

15 January 2026

Australian Energy Market Commission (AEMC)
via online submission

Dear Commissioners,

Re: Establishing a Regulatory Framework for Retail Customer Initiated Gas Abolishment (GR0086)

Australian Gas Infrastructure Group (AGIG) welcomes the opportunity to provide this response to the Australian Energy Market Commission's (AEMC) draft determination and draft rules to create a new regulatory framework for retail customer-initiated gas abolishment.

AGIG is supportive of the proposed framework that mirrors Part 12A of the National Gas Rules (NGR) as it is well-established and widely understood by stakeholders. Aligning with an existing model limits unnecessary regulatory divergence and avoids introducing complexity into the regulatory framework. However, we suggest that the framework should allow some departures from the standard service options and terms and conditions outlined in Figure 3.1 of the draft determination where such departures are warranted by specific operational, commercial or regional circumstances of a distributor.

While we support the application of cost-reflective abolishment charges, we note the differential treatment of abolishment costs based on the stated reason for abolishment adopted by the Australian Energy Regulator (AER) for Australian Gas Networks (AGN) South Australia (SA) on its latest review of the 2026/27 to 2030/31 Access Arrangement (AA) period. The AER's Draft Decision proposed only partial abolishment cost recovery for customers opting to permanently exit the gas distribution network, while a cost-reflective abolishment charge is allowed for knockdown rebuilds or renovations. We note that AER's Draft Decision was made after the draft determination was released. We have responded to the AER in our Revised Final Plan dated 14 January 2026 proposing that cost-reflective abolishment charges would apply to all customers, not a specific cohort. We request that the AEMC give regard to the negative implications of the AER approach in its final determination.

We believe that the distributor and retailer information provisions are adequate in their design, although their effectiveness largely depends on clear and consistent implementation around how costs, processes and timeframes are explained to customers. Information provisions should also be sufficiently flexible to allow different means of providing information. We also support the proposed timeframe for implementing the proposed information provisions to be in August 2026 as the required information provisions were clearly articulated and sufficiently detailed in the draft determination. We also consider the AER should take account of the AEMC's determinations when making its upcoming Final Decision for our South Australian gas network, consistent with our position in our Revised Final Plan.

As a final point, we note that the draft determination at times frames customer-initiated abolishment in the context of customers "*choosing to electrify*". Customers may request abolishment services for various reasons including redevelopment, switching to other fuels such as Liquefied Petroleum Gas (LPG), or broader customer circumstances. Competition between energy sources and customer choice are the primary drivers of efficient outcomes, and the AEMC's role under the National Gas Objective (NGO) is not to determine which emissions reduction pathways are efficient or necessary. Consistent with this technology-neutral role, we encourage the AEMC to adopt technology-neutral framing and drafting in its final determination and associated communications that accurately reflects the act of abolishing of network connected gas, rather than framing abolishment outcomes as due to electrification alone.

Thank you for considering our submission, including detailed responses to the consultation questions set out on the attached table. We would welcome the opportunity to discuss these matters further, and can be contacted via Owen Sharpe, Strategy and Policy Manager (owen.sharpe@agig.com.au).

Kind Regards,



Cathryn McArthur

Executive General Manager Customer and Strategy

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?

We broadly support the AEMC's proposal to adopt a framework mirroring Part 12A of the NGR for retail customer-initiated abolishment as it is well-established and widely understood by industry. This approach minimises regulatory complexity and does not impose additional costs beyond standard administrative requirements. Administrative costs are expected to be minimal for distributors, especially given the updates to upfront costs for new gas connections also being implemented through the AEMC's parallel process. Administrative cost may include costs to develop, maintain, and seek approval for model standing offers, updating systems and processes and staff training. Administrative costs may include costs to develop, maintain, and seek approval for model standing offers, updating systems and processes and staff training.

Distributor-led model standing offers will likely deliver benefits that outweigh the associated costs and risks. Distributors have direct visibility of the technical and safety requirements of their respective gas networks. This positions distributors to design model standing offers that accurately reflect the practical steps required to safely abolish their gas infrastructure. Distributors also have detailed knowledge of the costs associated with abolishment works and thus, support the objective of cost-reflective abolishment charges. While inevitably there will be variations of model standing offers across distributors, the proposed framework has already introduced minimum information provisions and transparency obligations to reduce information asymmetry risks.

Notwithstanding this, we suggest the framework should allow for reasonable flexibility to accommodate departures from standard service options (as depicted in Figure 3.1 of the draft determination) where such departures are warranted by specific operational, commercial or regional circumstances of a distributor. A strictly uniform approach may not always deliver efficient or cost-reflective outcomes as network configurations and legacy asset arrangements can vary across distributors.

We also note that the draft determination at times frames customer-initiated abolishment in the context of customers "choosing to electrify". For example, on page 16 of the draft determination:

"Put simply, our draft rule is not expected to affect the ability of retail customers to electrify. It is, however, expected to facilitate more informed choices by retail customers and governments. This should support emissions reduction and contribute to addressing one of the challenges associated with the changing nature of natural gas use throughout the energy transition."

While electrification is a possible outcome from customers choosing to abolish their gas connection, customers may do so for various reasons including redevelopment, switching to other fuels (e.g. LPG), or other broader customer circumstances. Competition between energy sources and customer choice are the primary drivers of efficient outcomes. The AEMC's role under the NGR is not to determine which emissions reduction pathways (i.e. electrification, renewable gas, others) are the most efficient or necessary. Consistent with this technology-neutral role, we encourage the AEMC to

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adopt technology-neutral framing and drafting in its final determination and associated communications that accurately reflects the act of abolishing network connected gas, rather than framing abolishment outcomes as due to electrification alone.

