

10 July 2025

Ms Anna Collyer
Chair, Australian Energy Market Commission
Level 15, 60 Castlereagh Street
Sydney NSW 2000

Submitted by email: aemc@aemc.gov.au

Reference code: GRC0085, GRC0086

Dear Ms Anna Collyer

Re: Establishing a regulatory framework for gas disconnections and permanent abolishment.

Evoenergy welcomes the opportunity to provide a submission to the Australian Energy Market Commission (AEMC) relating to their Consultation Paper on 'Gas distribution networks: Connection and permanent abolishment charges' ('Consultation Paper').¹ The Consultation Paper requests feedback on the rule change request by the Justice and Equity Centre (JEC) to amend the National Gas Rules (NGR) and the National Energy Retail Rules (NERR) to create a new regulatory framework for gas network disconnections. The Consultation Paper also seeks feedback on the rule change request by Energy Consumers Australia (ECA) to charge customers upfront for a new gas connection.

The Consultation Paper comes at a time of projected reductions in gas demand, increasing government intervention, and diverging jurisdictional arrangements to achieve greenhouse gas emissions reduction. For Evoenergy's gas network, we forecast a 28 percent decrease in gas network connections (over 55,000 disconnections) and 24 percent decrease in gas consumption over the next five years.² This reflects the ACT Government's commitment to electrifying the territory by 2045, and intention to commence phased gas network decommissioning from 2035.³ It is more important than ever before that rule changes promote the long-term interests of gas consumers by supporting policy that promotes efficient gas services while maintaining flexibility within the regulatory framework to adapt to the individual circumstances of service providers within jurisdictional operating contexts.

We consider it important to ensure that the regulatory regime remains fit for purpose during a transition to full electrification while avoiding additional implementation costs and complexity at a time of reducing demand with fewer customers to share those costs and still promoting fairness and equity given not all customers have the same choice to transition off gas early. This is

¹ AEMC, Consultation paper Gas distribution networks: Connection and permanent abolishment charges, 12 June 2025.

² Evoenergy, Gas Access Arrangement Proposal 2026-31, Attachment 2: Demand forecast, June 2025.

³ ACT Government, 2024–2030, The integrated energy plan: Our pathway to electrification, 2024, pp. 19, 55.

consistent with our stakeholder feedback to minimise network costs and promote an equitable transition path.

Permanent disconnection services include the minimum amount of works to ensure sites are left in a safe state, reflecting low costs. We support a user-pays cost recovery approach for permanent disconnections to promote economic efficiency in the long term interests of gas consumers. Safety assessment findings of the Evoenergy gas network concluded that the costs associated with disconnecting all single detached residential non-consuming premises is disproportional to maintaining a risk level as low as reasonably practicable.⁴ A permanent disconnection is necessary for building demolitions and for residential property sales where all appliances have been electrified. As such, determining which disconnection service is most appropriate will depend on the circumstances of the individual property and the property owner. Therefore, incentivising permanent (instead of temporary) disconnections through cross subsidisation is unnecessary. Furthermore, it is inappropriate to force a permanent disconnection, except for circumstances based on safety assessment that is specific to individual gas networks.

We consider that sufficient flexibility needs to be retained in the regulatory framework to accommodate substantial differences in jurisdictional arrangements and account for the unique operating environment of each individual gas network. Specifically:

- There is a gap in the regulatory framework related to consumer information provisions, including allowing consumers to actively choose between temporary and permanent disconnections (where appropriate) and relevant customer notification of pressurised gas on premises to support safety outcomes.
- It remains sufficient that the services offered by gas networks, including the definitions and associated scope of works for disconnection services, are included in individual access arrangements.
- It is not in the long term interests of gas consumers to separate permanent disconnection and meter removal services, which supports safety outcomes – leaving the gas meter in situ as part of a permanent disconnection would cause confusion of whether pressurised gas remains on the premises and increases the risk of gas theft.
- Provisions for the transfer of ownership of gas network assets between service providers and customers increases risk of gas theft and increases administrative burden for networks and customers associated with the contractual transfer of legal liability and associated capital asset disposals.

The appendix details Evoenergy's position on the proponent's rule change request and responds to a selection of issues raised in the Consultation Paper.

Evoenergy's gas network straddles both ACT and NSW jurisdictions, and with the ACT Government's ban of new gas network connections, we forecast only an additional 1,400 new connections in NSW over the next five years.⁵ Therefore, we consider that the introduction of upfront gas network connection charges for scheme pipelines will impact relatively few customers

⁴ Evoenergy, Appendix 8.1 Disconnection services, June 2025, pp. 19-21.

