



SACOSS Submission to AEMC Draft Rule Determination on retail customer initiated gas abolishment - GRC0086

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The South Australian Council of Social Service (SACOSS) welcomes the opportunity to comment on the Australian Energy Market Commission’s Draft Final Determination on retail customer-initiated gas abolishment.

SACOSS recognises the rationale behind the Joint Energy Consumer (JEC) rule change request, particularly the need to address regulatory uncertainty, safety risks, and inequitable cost sharing arising from the current lack of clear rules governing gas disconnection and abolishment. We also acknowledge the AEMC’s limited remit and the importance of establishing clearer definitions and responsibilities within the National Gas Rules.

However, SACOSS cannot support the proposed approach to cost recovery at this time. In our view, any shift toward charging individual households the full cost of gas abolishment would be premature, inequitable, and poorly aligned with current policy and market conditions, particularly in South Australia. While we agree that reform in this area is necessary, we do not consider that a rule change alone is sufficient to resolve the underlying issues.

Equity and affordability concerns

From an affordability and equity perspective, SACOSS is deeply concerned by the proposal to require consumers to bear the full cost of gas abolishment.

Households choosing to disconnect from gas are often doing so in response to rising energy costs, poor housing efficiency, appliance failure, or a desire to electrify in line with long-term climate and energy objectives. For many low-income and otherwise vulnerable households, continued use of gas is not driven by preference or “choice” but by structural constraints such as rental tenure, lack of capital and limited access to electrification supports.

Introducing a significant abolishment charge risks creating a new financial barrier to electrification and may disproportionately affect those least able to afford it. Rather than acting as a neutral price signal, such a charge would operate as a penalty on households attempting to manage their energy costs or reduce their exposure to future gas price increases. In this sense, the proposal risks entrenching inequity rather than resolving it.

SACOSS considers it fundamentally inequitable to expect individual consumers to bear these costs in the absence of a coordinated transition framework, particularly where doing so may delay or prevent households from moving away from gas altogether.

The “choice” argument does not hold for many households

The Draft Determination appears to rely, at least in part, on an assumption that disconnection from gas is a matter of consumer choice. SACOSS does not accept this framing.

For many households, gas consumption is not a freely chosen outcome but a product of historical infrastructure decisions, housing stock characteristics and limited alternatives. This is especially true for renters, public housing tenants and low-income owner-occupiers living in inefficient homes. Treating disconnection as a discretionary decision that should attract a full user-pays charge fails to account for these realities.

Moreover, where governments and regulators increasingly signal a long-term transition away from gas, it is difficult to justify policies that financially penalise households for acting consistently with those signals.

Safety considerations and unintended consequences

SACOSS agrees that safety is a legitimate and important driver of reform in this area. However, we are concerned that introducing a charge for abolition may undermine, rather than enhance, safety outcomes.

If households are priced out of formal, regulated abolition services, there is a real risk that some will resort to informal or incomplete disconnections. This could result in live gas connections being left in the ground, unmonitored and unmanaged, increasing long-term safety risks for households, future occupants and the broader community. Evidence from other jurisdictions suggests that dormant or “silent” disconnections may already be occurring, where households cease using gas but remain physically connected to the network to avoid abolition costs.

Maintaining no-cost access to safe, regulated abolition is therefore an important safeguard. Any reform that discourages households from formally disconnecting risks creating exactly the safety problems the current approach is intended to avoid.

Insufficient data and South Australian context

SACOSS is particularly concerned about the lack of data underpinning the proposed cost recovery changes, especially in jurisdictions such as South Australia.

In South Australia, gas abolition only becomes a reference service from mid-2026. As a result, there is currently little to no jurisdiction-specific data on abolition volumes, costs,

or consumer behaviour. This makes it difficult to assess the scale of the issue, the magnitude of costs being socialised, or the likely behavioural response to the introduction of abolition charges.

To the best of our knowledge, the current volume of customer-initiated gas abolishments in South Australia is very low, meaning that the total cost of continuing to socialise these services across the broader customer base remains negligible. In this context, SACOSS sees no compelling cost-based rationale for shifting the burden onto individual consumers at this time.

A false dichotomy on cost recovery

SACOSS is concerned that the debate has been framed as a binary choice between fully socialising abolition costs or requiring disconnecting customers to pay the full cost. This is a false dichotomy.

There are other options that warrant serious consideration, including:

- Targeted socialisation of costs to protect households experiencing disadvantage
- Government-funded or co-funded support schemes
- Transitional arrangements while abolition volumes remain low
- Progressive subsidies that decline as coordinated decommissioning becomes viable
- Batch or area-based decommissioning to reduce unit costs

We note and support calls from organisations such as the Brotherhood of St Laurence and Energy Consumers Australia for a more comprehensive, staged approach to gas decommissioning, with clear limits on allowable costs and targeted protections for vulnerable households.

Policy gap and jurisdictional inconsistency

In SACOSS' view, the regulatory gap identified by the JEC is indicative of a broader policy gap and inconsistency across National Electricity Market jurisdictions.

Larger jurisdictions that are actively pursuing electrification and gas phase-down policies are increasingly shaping the national regulatory agenda. While this may be appropriate based on their circumstances, it risks disadvantaging consumers in jurisdictions like South Australia, where government policy on electrification and gas transition remains unclear and support mechanisms are limited.

Without a clear, nationally coordinated pathway for the phase-down of gas distribution networks, there is a significant risk that costs will be recovered inefficiently and inequitably, to the detriment of energy consumers. In this context, requiring individual households to pay abolition costs risks leaving some consumers stranded on declining networks, while others are effectively locked out of the transition.

Rule change is not enough

SACOSS agrees that regulatory certainty is important and that clearer definitions of disconnection and abolition are a positive step. However, regulatory clarity alone is not sufficient.

Addressing the challenges associated with gas disconnection and abolition requires a holistic policy response, including clear government direction, funding mechanisms, and consumer protections. While we acknowledge arguments that a rule change could prompt government action, we have not seen sufficient evidence that such action is likely to follow—particularly in the South Australian context.

Given this uncertainty, SACOSS considers that proceeding with consumer-funded abolition charges at this stage would be premature and risks causing harm before appropriate supports are in place.

Conclusion

SACOSS recognises the need for reform in how gas disconnection and abolition are regulated and supports efforts to improve safety, clarity and efficiency. However, we do not support a shift toward charging consumers the full cost of abolition under current policy and market conditions.

There is no perfect or fully equitable solution to this problem. Nonetheless, introducing abolition charges at this time would disproportionately impact low-income and vulnerable households, risk creating safety issues, and undermine progress toward electrification in jurisdictions that lack adequate policy support.

SACOSS therefore urges the AEMC to reconsider the proposed cost recovery approach and to emphasise the need for broader government action, transitional arrangements, and targeted consumer protections before any such charges are introduced.