

30 October 2025

Australian Energy Markets Commission (AEMC)
via online submission

Dear Commissioners,

Updating the regulatory framework for gas connections GRC0085

Australian Gas Infrastructure Group (AGIG) welcomes the opportunity to provide this submission to the Australian Energy Market Commission (AEMC) in response to the draft determination and draft rules updating the regulatory framework for gas connections. Through our ownership of Australian Gas Networks, Multinet Gas Networks and the Dampier to Bunbury Pipeline, AGIG delivers energy to more than two million customers and operates extensive gas distribution, transmission and storage infrastructure, while actively pursuing renewable gas production, carbon pipeline and carbon capture and storage (CCS) projects across Australia.

As a result of several changes, the draft rules for the most part represent a workable approach to managing gas connections in the energy transition under the National Gas Rules. We thank the AEMC for undertaking an open consultation process and for addressing several of our concerns. Specifically, we thank the AEMC for carefully considering the relative costs and benefits of upfront charges compared to a change in the current Net Present Value (NPV) framework rather than relying solely on principles-based arguments. We maintain our view that costs associated with non-dedicated assets for a new connection (i.e. augmentation and extension costs) should still be assessed using the NPV test and included in the regulated asset base when found to be efficient.

Implementation and timing

While we are comfortable with the outcome in the draft rules, we believe the implementation and the timing proposed in the draft rule will be challenging for distributors. The final rule change will not be known until December 2025 and it is currently proposed that implementation of the new rules would commence on 1 July 2026.

While developing model standing offers is relatively straightforward, Information Technology systems will need to be updated to allow customers to be charged directly by gas distributors for connection services (in line with National Energy Consumer Framework expectations). For at least some networks (those without direct charging capabilities), we anticipate the system changes will take some time to implement and are unlikely to be in place by 1 July 2026.

Interim arrangements through a retailer are possible but would likely result in reduced customer satisfaction as customers would have less visibility and more points of contact when arranging a connection, compared to the current system that allows customers to engage directly with distributors for a connection.

We therefore request the Commission allow networks more time – up to 31 December 2026 – before the rule changes become binding and subject to penalties. We suggest that those networks ready to implement the changes from 1 July 2026 be allowed to do so, while those that need to develop and implement new charging systems could take up to the longer deadline.

National Gas Objective and emissions

As a final point, we note the characterisation of electrification as 'necessary' for reducing emissions in the draft determination. In seeking to amend the National Gas Rules to better address the National Gas Objective (NGO) and its emissions component, we note the overarching NGO is to promote efficient investment in, and efficient operation and use of, covered gas services, with respect to jurisdictional emissions reduction targets (among other factors).

Electrification, when matched with renewable electricity supported by recognised certification schemes, is one pathway to reducing emissions that will be used by some customers currently connected to gas distribution networks. However, it is not the sole pathway, and the balance between renewable-certified electrification and other emissions reduction options varies across jurisdictions. It is not clear that this approach can achieve the most efficient outcome for all customers or for whole networks.

Competition between energy sources is the primary driver of efficient investment and customer choice between electricity and gas (including all covered gases). To the extent that competition cannot achieve efficient outcomes, the rules allow for the regulator to assess whether proposed investment is efficient. In our view, under the National Gas Law, the rule maker (the AEMC) should not determine which emissions reduction technologies or pathways will be efficient or necessary when amending the rules.

In amending the Rules, the Commission should focus on allowing customers, networks and the regulator to seek the most efficient outcome possible, including when considering emissions reduction targets.

Thank you for considering this submission on the draft determination and draft rules updating the regulatory framework for gas connections. If you would like to discuss this submission please contact Owen Sharpe, Strategy and Policy Manager, at owen.sharpe@agig.com.au.

Kind Regards,



Cathryn McArthur
Executive General Manager Customer and Strategy