15 January 2026

Ms Anna Collyer
Chair
Australian Energy Market Commission
Level 15, 60 Castlereagh Street
Sydney NSW 2000

Lodged electronically: https://www.aemc.gov.au/contact-us/lodge-submission

Dear Ms Collyer,

RE: RETAIL CUSTOMER INITIATED GAS ABOLISHMENT – DRAFT RULE DETERMINATION

Origin Energy (Origin) appreciates the opportunity to provide a submission to the Australian Energy Market Commission's (AEMC) Retail customer-initiated gas abolishment – draft rule determination (GRC0086).

As households increasingly electrify, there is a corresponding increase in the demand for gas abolishment services. The current National Gas Rules (NGR) and National Energy Retail Rules (NERR) provide inadequate regulatory certainty or guidance for gas distribution network operators (distributors), and the Australian Energy Regulator (AER) as to how customer-initiated abolishment services should or will be regulated.

We support applying the Part 12A NGR framework to customer-initiated gas abolishments, as it is well understood, transparent, flexible for non-standard sites, and cost-efficient to implement. Cost-reflective abolishment charges will eliminate cross-subsidies, promote equity, and support informed electrification decisions. Clear definitions of "disconnection" and "abolishment," combined with standardised information from retailers and distributors, will improve customer understanding and process transparency.

Proposed distributor and retailer information obligations will significantly enhance customer understanding. However, retailers will face implementation challenges, including system changes, training, increased call handling time, and alignment with multiple distributors. These challenges can be mitigated through regulator-approved templates, clear advice boundaries, flexible information delivery, and strong consistency between distributor and retailer materials.

Both retailers and distributors may struggle to fully implement the information obligations within six months due to required system changes, workforce training, and legal sign-off processes. Early AER guidance, standardised templates, and phased compliance would assist in meeting timing obligations.

Finally, full cost-reflective abolishment charges may pose affordability barriers for vulnerable customers, who may require government support to avoid being disadvantaged as electrification accelerates and network tariffs rise for remaining customers.

Our response to selected stakeholder questions is provided at Attachment A.

If you have any questions regarding this submission, please contact Gary Davies in the first instance at gary.davies@originenergy.com.au.

Yours sincerely

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Question 1: What are the potential costs and benefits of employing the new framework for customer-initiated abolishment services?

Do you agree with our proposal to use a similar framework to Part 12A of the NGR for customer- initiated abolishment services, including the requirement for distributors to develop model standing offers for the AER's approval? If not, please explain why not and set out what approach you think we should employ and why.

What do you think the potential costs and benefits would be of:

a) employing the new framework outlined in Chapter 3 including model standing offers?

b) employing any other approach you have suggested we consider? Do stakeholders agree that there is value in considering the additional NGR issues we have identified alongside the issues raised in the rule change requests?

Part 12A of the NGR covers gas connections for retail customers. We agree with the application of the Part 12A framework to customer-initiated abolishment services. The framework is well established and is both clear and well understood. Adopting the same model standing offer and negotiation framework as used for retail customer connections provides transparency about what work is included in a basic abolishment service, consistency in service definition across networks, accountability through AER approval and oversight and a clear baseline for customers and retailers. The framework also provides the flexibility to accommodate non-standard sites and differing jurisdictional safety obligations. Adopting an existing framework also minimises implementation costs.

Adopting the proposed approach will result in reduced inequality with customers required to pay the full, prudent and efficient cost of abolishment upfront, avoiding the current situation where remaining gas customers subsidise abolishment charges. The application of cost-reflective charging provides efficient price signals and encourages rational electrification decisions. Requiring clear definitions of "disconnection" and "abolishment" and ensuring retailers and distributors provide accurate, accessible information will help customers understand their options and improve their decision-making. Similarly, standardised processes via model standing offers, charging criteria, and dispute resolution will improve predictability and transparency.

Whilst we have not conducted a cost assessment, we anticipate that the new information provision obligations for retailers will likely increase administration and training costs and require system and website updates. We are concerned that customers choosing to abolish connections will lose access to previously socialised cost recovery and instead face higher upfront charges. This is likely to present a barrier to abolishment for vulnerable/low-income customers and may necessitate some form of government assistance to ensure these customers are not unduly restricted from exiting the network and left with increasing tariffs as other customers exit.

Question 2: Should the rules require disconnection services to be a reference service?

Do you think the NGR should require disconnection services to be a reference service, or is it sufficient to continue to rely on the reference service framework in rule 47A?

