

Rule determination

Establishing a regulatory framework for retail customer initiated gas abolishment

Proponent

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About the AEMC

The AEMC reports to the energy ministers. We have two functions. We make and amend the national electricity, gas and energy retail rules and conduct independent reviews for the energy ministers.

Acknowledgement of Country

The AEMC acknowledges and shows respect for the Traditional Custodians of the many different lands across Australia on which we live and work. The AEMC office is located on the land of the Gadigal people of the Eora nation. We pay respect to all Elders past and present, and to the enduring connection of Aboriginal and Torres Strait Islander peoples to Country.

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Summary

- 1 The Australian Energy Market Commission (AEMC or Commission) has decided to make a more preferable final gas rule and a more preferable final retail rule (final rules) in response to the rule change request submitted on 9 May 2025 by the Justice and Equity Centre (JEC). The rule change request sought to amend the National Gas Rules (NGR) and the National Energy Retail Rules (NERR) to create a new regulatory framework for gas disconnections and abolishment. JEC considered that the lack of a framework in the NGR and NERR was resulting in uncertainty and inconsistency in regulatory decisions and raising issues of inequitable cost sharing.¹
- 2 Australia is transitioning from a predominantly fossil-fuelled energy system to one powered by renewable energy. This has implications for the use of natural gas over time, including for the infrastructure that delivers gas to homes and businesses across the country, as customers choose to electrify.
- 3 The number of residential and small commercial gas users who electrify, replacing gas appliances with electric appliances, or switching to alternative fuels, is expected to increase as the energy transition progresses. In some jurisdictions, government policies are driving the electrification trend. In other jurisdictions, consumers are leading the electrification trend as they seek to maximise the value of their consumer energy resources, such as rooftop solar and batteries. The Australian Energy Market Operator's (AEMO) latest Gas Statement of Opportunities (GSOO) is one source that provides some insight into the projected impact that electrification and other factors are expected to have on residential and commercial demand in gas networks over the next 10-20 years. The East Coast GSOO projects that distribution-connected residential and commercial demand will fall by around 80% over the next 20 years.²
- 4 As demand from residential and small commercial customers declines, and these customers leave gas distribution networks, the costs of operating and maintaining the network will be shared among a declining customer base. The rate and timeframes for decline are uncertain, given there are different jurisdictional positions on gas, however, declining demand will have significant impacts on the prices payable by remaining customers. This may, in turn, further accelerate the decline in demand as customers who can electrify or switch fuels opt to do so sooner than they previously would.
- 5 Our final rules address the gaps in the NGR and NERR to provide regulatory certainty and guidance for gas distribution network operators (distributors), and the Australian Energy Regulator (AER) as to how abolishment services requested by customers will be regulated. This includes what types of services are provided, the differences between these services and how the costs of these services are recovered. Addressing the lack of clear and accessible information will help alleviate customer confusion. The final rules promote the national gas objective (NGO) and national energy retail objective (NERO) and improve outcomes for gas customers by introducing:
 - **A new framework for retail customer initiated abolishment services** in the NGR. This is intended to facilitate access to the abolishment services provided by relevant distributors on fair and reasonable terms and conditions, and for the costs of these services to be paid for by those who use them.

1 JEC, Rule change request, p.1.

2 AEMO, [Gas Statement of Opportunities](#), March 2026, p. 32. These projections are based on AEMO's Step Change Scenario, which forecasts that residential and small commercial consumption will be close to 35 PJ in 2045 which is down by 130 PJ from the level of gas consumption in 2026.

- **New information provision requirements** in the NGR and NERR. These are intended to support more informed and efficient decision-making by retail customers that are considering ceasing to use gas.

6 We have carefully assessed the final rules against our statutory objectives, leading us to make more preferable rules in several areas. We have sought to balance outcomes for customers, efficiency, good regulatory practice, safety and emissions reduction to deliver outcomes that best serve gas consumers in the long term.

7 The Commission’s analysis of the issues raised in JEC’s rule change request also identified issues that extend beyond the national energy framework. The final rules only address some of these issues, and we recommend that jurisdictions consider whether actions are required under their various frameworks to address other issues raised in this final determination. These areas include:

- Financial support to assist customers with electrification
- Planning for the future of the gas network and potential decommissioning
- Non-energy regulations required to complement electrification policies, for example:
 - Regulations associated with property sales
 - Gas connections at rental properties and landlord responsibilities.

