

15 January 2026

Alisa Toomey
Director, Australian Energy Market Commission
Level 15, 60 Castlereagh Street, Sydney NSW 2000

Reference code: GRC0086

Dear Ms Toomey

Re: Establishing a regulatory framework for retail customer initiated gas abolishment

Evoenergy welcomes the opportunity to provide a submission to the Australian Energy Market Commission (AEMC) relating to the draft rule determination for retail customer initiated gas abolishment.¹ The AEMC requests feedback on a new regulatory framework for a cost-reflective user-pays cost recovery approach for permanent gas abolishment services and information provisions to support informed customer decisions.

In summary, Evoenergy's submission:

- suggests an alternative definition for temporary disconnections from 'preventing the flow of gas' to 'prevent the use of gas' to reflect that pressurised gas remains on the premises if a temporary disconnection is undertaken;
- strongly supports the draft rule to introduce cost-reflective user-pays permanent abolishment changes (both basic and complex services) and recommends the approach is adopted for Evoenergy's 2026–31 access arrangement period to ensure an efficient approach to safely managing disconnections during a critical period in the ACT's electrification transition and to avoid customer confusion;
- does not support the proposed approach to redefine the customer-distributor relationship under the abolishment application and charging process, requiring a significant resource uplift;
- considers proposed model standing offers for permanent disconnection services should be subject to approval timeframes to ensure the efficient recovery of costs and to provide regulatory certainty; and
- supports the new information provisions for gas retailers and distributors to facilitate informed customer choice.

Our views are detailed in the attachment. Should you have any questions or wish to further discuss the matters raised in this submission, please contact Ashlyn Napier, Principal Regulatory Economist at ashlyn.napier@evoenergy.com.au.

Yours sincerely

Megan Willcox
General Manager, Economic Regulation

¹ AEMC, Draft rule determination Establishing a regulatory framework for retail customer initiated gas abolishment, 30 October 2025

Attachment

Temporary disconnection definition

The draft rule prescribes that distributors must offer a basic abolishment service and have a model standing offer for that service.² We undertook extensive engagement with our customers over a period of 18 months and received strong stakeholder feedback on using descriptive language of our disconnection services, including for permanent disconnections (abolishments) and temporary disconnections (disconnections) that are reversable. Specifically, we understand that many customers are unaware of the difference between a temporary and permanent disconnection – of our community panel, 81 per cent suggested that gas customers do not know that there is a difference between a temporary and a permanent disconnection.³ Our customers resonated with the concepts of temporary and permanent disconnections, including understanding that if a gas meter is present, it is a visual reminder that pressurised gas remains on the premises. Therefore, Evoenergy intends to retain our customer supported service names for the 2026–31 Access Arrangement (AA) to minimise customer confusion and promote safety awareness. We consider that the NGR should make it clear that a disconnection is temporary in nature, and reversable.

Evoenergy supports an outcomes-based definition for temporary disconnections. The draft rule defines a disconnection to mean “the closing of a connection at a retail customer’s premises to prevent the flow of gas to the premises, that does not involve removal of the connection, such that the flow of gas can be re-established without the need to establish a new connection.”⁴ Evoenergy notes that while a temporary disconnection does not involve removal of the gas connection or meter, gas still flows onto the property up to the point of the wadding/disc at the meter, which is typically located on or adjacent to the building. If a temporary disconnection is undertaken, live gas remains on the property in the service line that connects the meter to the main (e.g. the front yard of a residential single detached dwelling). If landscaping works are undertaken and a strike occurs on that service line, there will likely be a gas leak on that premise due to the pressurised gas. Instead, a temporary disconnection service prevents the flow of gas into the building (not into the premises). For the NSW and ACT regions, the Australian Energy Market Operator (AEMO) describes a temporary disconnection as attaching locks/plugs to the meter to prevent use of gas.⁵ Evoenergy considers that the definition of a disconnection included in the draft rule should be amended to “prevent the use of gas” rather than “prevent the flow of gas” to the premises.