If changes were to be made to the NGR to mandate that disconnection services be a reference service, what do you think the costs, benefits and risks of doing so would be?

We agree with the AEMC that the current reference service classification framework in rule 47A remains adequate and appropriate for disconnection services. There is no obvious benefit in mandating disconnection as a reference service in the NGR.

Rule 47A provides an established process where disconnection services are routinely proposed and classified as reference services via the access arrangement processes. Rule 47A provides the flexibility to accommodate local network conditions and allows jurisdictional safety or operating practices to evolve. We note also that disconnections are not as critical to long-term energy transition planning as abolishments and a more rigid regulatory approach (mandating) therefore appears unnecessary.

While mandating disconnection as a reference service would increase regulatory certainty and produce greater transparency for customers and retailers, Rule 47A already ensures disconnection is treated as a reference service in practice. A mandate may therefore add to the regulatory burden without materially improving outcomes. A mandated definition may also prevent distributors from tailoring service groupings and effectively lock in definitions that later become outdated. We consider that the costs and risks likely outweigh the limited benefits, and the current rule 47A framework remains sufficient.

Question 3: Should the rules require the AER to consult on model standing offers?

Do you think the rules should require the AER to consult with stakeholders when deciding whether to approve model standing offers, or do you think this should be left to the discretion of the AER?

If the new framework was to be amended to provide for stakeholder consultation on model standing offers, do you think an equivalent change should be made in Part 12A to require consultation on model standing offers for connection services?

Our expectation is that discussion of model standing offers will form part of the AER's existing access arrangement approval process, which already includes public submissions, draft decisions, and stakeholder engagement. We consider there is no need to add mandated consultation.

Even if stakeholder consultation were mandated for abolishment model standing offers, we do not consider that the approach to standing offers for connection services should be similarly amended. Abolishment and connection services operate in different contexts with materially different risk profiles, and extending the requirement could create unnecessary regulatory burden without delivering meaningful benefits. Connection services are high-volume, routine, and well-understood services with mature regulatory oversight. Model standing offers for connections are already subject to consultation under existing arrangements in Part 12A. Conversely, abolishment services involve a developing issue, consumer equity, and cost-recovery issues that justify targeted consultation.

Question 4: Are there any other types of directly attributable costs that we need to make provision for?

Are there any additional types of directly attributable costs that you consider should be included in the abolishment charges criteria? If so, please explain what they are and why they should be included.

The draft rule proposes that abolishment charges reflect directly attributable costs to the customer's abolishment and that these costs are prudent and efficient. While these conditions are sufficient to cover the necessary costs, we consider that additional guidance on potential non-standard types of costs could be included in the abolishment charges criteria. For example, information concerning costs associated with external permits and safety requirements such as traffic management, additional costs associated with multi-dwelling sites, site restoration costs and costs for complex abolishments such as those associated with embedded networks.

Question 5: Is the application of the new framework to scheme and nominated non-scheme pipelines in all jurisdictions (except Western Australia) appropriate?

Do you agree that it is not appropriate to apply the new retail customer-initiated abolishment service framework in Western Australia? If not, please explain why you consider scheme and nominated non-scheme distribution networks in Western Australia should be subject to the new framework.

Do you agree that the new framework should apply to distributors in jurisdictions that have not adopted NECF (e.g. Victoria)? If not, please set out what your concerns are with this application.

We agree that it is not appropriate to apply the proposed framework in Western Australia (WA). The regulatory, institutional and market differences between the NECF jurisdictions and WA support excluding WA unless and until the WA Government decides to adopt the framework. Applying the abolishment framework would require a separate process by the WA Government, and it is appropriate that WA decide this for itself.

Abolishment volumes, transition plans, and gas usage profiles in WA may follow a different pathway, making premature or automatic application inappropriate. The abolishment framework is explicitly linked to electrification and long-term decline of residential gas demand. WA's policy position on gas transition, including potential future decommissioning strategies, may evolve differently.

Conversely, we consider that the new abolishment framework should apply to distributors in non-NECF jurisdictions such as Victoria. The framework primarily affects distributor obligations under the NGR and AER-regulated access arrangements, which apply nationally (other than WA), and does not rely on NECF-specific retailer–customer relationships. Since the new abolishment framework is implemented primarily through the NGR (service definitions, charging criteria, model standing offers, negotiation and dispute processes), Victoria remains fully within the rule's scope. Abolishment services are distributor-led and do not rely on NECF retail processes. Adoption by Victoria will promote consistency across interconnected east-coast gas markets and would create a clear, cost-reflective abolishment framework for Victoria, which is already experiencing strong electrification trends.