Our final rule will improve clarity and regulatory certainty regarding gas abolishment services and require customers to pay a cost reflective abolishment charge

8 Our final gas rule introduces a new framework for customer-initiated abolishment services in the NGR. This is to address gaps in the regulatory framework that have led to a lack of clarity about the types of services available to customers seeking to stop using gas, their implications, and how the costs of these services should be determined and recovered. It facilitates retail customer access to these services on fair and reasonable terms and conditions by:

- introducing outcomes-based definitions to clarify which services can be provided and what they are
- ensuring that the customer choosing to abolish pays the prudent and efficient costs of the abolishment
- ensuring that all customers seeking abolishment services, including negotiated services, are covered by the new framework
- accommodating the contestability of abolishment services, where permitted by the relevant jurisdiction.

9 This framework is modelled on Part 12A of the NGR, which covers gas connections for retail customers. Disconnection services will continue to be treated as ancillary reference services for AER approval in access arrangements.³

10 The definitions in our final gas rule are outcomes focused. This means they do not prescribe how a disconnection or abolishment is to be carried out, but rather the outcome. This provides flexibility to accommodate differences in site-specific requirements, jurisdictional safety regulations and other technical requirements. The definitions in the final gas rule include:

³ The access arrangement sets out the terms and conditions on which the service provider will grant access to its distribution system. Access arrangements are revised on five year periods by the AER.

- **disconnection** means de-energisation or disconnection (each within the meaning of the NERL) that does not involve removal of the connection, such that the de-energisation or disconnection can be reversed without the need to establish a new connection.
- **disconnection service** means a service for the disconnection of premises at the request of the retail customer at the premises
- **abolishment service** means a service for the removal of a connection such that gas cannot flow to the premises without a new connection being established.

- 11 The abolishment framework provides clarity and consumer protections for the provision of abolishment services, including rules governing how a distributor must determine the charges for these services. The key features of the abolishment framework include:
- an obligation on each distributor to develop a model standing offer for a basic abolishment service and to have it approved by the AER
 - a requirement for all abolishment services (basic, standard or negotiated) to comply with the abolishment charging criteria, which clarify and constrain what distributors can include in abolishment charges
 - a negotiation framework that is designed to support balanced negotiations between distributors and retail customers
 - a simple and accessible dispute resolution mechanism overseen by the AER.
- 12 These definitions and framework ensure flexibility to accommodate differing jurisdictional policies on the future of gas and electrification.
- 13 A key outcome of the final gas rule is that relevant distributors will be required to charge retail customers an upfront cost reflective charge for a customer initiated abolishment. This is given effect in the final gas rule through the principles-based charging criteria. These criteria will allow relevant distributors to recover the prudent and efficient, directly attributable cost of providing the abolishment service.
- 14 This will replace the previous approach, where the AER has had some discretion when determining how to allocate costs for abolishment services and how to set reference tariffs. In some recent access arrangement decisions, the AER has required customers who are abolishing their connection to pay a tariff closer to the tariff for disconnections in response to the concerns of some jurisdictional safety regulators.⁴ The difference between the two charges was recovered from remaining network users, i.e. socialised. As this was only done for distributors in Victoria and NSW, the new rule will mean no change to cost recovery for many customers.
- 15 The AER has acknowledged that the approach to socialise a portion of the abolishment costs, where a customer chooses to abolish their connection, would be unsustainable in the future as the number of customers leaving the gas network and abolishing their connections increases. Without change to the regulatory framework, the costs of abolishment, in addition to the costs of operating and maintaining the network, would be shared among a declining customer base.
- 16 The Commission is of the view that requiring a customer who chooses to abolish their gas network connection pay the real cost of abolishment is more equitable and efficient than spreading these costs across a declining number of remaining customers, who are often those with fewer choices about their energy supply.
- 17 Throughout this transition to a net zero system, we consider it is important that the regulatory

⁴ [AER - Draft decisions - Jemena Gas Networks \(NSW\) access arrangement 2025 to 2030, p.32](#); [AER Final decision - AusNet Gas Services - Gas distribution access arrangement 1 July 2023 - 30 June 2028, p.7](#).

framework promotes efficient ongoing investment to ensure the safe and reliable operation of gas network infrastructure whilst also supporting equitable outcomes for consumers.

