SUBMISSION

EUAA
Energy Users Association of Australia

Natural Gas amendment (Updating the Regulatory Framework for Gas Connections) Rule (GRC0085)

30 October 2025

The Energy Users' Association of Australia (EUAA) is the peak body representing Australian commercial and industrial energy users. Our members are the engine room of the Australian economy, producing many of the products that households and business use every day including bricks, glass, steel, aluminium, paper, food and beverages. Combined, our members employ over 1 million Australians, pay billions in energy bills every year and in many cases are exposed to the fluctuations and challenges of international trade.

EUAA members are focussed on making products that meet their own customers' requirements where energy is just one input to the process albeit a critical one. Their expectation is that the energy industry continues to provide energy services that are fit for purpose and consistent with the NEO so that our members can continue to provide a fit for purpose product for their customers.

We make the following brief comments on the Commissions Draft Determination on this ECA rule change.

We support the Commission's decision to make a more preferable rule change to charge newly connecting retail gas customers cost-reflective connection charges upfront for the reasons the Commission outlines in its Draft Determination – stranding risks for new connections sit with the connecting customer, connection costs will not add to the network RAB mitigating the stranded asset risk on existing customers and providing a cost reflective signal to facilitate more efficient connection decisions.

We agree with removing the current NPV test in rule 119M and the requirement that the gas network can only recover the prudent and efficient directly attributable costs of providing the connection service. We agree with the Draft's decision to expand the 'directly attributable' cost categories to include costs such as design, planning and administrative as well as net tax payable. We also support retention of the standing offer and negotiation framework in Part 12A of the NGR with standardised connection charges. The end result is that (p.2):

> "By requiring newly connecting retail customers to pay upfront the cost of their new gas connection and specifying that no connection expenditure can be added to distributors' capital base and revenue requirement, the Commission's draft rule would limit stranding risks and mitigate the significant cost impacts on remaining customers."

This would mean, for example, that none of AGN South Australia's proposed $155m in connections capex for 2026-31 would go into that network's RAB[1]. This is an important contribution to reducing customers' (particularly those 'hard to abate' C&I customers) future stranded asset risk.

Finally, we agree with the new rule commencing on 1st July 2026.

[1] See p.96 https://www.aer.gov.au/documents/agn-sa-2026-2031-final-plan

The Commission has taken an important first step in gas regulatory reform to ensure a fit for purpose regulatory regime for a future of declining residential and small business gas consumption. The EUAA looks forward to engaging with the Commission on the other gas rule changes currently under consultation.

Do not hesitate to be in contact with EUAA Director Policy and Regulation Mark Grenning, should you have any questions.

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