⁵ We forecast 1,414 new connections in NSW, including 1,367 residential connections, 47 commercial connections, and 0 industrial connections.

connecting to Evoenergy's network. Given that the ACT Government have committed to phased decommissioning of the gas network from 2035⁶ and low forecast connection volumes on our network, implementation costs and complexity of introducing connection charges needs to be carefully considered against short term benefits. In principle Evoenergy supports introduction of upfront connection charges, however we consider that:

- In our operating context, upfront connection charges for residential and commercial customers should include dedicated customer assets (service inlet, meter, and regulator) as well as gas network extensions and associated taxes incurred, with upfront connection charges treated as a capital contribution under the building block regulatory framework.
- Flexibility to charge an average upfront charge based on customer classes, rather than bespoke individually calculated charges is important to minimise administrative burden and implementation costs given the small volume of connections on our network
- The commencement date of any upfront connection charges will need to be subject to the timing of when connection applications are lodged, allowing sufficient time for implementation and communication with affected customers.

In our operating context with low connection volumes, we do not support the introduction of differentiated tariffs to reflect differences in connection charges paid. We support tariff structures that are simple and have low administration and implementation costs, as being in the long-term interests of our customers. We also consider that the administrative costs and benefits associated with calculating and implementing connection charges should be considered in the context of low connection volumes.

Given the timing of our 2026–31 access arrangement determination, with our revised proposal due January 2026, the AEMC should provide gas networks with clarity on the rule change direction and expected implementation timing (if relevant) as early as possible. Implementation considerations that impact our revised proposal include updating the model standing offer for basic connections, capital expenditure forecasts, demand forecasts, and incorporating any implementation costs in expenditure forecasts.

Should you have any questions or wish to further discuss the matters raised in this submission, please contact Ashlyn Napier, Principal Regulatory Economist at ashlyn.napier@evoenergy.com.au.

Yours sincerely



Megan Willcox
General Manager, Economic Regulation

⁶ ACT Government, 2024-2030 The Integrated Energy Plan: Our pathway to electrification, 2024, p. 19.

Appendix: Gas network disconnections

1.1 Gaps in the regulatory framework

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

We consider that there is a gap in the regulatory framework for gas disconnections related to customer information provisions. Typically, energy retailers lodge a service request, including the type of disconnection on behalf of customers. We understand that retailers are not required and may not necessarily offer customers an active choice between a temporary and a permanent disconnection when closing a gas retail account. Our customer research suggests that most customers may be unaware of the difference between a temporary and permanent disconnection.⁷ Therefore, we consider that the regulatory gap relates to information sharing provisions, and that changes are required to the gas regulatory framework, including the NERR, to ensure that:

- Where appropriate, customers are actively offered an informed choice between a temporary and permanent disconnection when closing their gas retail account. We recognise that there are cases where a customer should be offered an active choice, and other instances where it may not be appropriate. A temporary disconnection is sometimes the most appropriate option, such as for non-payment or when a customer is moving out of a property. However, based on the outcomes of our safety assessment, permanent disconnections must be undertaken for building demolitions and for when a detached residential property with electrified appliances is sold.⁸ Determining which disconnection service is most appropriate will depend on the circumstances of the individual property and the property owner. Given there is a ban on new gas network connections in the ACT, permanent disconnections should only be offered to the property owner (not renters) since it is not reversible.⁹
- Non-consuming properties (particularly single detached residential dwellings) are periodically notified by the Financially Responsible Organisation (FRO) if pressurised gas remains on the premises,¹⁰ including sharing relevant distributor-specific safety information and jurisdictional considerations (such limitations on gas network connections in the ACT). We recognise that distribution networks may need to be responsible for notifications of properties with an unclaimed Meter Installation Registration Number (MIRN).¹¹

⁷ Evoenergy, Appendix 8.1 Disconnection services, June 2025, p. 27.

⁸ Evoenergy, Appendix 8.1 Disconnection services, June 2025, pp. 19-21.

⁹ The *Climate Change and Greenhouse Gas Reduction Act 2010* (ACT) restricts natural gas connections.

¹⁰ We note that pressurised gas may remain on the premises in some cases, such as for multi-occupant buildings where not all properties have been permanently disconnected.

¹¹ Unclaimed MIRNS are without a designated retailer because they are legacy connections that predate the 2016 Retail Market Procedures.

1.2 Service definitions and scope of works

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

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 to limit temporary disconnections?