- 18 It is the Commission’s view that assessment of safety of disconnection and abolishment services is the responsibility of the relevant jurisdictional safety regulators and distributors are responsible for implementing any requirements to maintain the safety of their networks. These costs will continue to be treated as operating expenditure approved by the AER and recovered from all customers.
- 19 Any broader policy relating to electrification that impacts abolishment rates, such as developing plans for decommissioning, is within the remit of jurisdictional governments. The new framework is flexible to accommodate differing jurisdictional policies on the future of gas and electrification and allow for phased decommissioning or a strategic approach to abolishment, for example, abolishing gas connections on a geographic or locational basis, such as by streets. Where jurisdictions do have policies to end gas use and are planning for decommissioning, it is likely more efficient to undertake decommissioning than an ad hoc approach to abolishing connections.
- 20 The final gas rule introduces a requirement for cost reflective charges, which will provide efficient price signals to retail customers who are considering abolishing their gas connection. The Commission considers this is the most sustainable cost recovery solution as it ensures remaining gas customers do not have to pay for the abolishment costs of others through higher network tariffs. Those customers that remain connected are also likely to comprise consumers who face barriers to switch away from gas. Requiring these customers to cross subsidise abolishing customers is likely to give rise to inequities.
- 21 The final gas rule applies to distributors that operate:
- scheme distribution networks in all jurisdictions except Western Australia
 - non-scheme distribution networks, if a jurisdiction makes a regulation under the NGL to nominate that the new Part 13 of the NGR applies to the distributor for that pipeline.

The final rules provide customers clarity on both disconnection and abolishment services through new information requirements in the NGR and NERR

- 22 The final rules introduce new information requirements in the NGR and NERR to support more informed decision-making by retail customers who are considering ceasing to use gas. Alongside the introduction of definitions, these new requirements address the information deficiencies contributing to the confusion retail customers currently face about the options available to them if they choose to stop using gas at their premises. This confusion may be leading to ill-informed or inefficient decisions.
- 23 The final retail rule requires retailers to provide general information about the availability of different services and the differences between them if a customer is seeking to terminate its retail contract or otherwise enquiring about disconnection or abolishment services. For example, the retailer will be required to inform the customer about the differences between an abolishment and a disconnection. This includes whether there will still be gas within the boundary of the customer’s premises, after completion of the service, and the work required if a customer wants to re-establish the supply of gas. The customer will be referred to the relevant distributor for more complex information.
- 24 The new information provisions in the NERR apply to retailers and relevant distributors that are operating in jurisdictions that have adopted the National Energy Customer Framework (NECF) for

gas and are subject to the NERR.⁵ It is open to non-NECF jurisdictions to amend their retail codes to provide for similar disclosure requirements.

- 25 The final gas rule also requires relevant distributors to publish, on their websites, a range of information on the disconnection and abolishment services available to retail customers connected to their distribution network. They will be required to respond to enquiries made by customers about these services.

Our final rules reflect stakeholder feedback and better promote the NGO and NERO to provide improved customer outcomes

- 26 The Commission has decided to make more preferable final rules. The final rules are broadly consistent with the intent of JEC's rule change request in that they provide for the implementation of a new framework for gas abolishment services in the NGR and information provisions for both gas disconnections and abolishments in the NGR and NERR. There are some differences between our final rules and JEC's proposed rule, which are intended to ensure the arrangements are targeted, fit for purpose and proportionate to the problem they are intended to address. The final rules:

- Introduce outcomes based definitions for abolishment and disconnection to provide clarity on the services available. This differs from JEC's proposal to introduce definitions for "temporary disconnection", "permanent disconnection" and associated terms, such as "remediation".
- Make no changes to the way disconnection services are regulated. This differs from JEC's proposal to try to disincentivise the use of a disconnection by introducing an annual tariff.
- Limit the basic abolishment service to a service that involves only the work required to satisfy any applicable jurisdictional safety related duty or requirement, and allow for any other additional services to be negotiated, subject to charging criteria. This differs from JEC's proposal to prescribe a standard for an abolishment service in the rules and require AER guidelines.
- Apply the new framework to scheme gas distribution networks and non-scheme distribution networks that have been nominated by a jurisdiction to be subject to the framework, in all jurisdictions except Western Australia. This differs from JEC's proposal that all non-scheme distribution networks (except Western Australia) should be subject to the new framework.
- Implement the new framework in phases from 2027, with distributors' key obligations to commence at the start of each network's subsequent access arrangement. This differs from JEC's proposal for arrangements to commence immediately.

