Australian Energy Market Commission

AEMC
Australian Energy Market Commission

RULE

Consultation paper

Gas distribution networks: Connection and permanent abolishment charges

National Gas and Energy Retail Rule Amendments 2025

Proponents
Energy Consumers Australia
Justice and Equity Centre

12 June 2025

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About the AEMC

The AEMC reports to the energy ministers. We have two functions. We make and amend the national electricity, gas and energy retail rules and conduct independent reviews for the energy ministers.

Acknowledgement of Country

The AEMC acknowledges and shows respect for the traditional custodians of the many different lands across Australia on which we all live and work. We pay respect to all Elders past and present and the continuing connection of Aboriginal and Torres Strait Islander peoples to Country. The AEMC office is located on the land traditionally owned by the Gadigal people of the Eora nation.

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Summary

1 Australia is transitioning from a predominantly fossil-fuelled energy system to one powered by renewable energy. As the energy system transforms and more customers electrify, the Australian Energy Market Operator's (AEMO) latest Gas Statement of Opportunities (GSOO) provides some insight into the impact that electrification and other factors are expected to have on residential and commercial demand in gas networks over the next 10-20 years. The East Coast GSOO projects distribution connected residential and commercial demand will fall by around 70% over the next 20 years, with a 30% reduction projected in the next 10 years.

2 As demand from residential and small commercial customers is declining, and these customers are leaving the gas distribution network, the costs of operating and maintaining the network will be shared among a declining customer base. This will have significant cost impacts on remaining customers. This in turn may further accelerate the decline in demand as customers who can electrify opt to do so sooner than they previously would. Gas distributors have raised concerns about the impact increasing demand reduction will have on the ability to fully recover the costs associated with their network ('asset stranding risk'). A disorderly transition away from gas could increase the total costs of, and may delay, the transition.

3 Throughout this transition to a net zero system, it is important that the regulatory framework promotes efficient ongoing investment to ensure the safe and reliable operation of gas network infrastructure whilst also supporting equitable outcomes for consumers.

4 The National Gas Rules (NGR) were created with the expectation of ongoing growth of gas demand. This is inconsistent with the projected decline in gas demand from residential and small commercial customers as electrification is necessary to achieve emissions reduction targets.

5 A key focus area under the Australian Energy Market Commission's (AEMC or Commission) strategic narrative is to consider how the gas regulatory framework can best support consumers and the electricity system as we transition to a net-zero system. Declining demand on gas networks will place upward pressure on prices for those who continue to use gas. Absent any policy interventions, customers facing barriers to electrification will be left using the gas network. These customer groups may include lower-income households, renters and apartment dwellers. This may raise issues of cost inequities, particularly for vulnerable customers. The regulatory framework should seek to facilitate equitable outcomes for customers, whilst promoting efficient use and investment in gas infrastructure, safety and reliability of gas supply and emissions reduction.

6 Against this background of electrification and projected declining gas demand from residential and small commercial customers, we are seeking your views on two rule change requests relating to new gas connections and gas disconnections/abolishments - both aimed at ensuring the regulatory framework is fit for purpose as we transition.

7 Energy Consumers Australia (ECA) submitted a rule change request on 14 February 2025 seeking to amend the National Gas Rules (NGR) to stop the socialisation of costs associated with new gas connections. The Justice and Equity Centre (JEC) submitted a rule change request on 9 May 2025 seeking to amend the NGR and National Energy Retail Rules (NERR) to create a new regulatory framework for gas disconnections, including temporary disconnections and permanent abolishments.

8 This consultation paper addresses both rule changes and is the first stage of the rule change process.

9 We are seeking your feedback on:

- the issues identified in the rule change requests and their materiality
- the solutions proposed in the rule change requests and any alternative solutions, and
- our proposed assessment criteria for these rule change requests.

We are seeking your views on ECA's proposal for charging customers upfront for a new gas connection

10 The NGR contains a framework for determining how gas distributors charge for new gas connections. Currently, if the Net Present Value (NPV) of expected revenue from a new connecting customer is higher than the capital expenditure associated with the new connection, the cost of a new connection is socialised among all gas distribution network customers. This means most customers face no upfront cost to establish a new gas connection. ECA considers the current approach is resulting in inequitable cost-sharing as it contributes to increasing costs for remaining gas customers in the context of a declining customer base and is not reflective of the direction of broader energy reform.

11 We are seeking your views on:

- ECA's proposal to introduce in the NGR an obligation on distributors to charge new customers the full cost of a new gas connection through an upfront connection fee
- any alternative solutions that would address the issue identified by ECA
- implementation considerations, scope of application, and costs and benefits.

We are seeking your views on JEC's proposal to establish a regulatory framework for temporary disconnections and permanent abolishment

12 Other than to point to the revenue and pricing principles in the NGL, existing rules are silent on permanent abolishments, and provide no regulatory guidance on what different disconnection services should entail, who could provide these services, and how associated costs should be charged. Currently, distributors and the Australian Energy Regulator (AER) deal with temporary gas disconnections and permanent abolishments with each price decision.

13 The AER has discretion over how specific pipelines assign the costs for disconnection services (including for temporary disconnections and permanent abolishments) to customers through access arrangement decisions. JEC believes the lack of guidance in the rules is leading to inconsistent regulatory decisions. JEC proposes that, given the growth in the number of permanent abolishments, a consistent regulatory framework is necessary to ensure consumer safety and health, equity and economic efficiency.

14 We are seeking your views on JEC's proposal to introduce in the NGR:

- definitions for different disconnection services, including temporary disconnection and permanent abolishment, and allow for contestable provision of some services
- a framework for cost-reflective disconnection/abolishment charges, with the disconnecting/abolishing customer having to pay the full costs for a disconnection/abolishment service to avoid any socialisation of costs
- implementation considerations, scope of application, and costs and benefits.

We are seeking your views on our proposed criteria

15 Considering the National Gas Objective (NGO)[1] and National Energy Retail Objective (NERO)[2] and the issues raised in the rule change requests, the Commission proposes to assess the rule change requests against the following five assessment criteria:

- **Outcomes for consumers:** Would the proposed solutions in the ECA and JEC rule change requests promote equitable cost recovery and allocate the costs and benefits efficiently and fairly to the party most appropriate to carry the risk? Would the proposed solutions incentivise customers to make more efficient connection and disconnection/abolishment decisions?
- **Safety, security and reliability:** Would the JEC proposed solution provide for the safe provision of disconnection/abolishment services, while continuing to promote the efficient operation of the network?
- **Principles of economic efficiency:** Would the ECA and JEC proposals ensure efficiency in ongoing network investment, allocate costs and risks to the appropriate parties and incentivise efficient connection and disconnection/abolishment decisions?
- **Principles of good regulatory practice:** Would the ECA and JEC proposed solutions promote regulatory simplicity, allocate the costs and risks to the appropriate parties, increase transparency and align with the general direction of energy reforms?
- **Emissions reduction:** How may the solutions proposed by ECA and JEC drive consumer behaviour, and what will be the overall impact on gas consumption and related emissions?

Submissions are due by 10 July 2025 with other engagement opportunities to follow

16 Written submissions responding to this consultation paper must be lodged with Commission by 10 July 2025 via the Commission's website, https://www.aemc.gov.au/

17 You will have the opportunity to provide feedback throughout the various stages of the rule change process. Please reach out via the contact form on the project webpage: Contact project leader.

Full list of consultation questions

Question 1: How should connection charges be treated in the context of the projected decline of residential and commercial gas demand?

Do you consider the current approach to socialise connection costs across all network customers (if the NPV of expected revenue from a new connection exceeds the capital expenditure associated with the new connection) is fit-for-purpose in the context of the projected decline of residential and small commercial gas demand?

Do you consider the issue raised by the ECA – the socialisation of connection costs leading to inequitable cost sharing across network customers – is a material issue?

1 Section 23 of the NGL.
2 Section 13 of the NERL.

Question 2: Would the ECA proposed solution address the issue of inequitable cost sharing?

Do you consider ECA's proposed solution - to charge new gas customers the full upfront costs of their connection – would address the issue of inequitable cost sharing?

Question 3: What distribution networks and customers should ECA's proposed solution apply to?

Do you think the proposed solution should apply to:

a) Scheme distribution pipelines only, or also non-scheme distribution pipelines?

b) All jurisdictions or only those in which the NERR applies?

c) Retail customers only, or also non-retail customers?

Question 4: What are your views on the costs and benefits of ECA's proposed solution?

What do you consider are the benefits and costs of the proposal to charge new gas customers the full upfront cost of their new gas connections?

Is there anything the Commission could do in designing a rule that would help to minimise the costs and maximise the benefits?

Question 5: What implementation considerations should the AEMC contemplate for the ECA proposal?

What are the issues that might affect the approach and timeline to implement any changes?

How might these timeframes interact with upcoming access arrangement decisions?

Would the proposed solution require additional guidance material from the AER?

Question 6: Are there alternative, more preferable solutions to address the issues with the existing gas connection arrangements?

Do you have any views on the alternative solutions presented in this paper or are there other solutions that would address the issue more efficiently than ECA's proposed solution?

In relation to the alternative options of:

- maintaining the status quo but using updated assumptions for the NPV analysis
- including the costs of permanent abolishment in the costs of a new connection as part of the NPV calculation

Do you have views on what guidance the rules should provide to calculate the NPV for new connections? What are the benefits and risks of these options?

Question 7: Do you consider there is a regulatory gap in relation to gas disconnection/abolishment?

Do you agree with JEC that there is a regulatory gap in relation to gas disconnection/abolishment in the:

a) NGR?

b) NERR?

Question 8: Do you agree with the JEC proposal to introduce a framework for disconnection/abolishment in the rules?

Do you agree with JEC's proposal to introduce a framework for gas disconnection/abolishment:

a) in the NGR?

b) in the NERR, in addition to the current rules in Part 6?