Evoenergy considers that it remains appropriate for networks to propose services, the definitions of those services, and associated scope of works, in individual access arrangements, subject to the existing Reference Service Proposal (RSP) process.¹² While we recognise benefits of adopting uniform definitions for gas distribution networks to improve consistency, the rule change proposed definitions do not adequately account for flexibility within different jurisdictional and changing operating contexts, and are not in the long-term interests of customers. Additionally, there is broader question of why other services, particularly ancillary reference services, are also not defined in the NGR (e.g., special meter reads or wasted site visits). We consider that the NGR does not need to be prescriptive in terms of ancillary service definitions.

1.2.1 Permanent disconnections

The proponent's proposed definition for a permanent disconnection service "is the minimum works required to safety discontinue the supply of gas to a retail customer."¹³ We note that a permanent disconnection involves safety de-energising a connection and removing the MIRN from the market.

Flexibility in the services that we offer, including the scope of works, allows us to provide differentiated permanent disconnection services to minimise costs for our customers while accounting for the individual circumstances of our customers. While some permanent disconnections will be basic in nature, others will be substantially more complex. Those complex permanent disconnections may require customised works such as water meter removal, concrete cutting, hard surface restoration (e.g., concrete, asphalt concrete with special surfaces and pavers, or other non-turf surfaces), active traffic management, third-party standbys, coordination between multiple occupants, works on steel gas services or mains, and other identified customised requirements. Works associated with a permanent disconnection service may be dependent on the age of the network, other pipeline assets, and the extent of restoration activities.

The scope of works included in a permanent disconnection service may vary between different customers based on type of connection to ensure that a site is left in a safe state. The specific scope of works of a permanent disconnection and associated costs will vary based on complexity, such as if it is for a single detached residential property, a multi-occupant building with units and

¹² National Gas Rules, 47A(1).

¹³ JEC, Gas Distribution Network Rule Change Request – Fit for purpose gas disconnection arrangements, May 2025, p. 20.

commercial customers, or demand customers connected to high-pressure steel gas mains. Definitions (including the scope of works) need to be sufficiently broad and flexible, given differences in jurisdictional government policy, the nature and design of each individual gas network, and the specific needs of individual customers.

The JEC rule change proposes an indicative scope, suggesting “that making a safe permanent disconnection would involve “capping the supply at the path valve, where one is present and this action only effects 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 ...”.¹⁴

Permanent disconnections must include physical discontinuation of the pipe to avoid damage for future excavation strikes. We note that the scope of works proposed by the JEC to constitute a permanent disconnection does not adequately mitigate the safety risk of a gas leak. Turning the path valve off is inadequate and leaves the gas pipeline connected to the service main, creating the safety risk of a gas leak if the pipeline is pulled or disturbed. In fact, path valves are predominantly used for multi-occupant buildings and commercial customers, and many residential connections do not have a path valve. JEC’s proposed scope does not constitute a safe permanent disconnection.

Safe permanent disconnection procedures are outlined by Australian Energy Market Operator (AEMO), jurisdictional technical regulation, and individual gas networks. The most recent AEMO NSW-ACT Build Pack clarifies that when performing a permanent disconnection, the “Distributor will have operational choice to endeavour to stop gas from flowing, via whatever means applicable up to total disconnection”.¹⁵ The Gas Service and Installation Rules (GS&I Rules) are issued by Evoenergy pursuant to the Gas Service and Installation Code, under the *Utilities (Technical Regulation) Act 2014*. The GS&I Rules describe the process of a permanent disconnection and prescribe that it “is applied by an Authorised Person outside of the property boundary by cutting the service pipe, capping off at the gas main in the public road reserve and removing the metering installation”.¹⁶ Evoenergy’s definition of a permanent and temporary disconnection services includes that “the specific method of permanent disconnection will be at the discretion of Evoenergy to ensure the site can be left in a safe state.”¹⁷ The scope of works associated with safe permanent disconnection procedures should not be prescriptively defined in the national gas regulatory framework nor defined by an economic regulator.

We consider that it is sufficient to include services, the definitions of those services, and the associated scope of works, in individually approved access arrangements, that can account for the different jurisdictional, technical standards, and operating environments of each gas network. The current jurisdictional flexible approach allows us to adapt to evolving circumstances. For example, our permanent disconnection services, including the scope of works included in each of those services, have evolved with additional safety information, and shaped by feedback that we have

¹⁴ JEC, Gas Distribution Network Rule Change Request – Fit for purpose gas disconnection arrangements, May 2025, p. 10-11.

¹⁵ AEMO, Participant Build Pack 5: NSW-ACT specific build pack, March 2025, p. 290.

¹⁶ Evoenergy, Gas Service and Installation (GS&I) Rules, May 2024, p. 28.

