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Gas Networks in Transition

Rule change submission (GRC0082)

Executive summary

Rewiring Australia welcomes the opportunity to contribute to the rule changes proposed by Energy Consumers Australia and the Justice and Equity Centre. Australia's energy transition is rapidly accelerating, driven by households and communities embracing electrification for economic and environmental benefits. However, current National Gas Rules, with its assumptions of network expansion, are out of step with this reality.

Our on-the-ground experiences from the Electrify 2515 pilot and the national Electric Communities Network demonstrate a strong public appetite for electrification, yet reveal critical regulatory gaps. The recent Victorian community gas network decommissioning further highlights the confusion and financial risks households face when closures occur without adequate planning and coordination. To ensure an efficient and equitable transition, the AEMC must evolve the regulatory framework to support the orderly, managed decline of gas distribution networks. This includes:

- Ensuring that gas networks engage with transition initiatives, share vital data, and provide transparent planning.
- Implementing incentives for networks to manage network contraction efficiently.
- Requiring upfront connection charges for new gas customers,
- Annual network planning and reporting,
- restricted accelerated depreciation, and

- a fair framework for gas disconnection, aligning regulation with consumer behavior and national policy objectives.

About Rewiring Australia

Rewiring Australia is an independent, non-partisan, not-for-profit organisation dedicated to accelerating household and community electrification as a practical pathway to lower emissions, reduced energy costs and improved health outcomes. Co-founded by engineer, inventor and energy systems researcher Dr Saul Griffith, we combine rigorous technical analysis, policy expertise and community engagement to inform government and market decision-making on Australia's energy transition.

Our research provides an empirical foundation for electrification policy. The landmark *Castles and Cars* report, as well as the 2025 *The Electrification Tipping Point* report, quantified the financial and emissions benefits of replacing household and transport fossil-fuel technologies with efficient electric alternatives[1]. It showed that electrification can save the average household thousands of dollars each year while significantly reducing national emissions. This evidence base has influenced federal and state policy directions and has become a reference point for consumer and regulatory discussions about the future of energy.

We also coordinate the Electric Communities Network[2], a national alliance of more than seventy community-based groups working on to support their communities to electrify. These groups provide valuable insight into the lived experience of households, including how they navigate technology choices, financing and interactions with existing regulatory systems. Their experiences reveal the barriers and opportunities facing households as they move away from gas and adopt efficient electric technologies.

Through our demonstration project *Electrify 2515* in the Illawarra region[3], Rewiring Australia is supporting the electrification of 500 homes while capturing data on household participation, costs and consumer motivations[4]. Together, our research, national network and demonstration projects give us a unique perspective on how the transition is unfolding in practice, and on the regulatory reforms required to ensure it proceeds fairly, efficiently and in line with consumer demand.

[1] https://rewiringaustralia.org/research-and-resources
[2] https://rewiringaustralia.org/community
[3] https://www.electrify2515.org/
[4] https://arena.gov.au/knowledge-bank/brighte-electrify-2515-community-pilot-customer-insights-report-1/

Context – a system out of step with the transition

Australia's transition to electrification is well under way. The economics now favour electric choices, and households are acting accordingly. However, the National Gas Rules remain grounded in an assumption of ongoing network expansion. This is increasingly inconsistent with consumer behaviour, government policy and market forecasts.

As the Australian Energy Market Operator and other agencies have documented, gas demand in the residential sector is expected to decline substantially over the coming decade. Households are transitioning away from gas as electric technologies offer lower running costs together with health and environmental advantages. Yet under current arrangements, costs associated with new or redundant gas infrastructure continue to be shared across all consumers, including those actively trying to transition away from the fuel.

The challenge for the AEMC is to ensure that the regulatory framework supports the efficient and equitable managed decline of gas networks. The reforms under consideration, including those covering capital expenditure, accelerated depreciation, network planning, and connection and disconnection arrangements, represent important steps toward a framework capable of managing that decline in an orderly and fair way.

Supporting the ECA and JEC submissions

Rewiring Australia strongly supports the submissions of Energy Consumers Australia (ECA) and the Justice and Equity Centre (JEC). Their proposed rule changes offer practical, evidence-based reforms that will protect consumers and align regulatory incentives with the managed decline of gas distribution systems.

