



10 July 2025

Australian Energy Market Commission  
Project reference code **GRC0085**

Online submission at: [www.aemc.gov.au](http://www.aemc.gov.au)

## **Gas distribution networks: connection and permanent abolishment charges**

---

On behalf of the Southern Sydney Regional Organisation of Councils (SSROC), thank you for the opportunity to comment on the proposed rule amendments submitted by Energy Consumers Australia (ECA) and the Justice and Equity Centre (JEC).

SSROC is an incorporated association of 12 councils which collectively represent more than 1.8 million people – a third of Greater Sydney’s population – spanning the inner west, eastern suburbs, CBD and southern Sydney. Our councils are committed to shaping sustainable, resilient communities and delivering fair outcomes for residents through regional collaboration and advocacy.

### **Support for ECA’s Proposal – Cost-Reflective New Connections**

SSROC supports ECA’s proposal to amend the National Gas Rules (NGR) to require distributors to charge the full cost of a new gas connection through an upfront fee.

We believe this is an essential reform to ensure fairness, transparency, and alignment with energy transition goals. Requiring new customers to cover the full cost of their connection sends a more accurate price signal and avoids unjust cost transfers to existing users – particularly those who may be actively moving away from gas.

Importantly, our support includes costs associated with supply and metering on the existing network, but not network augmentation that enables broader access to gas in areas currently without supply. These network expansion costs should not be passed on to individual residential customers via connection fees.

Currently, while the cost of new connections is socialised, gas distributors do not apply the same approach to the much higher costs of permanent disconnection. This imbalance creates a perverse incentive to connect, while penalising those seeking to disconnect.

### **Support for JEC’s Proposal – Disconnection Framework and Cost Reform**

SSROC also supports JEC’s proposed reforms to introduce clear definitions for disconnection services, enable contestability, and implement a framework for cost-reflective pricing.

The absence of a permanent abolishment framework is a critical gap, especially as households and businesses increasingly seek to electrify. Without clear rules, transparency, or market choice, current abolishment charges risk being inflated beyond cost-reflective levels – effectively discouraging customers from leaving the network.

High abolishment fees entrench gas use, hinder electrification, and undermine the objectives of the *Future Gas Strategy*, which commits to net zero emissions by 2050. A user-pays approach must not be used to protect incumbent business models or stall decarbonisation.

We acknowledge the need for cost recovery but stress that charges must be transparent, contestable where feasible, and designed in a way that supports, rather than blocks, the energy transition.

### Key Recommendations

To that end, we urge the Commission to ensure that any rule amendments are underpinned by principles of affordability, transparency, and consumer empowerment. Specifically:

- **New gas connections** should pay the full cost of supply to their premises, but not fund broader network expansion.
- **Permanent disconnection charges** must be fair and not serve as a barrier to electrification.
- **Contestability** in disconnection and abolishment services should be encouraged to reduce costs and improve service access.
- Where contestability is not yet viable, **standardised service fees** should be introduced.
- **Temporary disconnections** should be made affordable – especially for low-income households and renters with seasonal usage patterns.
- The AEMC should consider **innovative tariff structures**, such as reduced daily supply charges for partial or inactive gas use.

### Encouraging Future Reform

Beyond these changes, we encourage the AEMC and related bodies to explore **financial incentives for electrification and disconnection** in future rule-making. This aligns with the Australian Government's modelling, which projects a 49–72% decline in domestic and small business gas use by 2043. To achieve this, disconnection must not only be permitted – it must be enabled and supported.

---

In closing, SSROC supports the proposed rule changes as a meaningful and necessary step. We urge the Commission to go further in ensuring disconnection is **affordable, contestable, and consistent with national emissions goals**.

Thank you again for the opportunity to contribute.

Yours faithfully

A handwritten signature in black ink, appearing to read "H Sloan", is positioned above the printed name and title.

Helen Sloan

**CEO**

**Southern Sydney Regional Organisation of Councils (SSROC) Inc**