¹⁷ Evoenergy, Appendix 8.1 Disconnection services, June 2025, pp. 15-17, 30.

heard from our customers. Figure 1 shows the changes in our permanent disconnection services, which has evolved based on safety assessments and consumer engagement.¹⁸

Figure 1 Evoenergy’s permanent disconnection services

2021–26 access arrangement	AER Reference Service Proposal decision	2026–31 access arrangement
Abolishment (Volume Customer and Demand Customer Delivery Points)	Permanent disconnection (abolishment) (Volume Customer)	Basic permanent disconnection
		Basic (urgent) permanent disconnection
		Complex permanent disconnection

The rule change request includes a provision for gas network distribution service providers to undertake a permanent disconnection at the expense of property owners if a temporary disconnection renewal service request and tariff is not received.¹⁹ Evoenergy considers that it is not in the long-term interests of customers that gas networks “provide a permanent disconnection service without the consent of a retail customer or property owner”.²⁰ Our safety assessment concluded that “the costs associated with permanently disconnecting all non-consuming properties are disproportionate to the risk.”²¹ That is, a permanent disconnection is not necessary in all cases for customers to safely exit the gas network.

Forced permanent disconnections may also have perverse outcomes based on jurisdictional arrangements. In the ACT, permanent disconnections are not reversible under the *Climate Change and Greenhouse Gas Reduction Act 2010* (ACT), which restricts natural gas connections. Specifically, section 13A restricts gas distributors from providing a “new gas connection for natural gas in an area, or to stated premises in an area, prescribed by regulation.” The definition of ‘new gas connection’ includes “if an existing connection to premises is permanently removed, the replacement or reinstatement of the connection.” Under ACT legislation, a customer cannot connect again to the network without an exemption from the Minister for Climate Change, Environment, Energy and Water under regulation 11 of the *Climate Change and Greenhouse Gas Reduction Regulation 2011*. If a permanent disconnection is undertaken without consent from the property owner, as per Rule X2(3) of the JEC proposal, that customer cannot be reconnected without an exemption from the Minister, even in the circumstances where the service should not have been undertaken, such as for debt reasons or a tenant moving in or out of a property.

¹⁸ Evoenergy, Appendix 8.1 Disconnection services, June 2025, p. 14.

¹⁹ JEC, Gas Distribution Network Rule Change Request – Fit for purpose gas disconnection arrangements, May 2025, p. 13.

²⁰ JEC, Gas Distribution Network Rule Change Request – Fit for purpose gas disconnection arrangements, May 2025, p. 20.

²¹ Evoenergy, Appendix 8.1 Disconnection services, June 2025, p. 7.

1.2.2 Temporary disconnections

The rule change proponent defines a temporary disconnection service as “the disconnection of a retail customer’s premises by physically stopping the supply of gas to the premises” and specifies that a temporary disconnection service “cannot be provided for more than 12 months without being renewed”.²² We consider that it is sufficient for services offered by gas distribution networks, including the definition and scope of work of those services to be included in individual access arrangements, approved by the AER.

The rule change request includes to only allow temporary disconnections for a 12 month period on a rolling basis, without a limitation on the number of renewals, and an ongoing 12 month charge. Evoenergy considers it unnecessary to fix a condition of reconnecting or permanently disconnecting a service within 12 months of a temporary disconnection in the national gas regulatory framework.

For the Evoenergy gas network, permanent disconnections for all exiting customers are not necessary based on safety. An independent safety assessment of Evoenergy’s gas network for non-consuming detached residential dwellings concluded that the costs associated with permanently disconnecting all premises is disproportional to maintaining a risk level ‘As Low As Reasonably Practicable’ (ALARP).²³ The safety assessment identified that the risk level increases over time due to property owners becoming less aware of pressurised gas on the property if the service remains in situ. Specifically, customers demolishing a property or selling a property with electrified appliances must permanently disconnect. As such, determining which disconnection service is most appropriate will depend on the circumstances of the individual property and the property owner. Except in limited instances, a temporary disconnection can be used as a safe functional abolishment, which may allow for a safe and efficient outcome where parts of the gas network may be decommissioned, such as at a street or suburb level, from 2035 based on the ACT Government’s Integrated Energy Plan.

Given that it is not necessary that all customers permanently disconnect when exiting the gas network based on safety, it is also not necessary to prescribe reconnection or permanent disconnection of a service within 12 months of a temporary disconnection in the national gas regulatory framework. Except for building demolitions and detached residential property sales with electrified appliances (targeted permanent disconnection approach), a temporary disconnection is a safe way to permanently exit the gas network, which will better facilitate economic efficiency throughout the energy transition. A targeted permanent disconnection approach, based on safety assessment findings specific to our gas network, is well-suited for jurisdictions like the ACT, allowing for a flexible treatment of disconnected and non-consuming services to facilitate an efficient and coordinated energy transition.