- 27 The final rules also include some minor changes from the draft rules to better meet the requirements of the NGO and NERO:

- an amendment to the definition of disconnection to more explicitly link it with the existing definitions in the NERL, to ensure consistency
- the inclusion of a requirement for information published on distributors' websites to be provided in an easily accessible manner to ensure informed customer decisions
- a requirement for retailers to provide information about the ongoing presence of gas within the boundary of a customer's premises following a retail contract termination, to ensure customers are aware of the presence of gas at the property

⁵ The ACT, New South Wales, South Australia and Queensland.

- an extension of the implementation period to 9 months for retailers to meet information provision requirements, to ensure sufficient time for them to update their systems.

28 The key findings and observations that shaped the Commission’s final determination included:

- Broad support from stakeholders of all types for introducing outcomes based definitions for disconnection and abolishment
- Support from the majority of stakeholders to introduce an abolishment framework that mirrors the connections framework in Part 12A of the NGR
- Acknowledgement from stakeholders that there are issues outside the national gas framework that cannot be addressed by this rule change and may require consideration by jurisdictional governments
- Support from all stakeholders to introduce new information provision requirements to reduce customer confusion

We assessed our final rules against five assessment criteria

29 The Commission’s final rules better contribute to the achievement of the NGO and NERO as follows:

- **Outcomes for consumers** - improve outcomes for remaining gas consumers by implementing cost-reflective charges to ensure equitable cost recovery where remaining customers do not have to pay the abolishment costs of others. Supporting abolishing customers to make more informed and efficient decisions through better price signals and information provisions
- **Principles of market efficiency** - promote economic efficiency through more efficient price signals and the provision of information to support more efficient decision-making and that the remaining customers only pay the efficient costs of using the gas system
- **Safety, security and reliability** - facilitate the safe supply of gas by ensuring retail customers are aware, but not responsible for, safety issues
- **Emissions reduction** - a neutral effect on emissions reduction as the final rules do not produce a barrier to electrification. Customer decisions about the use of gas remains with the customer
- **Principles of good regulatory practice** - align with good regulatory practice by establishing a framework that is simple, transparent and provides flexibility while also providing consumer protections. Aligning the new framework with the gas connections framework will reduce compliance and enforcement costs.

30 The final gas rule is also consistent with the relevant revenue and pricing principles in the National Gas Law (NGL). For instance:

- The movement to cost-reflective abolishment charges means relevant distributors continue to have reasonable opportunity to recover at least the efficient costs of providing the services, or comply with a regulatory obligation or requirement.
- The movement to cost-reflective abolishment charges, together with the requirement that these charges only include those costs that would be incurred by a prudent service provider acting efficiently, should also provide relevant distributors stronger incentives to efficiently provide pipeline services.

These measures are intended to strengthen and enhance protections for small customers and enable them to make more informed decisions about whether to disconnect or abolish their gas connection.

The final gas rule will be implemented in phases, recognising there are existing approved access arrangements we are not proposing to reopen

- 31 Our final gas rule will phase in the new abolishment framework from 2027, with distributors' key obligations to commence at the start of each network's subsequent access arrangement period.
- 32 To enable this to occur, relevant distributors will be required to submit an initial model standing offer for a basic abolishment service to the AER for approval by the access arrangement review submission date.⁶ This is to allow sufficient time for the model standing offers to be reviewed and approved by the AER, so that it can be in place for the commencement of the next access arrangement period. We consider the impact of delaying implementation is smaller than the cost of re-opening the arrangements during an access arrangement period.
- 33 A longer lead time for implementation means socialisation in some jurisdictions will continue in the short term and jurisdictional governments and safety regulators have time to develop an approach to any safety issues. The Commission is of the view that this is appropriate as the projected number of abolishments in the current or upcoming access arrangement periods are small, with costs to remaining customers immaterial during that period. However, as more customers choose to abolish their gas connections in future this will no longer be sustainable and could impose material costs on remaining gas customers.
- 34 The new information provisions for distributors in the NGR will come into effect on 1 October 2026. Retailers must comply with the requirements in the NERR, to provide brief and general information to customers about disconnection and abolishment services, by 18 January 2027. This is in response to stakeholder feedback on the draft determination that suggested retailers may require time to meet their information provision requirements once the distributors have published the information. This timing should provide retailers and distributors sufficient time to develop any materials that may be required for them to comply.

