

9 July 2025

Mr Andrew Lewis  
Chief Executive Officer (Acting)  
Australian Energy Market Commission  
GPO Box 2603  
Sydney NSW 2000

Submitted online via the AEMC's submissions portal.

Dear Mr Lewis,

**Gas Distribution Networks: Connection and Permanent Abolishment Charges**

Thank you for the opportunity to comment on the Gas Distribution Networks: Connection and Permanent Abolishment Charges Consultation Paper from the Australian Energy Market Commission (AEMC).

The comments contained in this submission reflect the views of the Energy and Water Ombudsman NSW (EWON), Energy and Water Ombudsman Queensland (EWOQ) and Energy and Water Ombudsman South Australia (EWOSA). We are the industry-based external dispute resolution schemes for the energy and water industries in New South Wales, Queensland and South Australia.

Our submission provides responses to some of the questions raised in the Consultation Paper and align with our complaints data and cases, issues customers raise, or with each respective organisation's operations, as they relate to the rule changes proposed.

If you require any further information regarding our submission, please contact Dr Rory Campbell, Manager Policy and Systemic Issues (EWON) on 02 8218 5266, Mr Jeremy Inglis, Manager Policy and Research (EWOQ) on 07 3212 0630 or Mr Antony Clarke, Policy and Governance Manager (EWOSA) on 08 8216 1861.

Yours sincerely



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Deputy Ombudsman  
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## **Introductory Comments**

We are generally supportive of the proposals in the rule change requests to charge gas customers for the costs of the services – connection, temporary disconnection and permanent abolishment – that can be directly attributed to them. Compared to spreading the costs across all gas consumers, this is a cost-reflective approach and reduces the burden on those gas customers experiencing vulnerable circumstances, who may be less likely to be able to afford electrification.

While beyond the AEMC's remit, we encourage governments to provide appropriate and targeted funding to those gas consumers experiencing vulnerable circumstances who wish to permanently disconnect from the gas market where they can't afford the abolishment cost.

We also encourage the AEMC and governments to consider the impacts of proposed changes on customers, particularly vulnerable ones, who are unable to disconnect from the gas market but who will face higher costs as gas distribution companies recover sunk costs from a shrinking customer base.

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

It is worth noting that Energy and Water Ombudsman (EWOs) are unable to resolve complaints from consumers regarding the setting of customer contributions to capital works, although we can check that the gas distributor followed the correct process and applied the costs correctly. This effectively means that a new gas customer who is unhappy about paying a connection charge, or with the quantum of the connection charge, only has limited and potentially costly avenues for recourse.

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

We believe there is a regulatory gap regarding gas disconnection and abolishment. This leads to uncertainty for gas consumers, as well as gas distributors and retailers. It also results in limited guidance for the Australian Energy Regulator (AER) when making Access Arrangement determinations.

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

We believe there is a need to introduce a framework for gas disconnection and permanent abolishment in the rules, to reduce uncertainty and inconsistency, as well as overall costs.

Importantly, such a framework needs to include protections for gas consumers, so that:

- customers receive the right information at the right time to be able to make the decision that best suits them, including the possible services – defined clearly and appropriately – and how much they cost
- customers are aware of the relative costs of remaining on the gas network and thus using both gas and electricity, compared to just using electricity
- customers know when their gas is going to be temporarily disconnected or permanently abolished
- customers are informed of their right to complain to an energy ombudsman if they have an issue that can't be resolved with their gas distributor.

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

We support the proposal for the AER to develop binding *Disconnection Guidelines* and would suggest including more than the just the definition of the scope of works for different services in the guidelines.

Given that there is greater flexibility in updating AER guidelines than the National Gas Rules and/or the National Energy Retail Rules, we recommend that the AEMC consider what aspects of a framework for gas disconnection and abolishment need to be contained within the Rules and what can be delegated to AER guidelines.

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

We are concerned with the proposal to introduce contestability into the provision of gas disconnection and abolishment services. This is partly because the third-parties that could be involved would be unlikely to be subject to the same rules and regulations as gas distribution networks. In particular, these businesses are not currently required to be members of energy ombudsman schemes, meaning that consumers who used these businesses would not be able to complain to an energy ombudsman should anything go wrong with their disconnection or abolishment from the gas network.

EWOs witnessed and energy customers experienced significant issues when metering contestability was introduced, with delays in installing and replacing meters resulting in unplanned interruptions in supply. We would not want a repeat of similar issues that could arise with the introduction of contestability into services that can be provided sufficiently by regulated networks and regulated appropriately with adequate protections for consumers.

A recent report by EWON indicates that customers are still experiencing issues with smart meters, including estimated bills, billing delays, backbills, tariffs, issues accessing data and delayed disputed bill reviews by their retailer<sup>1</sup>. In addition, EWOSA is investigating (at the time of writing) potential systemic issues associated with delayed meter installations, meter testing and metering data provision.

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

We generally support the proposal for cost-reflective charges for temporary disconnection and permanent abolishment gas services.

That said, we understand the current approach from the AER in recent and likely upcoming Access Arrangements, requiring partial cost-recovery of permanent abolishment services, predominantly on the grounds of safety. In the absence of specific rules and regulations, this is a reasonable approach while there are still a relatively small number of permanent abolishments. But when this number increases, this approach is probably unsustainable and the partial socialisation of abolishment costs may place too great a burden on gas customers remaining on the network.

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

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<sup>1</sup> <https://www.ewon.com.au/page/publications-and-submissions/reports/spotlight-on/metering-services>

There may be some disincentive for gas consumers to electrify their premises if they find the charges to exit the gas market to be prohibitive. This is one of the reasons for our earlier suggestion that governments provide appropriate and targeted funding to those gas consumers experiencing vulnerable circumstances who wish to permanently disconnect from the gas market. It is also why when gas consumers are investigating whether to have their gas supply temporarily disconnected or permanently abolished, that they are provided with accurate information about these services, how much they cost and the relative costs of running their premises using both electricity and gas, compared to running it using just electricity.

We would expect socialising abolishment charges to have a progressively larger impact on remaining gas consumers as more consumers exit the gas market, leaving fewer customers to pay for the maintenance of gas networks. Again, this is where governments may need to provide assistance for vulnerable customers, who would be most likely to remain on the gas network without such assistance.