Do you agree with the proposal to define different services - temporary disconnection, permanent abolishment, remediation services - in the NGR and/or NERR?

Do you agree with the proposal for the AER to develop binding *AER Disconnection guidelines* to define the scope of works required for different services?

Permanent abolishment:

Do you agree the NGR should impose such a duty on gas distribution network operators to provide an abolishment to a minimum make safe standard? In what circumstances should the duty apply?

What services are required to provide an abolishment to a minimum standard that safely discontinues the supply of gas?

Temporary disconnection:

Do you agree with the proposal to limit temporary disconnections?

Remediation services:

Do you agree that meter removal and removal of pipelines or other assets on the customer's property would describe remediation services that go beyond making safe a permanent abolishment?

Contestable provision of services:

Do you agree that rules should explicitly allow for any of these services to be contestable?

Question 9: How should costs for disconnection/abolishment services be recovered?

Do you agree with JEC's proposal to introduce cost reflective service charges?

Would cost reflective charges significantly affect consumers' decisions to electrify their premises? Alternatively, would socialising abolishment charges significantly affect remaining gas consumers?

Question 10: What consequential NERR changes would be required to complement any changes in the NGR?

What complementary changes in the NERR would be required to deal with changes related to disconnection/abolishment in the NGR?

Question 11: What distribution networks and customers should the proposed JEC solution apply to?

From a policy perspective (noting that legal restrictions will apply), do you think the proposed solution should apply to:

a) Scheme distribution networks only, or also non-scheme pipelines?

b) All jurisdictions or only those in which the NERR applies?

c) Retail customers only, or also non-retail customers?

Question 12: What are your views on the costs and benefits of JEC's proposed solution?

What do you consider are the benefits and costs of JEC's proposal?

Is there anything the Commission could do in designing a rule that would help to minimise the costs and maximise the benefits?

Question 13: What implementation considerations should the AEMC contemplate for the JEC proposal?

What are the issues that might affect the approach and timeline to implement any changes?

How might these timeframes interact with upcoming access arrangement decisions?

Are there any issues with requiring gas distributors to provide amended access arrangement proposals?

Question 14: Can the problem be solved in a different way?

Are there alternative solutions to JEC's proposal that you think would better promote the long-term interests of consumers?

Question 15: Assessment framework

Do you agree with the proposed assessment criteria? Are there additional criteria that the Commission should consider or criteria included here that are not relevant?

How to make a submission

We encourage you to make a submission

Stakeholders can help shape the solutions by participating in the rule change process. Engaging with stakeholders helps us understand the potential impacts of our decisions and, in so doing, contributes to well-informed, high quality rule changes.

We have included questions in each chapter to guide feedback, and the full list of questions is above. However, you are welcome to provide feedback on any additional matters that may assist the Commission in making its decision.

How to make a written submission

Due date: Written submissions responding to this consultation paper must be lodged with Commission by 10 July 2025.

How to make a submission: Go to the Commission's website, www.aemc.gov.au, find the "lodge a submission" function under the "Contact Us" tab, and select the project reference code **GRC0085** or **GRC0086**.[3]

Tips for making submissions are available on our website.[4]

Publication: The Commission publishes submissions on its website. However, we will not publish parts of a submission that we agree are confidential, or that we consider inappropriate (for example offensive or defamatory content, or content that is likely to infringe intellectual property rights).[5]

Other opportunities for engagement

There are other opportunities for you to engage with us, such as one-on-one discussions and the consultation on our draft determination.

For more information, you can contact us

Please contact the project leader with questions or feedback at any stage.

Email:	submissions@aemc.gov.au
Telephone:	02 8296 7800

3 If you are not able to lodge a submission online, please contact us and we will provide instructions for alternative methods to lodge the submission.

4 See: Tips for making a submission.

5 Further information is available here: Lodge a submission.

Contents

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1 The context for these rule change requests

The Australian Energy Market Commission (AEMC or Commission) seeks feedback on the following rule change requests relating to gas distribution networks' connection and disconnection arrangements:

- **Updating the framework for gas connections** (GRC0085[6]) submitted by Energy Consumers Australia (ECA) (proponent), which proposes changes to the existing distribution connection arrangements set out in the National Gas Rules (NGR).
- **Establishing a regulatory framework for gas disconnections and permanent abolishment** (GRC0086[7]) submitted by the Justice and Equity Centre (JEC) (proponent), which proposes changes to both the NGR and the National Energy Retail Rules (NERR) to implement new gas distribution disconnection arrangements (including temporary disconnections and permanent abolishments).[8]

This consultation paper should be read together with the two rule change requests, which can be found on our website.[9]

1.1 As part of the energy transition, residential and small commercial gas users are expected to increasingly electrify and leave the gas distribution network

As the transition to net zero progresses and the energy system transforms, an increasing number of residential and small commercial gas users are expected to replace gas appliances with electric appliances and leave the gas distribution network.[10] In some jurisdictions, this electrification trend is being driven by government policies that, amongst other things, restrict new connections to the gas distribution network and provide financial incentives to consumers to switch from gas to electricity.

The Australian Energy Market Operator's (AEMO) latest Gas Statement of Opportunities (GSOO) provides some insight into the impact that electrification and other factors are expected to have on residential and commercial demand in gas networks over the next 10-20 years:

- The East Coast GSOO projects distribution connected residential and commercial demand will fall by around 70% over the next 20 years, with a 30% reduction projected in the next 10 years[11]
- The West Coast GSOO projects that distribution connected demand will fall around 20% over the next 10 years.[12]

As these projections highlight, the electrification of demand, is necessary to achieve emissions reduction targets. However, as demand from residential and small commercial customers declines, and these customers leave the gas distribution network, the costs for operating and maintaining the network will be shared among a declining customer base. This will likely lead to

6 RRC0069 is the project code for any potential changes to the National Energy Retail Rules.

7 RRC0068 is the project code for any potential changes to the National Energy Retail Rules.

8 JEC's rule change request uses the terminology of "permanent disconnections" this document will refer to "permanent abolishment" which is consistent with industry terminology.

9 See here: Updating a framework for gas connections and Establishing a regulatory framework for gas disconnections.

10 Australian Government, Future Gas Strategy, May 2024, p. 38 and AEMO, Gas Statement of Opportunities, March 2025, p. 23.

11 AEMO, Gas Statement of Opportunities, March 2025, p. 23. These projections are based on AEMO's Step Change Scenario, which forecasts that residential and small commercial demand will fall from 169 PJ in 2024 to 116 PJ in 2034 and down to 51 PJ in 2044.

12 AEMO, Western Australian Gas Statement of Opportunities, December 2024, p. 9. These projections are also based on AEMO's Step Change Scenario, which forecasts that distribution connected demand will fall from 74 TJ/day in 2024 to 58 TJ/day in 2034. Note that AEMO only produces 10 year forecasts in the Western Australian GSOO and does not provide a breakdown of residential and commercial demand within distribution networks.

increased prices for remaining customers, which in turn may further accelerate the decline in demand. Gas distributors have raised concerns about the impact increasing demand reduction will have on the ability to fully recover the costs associated with their network ('asset stranding risk'). A disorderly transition away from gas could increase the total costs of, and may delay, the transition.

A key focus area under the AEMC's strategic narrative is to consider how the gas regulatory framework can best support consumers and the electricity system as we transition to a net zero system. Declining demand on gas networks will place upward pressure on prices for those who continue to use gas. As some households switch away from gas, there is a risk of growing inequities for households unable to change the way they interact with the energy system. It is also important to ensure market design is promoting efficient investment and operation of networks.[13]

1.1.1 The projected decline in demand creates challenges for regulators and gas distributors and has prompted a number of rule change requests

The Australian Energy Regulator (AER), the WA Economic Regulation Authority (ERA), gas distributors and other interested parties have been grappling with the challenges posed by the projected decline in demand in gas distribution networks for some time now. The AER first considered the issue in 2019 when assessing the implications of the ACT Government's legislated 2045 net zero greenhouse gas emissions target and intended phase out of natural gas on Evoenergy's proposed 2021-2026 access arrangement.[14]n subsequent access arrangement review processes, the AER has had to consider the implications of the energy transition on the distribution networks and users of those networks.[15]

The AER's 2021 work on regulating pipelines under uncertainty raised a number of questions about the tools available to address the implications of falling gas demand, including the capital redundancy provisions.[16]The ERA has also had to consider similar issues in Western Australia, including in its recent decision on ATCO's 2025-2029 access arrangement. This has raised the question if the regulatory framework applying to gas networks continues to be fit for purpose to support the transition, or if changes may be required.

ECA and JEC have submitted six rule change requests to address what they consider to be limitations with the current regulatory framework. At a high level, the proposed changes intend to constrain non-critical expenditure on distribution networks, facilitate better network planning and protect consumer interests in the transition. The proposed changes cover the:

- connection and disconnection arrangements applying to distribution networks (discussed in this paper)
- capital expenditure, capital recovery and planning arrangements applying to distribution networks.

Recent regulatory processes have likewise raised questions about these and other aspects of the regulatory framework.[17]

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13 See here: The Australian Energy Market Commission's vision for our shared energy future. pp, 15-16, 25.

14 See here: AER - Final decision - Evoenergy Access Arrangement.

15 See for example, AER, Final Decision – Evoenergy Access Arrangement 2021-2026, April 2021, AER, Final decision – AusNet Gas Networks Access Arrangement 2023-2028, June 2023, AER, Final decision - Jemena Gas Networks Access Arrangement 2025-2030, May 2025, ERA, Final decision – Mid-West and South-West Gas Distribution Systems Access Arrangement 2025-2029, November 2024.