The AEMC is undertaking other work related to the role of gas in the transition

- 35 This rule change project is one of six requests submitted by the JEC and Energy Consumers Australia (ECA) seeking to ensure that the regulatory framework for gas pipelines is fit-for-purpose for Australia's energy transition.
- 36 We commenced consultation on the *Updating the regulatory framework for gas connections* rule change request from ECA at the same time as this rule change request. The Commission published a final determination for the ECA rule change on 11 December 2025 to make a more preferable rule to require gas network distributors to charge retail customers cost-reflective charges for new gas connections through an upfront connection fee.
- 37 The Commission published a directions paper for the *Gas networks in transition* project on 19 March 2026. This directions paper sets out the Commission's proposed policy direction for strengthening the gas pipeline economic regulatory framework to ensure it continues to promote the long-term interests of gas consumers through the energy transition.

⁶ The ACT and South Australian gas distribution networks are not subject to the new framework until the access arrangement period starting in 2031.

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1 The Commission has made a final determination

The Commission's final determination is to make a more preferable final gas rule and a more preferable final retail rule (final rules) in response to a rule change request submitted by JEC on 9 May 2025. The request sought to amend the NGR and NERR to create a new regulatory framework for gas disconnections and abolishment. The final rules would address the key issue raised by JEC that the NGR lacks a regulatory framework for gas disconnection and abolishment and is therefore not fit for purpose given increasing rates of customers moving off gas and projected decline in gas consumption. JEC's concern was focussed on the lack of guidance for what different disconnection and abolishment services should entail, who could provide these services, and how associated costs should be charged. JEC also raised that there was a lack of clear information for customers to make informed decisions.

The final rules establish a framework for retail customer-initiated abolishment services. This acknowledges that customers have the right to choose the service that is right for them, unless there is a safety issue or jurisdictional policy mandates otherwise. Customer choice will be facilitated by a clear framework and information provisions. Other abolishment services that are not initiated by the retail customer may include abolishment for safety reasons or planned decommissioning, and are not within scope of the final rules. The final rules promote the NGO and NERO and improve outcomes for gas customers by introducing:

- **A new framework for retail customer initiated abolishment services** in the NGR. This is intended to facilitate access to the abolishment services provided by relevant distributors on fair and reasonable terms and conditions, and for the costs of these services to be paid for by those who choose them.
- **New information provision requirements** in the NGR and NERR. These are intended to support more informed and efficient decision-making by retail customers that are considering ceasing their retail contract, disconnecting or abolishing their connection.

The Commission has been cognisant of the following in developing the final rules:

- Residential and small commercial demand for gas is projected to decline in some distribution networks as an increasing number of retail customers may choose to electrify or seek other alternative fuels and no longer use natural gas at their premises. Therefore, it is important that the rules support those customers who want to abolish their connection in a safe, efficient, equitable and sustainable manner.
- As more customers leave gas distribution networks, the costs of operating and maintaining the network would be shared among a declining customer base. It is important that the rules provide protections for customers that remain connected to the network.
- Jurisdictional policies on the role of gas distribution networks in a net zero energy system differ. 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 ensuring policy and safety-related decisions are made by the entities best placed to make those decisions. In this regard, we should continue to be guided by the revenue and pricing principles and the NGO when making decisions.

1.1 There are gaps in the national regulatory framework relating to gas abolishment

The NGR has been silent on the issue of disconnection and abolishment. In the absence of rules there has been no regulatory guidance on what different disconnection and abolishment services should entail, who can provide these services, and how associated costs should be charged.

