

15 January 2026

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Dear AEMC submissions team

### **Draft determination on retail customer initiated gas abolition**

The Australian Sustainable Built Environment Council (ASBEC) welcomes the opportunity to provide a high-level response to the Australian Energy Market Commission's (AEMC) Draft Determination on customer initiated gas abolition.

ASBEC is a forum of peak bodies in the Australian built environment that collaborates for impact in pursuit of sustainable, productive and resilient buildings, infrastructure, communities and cities. Our [membership](#) brings together industry associations, professional bodies, academia, non-government organisations and government observers involved in the planning, design, delivery and operation of Australia's built environment.

ASBEC's current strategic priorities include accelerating decarbonisation, enhancing resilience and adaptation to climate change risk, and supporting the transition to a circular economy. Our work consistently highlights the central role of building electrification, energy efficiency and coordinated planning in achieving Australia's emissions reduction targets while delivering lower energy costs and improved health and comfort for households.

We recognise that the Draft Determination seeks to clarify arrangements for customers who wish to abolish their gas connection. This response draws on ASBEC's established policy positions, as expressed in [Every Building Counts](#) and [Unlocking the Pathway](#), as well as recent analysis<sup>i</sup> from consumer, equity and market bodies on the transition of gas networks. We support reforms that provide clarity and fairness. However, we emphasise that changes to retail and network arrangements must be designed to actively support – and not inadvertently slow – the energy transition, while protecting vulnerable consumers and reducing reliance on inefficient, individualised decision-making.

Our key recommendations are:

- ❖ Customer initiated gas abolition arrangements need to actively support, and not slow, the transition to an efficient, electrified built environment
- ❖ Equity considerations are central, with strong protections for vulnerable consumers
- ❖ Regulatory settings recognise the importance of coordinated, planning-led approaches that reduce the burden on individual households.



#### ❖ Supporting the Transition: Treating Gas Abolishment as a Normal and Foreseeable Outcome

ASBEC strongly supports a policy and regulatory framework that enables an orderly and efficient transition away from fossil gas, particularly in the residential sector. We encourage modernising the regulatory framework to ensure customer-initiated gas abolishment is treated as a predictable feature of the energy transition rather than an exception. Demand for residential gas is declining rapidly in line with AEMO projections and state government policy shifts, and the regulatory framework must be aligned with this reality.

The National Gas Rules, as currently drafted, are fundamentally unfit for purpose in a context of network contraction. Continued reliance on growth-biased provisions risks delaying efficient electrification and increasing the long-term financial burden on those least able to pay.

The [\*Every Building Counts\*](#) transition agenda identifies building electrification and energy efficiency as foundational to achieving least-cost emissions reduction across the economy, while [\*Unlocking the Pathway\*](#) highlights the risks of delayed action locking households into higher long-term energy costs. Customer initiated gas abolishment is already occurring as households electrify appliances, improve building efficiency and respond to rising gas costs.

In this context, ASBEC cautions against regulatory changes that may inadvertently undermine efficient consumer choice or distort transition pathways by:

- Creating new cost, procedural or administrative barriers to gas disconnection
- Signalling regulatory preference for maintaining gas connections where electrification is economically and environmentally preferable
- Reinforcing sunk-cost recovery approaches that extend the life of declining gas networks.

Analysis from consumer and market bodies<sup>ii</sup> on gas networks in transition consistently shows that regulatory frameworks built on assumptions of growth are no longer fit for purpose and risk delaying efficient electrification. Regulatory certainty should encourage, rather than discourage, households to move away from gas where it is efficient to do so.

ASBEC also notes that the built environment transition is both policy-driven as well as consumer-led. State and territory governments are increasingly implementing electrification and efficiency policies<sup>iii</sup>. Retail and network rules should be aligned with these trajectories, rather than operating in isolation.

#### ❖ Embedding Equity and Consumer Safeguards

ASBEC emphasises that equity must be a primary consideration—not an afterthought—in designing abolishment arrangements. Poorly designed reforms risk concentrating residual network costs on renters, low-income households and people living in apartment buildings. They also risk forcing vulnerable consumers to shoulder rising network costs as others exit the system, and may create financial barriers that discourage safe, permanent disconnection.

ASBEC supports the addition of measures to provide payment flexibility, subsidies or staged cost recovery for vulnerable households. It is also important to ensure that cost-reflective abolishment fees do not become punitive or exclusionary, and that national consistency is embedded to avoid postcode-based inequities.