Evoenergy also considers that it is unclear how a tariff would be set where there is no cost or associated service upon which to base the ongoing 12 month charge. While gas networks incur ongoing costs to maintain temporarily disconnected sites (such as meter reads to prevent gas theft,

²² JEC, Gas Distribution Network Rule Change Request – Fit for purpose gas disconnection arrangements, May 2025, p. 23.

²³ Evoenergy, Appendix 8.2: Disconnection Services, June 2025, pp. 16-17.

emergency response services, and jurisdictional taxes and levies),²⁴ it is unclear whether ongoing costs not yet incurred can be recovered on an annual basis where a premises is disconnected and no longer has a gas retail account. Distribution network's ability to bill retailers and customers is governed by the NGR, and subject to retailers being permitted to recover costs from a shared customer under the NERL and NERR.²⁵

We support the AEMC reviewing the legal and regulatory framework for recovering ongoing costs, including not yet incurred costs, associated with maintaining temporarily disconnected sites from customers directly responsible for imposing those costs on gas distribution networks. However, we note that ongoing and not yet incurred costs associated with maintaining temporarily disconnected sites lends itself to the broader and complex question of recovering fixed network costs associated with maintaining safe and reliable gas services over a declining customer base that is subject to jurisdictional government policy.

If ongoing costs associated with maintaining temporarily disconnected sites were recovered in a single temporary disconnection charge,²⁶ there are significant equity and compliance considerations, including for customers who are disconnected for the purpose of debt recovery compared to those who intend to use a temporary disconnection as a functional abolishment. Under such approach, it would likely be more economic for a retailer to request a permanent disconnection instead of a temporary disconnection charge inclusive of ongoing maintenance and regulatory compliance costs.

1.3 Permanent disconnection and remediation services

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

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?

1.3.1 Permanent disconnection services

The rule change request includes a positive duty on gas distributors to provide permanent disconnections to a minimum standard that safely discontinues supply to minimise charges. As each jurisdiction has its own technical and safety regulator, we understand that the effect of the proposed minimum standard is not to impose new safety obligations, but to prevent gas distribution

²⁴ Evoenergy, Appendix 8.1 Disconnection services, June 2025, pp. 31-32.

²⁵ The National Energy Retail Law (South Australia) Act 2011 defines a shared customer "in relation to a distributor and a retailer, means a person who is a customer of the retailer and whose premises are connected to the distributor's distribution system".

²⁶ For example, the NPV of future maintenance costs associated with temporary disconnections based on jurisdictional government policy, network decommissioning plans, and including jurisdictional taxes and levies.

networks from providing and charging customers for more than the minimum necessary services to safely undertake a permanent disconnection.

In the ACT, the utility is responsible for safely operating and maintaining gas networks: “A utility must manage the design, construction, operation and maintenance of the gas network to ensure the safe, reliable and efficient supply of gas.”²⁷ Jurisdictional regulation imposes safety obligations on gas utilities,²⁸ engineering standards clarify how disconnection services should be performed safely,²⁹ and safety assessments inform which type of disconnection should be performed.

We consider that a ‘minimum make safe standard’ is duplicative where networks already have jurisdictional technical obligations and may be overly prescriptive where the specific ‘make safe’ arrangements vary based on type of connection and individual circumstances.

1.3.2 Remediation (including meter removal) services

That proposed NGR amendments include:

1. That the scope of works for a safe permanent disconnection should exclude “optional” remediation services, defined as works additional to those required for permanent disconnection services such as the removal of meters and other network assets.³⁰
2. If customers do not explicitly request for the removal of gas network assets, including meter removal, at the time of a permanent disconnection, the distributor will leave the meter in situ.³¹
3. If any assets are left on a customer’s property by the service provider following a permanent disconnection, including gas meters and pipelines, those assets are to be transferred in ownership from the service provider to the customer.³²

The removal of gas network assets, including removal of gas and hot water meters, from a customer’s property should not constitute ‘remediation’ services that go beyond safely performing a permanent disconnection. The removal of gas meters included in a permanent disconnection service does not increase costs – the meter is removed while gas technicians are waiting for the cap on the service to cure, before the excavation can be backfilled. The cost of a basic permanent disconnection may be reduced where networks can recycle meters or recover scrap metal value. Prescriptively excluding gas meter removals from a permanent disconnection would marginally increase the cost of the service.