16 See here: AER Information Paper: Regulating gas pipelines under uncertainty.

17 For example, in the AusNet variation proposal on its 2023-28 gas access arrangement, questions were raised about the use of accelerated depreciation and the operation of the access arrangement variation provisions in rule 65 of the NGR. See AER, Final decision – AusNet Gas Networks Access Arrangement Variation Proposal 2023-2028, March 2025. The AER's final decision on Jemena Gas Networks access arrangement 2025 to 2030 has also raised questions around the use of accelerated depreciation and permanent abolishments.

1.1.2 We have decided to initiate the connection and disconnection rule change requests and intend to consider the remaining rule change requests in the second half of 2025

While there are some common drivers across the rule change requests, we consider the proposed changes to the connection and disconnection arrangements could have a more immediate effect.[18] We also note that the current approach of socialising connection costs and also largely socialising abolishment costs results in growth of distributors' regulatory asset base (RAB), which in turn increases the asset stranding risk.

Against this background, we decided to initiate these two rule change requests ahead of the other rule change requests. We have decided to cover both rule changes in this joint consultation paper and intend to consolidate the two rule change requests (due to their interlinkages) and consider them under a standard rule change process in the remainder of 2025. However, if stakeholder feedback on this consultation paper and our own analysis reveals that one of the proposals is significantly more complex, we will reconsider whether to consolidate the two rule change proposals.

Given the breadth of issues raised in the other ECA and JEC rule change requests, covering capital expenditure, capital recovery, asset redundancy and planning arrangements applying to distribution networks - we intend to:

- undertake a holistic assessment of whether changes to the framework for the economic regulation of gas networks are required to ensure it remains fit for purpose in the context of declining demand and continues to promote the long-term interests of energy users through the transition
- consider whether there is a need to introduce planning requirements for gas networks.

This process could take the form of a consolidated rule change process. We intend to commence this process in the second half of 2025 and use an extended rule change process to allow for sufficient stakeholder consultation.

We consider the connections and disconnections rule change requests are sufficiently separable from the other proposals because the connections-related rules are in a separate Part of the NGR (Part 12A) than the rules relating to economic regulation of scheme pipelines.

However, we acknowledge that issues will be raised through this rule change process on connections and disconnections which will be relevant for the other rule change process and *vice versa*. We will ensure that the AEMC considers any interrelationships between the two processes, and we will put arrangements in place to support this.

1.2 ECA and JEC have proposed the introduction of cost-reflective connection and disconnection/abolishment charges for gas distribution networks

1.2.1 ECA proposes that all customers connecting to gas distribution networks be required to pay an upfront connection fee that reflects the full cost of their connection

ECA identifies the following potential limitations with the connection arrangements currently set out in Part 12A of the NGR:[19]

18 The AER will consider connection and disconnection charges in upcoming access arrangements in early 2026 for Evoenergy and South Australian Gas Networks.

19 ECA, Rule change request, p. 15.

- The connection charges criteria currently provide that the distributor may not impose an upfront connection charge if the present value of the revenue for the relevant connection exceeds the present value of the capital expenditure required for the connection (calculated based on the distributor's assumptions about matters specified in rules (see Box 1)). This means the cost of most new connections is being socialised among the existing customer base. ECA propose that this approach is leading to inefficient connection decisions. Further, connection charges are currently treated as capital expenditure under the regulatory framework which leads to a growing RAB and thus an increased asset stranding risk in the context of declining demand.[20]
- Part 12A of the NGR currently only regulates connection charges payable by retail customers, e.g. does not apply to industrial customers if they do not have a contractual relationship with a retailer and are self-contracting.

Box 1: Rule 119M: Connection charges criteria - National Gas Rules

(1) Connection charges (or the method for calculating connection charges) for a particular connection service must be consistent with the following criteria (the connection charges criteria):

(a) if the present value of the expected incremental revenue to be generated as a result of the distributor's capital expenditure for the relevant connection assets exceeds the present value of that capital expenditure, no connection charge may be imposed; and

(b) if paragraph (a) does not prevent the imposition of a connection charge, the connection charge must not exceed the amount by which the present value of the capital expenditure exceeds the present value of the expected incremental revenue.

(2) For the purpose of applying the connection charges criteria:

(a) in determining the present value of expected incremental revenue, the requirements of rule 79(4) apply;

(b) the relevant connection assets are taken to include any augmentation of the distribution pipeline required to accommodate the new connection or connection alteration;

(c) if the distributor's applicable access arrangement requires the use of assumptions about any 1 or more of the following matters:

(i) the connection assets required;

(ii) the discount rate;

(iii) the expected life of the connection;

(iv) the incremental cost of purchasing and installing the connection assets;

(v) the expected gas consumption and the tariffs applicable to supply services relating to the connection;

(vi) the expected incremental operating and maintenance costs;

the assumptions must be consistent with relevant provisions of the distributor's applicable access arrangement.

Note: Rule 79(4) provides for determining the present value of expected incremental revenue.

To address these perceived limitations, ECA proposes that the NGR be amended to require all distributors in Australia to charge both retail and non-retail customers the full cost of any new connection through upfront connection fees (i.e. a beneficiary-causer pays approach).[21] ECA

20 NGR, Rule 119N.

21 ECA, Rule change request, pp. 16-17.

argues that this change will promote the long-term interest of consumers and have benefits in terms of economic efficiency, equity and emissions reduction by:

- **providing connecting customers with more efficient price signals,** supporting more informed and efficient decision-making about whether to connect[22]
- **reducing asset stranding risk.**[23]

Chapter 2 provides further detail on ECA's proposal.

1.2.2 JEC proposes that gas retail customers be required to pay cost-reflective charges for temporary disconnections and permanent abolishments

In contrast to connections, neither the NGR nor the NERR currently set out how permanent abolishment from distribution networks is to be regulated.[24] According to JEC, this is resulting in "regulatory uncertainty, inconsistent regulatory decisions and issues of inefficiency, inequitable cost sharing and potential risks to safety".[25] JEC also notes to the extent the current arrangements are disincentivising or delaying electrification, they could have material emissions implications.[26]

To address these perceived deficiencies, JEC proposes that the NGR and NERR be amended to set out the arrangements that would apply in the case of a temporary disconnection and permanent abolishment of a retail customer from a gas distribution network on the East Coast.[27] Under the proposed changes, the:[28]

- NGR would:
  - impose a duty on distributors to only provide a minimum make safe service for a permanent abolishment
  - require disconnecting/abolishing users to pay the full cost of disconnection/abolishment and
  - provide more guidance on a range of related matters (including the types of temporary disconnection/permanent abolishment services that can be provided, who can provide them and how charges are to be determined).
- The NERR would set out the obligations retailers would have in relation to the permanent abolishment of a retail customer, including information and other consumer protection requirements.

Similarly to ECA, JEC notes that the proposed changes will promote the long-term interests of energy users and have benefits in terms of economic efficiency, safety, equity and emissions reduction.

Chapter 3 provides further detail on JEC's proposal.

1.2.3 The ECA and JEC proposals raise some important questions about the potential application of the proposed connection and disconnection/abolishment arrangements

22 ECA, Rule change request, p. 19.
23 ECA, Rule change request, p. 5.
24 As distinct from disconnections which can be easily reversed, which are at a high level addressed in Part 6 of the NERR, in relation to small retail customers.
25 JEC, Rule change request, p. 1.
26 JEC, Rule change request, p. 2.
27 JEC noted that the AEMC's rule making powers did not appear to extend to regulating disconnections in Western Australia, so only proposed that the disconnection arrangements apply in other relevant jurisdictions.
28 JEC, Rule change request, pp. 9, 13-14.

Form of regulation of gas pipelines - distribution pipelines encompass scheme and non-scheme pipelines

The gas pipeline access regime under the NGR does not differentiate between transmission and distribution pipelines, but currently recognises two types of pipelines: scheme and non-scheme pipelines, noting that distribution networks can be classified as scheme or non-scheme pipelines.

- **Scheme pipelines**, which are subject to a stronger form of regulation overseen by the ERA in Western Australia and the AER in all other jurisdictions. Under this form of regulation, service providers are required to comply with a range of disclosure, negotiation and access related obligations in the NGL and NGR. They must also periodically submit an access arrangement to the regulator for *ex ante* approval of the terms and conditions of access to reference service(s), which can then form the basis for negotiations with prospective users. If negotiations fail, the regulator can be called on to resolve the dispute.
- **Non-scheme pipelines**, which are subject to a lighter handed form of regulation. Under this form of regulation, service providers are required to comply with the same disclosure, negotiation and access related obligations as scheme pipelines, but do not require any form of regulatory approval of the terms and conditions of access. This is instead left to commercial negotiations. If negotiations fail, the parties have recourse to a commercially oriented arbitration mechanism.

Application of rule change requests - ECA and JEC's proposed application differs

Against the background of these regulatory differences, the ECA and JEC proposals provide for changes only relating to distribution networks (including scheme and non-scheme pipelines). ECA and JEC propose the following application of the proposed connection and disconnection/abolishment arrangements:

Table 1.1: Proposed application of the ECA and JEC rule change requests

Proponent	Jurisdictional application	Type of pipeline	Customer relationship with the retailer
ECA proposal	All jurisdictions	Scheme and non-scheme	Retail and non-retail customers*
JEC proposal	All jurisdictions except for Western Australia	Scheme and non-scheme	Retail customers only

Note: *Retail customers: buy gas through retailers, *Non-retail customers typically refer to larger, industrial or commercial users who consume significant amounts of gas, often exceeding 1 terajoule (TJ) per year. These customers often have direct contracts with gas distributors for transportation arrangements. Non-retail customers can purchase gas directly from different sources, including producers or gas supply hubs.

Setting aside the differences between the ECA and JEC proposals, it is worth noting that their intent is to apply the proposed arrangements as broadly as possible. Careful consideration will therefore need to be given to whether and how any potential changes should apply, and we are interested in stakeholder feedback on this application issue (see sections 2-3 for more detail).

1.3 We have started the rule change process

This is the first stage of our consultation process. We seek stakeholder feedback on how we propose to assess the request, the issue statement and the proposed solutions.

