

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

10 July 2025

Dear Ms Collyer

Proposed amendments to the National Energy Retail Rules: Permanent gas abolishment and temporary disconnection

ActewAGL Retail (ActewAGL) welcomes the opportunity to respond to the Australian Energy Market Commission's (AEMC) Consultation paper regarding two proposed rule changes relating to gas network arrangements. One proposal, submitted by Energy Consumers Australia (ECA), seeks to amend the National Gas Rules (NGR) to prevent the socialisation of costs associated with new gas connections. The other, submitted by the Justice and Equity Centre (JEC), proposes amendments to the NGR and the National Energy Retail Rules (NERR) to establish a new regulatory framework for gas disconnections, including both temporary disconnections and permanent abolishments.

ActewAGL is an energy retailer servicing the Canberra region and surrounding areas of south-east New South Wales, including Queanbeyan, Goulburn, the Snowy Mountains, Nowra and the South Coast.

ActewAGL recognises that with changes to policy and incentives impacting gas connection and disconnection decisions, it is timely to consider the regulatory approaches applied to these services. ActewAGL supports the intent of the rule changes proposed by the ECA and the JEC, which aim to ensure that approaches to connection, disconnection and abolishment charges within the gas regulatory framework reflect the changing context. Due to the ACT Government's decision to phase out the gas network in the ACT by 2045, it is anticipated that demand for gas will decline more rapidly in the ACT than in other jurisdictions. For the ACT market, any changes to the NGR relating to connection charges will not be relevant, as new connections have been banned. However, issues related to equity and customer impacts associated with disconnections discussed in the AEMC's Consultation paper are likely to emerge sooner.¹

In this context, ActewAGL is concerned that socialising the costs of connection, disconnection and abolishment among all gas distribution network customers would place a growing and disproportionate burden on gas customers who remain connected. As demand from residential and small commercial customers declines and more households disconnect from the gas

¹ ACT Government, The Integrated Energy Plan 2024–2030: Our pathway to electrification, June 2024.

network, the financial pressure on these customers will increase, especially for those who cannot afford to, or do not have the choice to, electrify their gas consuming appliances. While socialised connection costs were previously justified by broad customer benefits from network expansion, a shrinking customer base now risks driving up network charges. Continuing this model – along with introducing socialised disconnection charges – may accelerate the exit of those able to electrify, leaving behind customers with limited alternatives. This would place further pressure on customers already exposed to broader cost-of-living pressures. For retailers, this also poses growing risks of bad debt and increased customer hardship.

The JEC has requested that the AEMC make amendments to the NERR to support the introduction of a new regulatory framework for temporary disconnections and permanent abolishment. While detail is limited at this stage, the proposal indicates that retailers will face new administrative responsibilities, such as:

- 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
- amendments to the standard retail contract terms.²

While ActewAGL supports further clarity for customers and industry, which could include more standardised service offerings and definitions, it is important that flexibility remains to ensure that the regulatory framework is adaptable to the specific circumstances in each jurisdiction. This includes the positions of each jurisdiction's safety regulator. For example, ActewAGL notes that Evoenergy's Access Arrangement proposal for the 2026–31 period proposes a targeted approach to permanent disconnections, and that this has been based on the findings of an independent safety assessment.³ If adopted, this would significantly reduce the costs to the ACT community, relative to if all properties required a permanent disconnection.

Within this necessary flexibility, clarity in processes is essential to achieving better outcomes for customers, particularly as disconnections from the gas network in the ACT are expected to increase significantly over time. In ActewAGL's experience, many customers pursuing electrification raise concern and report being taken aback by the cost of permanently disconnecting from gas. In addition, terms like 'abolish' or 'wad' are unfamiliar to many customers, and the process can seem unclear or difficult. While abolishment charges may not be a standalone barrier to electrification, they contribute to an overall sense of frustration and inequity, particularly for customers who have already invested in sustainable technologies. This highlights the need for improved customer education and for clearer and more consistent messaging from government and industry, to ensure the public understands the rationale behind these charges and how they fit into wider energy transition policy.

ActewAGL emphasises the importance of limiting regulatory change that would come at a

² AEMC, Consultation paper Gas distribution networks: Connection and permanent abolishment charges, June 2025, p 21.

³ Evoenergy, Evoenergy's five-year gas plan 2026–31: overview, June 2025, p 47.

material cost to gas customers. Although the JEC has stated that the proposed changes will not result in material cost implications for retailers, ActewAGL notes that it is likely they will result in implementation and ongoing cost implications. These include system upgrades, staff training, and broader setup costs to support implementation. Business-to-business (B2B) processes may also need to be updated or established to support information exchange between retailers and distributors. This includes formalising how requests are submitted, how consent is verified and how data flows are managed across systems. Any proposed changes need to be carefully considered in terms of adding cost for customers in a declining gas market.

ActewAGL is committed to supporting its customers through the energy transition, including by helping them understand their options and manage expectations around emerging costs. As the rules continue to evolve, ActewAGL supports a framework that is fair, easy to understand and practical for all stakeholders. At the same time, it is essential that the framework has sufficient flexibility to ensure optimal outcomes for customers, particularly for households that may face greater challenges during the energy transition.

Should you have any questions in relation to this submission please contact Rohan Richardson, Group Manager Pricing, Analytics and Regulatory, by phone on (02) 6248 3592 or via email to: rohan.richardson@actewagl.com.au.

Yours sincerely

A handwritten signature in black ink, appearing to be "Rachael Turner", enclosed within a circular scribble.

Rachael Turner
General Manager - ActewAGL Retail