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 consider it unnecessary to mandate disconnection to be classified as a reference service. As noted in the draft determination, Rule 47A allows the AER to require distributors to offer disconnection as a reference service. In practice, relevant distributors have already provided disconnection as an ancillary reference service, demonstrating that this service is already available to customers without the need for a prescriptive regulatory requirement.

Firstly, requiring disconnection as a reference service would introduce additional administrative complexity to distributors as the prescriptive nature of the framework may require distributors to adjust their current disconnection service offering to the regulatory requirements. Secondly, this could reduce distributors' flexibility to adapt their reference service offerings if disconnection services are no longer offered or are provided under alternative arrangements.

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?

No. Requiring a separate consultation on model standing offers would introduce duplication into the regulatory framework and provide no material benefits to stakeholders. Consultation should instead occur as part of the AA process, through which all reference services are already subject to comprehensive stakeholder consultation in accordance with the NGR.

Under Part 8 of the NGR, the AER has the power to approve and require revisions of information in AA submitted by service providers. This framework should extend to model standing offers, allowing the AER to approve them or require amendments where the arrangements do not comply with the NGR, the National Gas Objective (NGO) or other relevant requirements.

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.

No. We believe the draft framework has captured all elements in the directly attributable costs and the cost-reflective abolishment charge is consistent with the beneficiary-causer pays principle.

While we are supportive of the cost-reflective abolishment charges, we note the differential treatment of customers based on the stated reason for abolishment adopted by the AER on the AGN SA's current review of the next AA period (2026/27 to 2030/31). AER's Draft Decision only allows a partial abolishment cost recovery for customers opting to permanently exit the gas distribution network, while a cost-reflective abolishment charge (albeit lower than recent the actual average costs) is allowed for customers opting for knockdown rebuilds or renovations. We note that this decision was made after the AEMC's draft determination for retail customer-initiated abolishment. We consider the AER's proposed approach to be impractical to implement and could increase inefficiency, confusion and inequity for our customer base. We have responded to the AER

in our Revised Final Plan dated 14 January 2026 proposing that full cost-reflective abolishment charge would apply to all customers, not a specific cohort. We request that the AEMC give regard to the negative implications of the approach outlined in the AER's Draft Decision in its final determination.

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.

The proposed framework should be limited to scheme pipelines. Non-scheme pipelines operate under negotiated commercial arrangements and often serve a limited number of customers. Extending the framework to non-scheme pipelines contradicts the long-standing regulatory distinction between these two classes of infrastructure and impose additional compliance costs that are unlikely to deliver consumer or market benefits.

From a policy standpoint, applying the framework across jurisdictions promotes national consistency in network-related obligations. However, an exception can be made to Western Australia's (WA) gas pipelines and networks as they are regulated under different regulatory frameworks (i.e. WA Gas Law and NGR (WA)). Therefore, we agree that a separate framework should be adopted for WA although in principle the framework can mirror those proposed in this draft rules.

We agree that the framework should also apply to non-NECF jurisdictions (e.g. Victoria and Northern Territory) as the proposed framework is established under the NGR, not NECF, and is therefore capable of operating independently of NECF. Applying the framework to non-NECF jurisdictions would help to avoid inconsistencies and gaps in how distributors manage the abolishment services and ensuring transparency and fairness across jurisdictions where they operate in.

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?

The proposed distributor information provisions are adequate in their design and are likely to support the stated objective. However, their effectiveness would depend on the consistent and clear implementation, including the use of terminology, clear explanations of costs and processes, timeframes, and alignment across distributor and retailer communications. Information provision requirements should be also sufficiently flexible to allow different means of providing information (e.g. explainer video). A good example is explainer videos published on Evoenergy website, which clearly explains the process for disconnection and abolishment to customers.

We foresee no challenges on implementing the information provisions as they are clearly articulated and sufficiently detailed. We believe there are no material costs as costs would mainly be associated with developing customer-facing materials, updating systems, staff training, and ensuring accurate and up-to-date information.

The cost of abolishing a gas connection may act as a barrier for some customers. Additional guidance that clearly explains indicative costs, safety risks associated with abandoned gas

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infrastructure, and how the intended future use of a site may influence those risks would support more informed customer decision making.

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?

Similar to our response to Question 6, the proposed retailer information provisions are adequate in their design and are likely to support the stated objective. Their effectiveness will depend on consistent and clear implementation, particularly ensuring retailer information is aligned with distributor communications and presented in a way that is easy for customers to understand.

The proposed information provisions for retailers are practical to implement within existing systems and processes. We do not anticipate material costs beyond those associated with developing customer facing materials, updating systems, and ensuring information remains accurate and up to date.

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 support the proposed timeframe for implementing the proposed information provisions set out in Chapter 4 of the draft determination to be in August 2026. We do not foresee any impediments from retailers or distributors as the proposed information provisions are clear and workable.

We noted that the draft determination stated a phased implementation of the abolishment framework, aligning with the commencement of distributor's next AA. However, this would result in different implementation timing as Victorian gas distribution networks would have fully operated abolishment framework by 1 July 2028, whilst ACT and SA would not have fully operated framework until 1 July 2031. That said, we consider the AER should take account of the AEMC's determinations when making its upcoming Final Decision for our SA gas network, consistent with our position in our Revised Final Plan. We do not consider it necessary to wait until 2031, and to the extent the AER does not reflect this draft determination (noting that the final determination is scheduled to be made prior to the AER's Final Decision for our SA network).