30 October 2025

Ms Anna Collyer
Chair
Australian Energy Market Commission
60 Castlereagh St
Sydney New South Wales 2000

Dear Ms Collyer

Evoenergy submission on the AEMC's Draft rule determination: Updating the regulatory framework for gas connections

Evoenergy welcomes the opportunity to comment on the AEMC's (Commission) draft rule determination to update the regulatory framework for gas connections. We support the Commission's draft rule to require upfront, cost-reflective connection charges for new retail gas customer connections and commend the pragmatic and principles-based approach adopted.

For Evoenergy's gas network, we forecast a 28 percent decrease in gas network connections (over 55,000 disconnections) and a 24 percent decrease in gas consumption over the next five years.[1] This reflects the ACT Government's commitment to electrifying the territory by 2045, and intention to commence phased gas network decommissioning between 2035 and 2040.[2] In this context, Evoenergy supports the costs associated with new connections being incurred by customers requesting a connection. This ensures these costs are not shared by the declining number of customers remaining on the network, some of whom may be unable to transition off the gas network early, and reduces future asset stranding risks.

Evoenergy supports the Commission's decision to:

- Retain the existing model standing offer and negotiation framework under Part 12A of the National Gas Rules (NGR), avoiding the administrative burden of individually costed charges for all connections.
- Limit the rule's application to retail customers in National Energy Customer Framework (NECF) jurisdictions, and to connections involving scheme pipelines and nominated non-scheme pipelines.
- Allow flexibility in the types of costs included in connection charges, provided they are prudent, efficient, and directly attributable to providing connection services.
- Require the Australian Energy Regulator (AER) to publish decisions on model standing offers to improve transparency.

[1] Evoenergy, Gas Access Arrangement Proposal 2026-31, Attachment 2: Demand forecast, June 2025.
[2] ACT Government, 2024–2030, The integrated energy plan: Our pathway to electrification, 2024, pp. 19, 55.

We note the Commission's amendment to require the AER to be satisfied that a basic connection service is "likely to be sought by a reasonable number of retail customers," rather than a significant number. Evoenergy forecasts approximately 1,400 new connections in NSW over the next five years, with this number expected to decrease in our revised proposal due to the new upfront connection charge.[3] We consider this volume sufficient to meet the threshold under the draft rule.

However, as demand continues to decline, the model standing offer for basic connection services may become rarely used. Maintaining it in such circumstances could impose an ongoing administrative burden and may be inefficient. Evoenergy suggests the AEMC consider allowing distributors to retire the model standing offer for basic connection services once connection volumes fall below a material threshold, subject to AER approval. In such cases, any remaining new connections could be treated as quoted services under the negotiated connection framework, consistent with the provisions of Part 12A of the NGR.

Evoenergy supports the proposed implementation timeline. A commencement date of 1 July 2026 provides sufficient time for distributors to update systems and processes. The requirement to revise our model standing offer and submit it to the AER by 1 April 2026 is also reasonable.

However, to ensure timely implementation, Evoenergy recommends including a deemed-approval mechanism. The NGR require the AER to deal expeditiously with proposed model standing offers. Evoenergy considers that, as with the cost pass-through provisions in the National Electricity Rules (i.e. clauses 6.6.1(e)(1) and 6A.7.3(e)(1)) where cost pass-through amounts are taken to be approved if the AER does not make a determination within the required period, a similar mechanism should apply to model standing offers. Evoenergy proposes that if the AER does not issue a decision to approve or not approve a model standing offer within 20 business days, the offer should be considered approved.

Given the timing of our 2026–31 access arrangement determination, with our revised proposal due in January 2026, Evoenergy would appreciate engagement on any expected material variations between the draft rule determination and the final rule, expected to be published on 11 December 2025. This will assist gas networks on this review cycle to ensure alignment with the new framework and incorporate any necessary updates into revised proposals.

Should you have any questions or wish to further discuss the matters raised in this submission, please contact Irina Umback, Principal Regulatory Economist at irina.umback@evoenergy.com.au

Yours sincerely

Megan Willcox
General Manager, Economic Regulation

[3] We forecast 1,414 new connections in NSW, including 1,367 residential connections, 47 commercial connections, and 0 industrial connections.