



GAAR 2028-33

GAAR Development Panel (GDP)

Summary Notes | Meeting #5

Details	Members	AusNet Team
9am to 1pm Wednesday 15 July 2026 Hybrid Chair: Nicole Wallis Secretariat: AusNet Meeting summary prepared by AusNet and finalised by Chair Nicole Wallis.	Nicole Wallis (Chair) Andrew Richards Damian Sullivan David Prins Gavin Duffy Kellie Larsen Michael Poulton Observers: Meg Zerafa (AER) Nic Jackson (AER) Brendan Li (AER) Jonathan Seymour (AER) Apologies: N/a	Fran Duiker, <i>EGM Gas & Metering</i> Moyo Tian, <i>GM Strategy & Regulation (Gas)</i> Eliza Cochrane, <i>Price Review Manager</i> Ben Ryan, <i>Manager Policy & Regulation</i> Zoe Wright, <i>Manager Strategic Engagement & Insights</i> Jade Park, <i>Senior Research Specialist</i> Kyle Olsen, <i>Senior Engagement Specialist</i>

Key outcomes

The GDP:

- Discussed and provided feedback on AusNet's proposed approach to determining its accelerated depreciation proposal.
- Provided feedback on and expressed support for AusNet's proposed plan for customer workshops.

Purpose & Agenda

Time	#	Item	Outcome	Facilitator/s
9:00	1	Welcome & opening remarks		Chair
9:05	2	Accelerated depreciation and managing transition risks	Provide an overview of asset stranding risk and accelerated depreciation concepts and seek GDP feedback on AusNet's proposed approach to engagement on accelerated depreciation	Moyo Tian / Ben Ryan
11:15	3	Planning for customer workshops	Seek GDP feedback on AusNet's planned approach to customer workshops (context setting session and round #1)	Kyle Olsen
11:40	4	Reporting back on customer segmentation research	Provide an overview of the findings from the customer segmentation research	Ben Ryan / Jade Park
12:10	5	GDP independent report discussion	Closed GDP-only time to agree on approach to writing independent reports	Chair
12:30	6	Open floor, next steps and close		Chair
12:35		Lunch		

Summary of discussion

Topics	Discussion points
1. Welcome & opening remarks	GDP Chair, Nicole Wallis welcomed the group and outlined the main purpose of the meeting – in particular, for the panel to discuss and provide feedback on AusNet's approach to determining its accelerated depreciation proposal. The GDP's newest member, Michael Poulton, also introduced himself to the group. Nicole welcomed the online observers for the Australian Energy Regulator (AER). AusNet's Kyle Olsen provided an update on the actions from previous meetings.
2. Accelerated depreciation and managing transition risks	AusNet's Moyo Tian and Ben Ryan provided an overview of economic asset stranding risk associated with regulated gas networks and potential impacts for customers if no action is taken to reduce stranding risk. AusNet outlined how this risk can be managed within the framework through accelerated depreciation (AD). AusNet sought feedback on a proposed analogy between AD and mortgage repayments, designed to explain the concept in an accessible way for customers and stakeholders. AusNet also outlined key stakeholder positions on AD and decisions by the AER in recent pricing reviews, before describing its proposed approach to its AD proposal through triangulating regulatory economics, customer and stakeholder perspectives, and price impacts. GDP members were invited to provide feedback on both the proposed methodology for determining the AD proposal and the effectiveness of the mortgage analogy as a communication tool. Discussion: • The GDP discussed the multiple levers available to address asset stranding, such as changes to the existing regulatory framework and rules, government policy and options available to AusNet within the existing regulatory framework. • The GDP queried whether exit fees (in addition to abolishment charges to recover costs of physically cutting and capping the gas service line) could be used to minimise asset stranding risk as an alternative to AD in an equitable way from those leaving the network. • AusNet noted that while exit fees might result in an equitable allocation of costs in theory, that this option is practically challenging due to no existing pricing mechanism in AusNet's Access Arrangement to introduce exit fees, limited tools to enforce such a fee, and an expected lack of support from stakeholders for AusNet to introduce and enforce payment of exit fees. • The GDP suggested AusNet provide additional framing on the suite of tools available to it under current regulatory and policy settings, to help contextualise the conversation on AD and highlight options which would require new policy and regulations. • AusNet agreed to provide additional framing on the options available for managing asset stranding risk and the package of tools pursued in the AA.