²⁷ Utilities (Technical Regulation) (Gas Safety and Network Operation Code) Approval 2021, clause 5.1

²⁸ For example, see ACT Government, Utilities (Technical Regulation) (Gas Safety and Network Operation Code) Approval 2021.

²⁹ For example, see AS/NZS 4645 Gas distribution networks.

³⁰ JEC, Gas Distribution Network Rule Change Request – Fit for purpose gas disconnection arrangements, May 2025, pp. 11-12.

³¹ JEC, Gas Distribution Network Rule Change Request – Fit for purpose gas disconnection arrangements, May 2025, p. 12.

³² JEC, Gas Distribution Network Rule Change Request – Fit for purpose gas disconnection arrangements, May 2025, pp. 12, 21.

Under the proposed rule change, customers would be required to purchase an additional gas meter removal ('remediation') service. The application of a 'minimum make safe standard' to prohibit gas meter removal during a permanent disconnection would not only increase the cost of the service but also require disconnecting customers to purchase an additional service. This approach is inefficient and significantly increases complexity and administrative burden for networks and our customers, where we would need to offer additional services, and customers would have to request additional services. Evoenergy considers that recovering inefficient costs from customers and increased complexity to disconnect from the gas network are not in the long term interests of customers and are inconsistent with the National Gas Objective to support the achievement of jurisdictional greenhouse gas emissions reduction targets.

A key reason why we leave the meter in situ when undertaking a temporary disconnection is to provide a visual reminder for customers and our gas technicians that pressurised gas is on that property. Removing the gas meter as part of a permanent disconnection indicates that there is no pressurised gas on the property. We consider that leaving the gas meter in situ as part of a permanent disconnection would cause confusion for customers around whether pressurised gas remains on the premises, and means that our gas technicians will need to undertake additional safety checks before performing each temporary and permanent disconnection service.

Leaving gas meters in situ on permanently disconnected sites creates risks, such as where abandoned gas meters could be used to steal gas. The costs of unaccounted for gas is incurred by Evoenergy and recovered from the pockets of remaining gas customers. While we agree that the removal of all gas network assets (such as the service line) is unnecessary for a permanent disconnection, we consider that gas meter removals continue to be in the long-term interest of gas customers to minimise costs.

Evoenergy strongly opposes gas network asset ownership transfer provisions included in the rule change proposal for the following reasons:

- Gas distributors have jurisdictional safety obligations in relation to utility assets, including meters. It is unclear how we could continue meeting our jurisdictional regulatory obligations under an arrangement where we no longer own assets but incur safety and reporting obligations. For example, we must maintain metering equipment records, including meter location, calibration and testing information, and performance data (e.g. accuracy). We have a jurisdictional responsibility to "use reasonable endeavours to ensure that the meter and meter assemblies are not tampered with and that meters are not recalibrated to render a meter inaccurate".³³ Under the proposed approach, gas networks would be responsible for assets that it does not own nor have access to meet technical and safety regulatory obligations.
- Gas meters are owned by network distributors and included in the capital asset base (CAB), where a return on and return of (depreciation) is earned over the economic life of the asset. The transfer of gas network assets included in the CAB may require a legal transfer of ownership for each individual meter, such as through a contract, to transfer legal liability and allow for an appropriate CAB asset disposal. Transfer of ownership, including shifting legal

³³ Utilities (Technical Regulation) (Gas Metering Code) Approval 2021 clause 6.1(2).

liability, to customers would mean significant administrative costs and burden far beyond the perceived benefits.

1.4 Market contestability

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

The rule change request provides for the contestable provision of permanent disconnection and remediation (including meter removal) services, allowing consumers to choose between the distribution network or an accredited service provider. The NGR defines a gas service as being contestable “if the laws of the participating jurisdiction in which the service is to be provided permit the service to be provided by more than one supplier as a contestable service or on a competitive basis.”³⁴ As recognised in the rule change request,³⁵ the extent to which the provision of permanent disconnection services can become contestable will depend on the enlivenment of jurisdictional regulation. For example, under the *Utilities Act 2000 (ACT)*, network operations, which include permanent disconnections and meter removal, are only to be undertaken by a utility or an authorised person for a utility.

Contestability for permanent disconnection services is provided for in the NGR. We note that that jurisdictional changes may be required to enliven provisions to preserve safety based on the individual operating context of each gas network, and that contestable arrangements would need to be subject to safety and technical regulation whereby only accredited service providers are authorised to undertake limited network operations. However, contestable services may be restricted to basic permanent disconnections that include meter removal and exclude specified works, such as welding high pressure steel gas mains. Evoenergy would still be required to undertake complex permanent disconnections and all other network operations.

