to the AER setting out the application of the above formulae and the resultant Reference Tariffs. The model and tariff schedules comprise Attachments 1 and 2 respectively of this submission.

The Reference Tariff Control Formula and the Rebalancing Control Formula require the quantities used to be the period two years prior to the year that the proposed tariffs take effect, which in this case is 2023/24. An independent review verifying the gas quantities has been undertaken and the associated report is provided as Attachment 3.

#### Impact on Users

The table below shows the average impact on end users of the proposed change in tariffs on a GST exclusive basis.

### **Change in Average Customer Charge**

#### **Multinet Metro**

Component	2024/25 (\$)	2025/26 (\$)	Quantity (p/a)	Cost Change (\$)
Residential	416.60	432.29	44.8 GJ	15.69
Non-Residential	1,239.06	1,269.01	342.5 GJ	29.95
Tariff D	7,850.29	8,066.09	12.6 GJ MHQ	215.80
Tariff L	2,948.18	3,029.22	5.7 GJ MHQ 5,718.9 GJ	81.04

#### **Multinet Yarra Valley Towns**

Component	2024/25 (\$)	2025/26 (\$)	Quantity (p/a)	Cost Change (\$)
Residential	509.82	526.87	41.3 GJ	17.05
Non-Residential	1,979.13	2,023.00	266.1 GJ	43.87

#### **Multinet Gippsland Towns**

Component	2024/25 (\$)	2025/26 (\$)	Quantity (p/a)	Cost Change (\$)
Residential	396.93	414.91	24.9 GJ	17.97
Non-Residential	3,058.29	3,105.60	399.7 GJ	47.31
Tariff D	20,448.18	21,010.52	32.9 GJ MHQ	562.12

**Reference Tariffs: Ancillary Reference Services**

Multinet has also varied its Ancillary Reference Tariffs in a manner that is consistent with clause 4.4.2 of the Access Arrangement. Ancillary Reference Tariffs are to be adjusted by the annual change in the CPI, which is also calculated as the change in CPI for the 12 months ending December 2024. The calculation and resultant tariffs also form part of Attachments 1 and 2.

**Summary**

Attachment 1 comprises the model demonstrating the derivation of the proposed Reference Tariffs. Attachment 2 comprises the tariff schedules detailing the proposed tariffs to apply from 1 July 2025. Attachment 3 comprises the findings of the independent review of the 2023/24 quantities. Attachment 4 comprises the correction for misstatement of 2024/25 tariffs.

Please contact me on [REDACTED] should you wish to discuss this matter further.

Yours sincerely

[REDACTED]

Peter Bucki  
Head of Regulation