Standard rule change timeline: Gas distribution networks: Connection and permanent abolishment charges

A standard rule change request includes the following formal stages:

- a proponent submits a rule change request
- the Commission commences the rule change process by publishing a consultation paper and seeking stakeholder feedback
- stakeholders lodge submissions on the consultation paper and engage through other channels to make their views known to the AEMC project team
- the Commission publishes a draft determination and draft rule (if relevant)
- stakeholders lodge submissions on the draft determination and engage through other channels to make their views known to the AEMC project team
- the Commission publishes a final determination and final rule (if relevant).

Information on how to provide your submission and other opportunities for engagement is set out on page vii.

Following the receipt of submissions to this consultation paper, and prior to making a draft determination(s), the Commission will determine whether to treat the two rule changes as separate rule change requests or to consolidate them.[29] If we decide to consider them separately, then draft and final determinations will be made for each rule change request. If, on the other hand, they are consolidated, a single draft and final determination will apply to the two rule change requests. You can find more information on the rule change process on our website.[30]

29 The AEMC may treat two or more requests as one request if it considers it necessary or desirable. See section 300 of the NGL.

30 See our website: https://www.aemc.gov.au/our-work/changing-energy-rules.

2 Connections

This chapter outlines the current rules for gas connection charges, the issue ECA identifies in its rule change request and proposed solution to address the issue.

2.1 The regulatory framework for gas connection charges is no longer 'fit for purpose'

Part 12A of the NGR contains a framework for determining when a gas distribution network subject to this part of the NGR may charge a retail customer for a new gas connection (see Box 2). This framework allows the costs of a new gas connection to be socialised amongst all gas network customers (if there is a positive NPV) by adding them to the gas distributor's RAB. ECA summarises issues with the current framework as follows:

- **Connection rules provide inefficient price signals for new connections**: Retail customers who are considering connecting to gas distribution networks do not currently face efficient price signals - by not having to pay the full cost of their new connection through upfront fees.
- **New gas connection assets are increasingly at risk of becoming stranded if demand declines as projected**: The proponent considers that new capital expenditure (capex) added to the RAB now faces a material risk of being stranded before the end of its technical life in a context of declining residential and commercial gas demand. This exposes existing and future customers to increased price risk (see section 2.1.2).

2.1.1 The current rules for imposing gas connection charges were developed under an assumption of growing gas demand

Existing customers of a gas network benefit in principle from new connections as fixed operational and maintenance costs can be recovered from a larger customer base, because a new connection reduces the cost per customer. Customers of a growing gas network could expect to pay diminishing network charges over time, even if they are subsidising others' connection costs.

However, ECA considers it reasonable to assume that residential and commercial gas demand will decline across Australia, driven by legislated national and jurisdictional net-zero emission targets and the financial benefits of electrification for consumers.[31] ECA considers it highly improbable that gas distribution networks are decarbonised by the substitution of natural gas (methane) with hydrogen, citing the economic inefficiency and technical difficulty of deploying hydrogen in household and small business applications.[32] ECA also considers that domestic biomethane has insufficient production potential to entirely substitute Australia's current and future natural gas consumption.[33]

Box 2: The current regulatory framework for imposing connection charges

Rule 119M in Part 12A of the NGR, which applies to the gas distribution networks identified in Figure 2.1 (see section 2.2.2 below), sets out the criteria for imposing a connection charge on retail gas customers, including:

- the circumstances under which a connection charge may be imposed, and

31 ECA, Rule change request, pp. 8-9.
32 ECA, Rule change request, p. 12.
33 ECA, Rule change request, p. 13.

- the permitted quantum of a connection charge.

Circumstance: A distributor may impose a connection charge on a retail consumer where the capital expenditure for that connection exceeds the expected incremental revenue to be generated as a result of establishing that connection.

Quantum: A connection charge must not exceed the difference between the present value of the capital expenditure associated with the connection and the expected incremental revenue.

Part 12A of the NGR only applies to retail customers (consumers who buy gas from retailers), meaning distributors have the discretion, but no requirement, to charge non-retail customers the full upfront cost of new gas connections.

Source: NGR rule 119M.

2.1.2 New gas connection assets are increasingly at risk of becoming stranded if demand will decline as projected

ECA states that it is unlikely that new connecting gas customers will stay connected to the network for long enough to contribute more in network charges than the cost of their initial connection, given legislated net-zero targets and the increasing electrification of residential and commercial gas loads.[34]

Under the current regulatory framework, the cost of new customer connections is added to a gas distributor's RAB and effectively socialised.[35] ECA identified that customer connections are often a gas distribution network's single largest category of capex, ranging from 14-39% of total capex.[36] ECA suggests that allowing the costs of new connections to be added to the RAB is, in the context of declining demand on gas networks, "unfair and inconsistent with the intention of the NGL and NGR" as fixed costs are recovered from a diminishing cohort of future gas customers, many of whom may have difficulty or are unable to disconnect from the gas network in a timely manner.[37]

As more customers leave the gas network, network charges will increase for the remaining customers. ECA suggests that higher network charges will inevitably cause more customers to disconnect from the network, creating a reinforcing spiral where network charges continually rise and accelerate customer disconnections, leaving those that remain on the network exposed to increasing price risk.[38]

Question 1: How should connection charges be treated in the context of the projected decline of residential and commercial gas demand?

Do you consider the current approach to socialise connection costs across all network customers (if the NPV of expected revenue from a new connection exceeds the capital expenditure associated with the new connection) is fit-for-purpose in the context of the projected decline of residential and small commercial gas demand?

Do you consider the issue raised by the ECA – the socialisation of connection costs leading to inequitable cost sharing across network customers – is a material issue?

34 ECA, Rule change request, p. 15.

35 Less any connection charges, which are treated as a capital contribution and limited under rule 119M as discussed above. See NGR, Part 9 Division 4 and Part 12A.

36 ECA, Rule change request, p. 16.

37 ECA, Rule change request, p. 16.

38 ECA, Rule change request, p. 11.

2.2 ECA's proposed solution and implementation

2.2.1 ECA proposes to require retail gas customers to pay the full upfront cost of a connection service

To address the issues outlined above, ECA has proposed that the AEMC amends the rules to require distributors to charge both customers the full cost of a new gas connection through an upfront connection fee.[39]

ECA submits that charging customers the full upfront cost for new gas connections is consistent with a beneficiary-causer pays principle.[40] It also claims that this approach would ensure existing customers are not exposed to the stranded asset risk of decisions made by other customers in a context of declining demand.[41]

This proposal is consistent with the approach recently implemented by the Essential Services Commission Victoria (ESCV) through their Gas Distribution Code of Practice, which applies to gas distribution networks in Victoria. The updated code of practice requires gas distributors to charge the full costs of new connections upfront as of 1 January 2025. The ESCV stated that this change aligned the Victorian gas distribution network connections framework with that of water and electricity networks where customers normally pay an upfront contribution. It also noted that it was "intended to correct current over-incentives for distributors and customers to establish new gas connections" (See Box 3).[42]

ECA also considers that signalling the full cost entailed in new gas connections will disincentivise inefficient connections compared to the status quo.[43] It proposed that disincentivising customers from establishing a new gas connection through upfront connection charges will avoid future rising network charges for existing customers if the new customer was to choose to electrify their property in the near future.[44]

2.2.2 What gas distribution networks and customers would be subject to the proposed connection arrangements?

ECA proposes that changes to the connection arrangements apply to:

- gas distribution networks across all jurisdictions
- both scheme pipelines and non-scheme pipelines, and
- connections involving both retail customers and non-retail customers.[45]

Box 3: ESCV, Gas Distribution Code of Practice review - cost reflective connection charges

The ESCV has updated its Gas Distribution Code of Practice which requires Victorian gas distributors to charge the full cost of new connections upfront from 1 January 2025.

The ESCV's final decision states that gas distributors must calculate standard charges to provide basic (involving no or minimal augmentation of distribution pipelines) connection services for residential customers. Victorian gas distributors may also calculate standard charges for different classes of connection services or different categories of customers. Victorian gas distributors must provide individual quotes for a new connection for all other customers.

39 ECA, Rule change request, p. 17.
40 ECA, Rule change request, p. 16.
41 ECA, Rule change request, p. 16.
42 ESCV, Gas Distribution Code of Practise review, Final Decision, p. 16.
43 ECA, Rule change request, p. 17.
44 ECA, Rule change request, p. 17.
45 ECA, Rule change request, pp. 6 & 17.

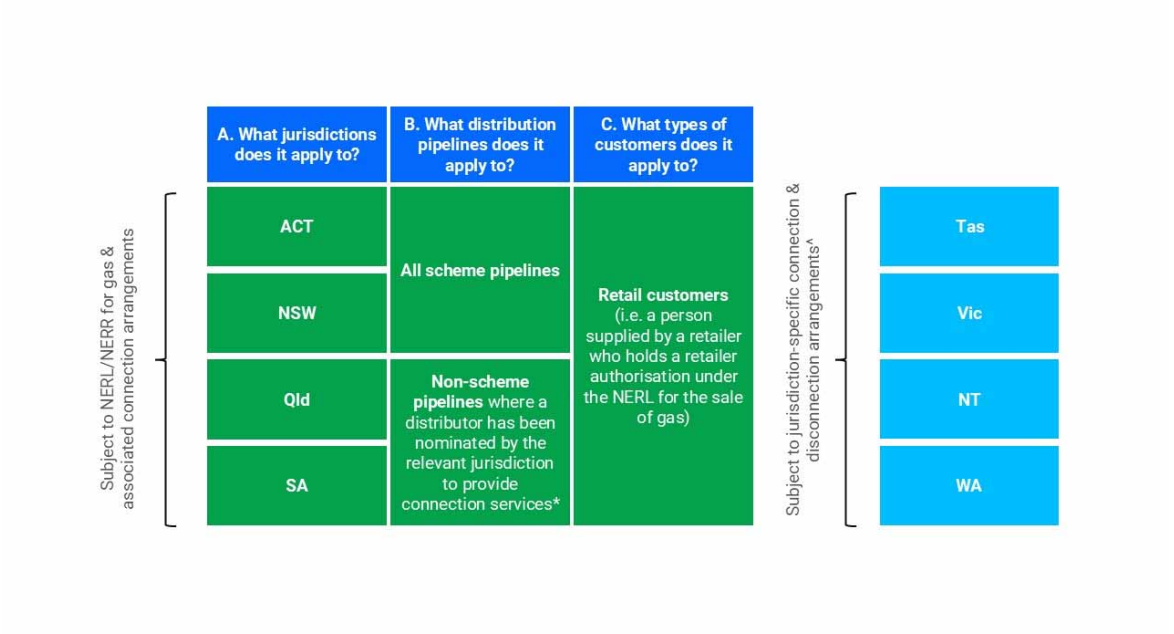
Source: ESC Victoria, *Gas Distribution Code of Practice review,* Final Decision pp. 19-25.