Importantly, it is crucial that gas networks retain an active role in shaping jurisdictional accreditation processes as it is likely that ongoing monitoring and auditing activities will be required to ensure gas network safety standards and compliance. Gas networks may incur costs associated with contestability to maintain safety obligation compliance, such as for accreditation and ongoing audits of contestable and authorised service providers.

We consider that the benefits of contestability include more flexible resourcing levels as the energy transition progresses and supports safety outcomes as accredited gas technician may offer a permanent disconnection when the last gas appliance in a property is electrified, allowing for an overall lower disconnection cost (such as there only being one call out for a gas technician rather than multiple).

We recognise that introducing NGR provisions for contestability of basic permanent disconnection services complements a user-pays cost recovery approach. Cross subsidising permanent

³⁴ National Gas Rules Version 82, chapter 12A.

³⁵ JEC, Gas Distribution Network Rule Change Request – Fit for purpose gas disconnection arrangements, May 2025, p. 12.

disconnection costs with other customers would undermine the ability of accredited services providers to compete based on price, subject to jurisdictional arrangements.

1.5 Cost recovery of permanent disconnection services

How should costs for disconnection/abolishment services be recovered?

The JEC propose that the NGR “provide that the network may not include any costs associated with permanent disconnection services or remediation services in regulated revenue” to ensure that there is no inequitable cross subsidisation.³⁶

Charges are efficient when they reflect the underlying costs of providing that service and customers’ willingness to pay. We consider that cost reflective charges for permanent disconnections are appropriate and that explicit NGR provisions would be beneficial to provide regulatory certainty and ensure economic efficiency in the long term interests of gas customers. A user-pays cost recovery approach for permanent disconnections:

- Allows for a safe energy transition as permanent disconnections for all customers seeking to exit the gas network, in Evoenergy’s case, is not necessary to maintain an ALARP risk level, meaning that incentivising permanent disconnections through partial cross subsidisation for safety reasons is also unnecessary.³⁷
- Promotes economic efficiency, including allowing efficient volumes of permanent disconnections and avoiding costs of a permanent disconnection when a temporary disconnection is a safe alternative (in most circumstances) through to network decommissioning. As the ACT Government have committed to commence decommissioning of the gas network from 2035,³⁸ permanently disconnecting all customers is not necessary where bulk gas network disconnections could occur at scale if an entire street or suburb could be decommissioned in the future at a lower overall cost.³⁹ Reducing the cost of a permanent disconnection through cross-subsidisation risks increasing demand for permanent disconnections beyond an efficient level.
- Ensures equity where the customer directly benefiting from the service contributes to the cost of providing that service, without burdening those customers who may transition in the future, and regardless of the type of customer or connection. For Evoenergy’s gas network, a user-pays cost recovery approach is appropriate as those who are required to have a permanent disconnection based on our safety assessment, for those who demolish a building or for detached residential property sales with electrified appliances, costs are likely to be included in transaction or project costs. A permanent disconnection service is also

³⁶ JEC, Gas Distribution Network Rule Change Request – Fit for purpose gas disconnection arrangements, May 2025, p. 12.

³⁷ For details on safety assessment and cost recovery considerations, see Evoenergy, Appendix 8.1 Disconnection services, June 2025, pp. 19-21.

³⁸ ACT Government, 2024–2030, The integrated energy plan: Our pathway to electrification, 2024, pp. 18, 55.

³⁹ Evoenergy notes that technical decommissioning solutions are yet to be developed.

available for those who are willing to pay for peace of mind that pressurised gas is purged from the service pipeline on their property.

- Supports the long term interests of gas customers as those remaining on the network throughout the energy transition do not bear the costs of those who exit and are no longer a gas customer. A user-pays cost recovery approach is sustainable as relatively fixed network costs are recovered over fewer customers, unduly increasing gas customer bills. While we recognise that the ACT Government has committed to several funding measures to support electrification,⁴⁰ there remains hard-to-transition customers who have limited choice to stay on the gas network, including renters and commercial customers where electrical technical solutions may not yet be available.
- Will not deter customer electrification plans nor impact jurisdictional emission reduction targets as a lower cost temporary disconnection remains a safe option (except for building demolitions and residential detached property sales that have electrified appliances) for those seeking to cease reticulated gas usage.

