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30 October 2025

Alisa Toomey  
Director  
Australian Energy Market Commission  
GPO Box 2603  
Sydney NSW 2000

Submitted electronically

Dear Alisa,

**Re: Updating the regulatory framework for gas connections (National Gas and Energy Retail Rule Amendments 2025) (GRC0085)**

Red Energy and Lumo Energy (Red and Lumo) welcome the opportunity to respond to the Australian Energy Market Commission's (the Commission's ) consultation paper on updating the regulatory framework for gas connections.

Red and Lumo support the Commission's decision to remove the Net Present Value test and implement connection charges criteria that reflect the cost of a prudent service provider delivering the connection service. This will send an appropriate price signal to connecting parties when considering energy appliance choices, avoiding any cross subsidy that might encourage a new gas connection.

This draft rule ensures that the decision to connect a new gas service does not rely upon existing and future gas consumers absorbing the cost and will result in more economically efficient decisions, including potential electrification.

The decision also removes the cost of new connections from a distribution network's Regulatory Asset Base. This will reduce consumers' exposure to any accelerated depreciation at a time of considerable uncertainty about the timing of cost recovery and the potential for asset stranding given arising from uncertainty about future levels of gas consumption.

**About Red and Lumo**

We are 100% Australian owned subsidiaries of Snowy Hydro Limited. Collectively, we retail electricity and gas in New South Wales, Queensland, South Australia, Victoria and in the ACT to over 1.5 million customers.



Red and Lumo thank the Commission for the opportunity to comment on the draft rule determination. Should you wish to discuss or have any further enquiries regarding this submission, please call Sean Jennings, Regulatory Manager on 0403 846 585.

Yours sincerely

**Geoff Hargreaves**

Manager - Regulatory Affairs  
**Red Energy Pty Ltd**  
**Lumo Energy (Australia) Pty Ltd**

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