ECA suggests that its proposed changes could be implemented through:

- changes to Part 12A of the NGR, which sets out the rules relating to gas connections for retail customers, and
- introduction of a new Part 12B that would extend the connection arrangements to non-retail customers.

The Commission notes that Part 12A of the NGR, which forms part of the National Energy Customer Framework (NECF), only applies to a subset of distribution networks in those jurisdictions subject to the NERL and NERR (see Figure 2.1). Given this framework, it might not be possible to apply the ECA's proposed changes to connection charging arrangements to all gas distribution networks in Australia.

Figure 2.1: Current application of Part 12A of the NGR (Gas Connections for Retail Customers)



Note: * Only two non-scheme distribution pipelines have had distributors nominated by jurisdictions. ^ For instance, in Victoria, the connection and disconnection arrangements are set out in the Essential Services Commission's Gas Distribution Code of Practice. Similarly, in Tasmania these arrangements are set out in the Office of the Tasmanian Economic Regulator's Tasmanian Gas Distribution Code.

The jurisdictions that have adopted NERL and NERR for gas are the Australian Capital Territory (ACT), New South Wales (NSW), Queensland (QLD) and South Australia (SA). The gas distribution networks in these jurisdictions that are currently subject to Part 12A include:

- three scheme gas distribution networks owned by Evoenergy (ACT/NSW), Jemena Gas Networks (NSW) and Australian Gas Networks (SA)
- two non-scheme gas distribution networks owned by Australian Gas Networks Limited in Queensland.[46]

Against this background, the Commission notes that (even if it had power to do so):

- extending the application of the proposed connection arrangements to:

46 National Energy Retail Law (Queensland) Regulation 2014.

- all gas distribution networks in the NECF jurisdictions, and
- non-retail customers

  would result in the imposition of significant new obligations on gas distribution networks, many of which are not currently subject to this type of regulation.

- extending the application of these changes to gas distribution networks that are not subject to the NERL or NERR[47] could also potentially result in obligations that overlap, or conflict, with jurisdictional-specific arrangements. For example, the ESCV has already introduced its own connection arrangements for gas distribution networks located in Victoria through its Gas Distribution Code of Practice.[48]

Given the potential issues associated with the proposed application of the proposed connection arrangements, and noting there are limits on the AEMC's rule-making powers, we are interested in stakeholders' views on which gas distribution networks and customers should be subject to the proposed connection arrangements.

Question 2: Would the ECA proposed solution address the issue of inequitable cost sharing?

Do you consider ECA's proposed solution - to charge new gas customers the full upfront costs of their connection – would address the issue of inequitable cost sharing?

Question 3: What distribution networks and customers should ECA's proposed solution apply to?

Do you think the proposed solution should apply to:

a) Scheme distribution pipelines only, or also non-scheme distribution pipelines?

b) All jurisdictions or only those in which the NERR applies?

c) Retail customers only, or also non-retail customers?

2.2.3 What are the costs and benefits of the proposed solution?

Costs

ECA considers that the rule change would not result in any additional costs for gas customers in aggregate. New customers who choose to connect would pay a cost-reflective fee.[49] However, ECA notes that amending and reviewing model standing offers may create some additional administrative costs for distributors and the AER.[50]

Benefits

ECA identifies a number of potential economic efficiency, equity and emissions related benefits associated with the proposed changes, which it considers will promote the long-term interests of new and existing gas consumers, consistent with the NGO. More specifically, ECA states that:

47 Those jurisdictions not subject to the NERL and NERR for gas include Victoria, Tasmania, the Northern Territory and Western Australia.

48 Essential Services Commission, Gas Distribution Code of Practice, 1 October 2024.

49 ECA, Rule change request, p. 18.

50 ECA, Rule change request, p. 18.

- gas consumers will benefit from the proposed rule as cost-reflective connection charges allow more informed and efficient decisions to be made about connecting to the gas network.[51] Existing customers will also benefit because they will not be required to fund the costs of new connections.[52]
- employing more of a beneficiary-causer pays approach to connections will reduce the risk of asset stranding in the long term.[53]
- currently there is a split incentive problem in new residential and commercial developments as developers face no cost to connect a new build to the gas distribution network. Builders are only exposed to the comparable upfront costs of gas and electric appliances, with no exposure to the long-term difference in operating costs. ECA suggests its proposed solution addresses this split incentive.[54]
- the rule change could result in lower greenhouse gas emissions if customers choose not to connect to the gas network given the higher connection charges (particularly given governments' rapid electricity sector decarbonisation targets).[55]

Question 4: What are your views on the costs and benefits of ECA's proposed solution?

What do you consider are the benefits and costs of the proposal to charge new gas customers the full upfront cost of their new gas connections?

Is there anything the Commission could do in designing a rule that would help to minimise the costs and maximise the benefits?

2.2.4 Implementation considerations: ECA's proposed solution and alternative solutions

We welcome stakeholder views on any implementation considerations the AEMC should have regard to in assessing the proposed and alternative solutions to address issues relating to gas connection charges. We are particularly interested in stakeholder views on the following issues (noting the below does not form an exhaustive list):

- any implications of the proposed rule for the preparation of access arrangements by scheme pipelines and model standing offers
- need for updates to existing AER guidelines or additional guidelines to be developed
- implementation timeframes (if the AEMC was to make a rule).

Question 5: What implementation considerations should the AEMC contemplate for the ECA proposal?

What are the issues that might affect the approach and timeline to implement any changes?

How might these timeframes interact with upcoming access arrangement decisions?

Would the proposed solution require additional guidance material from the AER?

51 ECA, Rule change request, p. 19.
52 ECA, Rule change request, p. 19.
53 ECA, Rule change request, p. 19.
54 ECA, Rule change request, p. 19.
55 ECA, Rule change request, p. 18-19.

2.2.5 What are alternative solutions to address the issue identified by ECA?

We are seeking input from stakeholders on whether there are more preferable solutions to address the issue identified by ECA. For example, ECA suggests that an alternative solution may be to provide distributors the option to charge upfront for a new gas connection, with the proviso that any costs not recovered upfront would need to be 'quarantined' such that distributors cannot claim accelerated depreciation or stranded cost recovery for any of these costs. Thus, the distributor would bear full exposure to any stranding risk arising from their decision. This approach would also protect existing customers from stranding risk, but it would still require them to contribute to the cost of new connections. ECA notes that in principle, this should be offset by the share of network charges paid by the new customers. However, ECA acknowledges that this option is more administratively complex, as it would require a separate RAB for the new connection assets and an effective tracking mechanism to identify when any of the new customers disconnected from the network.[56]

The ESCV also considered alternative solutions when it updated the connection charge arrangements in its Gas Distribution Code of Practice. These alternatives are detailed below in Box 4.

Box 4: ESCV, Gas Distribution Code of Practice review - alternative policy solutions considered

The ESCV proposed multiple alternative options for how new gas connections could be funded during consultation on its Gas Distribution Code of Practice review. These options included:

- **Option 1: Updating the assumptions in the economic feasibility test for new connections**, including:
  - prescribing that the expected life of a new connection for the purposes of the economic feasibility test could not be longer than 2045, i.e. the target year for net-zero in Victoria
  - allowing distributors to consider a broader range of costs (such costs associated with augmentation to accommodate new connections) when determining customer contributions.
- **Option 2: Requiring customer contributions to cover the costs of new connections.** Distributors would be required to charge new customers the full costs of their connections at the time of connecting.
- **Option 3: Hybrid approach between option 1 and 2.** Requiring residential customers to pay the full upfront cost of new connections while the proposed updated economic feasibility test would continue to apply to commercial and industrial customers.

Source: ESC Victoria, *Gas Distribution Code of Practice review,* Draft Decision p. 29.

Similarly to option 1 the ESCV considered, in terms of updating the economic feasibility test, the Commission considers one potential alternative solution could be to:

- **Largely maintain the current framework in the NGR but provide further guidance on how it is implemented, noting that the NPV of expected revenue from a new connecting customer is based on assumptions like the expected life, expected usage, etc**. Distributors and the AER currently already have the discretion to set these underlying assumptions in calculating the NPV, for example reducing the expected life or expected usage. We are interested in

56 ECA, Rule change request, pp. 16-17.

stakeholders' views on whether this alternative approach would be more effective in addressing the identified issue and whether the rules should provide guidance as to how distributors/the AER are to calculate the NPV of a new customer connection.

Considering the JEC proposal on developing regulatory arrangements around permanent abolishment, another possible solution could be to:

- **Include the cost of permanent abolishment in the cost of a new connection as part of the NPV calculation**. New connecting customers would then not be required to also pay for abolishment when they decide to leave the gas network. We note that this alternative solution would have implications for the approach on permanent abolishment in terms of requiring a different treatment for existing customers and new customers that request an abolishment to avoid double charging.