Distributors and the AER have dealt with gas disconnections and abolishments in access arrangements for pipeline services, including how the disconnections and abolishments are charged for. According to JEC's rule change request, this has resulted in "regulatory uncertainty, inconsistent regulatory decisions and issues of inefficiency, inequitable cost sharing and potential risks to safety".⁷

The Commission is of the view that this approach is not fit for purpose going forward for the following reasons:

- **A lack of clear information for customers leaving the gas network:** on the choices available to them and appropriate customer protections if they seek to abolish their gas connection/s.
- **A lack of customer protections for non-basic abolishment services:** the reference service approach may not work as effectively for services that are more diverse in nature, such as abolishment services. As there are differences in the nature of abolishment services, the narrowly defined reference service of a basic abolishment may only be applicable for a subset of retail customers. This means the current approach results in other retail customers having to procure a non-reference service that is not subject to the same regulatory oversight.
- **Inefficient cost recovery from remaining gas customers:** The AER has discretion as to how the cost of reference services are recovered. In recent access arrangement reviews, the AER has decided to significantly discount the reference tariffs payable for abolishment services. This was in response to concerns about the incentive a customer may otherwise have to opt for a lower cost disconnection service and allowed distributors to recover the difference from remaining customers. The AER has acknowledged this solution is not sustainable.⁸ This raises equity issues for those customers who remain on the gas network, as they would have to pay the abolishment costs of others, and are often those with fewer choices about their energy supply.

1.2 Our final gas rule introduces a new framework for retail customer abolishment services

Our final gas rule will introduce a framework in the NGR for abolishment services to support retail customers that want to abolish their connection (abolishing customers).

Our final rules provide regulatory certainty and guidance for gas distributors, and the AER as to how abolishment services requested by customers will be regulated. They will:

- **Introduce outcomes-based definitions of disconnection and abolishment.** The final gas rule introduces common terminology that is widely used by distributors and retailers. These are high level and do not prescribe how a disconnection or abolishment is to be carried out, and can accommodate differences in site specific requirements, jurisdictional safety regulations and other technical requirements

⁷ JEC, Rule change request, p. 1.

⁸ AER, Final decision, AusNet Gas Services, Gas distribution access arrangement, 1 July 2023 to 30 June 2028, p. 8.

- **Require distributors to develop a model standing offer for a basic abolishment service** and have these approved by the AER. It also provides flexibility to accommodate non-basic services, including allowing for negotiations. The framework is largely based on the Part 12A connections framework in the NGR.
- **Require gas distribution networks to charge retail customers an upfront cost-reflective charge** for a customer-initiated abolishment at the time that the abolishment occurs. This is given effect by the final gas rule by requiring abolishment services to comply with principles-based abolishment charging criteria.
- **Allow disconnection services to continue to be treated as ancillary reference services** for AER approval in access arrangements.⁹
- **Accommodate contestability of abolishment services** where permitted by the laws of the relevant jurisdiction.
- **Apply to scheme and nominated non-scheme gas distribution networks** in all jurisdictions except Western Australia (relevant distributors).
- **Introduce new information provisions in the NGR and NERR** to support more informed retail customer decisions.
- **Have a phased introduction** with distributors' key obligations to commence at the start of each network's next access arrangement period.

The Commission has made a more preferable final rule that contributes to the achievement of both the NGO and NERO by improving outcomes for consumers, promoting economic efficiency, facilitating the safe supply of gas, supporting emissions reduction and embodying principles of good regulatory practice. The final rules are also consistent with the revenue and pricing principles and satisfy the consumer protection test. For more information on how the final rules work see chapter 3 and chapter 4.

1.2.1 There are several minor changes to the rules from the draft to final

The final rules include no substantive changes to policy positions, but minor changes have been made from the draft to better meet the requirements of the NGO and NERO.

The following minor changes have been made to the NGR rule:

- an amendment to the definition of disconnection to more explicitly link it with the existing definitions in the NERL
- the inclusion of a requirement for information published on distributors' websites to be provided in an easily accessible manner.

The following minor changes have been made to the NERR rule:

- an amendment to expressly require retailers to provide information about the ongoing presence of gas from the distribution pipeline within the boundary of the customer's premises following a retail contract termination
- an extension of the implementation period to 9 months for retailers to provide brief and general information about the availability of disconnection and abolishment services and the differences between the two services. The final rule maintains the 6-month implementation period for distributors to publish information and retailers to refer customers to distributors' websites.

⁹ The access arrangement sets out the terms and conditions on which the service provider will grant access to its distribution system. Access arrangements are revised on five year periods by the AER.