The draft rule defines a disconnection service to mean “a service for the disconnection of premises at the request of the retail customer at the premises”. Our understanding is that retailers will continue to have the ability to request a temporary disconnection, consistent with the current framework. Disconnection services are requested from retailers for various reasons, including:

- unauthorised usage – when a customer has not contacted the retailer to set up an account;
- customer request – when the customer requests a site be disconnected;

² AEMC, Draft National Gas Amendment (Establishing a regulatory framework for retail customer initiated gas abolishment) Rule 2026 121(1)

³ Evoenergy, Appendix 8.1 Disconnection services June 2025, p. 26

⁴ AEMC, Draft National Gas Amendment (Establishing a regulatory framework for retail customer initiated gas abolishment) Rule 2026 120

⁵ AEMO, Participant build pack 5: NSW-ACT specific build pack version 9, December 2024, p. 288

- non-payment – when a customer has not paid their account;
- move out – when a retailer requests a site be disconnected when a customer moves out;
- illegal use – when a customer continues to illegally use gas; or
- breach of contract – when a customer has continued to breach their contract.

As such, we consider that the definition included in the draft rule should make clear that a disconnection service can be completed at the request of a retailer, consistent with the current framework, or a retail customer under the proposed changes.

Efficient permanent disconnection (abolishment) charges

Evoenergy supports the draft determination to require abolishing customers to pay upfront cost-reflective charges for basic, standard, and negotiated permanent disconnection (abolishment) services to provide regulatory certainty that charges provide efficient price signals for the long term interests of gas consumers. Cost reflective permanent disconnections include directly attributable costs such as the cost of goods and services required to provide the service, the cost of removing and disposing of any assets, and incidental costs such as for design, planning, and administration. Given that abolition charges are distinct from an exit fee (where abolition charges exclude capital investment associated with that connection),⁶ capital asset recovery is not included in the charge.

In its draft decision on Evoenergy's 2026–31 Access Arrangement, the AER “requires Evoenergy to establish a standardised cost reflective reference tariff for the complex permanent disconnection service”.⁷ The AER considered that “Evoenergy should use its evidence base of past disconnections to determine an expected average cost to provide this service.”⁸ Evoenergy considers that it is impractical to develop a standardised charge for a non-standard service subject to a highly variable scope of works.⁹ Any standardised charge based on averaged costs for a non-standard service with significant scope variation would not be cost reflective, and is inconsistent with the intent of the AEMC's draft rule. We consider that the AER's draft decision is inconsistent with the principle of cost reflectivity and efficiency adopted in AEMC's draft rule, including for an individually priced Negotiated Abolishment service. Therefore, we encourage the AEMC to implement the final rule before the AER makes its final determination on Evoenergy's 2026–31 Access Arrangement before 15 May 2026, including providing more specific guidance to the AER for cost-reflective abolition services.

⁶ “Exit fees should be calculated as the difference between the incremental revenue that the customer was expected to contribute at the time of investment and the actual incremental revenue that the customer paid during the time the customer was connected to the gas network. They are distinct from disconnection fees or connection abolition fees that cover the costs of disconnecting a customer from gas supply services or physically removing the gas infrastructure from the customer's property.” (AER, Regulating gas pipelines under uncertainty, 15 November 2021, p. 38).

⁷ AER, Draft decision Evoenergy (ACT) access arrangement 2026 to 2031 (1 July 2026 to 30 June 2031) Attachment 5 – Reference services, tariffs and non-tariff components, November 2025, p. 16

⁸ AER, Draft decision Evoenergy (ACT) access arrangement 2026 to 2031 (1 July 2026 to 30 June 2031) Attachment 5 – Reference services, tariffs and non-tariff components, November 2025, p. 16

⁹ Evoenergy, Attachment 8-Ancillary activities reference service and tariffs, January 2026

Safely disconnecting from the gas network

In its draft rule determination on retail customer initiated gas abolishment, the AEMC notes:

"The positions taken by jurisdictional safety regulators on the safety related risks associated with disconnections also differ. It is important therefore that any new rules that are implemented are sufficiently flexible to accommodate these differences, while also ensuring the economic regulator does not become responsible for policy and safety related decisions."¹⁰

"In this regard, the economic regulator should continue to be guided by the revenue and pricing principles and the NGO when making decisions."¹¹

Evoenergy supports the view that the economic regulator should be guided by the NGO and the revenue and pricing principles in its decision making, including to promote economic efficiency for the long-term interests of consumers. It is the distinct responsibility of jurisdictional governments and technical safety regulators to set policy and safety obligations. This is particularly relevant for Evoenergy, given the ACT Government's policy to decommission parts of the ACT gas network from 2035¹² which is a key factor in determining appropriate safety requirements for service abolishments on our network.

For our 2026–31 access arrangement, we proposed to introduce and recover safety control program costs through the temporary disconnection charge, which includes developing a targeted campaign informing temporarily disconnected customers that pressurised gas remains on their premises and improving public safety awareness of the gas network, consistent with our regulatory obligations under the *Utilities (Technical Regulation) (Gas Safety and Network Operation Code)* introduced during the current regulatory period, and based on recent safety assessment findings.¹³ Specifically, the safety control program informing customers of pressurised gas on their property is in addition to Evoenergy's existing safety program expenditure, and is brought about by allowing temporary disconnections where electrification has occurred, instead of a more costly permanent disconnection. The safety control program is an important risk control to ensure Evoenergy can maintain an acceptable level of risk. Evoenergy will continue to assess whether the targeted approach to permanent disconnections— including the safety control program as a supporting control – are successful in maintaining an acceptable level of risk as more customers disconnect. If an acceptable level of risk is not observed, including for example, because there is inadequate awareness at temporarily disconnected sites, Evoenergy will need to reconsider the targeted approach, which would significantly increase costs to customers.

The AER's draft decision *requires* Evoenergy to remove the safety control program costs from the temporary disconnection charge. The AER considered that "the cost of a safety program is a standard operating cost (aligned with meeting its general safety obligations), rather than directly

¹⁰ AEMC, Draft rule determination Establishing a regulatory framework for retail customer initiated gas abolishment, 30 October 2025, p. 20

¹¹ AEMC, Draft rule determination Establishing a regulatory framework for retail customer initiated gas abolishment, 30 October 2025, p. 1

¹² ACT Government, The Integrated Energy Plan: Our pathway to electrification, 2024, p. 19

¹³ Evoenergy, Appendix 8.1-Disconnection services, June 2025

related to a specific service.”¹⁴ The AER draft decision did not reallocate the safety control Program costs to transport services operating expenditure. Based on its draft decision, we are concerned that the AER does not recognise the need for additional safety information sharing to uplift safety awareness for disconnected customers and those considering a temporary disconnection, and the role this plays in avoiding significant costs to customers (in the order of \$30 million of the 2026–31 period and significantly more in subsequent periods) if Evoenergy was required to reconsider its targeted approach to permanent disconnections.

Evoenergy considers that AER’s draft decision to be unreasonable, and inconsistent with the NGO to allow a reasonable opportunity to recover efficient costs in providing safe and reliable gas distribution services. Therefore, our revised proposal includes a safety control program operating expenditure step change.¹⁵ We consider that the AEMC should make a final rule determination before the AER make a final determination for Evoenergy’s 2026–31 Access Arrangement on 15 May 2026 to allow for early sharing of safety information to inform customer disconnection decisions and promote safety.

Permanent disconnection (abolishment) model standing offer

The draft rule includes a requirement for distributors to develop a model standing offer (MSO) for a basic abolition service.¹⁶ The MSO should include information about a description of works included in the service, timeframes for commencing and completing the service, details of the abolition charge, how charges are to be paid by the customer, and requirements if the service is contestable.¹⁷ The safety and technical requirements to be complied with by the provider of a contestable service or the retail customer (draft rule 121A(2)(d)) should only be required if the relevant jurisdiction has adopted a contestable framework for abolition services.