Question 6: Are there alternative, more preferable solutions to address the issues with the existing gas connection arrangements?

Do you have any views on the alternative solutions presented in this paper or are there other solutions that would address the issue more efficiently than ECA's proposed solution?

In relation to the alternative options of:

- maintaining the status quo but using updated assumptions for the NPV analysis
- including the costs of permanent abolishment in the costs of a new connection as part of the NPV calculation

Do you have views on what guidance the rules should provide to calculate the NPV for new connections? What are the benefits and risks of these options?

3 Disconnection/abolishment

3.1 Disconnection/abolishment is currently a 'gap' in the regulatory framework

JEC noted that neither the NGR nor the NERR currently set out how disconnection/abolishment from gas distribution networks are to occur. In JEC's view, this is resulting in "regulatory uncertainty, inconsistent regulatory decisions and issues of inefficiency, inequitable cost sharing and potential risks to safety".[57]

JEC raised particular concerns about the:

- inconsistency in disconnection/abolishment services offered and potential safety risks related to temporary disconnections (see section 3.1.1)
- socialisation of abolishment costs across remaining network users (see section 3.1.2).

3.1.1 JEC notes inconsistency in disconnection/abolishment services offered across networks

Gas distributors[58] currently offer two types of disconnection services: temporary disconnection or permanent abolishment of the connection.

- **Temporary disconnection** generally involves the distributor capping the gas supply at the meter (e.g. by inserting a piece of wadding at the meter) which can be easily reversed. JEC noted that in the absence of regulatory guidance some consumers are opting to use temporary disconnections to avoid higher abolishment costs.[59] This then leaves an active gas supply on the premises that is not being maintained or monitored. Neglected gas supplies have safety risks due to potential leaks and excavation strikes to the gas line. There are also risks associated with improper management of the gas supply leading to pressure issues in parts of the network.
- **Permanent abolishment** refers to the permanent removal of gas supply to a property. Abolishment costs are notably higher (approximately $800-$1500) than a temporary disconnection.

JEC notes that because the NGR does not provide specific rules on how distributors are to temporarily disconnect premises from the gas network or permanently abolish a connection, there is ambiguity for customers as to the disconnection/abolishment service they may receive depending on the network and how distributors determine related charges:

- **Ambiguity**: a lack of clarity around what different disconnection/abolishment services can include.[60]
- **Variation of charges**: Costs for permanent abolishment services vary from $800-$1500 between distributors.[61] JEC discusses that in the absence of rules, the AER has to consider these costs (whether for temporary disconnection or permanent abolishment of the connection) in the context of individual access arrangements. There is currently no clearly established approach across decisions or consistent principles for AER decision making in relation to the level of cost and cost allocation.[62]

57 JEC, Rule change request, p. 2.
58 Scheme gas distribution pipelines subject to economic regulation by the AER and referenced in footnote 15.
59 JEC, Rule change request, p. 5.
60 JEC, Rule change request, p. 7.
61 JEC, Rule change request, p. 5.
62 JEC, Rule change request, pp. 6-7.

Against this background, JEC raises that the current regulatory 'gap' contributes to inefficiently high permanent abolishment costs, which in turn may contribute to an inefficient disincentive to remain connected to the network, with households delaying electrification and potential implications for cost and emissions.[63]

The ESCV has sought to provide regulatory clarity and consistency by distinguishing between a temporary disconnection and permanent abolishment of a gas connection (see Box 5):

Box 5: ESCV: Defining disconnection and abolishment in Victoria

The ESCV made a new Gas Distribution Code of Practice to update rules for Victorian gas distributors in 2024. This new code defines disconnection and abolishment:

- Temporary disconnection: the temporary closing of a connection to prevent the withdrawal of gas by using locks or plugs or by removing a meter (without removing the service line).
- Permanent abolishment: the permanent removal of a connection by either cutting and capping the service line and removing above ground assets, or by removing the meter and service line.

The new code also requires gas distributors to abolish a connection when directed by a retailer (at the request of a customer) or when directed to do so in accordance with energy safety legislation due to immediate safety risks.

The ESCV considers that longer-term reforms are likely needed to achieve better outcomes for customers, particularly if there are increasing numbers of customers permanently abolishing their connections from gas networks. This includes potential legislative and regulatory reforms to facilitate customers disconnecting from gas networks safely and affordably.

Source: ESCV, Gas Distribution Code of Practice, 2024, available at: https://www.esc.vic.gov.au/electricity-and-gas/codes-guidelines-and-policies/gas-distribution-system-code-practice/reviewing-gas-distribution-system-code-practice.

3.1.2 JEC considers socialisation of disconnection charges is inequitable

In absence of guidance in the NGR on how to charge for abolishment, the AER has in recent access arrangement decisions taken the approach of requiring customers permanently abolishing to pay a tariff closer to the tariff for temporary disconnections, with the difference between the two charges to be recovered from remaining network users (see Box 6). This approach is the AER's temporary solution to address the price gap between temporary disconnections and abolishment.[64]

Box 6: AER Final decision: AusNet Gas Services, Gas distribution access arrangement, 1 July 2023 to 30 June 2028

"As the number of customers moving away from gas increases over time, we are concerned about the incentives a continued difference in price between temporary and permanent disconnection measures may create. In our draft decision, we therefore considered the costs of abolishing connections and the broader question of how these costs are recovered from consumers, that is, to continue to recover costs from individual customers at the time of disconnection, or to socialise them across all customers in the network.

In the short term, while paths to electrification are still uncertain, our final decision is a hybrid of these two options. To reduce the price difference between the two disconnection services, and the

63 JEC, Rule change request, p. 7.

64 See regulatory decisions in footnote 15.

safety risks it appears to be creating, this final decision retains an upfront cost of $220 for connection abolishment and shares the remainder between all customers."

Source: AER, Final decision, AusNet Gas Services, Gas distribution access arrangement, 1 July 2023 to 30 June 2028.

JEC disagrees with the AER's current approach and is of the view that socialisation of abolishment costs is inequitable.[65] JEC notes that as customers who can afford to leave the network do so, remaining customers will be left facing increasingly high gas bills. JEC raises concerns about equity if abolishment costs are socialised across the network, as customers who, absent policy intervention, are unable to electrify are paying the costs of others who have left the network in addition to their own at a later time.[66] JEC supports the general principle that the beneficiary of a service should pay for the service and that costs should be recovered from the 'causer' of an activity which generated the costs - i.e. abolishment costs should be recovered from the customer permanently abolishing their connection.[67]

Question 7: Do you consider there is a regulatory gap in relation to gas disconnection/abolishment?

Do you agree with JEC that there is a regulatory gap in relation to gas disconnection/abolishment in the:

a) NGR?

b) NERR?

3.2 JEC's proposed solution and implementation

3.2.1 JEC proposes to define different disconnection services and allow for contestable provision of some services

The rule change request proposes the NGR provides for definitions for different disconnection services to remove ambiguity about the nature of the services and associated charges.[68] JEC proposes the AEMC consider including the following service definitions in the NGR: [69]

1. **Permanent disconnection (abolishment) service** means to permanently and safely discontinue the supply of gas to a retail customer (we will use 'abolishment service' in the remainder of this paper to refer to a permanent disconnection).
2. **Temporary disconnection service** means to discontinue the supply of gas to a retail customer where it is intended the supply will be within 12 months reconnected, or permanently disconnected.[70]
3. **Remediation service** means any works on a retail customer's premises in addition to those required to provide a permanent disconnection service (including meter removal and removal of pipelines or other assets on the property).

65 JEC, Rule change request, p. 2
66 JEC, Rule change request, p. 7.
67 JEC, Rule change request, p. 7.
68 JEC, Rule change request, p. 10.
69 JEC, Rule change request, p. 20.
70 The National Energy Retail Law (NERL) defines de-energisation or disconnection of premises, in the case of gas, as "the closing of a connection, in order to prevent the flow of energy to the premises." This will need to be taken into account in any NERR changes, as the AEMC cannot amend the NERL.

1. Permanent abolishment service

JEC proposes that there should be a positive duty on distributors to be obligated to provide permanent abolishment services to a minimum standard that safely discontinues the supply of gas. JEC proposes this approach to ensure that customers are charged efficiently for only the minimum standard and not charged for additional services beyond that limited standard. The rule change request considers that the AER should develop binding *AER Disconnection guidelines* that reference jurisdictional safety regulations and requirements and would prescribe:[71]

- the scope of works required to make safe in 'simple' and 'non-simple' disconnection circumstances, and
- additional works which cannot be included in a permanent abolishment service.

As an indication of scope, JEC envisages that making a safe permanent abolishment would involve:

- Capping the supply at the path valve[72], where one is present and this action only affects supply to the disconnecting premises, or
- where a path valve is not available:
  - capping supply at the most accessible point of the customer service between the property boundary and the mains or
  - where there is no accessible point between the property boundary and the supply, and the pipe on the premises is at no risk or extremely low risk of being affected by future excavation, capping supply at the nearest accessible point of the customer service to the property boundary, or
  - where multiple premises on a property share a common supply, capping the customer service for the premises at the nearest accessible point to any assets shared with other premises.[73]

2. Temporary disconnection services

The rule change request proposal for the definition of a temporary disconnection service includes a guardrail to only allow temporary disconnection for 12 months, which can be renewed. The proposal includes no limit on the number of renewals permitted, but a temporary disconnection tariff must be paid every 12 months. If the distributor has not received a further temporary disconnection tariff or other request to restore the service at the end of the defined period then the distributor would be required to undertake an abolishment.[74]

3. Remediation services

JEC considers that remediation services will include services that go beyond making safe a permanent abolishment. This includes services such as removal of pipelines or other assets on the customer's property and meter removal.[75]

JEC considers that meter removal should be an optional remediation service and if not requested at the time of permanent abolishment, the distributor may leave the meter in situ or remove it at

71 JEC, Rule change request, p. 10.

72 A path valve refers to a valve located at the boundary of a property, typically underground, where the gas supply from the main is connected to the service line leading to the building. This valve is crucial for controlling the flow of gas into the property's service line.