The rule change proponent considers that there is no clearly established approach across decisions or consistent principles for AER decision making in relation to the level of cost and cost allocation.⁴¹ The cost of a permanent disconnection will vary depending on the type of connection, individual customer circumstances, and based on jurisdictional arrangements (discussed above). Costs variations may be explained by the age of the network, other pipeline assets, tariff rebalancing under alternative tariff variation mechanisms for reference services, and the inclusion of restoration works.⁴² While benchmarking may provide insights into cost differences of permanent disconnections, it does not directly account for different jurisdictional operating environments and regulatory arrangements. We consider that assessing the efficiency and level of permanent disconnection costs for each individual access arrangement remains appropriate.

1.6 AER disconnection guidelines

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?

Evoenergy considers that it is not necessary that the NGR requires that the AER develop a guideline to define the scope of works required for disconnection services. The AER is an economic regulator, not a technical or safety regulator. As previously discussed, the exact nature of the scope of works to be included in a permanent disconnection service may differ between individual properties or connection types (such as welding high pressure gas mains) to ensure that the site is left in a safe state. Any guideline will be generic in nature and not have regard to the specific safety

⁴⁰ The ACT Government funding measures include the Sustainable Household Scheme, Energy Efficiency Improvement Scheme, Sustainable Business Program, commitment to electrify 1600 public housing by 2028 and all public housing by 2030, Access to Electric Program Trial for financial hardship customers, Home Energy Support Program, and the Commercial Building Electrification pilot program.

⁴¹ JEC, Gas Distribution Network Rule Change Request – Fit for purpose gas disconnection arrangements, May 2025, pp. 6-7.

⁴² Evoenergy, Appendix 8.1 Disconnection services, June 2025, p. 15.

considerations of individual networks. We consider that the specific method of permanent disconnection, as is currently the case, should be at the discretion of individual service providers to ensure that the site can be left in a safe state for each service undertaken, in accordance with jurisdictional technical regulators, codes, and engineering standards (such as AS/NZS 4645, AS/NZS 2885, and AS 4564). A binding obligation to develop and update a technical disconnection guideline would impose additional regulatory burden on the AER beyond the scope of economic regulation. We consider that it is sufficient that the AER approves proposed disconnection services and costs (based on the scope of disconnection service works) in each individual access arrangement determination within the context of jurisdictional law and technical codes based on Service Provider's regulatory proposals.

1.7 Implementation considerations and alternative solutions

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?

The AEMC raised alternative regulatory arrangements for recovering permanent disconnection costs, including to incorporate permanent disconnection charges in upfront connection charges.⁴³ The AEMC recognised that this alternative solution will have different implications requiring a different treatment for existing and new customers that request an abolishment to avoid double charging.

We consider that charging customers a bundled upfront connection and disconnection fee is not appropriate and does not facilitate economic efficiency. Permanent disconnections may not be required in the future. Not all disconnections must be permanent in nature based on safety assessments of the Evoenergy gas network, and given the ACT Government's commitment to "develop policy and regulatory frameworks to support safe, efficient and equitable decommissioning of the gas network"⁴⁴. While the technical solution to gas network decommissioning has not yet been developed, based on the ACT Government's IEP, the phased decommissioning of the gas network will commence from 2035. That means, sections of the gas network could progressively be decommissioned. It is not clear that every gas connection will need to be permanently disconnected where whole sections of a gas network is decommissioned. Therefore, we do not consider that permanent disconnection costs should be recovered when it is unlikely that we will incur permanent disconnection costs for all customers, and the ACT Government's gas network decommissioning plans are not yet available. Instead, we consider that there is a broader question of how to recover network decommissioning costs, as well as efficient capital investment, and whether that should be embedded into the regulatory framework.

⁴³ AEMC, Consultation paper Gas distribution networks: Connection and permanent abolishment charges, 12 June 2025, p. 15.

⁴⁴ ACT Government, 2024-2030 The Integrated Energy Plan: Our pathway to electrification, 2024, p. 55.

Additionally, an approach to have some customers pay a permanent disconnection charge as part of the connection costs raises several issues related to equity, tariff simplicity, and accounting for gas network decommissioning in the regulatory framework.

1.7.1 Implementation and commencement dates

What implementation considerations should the AEMC contemplate for the JEC proposal?

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

The rule change request proposes the insertion of a provision into the NGR that would require all gas network service providers to amend reference proposal in respect of disconnection and remediation (including meter removal) services to the AER within six months of the AEMC final determination.⁴⁵ This would create significant administrative costs for both Service Providers and the AER, which are recovered from gas customers. It is inefficient and costly for Service Providers to prepare multiple proposals for just one access arrangement period.

⁴⁵ JEC, Gas Distribution Network Rule Change Request – Fit for purpose gas disconnection arrangements, May 2025, p. 24.