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- A GDP member expressed a concern that the long-term interests of customers cannot be adequately addressed within the current regulatory framework whereby networks, the regulator and key stakeholders discuss the future of the gas network in relatively short 5-year cycles. They asked AusNet to clarify how its AD approach would account for:
 - What happens in the long-term to customers remaining on the network when those who can exit have done so, and what 'terminal use cases' are still expected to use gas?
 - How much asset stranding risk is AusNet willing to absorb and how much is it proposing customers absorb?
 - How is new / historical expenditure being considered as part of the AD approach?
 - AusNet clarified how these questions would be considered within its approach and that it would share back with the GDP the trade-offs between short- and long-term prices for customers, what risk remains across scenarios, and the treatment of new vs. historical expenditure.
 - The GDP recommended that AusNet clearly explains to customers and other stakeholders the external drivers of the high asset stranding risk (i.e. policy) on its network, and why AusNet has considered AD as a primary tool to manage this risk.
 - The GDP discussed the concept of the regulatory compact and noted that customers implicitly but potentially unknowingly agreed to it when connecting to the gas network. AusNet noted that the regulatory compact is an agreement between government and networks on behalf of customers.
 - AusNet noted that as per the AEMC's presentation at the previous GDP meeting, a draft decision on rule changes relevant to depreciation is expected in August. AusNet will keep the GDP informed on any changes.
 - The GDP discussed AusNet's proposed analogy for explaining the concept of AD to customers and stakeholders. It provided feedback including using a car loan rather than a mortgage to more accurately represent some nuances of AD and provide greater context. It also noted the analogy did not explicitly include the impact of current vs future customers and suggested considering explicitly including multiple people in the analogy to illustrate the equity impacts of AD on different customers.
 - The GDP supported the use of an amended analogy. However, they also noted the limitations of using an analogy to explain complex topics such as AD, given the benefits of simplifying a complex topic may not be realised after all necessary detail is included.
 - A GDP member queried whether AusNet would consider differentiated allocation of AD across its customer base (by asset, for example). AusNet noted that it would be methodologically difficult to allocate AD to specific customers or assets.
 - Following discussion, the GDP supported AusNet's approach of considering economics, customer perspectives and price impacts to form its AD proposal is appropriate and robust. It suggested that AusNet, in
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communicating its approach to AD with other stakeholders, situate 'net zero' policies within the policy and regulatory context.

- AusNet detailed its approach to engaging core stakeholder groups on its AD proposal, including the GDP, Stakeholder Roundtable, customers (residential, small and large business) and consumer advocacy groups.
- The GDP suggested AusNet avoid using the term 'willingness to pay' when discussing AD with customers, and suggested 'value' as an alternative.
- The GDP noted that while framing AD conversations around fairness and equity is appropriate for residential customers, industry and industry representatives will be more interested in 'competitiveness' and 'survivability'.
- The GDP supported AusNet's proposed roles and engagement topics for different customer and stakeholder groups.
- The GDP agreed that AusNet should further engage with consumer advocate groups (beyond their involvement in the Stakeholder Roundtable) to build understanding of AusNet's approach to managing asset stranding risk, including why AD is AusNet's preferred approach.

3. Planning for customer workshops

AusNet's Kyle Olsen provided an overview of AusNet's plans for the first round of customer workshops, to be held with residential and small business customers in August.

Discussion:

- The GDP suggested AusNet:
 - Make explicit to participants whether they are being asked to provide their own individual views or their perceptions of their community.
 - Consider showcasing a physical gas asset to help participants to grapple with the practical nature of the gas network.
 - Frame its conversation with participants in terms of what they value about 'having access to gas', rather than what they value 'about the gas network'.
- The GDP supported AusNet's proposed approach to comprehension testing for the pricing survey with its Customer Consultative Committee and Cultural Advisory Group.

4. Reporting back on customer segmentation research

AusNet's Ben Ryan provided a brief overview of the results from AusNet's customer segmentation survey.

Discussion:

- AusNet noted that the aim of this survey was to understand current and future household gas appliance use and that the findings will be used to help refine its demand forecasting and predicting the scale and pace of household electrification.
- The GDP expressed appreciation for the survey and in sharing its results.

- The GDP discussed the key highlights from the survey including:
 - the current appliance composition of households
 - future preferences and intentions for gas appliances
 - the reasons for staying with the gas network, and the barriers to electrifying.

5. GDP independent report discussion

The GDP discussed their approach to producing their independent report/s.

Discussion:

- GDP only discussion, no public notes captured.

6. Open floor, next steps & close

GDP Chair Nicole Wallis closed the meeting.

Action items

Action	Assigned to	Status	Due	Date raised
2 Organise GDP site visit	AusNet	In progress	24 August	9 June
3 Update the publicly available engagement plan once customer workshop plans are finalised.	AusNet	In progress	GDP meeting #6 (24 August)	1 May
Possible future agenda items:				
4 • Forecasting the main points of political contention and policy uncertainty in the lead-up to the 2026 state election.	AusNet & Chair	Ongoing	Ongoing unless marked otherwise	Various