We endorse the following principles and recommendations advanced by ECA and JEC:

- The regulatory framework must be designed to manage network decline efficiently and equitably, rather than incentivising continued expansion.
- Consumers should not bear the financial risks associated with stranded or redundant gas assets. These risks should be shared appropriately among network operators, investors and governments.
- Accelerated depreciation should only be permitted when accompanied by clear consumer protections and transparent mechanisms for cost allocation.

- Transparent network planning and annual reporting should be mandatory, ensuring that decisions on capital expenditure are based on realistic demand forecasts and coordination with electricity networks.
- Upfront connection charges for new gas customers are necessary to eliminate cross-subsidies and ensure that new entrants bear the true cost of their connection.

Together, these reforms would align gas network regulation with consumer preferences, energy policy objectives and the public interest in a fair and efficient transition.

The reality on the ground – evidence from households and communities

Through our practical demonstration projects and the national Electric Communities Network, we engage directly with Australians who are electrifying their homes, working with local councils, and advocating for fair, affordable and coordinated energy policy. This engagement offers clear evidence that households are moving away from gas in practice and that the current regulatory framework is not keeping pace with this transition.

Community-scale electrification: insights from Electrify 2515

The *Electrify 2515* pilot in the Illawarra region is one of the first large-scale community demonstrations of household electrification in Australia. The project will support 500 homes to transition off gas and onto efficient electric technologies, with more than 600 households registered to participate. This level of engagement reflects a clear and growing public appetite for electrification as a means of lowering bills, improving comfort and contributing to emissions reduction.

The project has provided early insight into how households, markets and energy networks interact as electrification accelerates. In delivering the pilot, Rewiring Australia sought to engage the local gas distributor on several occasions to discuss coordination, planning and access to network data. Despite multiple requests, we received no response and were unable to access basic network information such as gas connection maps. This experience demonstrates a critical regulatory gap: gas networks are not required to engage with electrification initiatives or provide data that would enable efficient planning and decision-making.

The *Electrify 2515* pilot also confirms that households are ready and willing to move off gas when supported by trusted information, coordination and clear processes. Participants consistently report high satisfaction and strong advocacy for electrification. Together, these findings show that consumer behaviour is moving faster than the current regulatory framework. They directly support the reforms proposed by the ECA and JEC rule change proposals, particularly the need for stronger planning, transparency and data-sharing obligations. As electrification scales up, collaboration between gas network operators, regulators and community-led projects will be essential to manage the transition efficiently and fairly.

Building momentum: the Electric Communities Network

Beyond individual pilots, Rewiring Australia coordinates the Electric Communities Network, a coalition of more than seventy community-based groups promoting and supporting household electrification across Australia. These local groups host public information sessions, community energy planning forums and collective purchasing programs that make it easier and more affordable for households to electrify.

Participation across the network is consistently strong. Thousands of households have engaged through local events, online campaigns and partnerships with councils and tradespeople. These groups reflect the breadth of public participation – from inner-city suburbs to regional towns – and demonstrate that Australians are eager to electrify when supported by the right information and incentives.

The Electric Communities Network provides ongoing, ground-level evidence of how the transition is progressing in real time. It highlights common barriers such as the cost of appliance upgrades, confusion about disconnection processes and limited coordination between gas and electricity networks. These insights reinforce the importance of regulatory reform that recognises household readiness and prioritises fairness, transparency and planning across energy systems.

Victorian community gas network decommissioning

The recent decision to decommission gas networks in ten regional Victorian towns illustrates the challenges that can arise when network closures occur without sufficient planning or coordination. The project, led by *Solstice* (a subsidiary of TasGas), will affect approximately 1,150 households and 34 businesses across communities including Heathcote, Kerang, Lakes Entrance, Orbost, Robinvale, Swan Hill and Marong, with disconnection scheduled between February and December 2026.

Households have been offered two pathways to manage the change:

1. A *"self-managed"* option, where residents arrange their own transition and receive a capped upfront payment along with some rebates to support appliance upgrades. This approach places the responsibility for sourcing contractors, financing and installation on households, and in most cases will not cover the full cost of replacement or electrification.
2. A *"Solstice-supported"* option, under which Solstice will coordinate the conversion of homes to bottled LPG at no upfront cost to the household, scheduled for mid-2026. While this may reduce immediate financial pressure, it locks households into a higher-cost and higher-emissions fuel, rather than enabling a transition to efficient electric alternatives.