The terms and conditions (including a description of works, timeframes of works, and details of charges) of providing services are set out in the Service and Installation Rules, approved Access Arrangement, and Reference Service Agreement (RSA). Evoenergy understands that the AEMC proposed framework means connections and abolishments are regulated under a different approach to all other services.

Should the AEMC introduce a MSO for permanent disconnection services, approval processes should be subject to reasonable timeframes with clear procedures to ensure the efficient recovery of costs and to provide regulatory certainty. Specifically, a submitted MSO should be considered approved if a decision by the AER has not been made within a set timeframe to ensure no delay in price changes.

¹⁴ AER, Draft decision Evoenergy (ACT) access arrangement 2026 to 2031 (1 July 2026 to 30 June 2031) Attachment 5 – Reference services, tariffs and non-tariff components, November 2025, p. 16

¹⁵ Evoenergy, Attachment 5-Operating expenditure, January 2026

¹⁶ AEMC, Draft National Gas Amendment (Establishing a regulatory framework for retail customer initiated gas abolition) Rule 2026 121(1)

¹⁷ AEMC, Draft rule determination Establishing a regulatory framework for retail customer initiated gas abolition, 30 October 2025, pp. 29-32

Application and charging process for services

The draft rule includes that an application for an abolishment service may be made by a retail customer, retailer, or other person acting on behalf of a retail customer.¹⁸ Evoenergy does not support the proposed approach enabling a direct customer-distributor relationship as it may require a significant uplift in processes, systems capability, and resources to facilitate. For example, we may need to ensure that the customer requesting a permanent disconnection (abolishment) service is authorised to do so (such as undertake a Title search). Other cost considerations include additional interactions with retailers, process and invoicing direct to customers, debt collection, uplift in IT software to provide a customer-facing portal, additional resources and training to manage direct contact with retail customers for queries and complaints. We note that this would be duplicative where retailers already have well established customer verification systems and processes.¹⁹

The draft rule prescribes that the terms and conditions of the MSO for a basic abolishment service must cover “the manner in which abolishment charges are to be paid by the retail customer”²⁰ Additionally, the draft rule includes that the retailer must pay the distributor the abolishment charges, except for if the retailer did not apply for the service, the customer requests to pay the charge directly to the distributor, or where the distributor and retailer agree to recover charges directly from the customer.²¹ We note this arrangement departs from the current Retail Market Procedures (or B2B arrangement) currently in place for retail customers whereby the distributor bills the retailer, not the customer, for the provision of services consistent with arrangements under the approved RSA.²² The draft approach means that all services that we provide would continue to be business to business transactions with an exception for abolishment services.

Permanent disconnection (abolishment) negotiation framework

The draft rule provides that distributor and an abolishment service applicant for a negotiated abolishment contract must negotiate in accordance with the negotiation framework.²³ The negotiation framework includes that distributors must provide an abolishment service applicant with information, including:²⁴

- an estimate of the amount to be charged by the distributor for assessment of the application and the making of an abolishment offer for a negotiated abolishment contract;

¹⁸ AEMC, Draft National Gas Amendment (Establishing a regulatory framework for retail customer initiated gas abolishment) Rule 2026 124B(2)

¹⁹ The current process for service requests, such as for a gas network connection, allows both a customer and retailers to directly approach Evoenergy for a service via the Jemena portal. The connection request is reviewed, and an offer is made to the customer / applicant. For direct customer requests, when the customer accepts the offer and terms, we assign a retailer under the DRS, and notification is provided to the retailer that they have been assigned a connection. The retailer contacts the customer to confirm costs and raises the required service order. Once the works are completed, the retailer is invoiced directly for the connection costs offered.