1.3 Stakeholder feedback helped shape our final rules along with our analysis

1.3.1 Stakeholders supported the establishment of a new framework for retail customer initiated gas abolishment, including cost reflective charges

Stakeholders of all types broadly supported introducing outcomes based definitions for disconnection and abolishment.¹⁰ JEC suggested that the rules should go further, with additional definitions, to ensure consumers are not charged for unnecessary services.¹¹ The Commission has made no change in response to this feedback as this change would require specifying mandatory and voluntary services which are different in each jurisdiction and subject to change.

There was some feedback on wording of the definitions, with some distributors having minor suggestions for definitions to more accurately reflect the services' physical characteristics.¹² Red Energy-Lumo also expressed that they were concerned the disconnection definition may duplicate or conflict with the existing definition in the NERL for de-energisation.¹³ The final gas rule addresses these concerns by introducing a definition that removes explicit reference to physical characteristics of the service and links it to the existing, well-understood definition in the NERL.

Some stakeholder submissions to the draft determination also expressed a preference for the use of 'temporary disconnection' over 'disconnection'.¹⁴ The final rules retain the use of 'disconnection', which aligns with the NERL, but we note that other parties can choose to use any terms that may better resonate with their customers when they are providing them with information on the different services. The Commission encourages distributors and retailers to work together to ensure consistency in terminology used with customers.

The proposed abolishment framework, mirroring the connections framework in Part 12A of the NGR and requiring distributors to develop a model standing offer for a basic abolishment service, was supported by the majority of stakeholders.¹⁵ Stakeholders noted that the model standing offer framework is well established and well understood, which should reduce implementation costs and complexities.¹⁶

Several stakeholders proposed some amendments to the model standing offer framework for the Commission to consider:

- Powershop submitted that the rules should mandate a timeframe for distributors to complete an abolishment service as part of the model standing offer rules.¹⁷
- Evoenergy and Jemena both submitted that the AER approval process for model standing offers should be subject to a timeframe and include a deemed approval mechanism where if the AER does not notify its decision within 30 business days, the model standing offer would be taken to be approved.¹⁸
- The EWO stated that they are better placed than the AER to handle customer complaints about abolishment and JEC supported this view.¹⁹

10 Submissions to draft determination: EUAA, p. 1, ECA, p. 2, EWO, p. 2, Origin, p. 1, AGL, pp. 1-2, Powershop, p. 2, RedEnergy-Lumo, p. 1, Evoenergy, p. 2, Jemena, p. 5.

11 JEC submission to draft determination, pp. 2, 8, 9 & 13.

12 Submissions to draft determination: Evoenergy, p. 2, Jemena, p. 5, ENA, p. 2.

13 RedEnergy submission to draft determination, p. 2.

14 Submissions to draft determination: RedEnergy-Lumo, p. 1, AER, p. 1-2, Hunter Joint Organisation, p. 2, Evoenergy, p. 2.

15 Submissions to the draft determination: Green building council, p. 2, EWO, p. 2, AGL, p. 1, AGIG, p. 1, Powershop, p. 3, AER, p. 3.

16 Submissions to the draft determination: Origin, p. 1, AGL, p. 1, AGIG, p. 1-2, AER, p. 3.

17 Powershop submission to draft determination, p. 3.

18 Submissions to draft determination: Evoenergy, p. 5, Jemena, p. 4.

19 Submissions to draft determination: EWO, p. 3 and JEC, p. 11.

The Commission is of the view that changes to the rules are not required, as the framework already has appropriate mechanisms to address these concerns raised by stakeholders.

Cost reflective abolishment charges were supported by a range of stakeholders.²⁰ Some of these stakeholders acknowledged that where there are jurisdictional policies for electrification there could be a role for governments to support customers' move off gas, including abolishing gas connections, to ensure that more vulnerable customers are not left behind.²¹ The AER also supported moving to cost reflective charges, but with a delayed implementation period to provide jurisdictional governments and safety regulators time to consider complementary policy frameworks.²² The final gas rule aligns with these views by retaining phased implementation and providing broader recommendations that encourage governments to consider issues beyond the national gas framework.