These protections align with [\*Unlocking the Pathway\*](#), which highlights the need to remove structural cost barriers and prevent disadvantaged consumers from being locked into outdated and expensive energy systems.

From a built environment perspective, electrification is not merely a consumer preference but a structural change. Regulatory frameworks should recognise that gas exit is often constrained by tenancy arrangements, strata governance, heritage requirements and upfront capital costs. These realities must be reflected in how fairness is assessed.

#### ❖ **Planning-Led, Coordinated Transition Offers the Lowest-Cost Pathway**

ASBEC strongly encourages the AEMC to consider customer initiated gas abolishment within a broader planning and system context. ASBEC's work repeatedly finds that planning-led approaches deliver better outcomes than reliance on individual consumer action alone.

A purely individualised, customer-by-customer approach risks being inefficient, inequitable and ultimately higher cost for consumers and the system as a whole. ASBEC's work consistently demonstrates that building-level and precinct-scale approaches to electrification and energy efficiency deliver better economic and social outcomes than fragmented, ad hoc decision-making. *Every Building Counts* explicitly calls for integration of energy market reform with planning, housing, and building policy.

A critical element of reform is the development of a national policy framework for managing the orderly decline of the gas distribution network. As electrification accelerates and customer numbers fall, the regulatory framework must provide clarity and guidance for staged network retirement, including how safety, reliability and minimum service standards will be managed during periods of declining utilisation. A coordinated national approach would also ensure alignment with state and territory electrification strategies, building policy reforms and emissions reduction targets, providing a coherent basis for decision-making across jurisdictions.

Equally important is the need for mechanisms that support precinct-level and strata-level network retirement, recognising that apartments and localised clusters of properties face shared constraints and opportunities. Enabling majority-triggered disconnection within precincts or apartment complexes can deliver cost efficiencies, reduce duplication of works and support coordinated electrification upgrades that benefit all residents. Such mechanisms also provide clarity for owners and tenants by establishing transparent processes, timelines and support pathways, thereby preventing piecemeal or delayed transitions that increase costs for remaining customers.

Finally, a modern regulatory framework must allow for top-down or mandated network closure where circumstances require it. In situations where safety risks emerge, where the economics of continuing network operation are no longer viable, or where governments set clear decarbonisation requirements, regulators need the authority to implement structured, timely shutdowns. This approach protects consumers from escalating network charges, avoids inefficient expenditure on maintaining uneconomic assets and ensures that energy system planning reflects broader climate and infrastructure objectives. It also allows for predictable notice periods and tailored support for households that may need additional time or assistance to electrify.

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ASBEC supports regulatory reform that provides clarity, fairness and certainty for customers seeking to abolish their gas connection. However, such reform must be clearly situated within the broader energy and built environment transition.

In finalising its determination, ASBEC urges the AEMC to ensure that:

- Customer initiated gas abolishment arrangements actively support, and do not slow, the transition to an efficient, electrified built environment

- Equity considerations are central, with strong protections for vulnerable consumers
- Regulatory settings recognise the importance of coordinated, planning-led approaches that reduce the burden on individual households.

ASBEC would welcome ongoing engagement and as Australia continues to navigate the complex but necessary transition away from fossil gas in the built environment.

We look forward to ongoing engagement with the AEMC as this work progresses. If you have any further queries, please do not hesitate to contact Alison Cleary – ASBEC Policy and Program Manager – on [alison.cleary@asbec.asn.au](mailto:alison.cleary@asbec.asn.au) or 0438 639 868.

Yours Sincerely



Alison Scotland

Chief Executive Officer

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<sup>i</sup> See <https://www.asbec.asn.au/wordpress/wp-content/uploads/2025/11/251030-Gas-networks-in-transition.pdf> and <https://iefa.org/sites/default/files/2025-10/IEFA%20submission%20-%20Gas%20networks%20in%20transition%20-%20Oct2025.pdf>

<sup>ii</sup> as above

<sup>iii</sup> <https://www.energy.vic.gov.au/renewable-energy/victorias-gas-substitution-roadmap>  
<https://www.energy.nsw.gov.au/nsw-plans-and-progress/government-strategies-and-frameworks/energy-strategy>  
<https://www.climatechoices.act.gov.au/energy>