Question 6: Are the proposed distributor information provisions likely to achieve their stated objective?

Do you think the proposed distributor information provisions would help support more informed decision-making by retail customers? If not, please explain why not and what additional support you think is required.

Do distributors consider the proposed information provisions to be workable, or are there material costs and/or implementation challenges that we should be aware of in relation to this requirement? If distributors think there are material costs and/or challenges associated with this requirement, are there any ways that you think these could be reduced, while still giving effect to the intent of the draft rule?

We consider the proposed distributor information provisions will substantially improve the quality of information available to retail customers and will support more informed decision-making. Greater transparency about abolishment and disconnection will significantly reduce confusion that currently leads to misdirected service requests, unexpected costs and delays in electrification projects. Mandatory information provision will create a more predictable customer experience across jurisdictions. Providing indicative abolishment charges, conditions that may require higher or lower costs, and factors that affect abolishment complexity helps customers make informed decisions earlier in the process and results in improved customer protection and fewer disputes.

Question 7: Are the proposed retailer information provisions likely to achieve their stated objective?

Do you think the proposed retailer information provisions would help support more informed decision-making by retail customers? If not, please explain why not and what additional support you think is required.

Do retailers consider the proposed information provisions to be workable, or are there material costs and/or implementation challenges that we should be aware of in relation to this requirement?

If retailers think there are material costs and/or challenges associated with this requirement, are there any ways that you think these could be reduced, while still giving effect to the intent of the draft rule?

The proposed retailer information provisions will support more informed customer decision-making, particularly by clarifying the distinction between disconnection and abolishment and ensuring customers receive consistent baseline information regardless of their retailer.

Retailer information complements the new distributor information obligations. Together, they create a clearer and more coherent information environment, reducing the risk of conflicting messages across market participants. However, their effectiveness would be strengthened by ensuring standardised information, establishing clear referral boundaries, ensuring support for vulnerable customers, and providing structured guidance for abolishment in complex premises.

Retailers can comply with the proposed information provisions, and the requirements are generally workable. However, retailers are likely to face implementation costs, operational challenges, and customer-management risks, including:

- Updating customer service systems, scripts and digital channels, updating websites and ensuring consistency across communication channels (phone, direct correspondence, email etc).
- Staff training to ensure a thorough understanding of abolishment vs disconnection, the associated safety implications, and the process for referral to distributors.
- Increased customer call volumes and call times.
- Aligning information with multiple distributors across jurisdictions, complicating script design and staff training requirements.
- System changes to distinguish disconnection vs abolishment pathways leading to increased IT and process costs.

These costs and risks can be partially mitigated by:

- Developing standardised, regulator-approved customer scripts and communication templates. We anticipate that any such templates would be developed in consultation with retailers to ensure suitability. This would assist in reducing training and script development costs and ensure consistent customer messaging across all retailers.
- Clarify the boundary between retailer advice and distributor advice to reduce legal and operational risk for retailers and ensure customers are connected with the appropriate party to answer their questions.
- Allow flexibility in how retailers provide the required information so that retailers can integrate the obligations into existing workflows with minimal system redesign.
- Ensuring consistency between retailer and distributor information to avoid duplication and ensure customers receive consistent information.

Question 8: Are retailers or distributors likely to face any impediments in implementing the proposed information provisions within the proposed timeframe?

Do retailers or distributors consider there to be any practical impediments to implementing the proposed information provisions set out in Chapter 4 within six months of the final rules being made (if made)?

We consider that both retailers and distributors are likely to face practical impediments to full implementation of the information provisions within six months. Retailers will face significant timing challenges because they must integrate new information obligations across multiple customer service channels. Retailers will also be required to train large customer-service workforces across multiple locations, including outsourced overseas staff. Rolling out updated scripts and training within six months will be a significant labour-intensive task. Retailers operate across multiple distributor regions. Ensuring information is consistent, referral pathways are accurate, and scripts do not contradict distributor materials is a significant and time-consuming exercise. Any new customer communications will also be subject to rigorous legal and compliance review and sign-off, adding time to the process.

We consider there are initiatives that could help to expediate implementation, including:

- Developing standardised, regulator-approved templates via consultation to reduce implementation effort.
- Ensuring the AER provides early guidance to retailers and distributors to allow development and approval processes to get underway as soon as possible.
- Consider phased compliance for example basic/minimum content available within six months and full-featured content within 12 months.

We welcome discussion on these proposed initiatives.