²⁰ AEMC, Draft National Gas Amendment (Establishing a regulatory framework for retail customer initiated gas abolishment) Rule 2026 121A(2)(f); 121C(3)(f)

²¹ AEMC, Draft National Gas Amendment (Establishing a regulatory framework for retail customer initiated gas abolishment) Rule 2026 123A(1)

²² AER, Evoenergy access arrangement 2021-26 - Approved Reference Service Agreement, April 2021, clause 17-18

²³ AEMC, Draft National Gas Amendment (Establishing a regulatory framework for retail customer initiated gas abolishment) Rule 2026 122(2)

²⁴ AEMC, Draft National Gas Amendment (Establishing a regulatory framework for retail customer initiated gas abolishment) Rule 2026 122A(1)(c)(i)-(ii)

- an estimate of abolition charges;
- a statement of the basis on which abolition charges are calculated; and
- a statement of the assumptions made by the distributor in applying the abolition charges criteria.

We note that an assessment is required prior to providing an abolition applicant with an individually priced service, particularly for complex permanent disconnections where the scope of works is variable based on the requirements for a specific site. For example, welding of high pressure mains, whether an apartment block has 20 vs 200 units that require a gas and/or hot water meter to be removed, measure for concrete cutting, amount of hard surface restoration, etc, need to be assessed before being able to provide a reasonable estimate.

The negotiation framework provides that “the distributor must make reasonable endeavours to make an abolition offer that complies with the abolition service applicant's reasonable requirements.”²⁵ We note that where a customer requests services in addition to what would reasonably be included in permanent disconnection works, such as removing a service line, it is in addition to the minimum safety requirements. However, where a customer requests for an abolition service that may be less than required to safely provide the service, such as leaving the meter in situ, Evoenergy would consider that request as unreasonable. The rules should clarify that the distributor must make reasonable endeavours to make an abolition offer that complies with the abolition service applicant's reasonable requirements and relevant safety standards.

New information provisions allowing customers to make informed disconnection decisions

The draft rule includes new retailer and distributor information provisions to support informed retail customer disconnection decisions.²⁶ The draft rule means that gas distributor must publish prescribed information on its website, provide a hard copy of the information if the customer requests it (without charge within a 12 month period), and respond within a reasonable timeframe to customer enquiries about an issue with a disconnection or abolition service.²⁷ Evoenergy supports the new information provisions included in the draft rule determination, including that retailers direct customers to the relevant distributors' website.

The draft rule includes that distributors must provide an enquirer with information to make an informed application for an abolition service within 5 business days but allows for a reasonably practicable timeframe for specific advice about the enquirer's particular situation.²⁸ We note that it may take more time to respond to customer enquiries related to complex permanent disconnections, such as for large apartment buildings or where safety needs to be considered or assessed.

²⁵ AEMC, Draft National Gas Amendment (Establishing a regulatory framework for retail customer initiated gas abolition) Rule 2026 122A(1)(d)

²⁶ AEMC, Draft rule determination Establishing a regulatory framework for retail customer initiated gas abolition, 30 October 2025, pp. 50-58

²⁷ AEMC, Draft rule determination Establishing a regulatory framework for retail customer initiated gas abolition, 30 October 2025, pp. 56

²⁸ AEMC, Draft National Gas Amendment (Establishing a regulatory framework for retail customer initiated gas abolition) Rule 2026 124A (1); 124A(3)

Implementation of the rule change

Evoenergy considers that the new framework for gas disconnections would apply to scheme and nominated non-scheme distribution networks across different jurisdictions as it means all gas customers are equally provided with safety information, regardless of their geographic location.

The draft determination sets out a phased implementation approach to align with the commencement of the next access arrangement for an efficient cost-reflective user-pays cost recovery approach and a six-month expedited implementation of customer information provisions. Evoenergy considers that a cost-reflective and user-pays cost recovery approach for permanent disconnections (basic and complex services) should continue to be adopted for our 2026–31 regulatory period, consistent with our current approach. Regulatory certainty will provide confidence to stakeholders that permanent abolishment changes are efficiently set on a cost-reflective and user-pays basis.