73 JEC, Rule change request, pp. 10-11.

74 JEC, Rule change request, p. 13.

75 JEC, Rule change request, p. 11-12.

the distributor's own expense. JEC further proposes that a network distributor may only charge for meter removal if the customer requests this service. If the meter is left in situ, the proposed rule change deems the asset abandoned and ownership transfers to the property owner.[76]

Contestable abolishment and remediation services

JEC's rule change request also provides for the constable provision of permanent abolishment and remediation services - that is to allow consumers to choose between the network owner or another competent/accredited service provider to undertake permanent abolishment and remediation services.[77] JEC recognises this will be dependent on the law and regulation of a particular jurisdiction, but suggested that the rule change should allow for this possibility.[78]

Question 8: Do you agree with the JEC proposal to introduce a framework for disconnection/abolishment in the rules?

Do you agree with JEC's proposal to introduce a framework for gas disconnection/abolishment:

a) in the NGR?

b) in the NERR, in addition to the current rules in Part 6?

Do you agree with the proposal to define different services - temporary disconnection, permanent abolishment, remediation services - in the NGR and/or NERR?

Do you agree with the proposal for the AER to develop binding *AER Disconnection guidelines* to define the scope of works required for different services?

Permanent abolishment:

Do you agree the NGR should impose such a duty on gas distribution network operators to provide an abolishment to a minimum make safe standard? In what circumstances should the duty apply?

What services are required to provide an abolishment to a minimum standard that safely discontinues the supply of gas?

Temporary disconnection:

Do you agree with the proposal to limit temporary disconnections?

Remediation services:

Do you agree that meter removal and removal of pipelines or other assets on the customer's property would describe remediation services that go beyond making safe a permanent abolishment?

Contestable provision of services:

Do you agree that rules should explicitly allow for any of these services to be contestable?

3.2.2 JEC proposes a beneficiary-causer pays approach for recovering costs of permanent abolishment

To ensure transparency and equitable cost allocation, JEC proposes rules that distinguish between permanent abolishment service charges and additional remediation charges:[79]

76 JEC, Rule change request, p. 12.
77 JEC, Rule change request, p. 12.
78 JEC, Rule change request, p. 13.
79 JEC, Rule change request, p. 11.

- **permanent abolishment charges:** the charges for the minimum work required to provide a safe permanent abolishment service, i.e. referring to the minimum works required to permanently make the former connection safe;
- **additional remediation charges**: services and charges associated with providing optional remediation, including removal of pipelines or other assets or meter removal. The key purpose of this distinction is to ensure that the only cost that must be charged to the retail customer is the cost of the minimum permanent abolishment service.[80]

In charging for these services, JEC proposes that a beneficiary-causer pays approach be used in relation to permanent abolishments, with the abolishing customer required to pay the full cost of abolishment, i.e not provide for any cross-subsidisation. This is on the basis that the individual retail customer is the one best placed to bear the costs and is benefiting from the cost savings of electrification.[81]

The Commission notes that JEC's proposal is more general, in terms of advocating for the same cost-allocation principle and cost-reflective charges applying to the different types of services - permanent abolishment, temporary disconnection and remediation services.[82]

Question 9: How should costs for disconnection/abolishment services be recovered?

Do you agree with JEC's proposal to introduce cost reflective service charges?

Would cost reflective charges significantly affect consumers' decisions to electrify their premises? Alternatively, would socialising abolishment charges significantly affect remaining gas consumers?

3.2.3 JEC proposes amendments to the NERR to reflect any change in the NGR

JEC in its rule change request raises that likewise to the NGR, the NERR is also silent on gas disconnection services.

Currently, the NERR regulates the relationship between distributors and customers, the relationship between distributors and retailers and de-energisation (disconnection) of premises for small customers.[83] The NERR also sets out model terms and conditions for deemed standard connection contracts - the contracts between distributors and small customers.[84] These provisions, while separate from the changes proposed in JEC's rule change request, may need further consideration and amendment if the framework for permanent gas abolishment and temporary disconnection proposed in the rule change request is added to the NGR and NERR.

JEC identifies that if the AEMC implements a regulatory framework for permanent abolishment/temporary disconnection in the NGR, consequential amendments to the NERR will be necessary to address the following:

- information requirements
- the process by which a request is made and to whom
- management and confirmation of consent of the retail consumer and property owner, and

80 JEC, Rule change request, p. 11.
81 JEC, Rule change request, p. 17.
82 JEC, Rule change request, p. 12.
83 NERR Parts 4-6. The definition of disconnection is set out in the NERL and is broad to cover both temporary disconnections and permanent abolishment.
84 NERR schedule 2.

- amendments to the model retail energy contract.[85]

Question 10: What consequential NERR changes would be required to complement any changes in the NGR?

What complementary changes in the NERR would be required to deal with changes related to disconnection/abolishment in the NGR?

3.2.4 The JEC proposal is intended to have broad application to distribution networks across Australia

JEC proposes that the disconnection/abolishment arrangements apply to:

- all gas distribution networks in all jurisdictions, except for Western Australia[86]
- both scheme and non-scheme pipelines with retail customers only.

Please refer to section 1.2.3 of this consultation paper for discussion on the potential application of the proposed rule changes.

Noting limits on the AEMC's rule-making powers, we are interested in stakeholders' views from a policy perspective on JEC's proposal for broad application and which gas distribution networks (in which jurisdictions, and whether scheme, non-scheme or both) should be subject to the proposed abolishment/disconnection arrangements, and if the arrangements should apply to retail customers only, or should extend to non-retail customers.

Question 11: What distribution networks and customers should the proposed JEC solution apply to?

From a policy perspective (noting that legal restrictions will apply), do you think the proposed solution should apply to:

a) Scheme distribution networks only, or also non-scheme pipelines?

b) All jurisdictions or only those in which the NERR applies?

c) Retail customers only, or also non-retail customers?

3.2.5 What are the costs and benefits of JEC's proposed solution?

JEC considers that the benefits of its proposal, to both remaining gas customers and those leaving the gas network, outweigh the costs and that its proposal provides a fairer allocation of risk to the appropriate parties, with the costs largely to be borne by the gas distributors (see the section on costs below for the AEMC's initial view regarding the potential for distributors to pass through the costs to consumers).

Benefits

According to JEC, the main beneficiaries of the proposed rule change to introduce **cost reflective abolishment charges** will be gas network users who for varying reasons remain on the network. That is because they will no longer be subject to the socialisation of other customers' abolishment

85 JEC, Rule change request, p. 14.

86 JEC notes that the AEMC's rule making powers do not appear to extend to regulating disconnections in Western Australia. Accordingly JEC proposed that the abolishment/disconnection arrangements apply in other relevant jurisdictions. JEC, Rule change request, p. 8.

costs. JEC also indicates there is an efficiency benefit for abolishing customers because they would only face the minimum charge for a basic abolishment service.[87]

JEC further notes that all network users would benefit from the proposed solution that limits customers' ability to opt for a temporary disconnection in lieu of paying for permanent abolishment. This reduces **safety** risks arising from the impacts of live gas pipes indefinitely remaining on the disconnecting customer's property.[88]

The rule change request also identifies that by implementing a more cost-reflective approach with **greater regulatory certainty** as to the allocation of these costs, it may help facilitate government consideration of potential interventions to ensure an efficient market approach to disconnections in line with government policy on household electrification.[89] The proponent acknowledges this may be of importance to those least able to afford electrification-related costs, including abolishment charges.

Costs

JEC notes that distributors may earn lower revenue as a result of the change, but would still be able to recoup the efficient costs of abolishment for the basic service and remediation costs, if requested by the customer. It also suggests that there should be no material cost implication for retailers.[90] The AEMC also notes that distributors largely pass on costs to customers via retailers so JEC's assessment may underestimate the costs passed through to network customers.

JEC's proposed solution would also have cost impacts for those permanently abolishing in the future as they would be required to pay the full cost upfront. This may result in reduced or delayed electrification due to price disincentive and subsequently increase emissions from gas use that otherwise would have been displaced.

JEC also proposes the AER develop guidelines on disconnection/abolishment services. This would create resourcing costs for the AER.

How JEC's proposed solution addresses the NGO and NERO

JEC submits that its proposed rule change will contribute to both the NGO and NERO. That is, by promoting efficiency in the use and operation of gas and energy services by:

- Reducing the costs of abolishment by only requiring a basic service to make a disconnection safe
- Supporting regulatory consistency and certainty for stakeholders by establishing a regulatory framework for disconnection/abolishment
- Implementing a beneficiary/causer pays approach to disconnection/abolishment.

JEC also submits that the proposed rule change is in the long term interests of consumers of gas and energy in respect of price, safety, reliability, security and achievement of emissions targets.[91]

Question 12: What are your views on the costs and benefits of JEC's proposed solution?

What do you consider are the benefits and costs of JEC's proposal?

87 JEC, Rule change request, p. 17.
88 JEC, Rule change request, p. 17.
89 JEC, Rule change request, p. 17.
90 JEC, Rule change request, p. 18.
91 JEC, Rule change request, p. 17.

Is there anything the Commission could do in designing a rule that would help to minimise the costs and maximise the benefits?

3.2.6 Implementation considerations: JEC's proposed solution and alternative solutions

JEC proposes for the proposed disconnection/abolishment arrangements to become effective at the time of the AEMC's final determination, i.e. it requests the AEMC to provide for immediate implementation. This would mean the obligation on gas distributors to add reference services and tariffs in respect of disconnection/abolishment and remediation services would become effective immediately for upcoming reference proposals as part of AER access arrangement decisions.

