Energy Networks Australia

30 October 2025

Anna Collyer
Chair
Australian Energy Market Commission

Dear Ms Collyer,

Updating the regulatory framework for gas connections – Draft Rule Determination

Energy Networks Australia (ENA) welcomes the opportunity to respond to the Australian Energy Market Commission's (AEMC) Draft rule determination on *Updating the regulatory framework for gas connections*.[1]

ENA is the national industry body representing Australia's electricity transmission and distribution and gas distribution networks. Our members provide more than 16 million electricity and gas connections to almost every home and business across Australia.

ENA supports the Commission's draft rule to require upfront, cost-reflective connection charges for new gas customer connections. The draft determination appropriately replaces the previous net present value (NPV) test in the National Gas Rules with a principles-based criterion for cost-reflective pricing. This ensures cost fairness, supports transparent regulatory outcomes, and enables networks to manage capital expenditure effectively, while minimising additional capital expenditure being rolled into the regulatory asset base (RAB).

ENA welcomes the AEMC's decision that newly connecting customers should not face different network tariffs from existing customers. Avoiding tariff differentiation prevents unnecessary complexity and supports lower cost rule implementation.

The inclusion of transitional provisions and a start date of 1 July 2026 is also appropriate, allowing distributors time to reconfigure systems and update standing offers. Further:

- These provisions should also provide certainty that gas networks can roll net capital expenditure into the RAB for connections with agreements in place before 1 July 2026.
- A deemed-approval mechanism in the NGR where, if the AER does not issue written notification of its decision within 20 business days of receiving an updated MSO, the MSO is taken to be approved. This is important for timely commencement of the new connections framework by 1 July 2026.
- The need for an AER guidance note remains unclear, as the draft rules already provide sufficient clarity for networks to comply and submitted updated MSOs by 1 April 2026 and beyond.

ENA further notes that the AEMC has also released a consultation paper on *Gas Networks in Transition.* It is advantageous for the AEMC to continue to look holistically at the gas regulatory framework to avoid adverse customer or framework outcomes from further changes to the rules

[1] AEMC, *Updating the regulatory framework for gas connections*, Draft Determination, 18 September 2025

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in relation to capital expenditure. The draft connections rule, in concert with existing access arrangement review processes, will ensure that capital expenditure associated with new retail customer connections is subject to upfront cost-reflective charges and excluded from the regulatory asset base, mitigating the need for changes to the criteria applied to capital expenditure proposals as part of access arrangement approval processes.

If you wish to discuss any of the matters raised in this response further, please contact Terese Weber, Gas Policy Manager, on tweber@energynetworks.com.au.

Yours sincerely,

Russell Pendlebury

General Manager Regulation and Policy