Rewiring Australia is working closely with Environment Victoria and members of our Electric Communities Network active in the affected regions to support households through this process. Our focus is on helping residents understand their options, access reliable information and avoid being locked into more expensive, high-emission alternatives.

Feedback from our engagement indicates that many residents are confused, frustrated and anxious about the short timelines, the complexity of available options and the lack of clear coordination between government, the community and the gas network. The compressed timeline and limited support have created uncertainty about the most practical and affordable pathways forward, raising concerns that some households may be forced into short-term decisions that increase costs and prolong dependence on fossil fuels.

While this case has specific local circumstances – including its reliance on a trucked-gas system – it is indicative of the challenges that other communities will face as gas networks reach the end of their economic life. It highlights the importance of a clear, nationally consistent framework for orderly network decommissioning, including obligations for gas networks to identify areas likely to be retired well in advance, coordinate with electricity planning processes, and provide transparent transition information. Strong planning and engagement requirements will ensure communities have adequate time to prepare, avoid unnecessary costs, and make choices consistent with their long-term energy and financial interests.

Lessons for regulation

The combined experience of *Electrify 2515*, the Electric Communities Network and the recent Victorian community decommissioning case demonstrates that the gas transition is already under way, but regulation has not yet adapted to reflect it. Households and communities are acting to electrify, yet gas network planning and investment processes remain oriented toward expansion rather than managed decline.

To ensure the transition is efficient and fair, the National Gas Rules must evolve to support the orderly, managed decline of gas distribution networks. This includes clear planning and reporting obligations, improved data transparency and active engagement with projects and communities delivering electrification.

The Victorian experience shows why these requirements matter in practice. Without advance notice, coordination with electricity planning, and community engagement, network decommissioning can occur abruptly and leave households with limited, high-cost options. Incorporating early identification of at-risk networks and structured planning for their retirement will help ensure that future transitions are managed in an equitable, transparent and cost-effective way.

Aligning regulation with consumer behaviour and community readiness will avoid unnecessary investment, reduce stranded-asset risks and ensure that Australia's gas transition proceeds in a planned, fair and coordinated manner.

Why reform is essential

Equity and fairness

Without reform, the costs of maintaining under-utilised gas networks will increasingly fall on households least able to electrify. This would entrench inequity and undermine public confidence in the transition. A fair framework must ensure that those who choose or are able to connect to new gas services bear the full cost of doing so, while those seeking to disconnect are supported through clear, affordable processes.

Avoiding stranded assets

Continuing with business-as-usual investment practices is likely to lead to significant stranded assets.Energy Consumers Australia's analysis indicates that major distribution networks could face billions of dollars in unrecovered costs by mid-century if current capital investment patterns persist. Proactive regulatory change now will reduce the scale of future write-downs and prevent these costs being shifted onto consumers.

Aligning regulation with reality

Gas use in homes and small businesses is declining. The regulatory framework must be designed to manage this decline in a way that protects consumers, maintains system safety and supports efficient capital allocation. Annual planning and reporting, combined with clear connection and disconnection rules, will help to ensure that decisions are grounded in evidence and aligned with national emissions and affordability objectives.

Recommendations

Rewiring Australia recommends that the AEMC:

1. Adopt the proposed rule requiring upfront connection charges for all new gas customers, ensuring fair cost allocation and eliminating regressive cross-subsidies.
2. Introduce annual gas network planning and reporting requirements to improve transparency, coordination and regulatory oversight.
3. Restrict the use of accelerated depreciation to cases where consumer protections are clear and risks are shared appropriately between network operators and investors.
4. Establish a fair and transparent framework for gas disconnection that sets reasonable costs and ensures consistency across jurisdictions.
5. Design the National Gas Rules to support an orderly, equitable managed decline of gas distribution networks that reflects consumer demand and national policy objectives.

Conclusion

Australia's transition to an all-electric future is no longer speculative. It is occurring now, driven by households and communities responding to clear economic and environmental signals. The AEMC's decisions in this process will determine whether regulation facilitates or frustrates that progress.

By implementing the reforms proposed by ECA and JEC, the AEMC can modernise the regulatory framework to protect consumers, prevent unnecessary costs and support a fair, well-managed decline of the gas distribution system consistent with Australia's net-zero commitments.