The rule change request also proposes that distributors be required to provide an amended reference proposal to the AER within six months of the final determination and also requires the AER to provide a decision on amended reference proposals within 12 months.[92] The rule change request also suggests the AER be required to provide disconnection guidelines within 12 months of the final determination.[93]

Question 13: What implementation considerations should the AEMC contemplate for the JEC proposal?

What are the issues that might affect the approach and timeline to implement any changes?

How might these timeframes interact with upcoming access arrangement decisions?

Are there any issues with requiring gas distributors to provide amended access arrangement proposals?

3.2.7 What are alternative solutions to address the issue JEC identifies?

We are interested in stakeholders' views on whether there are other ways to address the issues related to gas disconnection/abolishment identified by JEC.

The Commission notes that one alternative solution to the JEC proposal is the approach the AER has applied in its recent regulatory decisions for the Victorian gas distributors (Australian Gas Networks, AusNET services and Multinet) and Jemena gas networks.[94] The AER applied a hybrid approach by allowing for the majority of the abolishment cost to be socialised (to be included in a network service provider's opex allowance) among the remaining network customers to reduce the price gap between temporary and permanent disconnection services. The AER's intent was to remove incentives on disconnecting customers to opt for temporary disconnections and address safety concerns (associated with live gas pipelines). We note that the AER has stated in its regulatory decisions that a socialised abolishment cost model is only an interim measure to address the public safety issue, and that further work is required across the sector to develop a more long term solution.

Please see the proposed alternative solution in section 2.2.5.

92 JEC, Rule change request, p. 18.
93 JEC, Rule change request, p. 19.
94 See footnote 15.

Question 14: Can the problem be solved in a different way?

Are there alternative solutions to JEC's proposal that you think would better promote the long-term interests of consumers?

4 Making our decision

When considering a rule change proposal, the Commission considers a range of factors.

This chapter outlines:

- issues the Commission must take into account
- the proposed assessment framework
- decisions the Commission can make
- rule-making for the Western Australia.

We would like your feedback on the proposed assessment framework.

4.1 The Commission must act in the long-term interests of consumers

The Commission is bound by the NGL and National Energy Retail Law NERL to only make a rule if it is satisfied that the rule will, or is likely to, contribute to the achievement of the national gas objective and national energy retail objective.[95]

The NGO is:[96]

> to promote efficient investment in, and efficient operation and use of, covered gas services for the long term interests of consumers of covered gas with respect to—
>
> (a) price, quality, safety, reliability and security of supply of covered gas; and
>
> (b) the achievement of targets set by a participating jurisdiction—
>
> (i) for reducing Australia's greenhouse gas emissions; or
>
> (ii) that are likely to contribute to reducing Australia's greenhouse gas emissions.

The NERO is:[97]

> to promote efficient investment in, and efficient operation and use of, energy services for the long term interests of consumers of energy with respect to—
>
> (a) price, quality, safety, reliability and security of supply of energy; and
>
> (b) the achievement of targets set by a participating jurisdiction—
>
> (i) for reducing Australia's greenhouse gas emissions; or
>
> (ii) that are likely to contribute to reducing Australia's greenhouse gas emissions.

The targets statement, available on the AEMC website, lists the emissions reduction targets to be considered, as a minimum, in having regard to the NGO and NERO.[98]

The Commission must also, where relevant, satisfy itself that the rule is "compatible with the development and application of consumer protections for small customers, including (but not

95 Section 291 of the NGL and section 236 of the NERL.
96 Section 23 of the NGL.
97 Section 13 of the NERL.
98 Section 72A(5) of the NGL and 224A(5) of the NERL.

limited to) protections relating to hardship customers" (the consumer protections test).[99] Where the consumer protections test is relevant in the making of a rule, the Commission must be satisfied that both the NERO test and the consumer protections test have been met.[100] If the Commission is satisfied that one test, but not the other, has been met, the rule cannot be made (noting that there may be some overlap in the application of the two tests).

4.2 We must also take these factors into account

The Commission must take into account the revenue and pricing principles set out in section 24 of the NGL in making certain rules.[101] Relevantly for this rule change request, we must take those principles into account in making rules that affect the capital RAB with respect to a distributor, including the treatment of capital contributions made under access determinations when determining the capital base.[102]

Relevantly, the revenue and pricing principles provide that a scheme pipeline service provider should be provided with a reasonable opportunity to recover at least the efficient costs the service provider incurs in providing reference services and complying with a regulatory obligation, and regard should be had to the capital base with respect to a pipeline adopted in any previous access arrangement decision.

4.3 We propose to assess the rule change using these four criteria

4.3.1 Our regulatory impact analysis methodology

Considering the NGO and NERO and the issues raised in the rule change request, the Commission proposes to assess this rule change request against the set of criteria outlined below. These assessment criteria reflect the key potential impacts – costs and benefits – of the rule change request. We consider these impacts within the framework of the NGO and NERO.

The Commission's regulatory impact analysis may use qualitative and/or quantitative methodologies. The depth of analysis will be commensurate with the potential impacts of the proposed rule change. We may refine the regulatory impact analysis methodology as this rule change progresses, including in response to stakeholder submissions.

Consistent with good regulatory practice, we also assess other viable policy options - including not making the proposed rule (a business-as-usual scenario) and making a more preferable rule - using the same set of assessment criteria and impact analysis methodology where feasible.

4.3.2 Assessment criteria and rationale

The proposed assessment criteria and rationale for each is as follows:

- **Outcomes for consumers:** Would the proposed solutions in the ECA and JEC rule change requests promote equitable cost recovery through the implementation of a beneficiary/causer pays principle? Which consumers would benefit by paying less and which consumers may experience increased costs? Would the proposed solution allocate the costs and benefits efficiently and fairly to consumers?

99 Section 236(2)(b) of the NERL.
100 That is, the legal tests set out in sections 236(1) and (2)(b) of the NERL.
101 Section 293 of the NGL.
102 Items 48 and 52 of Schedule 1 of the NGL.

- **Safety, security and reliability:** Would the JEC proposed solution provide for the safe provision of different disconnection/abolishment services, while continuing to promote the efficient operation of the network?
- **Principles of economic efficiency:** Would the proposed solution ensure efficient investment in gas distribution networks? Would the proposed solution allocate the costs and risks related to gas connection and disconnection/abolishment (including the risk of asset stranding) to the appropriate parties? Would application of the beneficiary/causer pays principle incentivise customers to make more efficient connection and disconnection/abolishment decisions?
- **Principles of good regulatory practice:**
  - **Simplicity:** Would the proposed solutions on regulating gas connection and disconnection/abolishment charges provide clarity and consistency of approach across networks?
  - **Transparency**: Would the proposed solutions provide customers with increased transparency of services and associated costs?
  - **Broader direction of reform**: Would the proposed solutions align with the general direction of reforms being implemented by jurisdictions and the expected decline in gas use by residential and commercial customers?
- **Emissions reduction:** How may introducing cost-reflective connection and disconnection/abolishment charges drive consumer behaviour regarding decisions to connect and permanently leave the gas network? What will be the overall impact on gas consumption and related emissions?

Question 15: Assessment framework

Do you agree with the proposed assessment criteria? Are there additional criteria that the Commission should consider or criteria included here that are not relevant?

4.4 We have three options when making our decision

After using the assessment framework to consider the rule change request, the Commission may decide:

- to make the rule as proposed by the proponent[103]
- to make a rule that is different to the proposed rule (a more preferable rule), as discussed below, or
- not to make a rule.

The Commission may make a more preferable rule (which may be materially different to the proposed rule) if it is satisfied that, having regard to the issue or issues raised in the rule change request, the more preferable rule is likely to better contribute to the achievement of the NGO or NERO.[104]

103 ECA describes its proposed rule in section 5.3 and JEC describes its proposed rule in chapter 3 of the respective rule change requests.
104 Section 296 of the NGL and 244 of the NERL.

4.5 Making gas rules in Western Australia

The versions of the NGL and NGR that apply in Western Australia differ from the NGL and NGR as they apply in other participating jurisdictions.[105]

As a result, the Commission's power to make rules for Western Australia differs from its rule-making power under the NGL.[106]

The Commission's power to make gas rules for or with respect to the connection of premises of retail customers,[107] and charges for the connection of premises of retail customers,[108] do not apply in Western Australia.[109]

The Commission will consider whether any proposed rules may be made in Western Australia under other heads of power that do apply in that jurisdiction, and the extent that any proposed rules should apply.

105 Under the *National Gas Access (WA) Act 2009* (WA Gas Act), a modified version of the NGL, known as the National Gas Access (Western Australia) Law (WA Gas Law), was adopted. Under the WA Gas Law, the National Gas Rules applying in Western Australia are version 1 of the uniform NGR as amended by the SA Minister under an adoption of amendments order made by the WA Minister for Energy and by the AEMC in accordance with its rule making power under section 74 of the WA Gas Law. See the AEMC website for further information, National Gas Rules (Western Australia).

106 See section 74 of the WA Gas Law for the subject matters for the AEMC's rule making power in Western Australia.

107 Section 74(1)(a)(viii) of the NGL.

108 Item 44 of Schedule 1 of the NGL.

109 These provisions are not included in the WA Gas Law.

Abbreviations and defined terms

AEMC	Australian Energy Market Commission
AEMO	Australian Energy Market Operator
AER	Australian Energy Regulator
AGN (SA)	Australian Gas Networks (South Australia)
Commission	See AEMC
Distributors	Gas distribution network operator
ECA	Energy Consumers Australia
ERA	Economic Regulation Authority of Western Australia
ESCV	Essential Services Commission Victoria
GSOO	Gas Statement of Opportunities
JEC	The Justice and Equity Centre
NECF	National Energy Customer Framework
NERL	National Energy Retail Law
NERO	National Energy Retail Objective
NERR	National Energy Retail Rules
NGL	National Gas Law
NGO	National Gas Objective
NGR	National Gas Rules
Proponent	The proponent of the rule change request
RAB	Regulatory asset base