There were some groups that did not support a movement to cost-reflective charges as they were concerned that the change would act as a financial barrier to electrification.²³ Retailers also had mixed views on cost-reflective charges with AGL referencing the challenges a "high exit fee may create in the gas market". A move to cost-reflective charges may increase the number of dormant connections, which has implications for retailers and the broader customer base (i.e. because costs are spread across retail customers).²⁴ While the Commission acknowledges this concern, the AER already has the ability to look at the tariffs distributors charge retailers when approving reference services in access arrangement reviews. We encourage this to be addressed through access arrangements.

All stakeholders who commented supported the application of the new framework to retail customers connected to scheme and nominated non-scheme pipelines in all jurisdictions except Western Australia.²⁵ The AER supported the proposal in the draft determination for phased implementation, with the framework coming into effect for distributors at the next access arrangement reset.²⁶ However, a number of stakeholders across all types submitted a preference to implement either the whole framework of just cost reflective abolishment charges earlier.²⁷

1.3.2 Stakeholders supported introducing information provisions to ensure customers can make informed decisions

The introduction of new information provision requirements, applying to both distributors and retailers, received broad support from network operators, consumer groups and retailers.²⁸ A number of these stakeholders noted that there was potential for more to be done to ensure the information is provided in a customer-friendly, clear and consistent manner across distributors and retailers.²⁹ The Commission has taken this feedback into account. The final gas rule requires distributors to ensure that information is 'easily accessible' on their websites, and that information about abolishment and disconnection is expressed in clear, simple and concise language, and in a format, that makes it easy for a retail customer to understand.

20 Submissions to the draft determination: Evoenergy, p. 3, AusNet, p. 1, Jemena, p. 2-4, AGIG, p. 1-4, JEC, p. 4, EUAA, p. 1, EWO, p. 2, the Hunter joint organisation, p. 1, AER, p. 2.

21 Submissions to draft determination: JEC, p. 11-12, ECA, p. 4, AGL, p. 3.

22 AER submission to draft determination, p. 2.

23 Submissions to draft determination: SACOSS, p. 3, the Blue Mountains City Council, p. 1, ASBEC, p. 2.

24 AGL submission to draft determination, p. 2.

25 Submissions to draft determination: JEC, p. 14, Origin, p. 4-5, ENA, p. 2, AGIG, p. 4.

26 AER submission to draft determination, p. 2.

27 Submissions to draft determination: JEC, p. 9, EUAA, p. 2, IEEFA, p. 4, AGIG, pp. 1 & 5, Evoenergy, p. 3, Jemena, pp. 2-4.

28 Submissions to the draft determination: ECA, p. 8, VEFN, p. 2, Electrify Canberra, p. 1, Energy and Water Ombudsmen, p. 2, AGIG, p. 1, AusNet, p. 2, Evoenergy, p. 1, Jemena, p. 6, ENA, p. 3, AGL, p. 2, Origin, p. 5, RedEnergy-Lumo, p. 1.

29 Submissions to the draft determination, ECA, p. 8, JEC, p. 10, VEFN, p. 2, AGIG, p. 4, Origin, p. 5, Shell Energy, p. 2.

Stakeholders were generally supportive of the proposed disclosure requirements for distributors.³⁰ ECA proposed that distributors be required to publish additional information on what would occur if a retail contract is terminated and for retailers to inform customers about the outcomes if neither an abolishment nor a disconnection service is selected.³¹ The final retail rule will require retailers to inform customers about the ongoing presence of gas from the distribution pipeline within the boundary of the customer’s premises, if neither an abolishment nor a disconnection service is selected. However, as retailers are better placed to provide information relating to the termination of contracts, the final gas rule does not include further requirements for distributors.

Alternatively, Shell Energy suggested that rather than requiring retailers to provide information to customers, retailers should just refer customers to the relevant distributor’s website for information.³² The Commission considers that given the reported level of confusion among retail customers it is important retailers are required to provide basic and general information before referring customers to distributors for more information.

In response to the proposed six-month implementation period, retailers suggested that it will take additional time to put in place system changes and train their customer service staff once distributors publish information on their websites.³³ Some of these stakeholders suggested an additional six months was required for retailers to comply with this particular obligation.³⁴ Distributors did not express any concerns about the six-month implementation period for distributor obligations and we have maintained a six-month implementation timeframe for this requirement.

1.4 Our final determination will establish a regulatory framework for gas abolishments that is fit-for-purpose given the broader direction of reform

A key focus area under the AEMC’s strategic narrative is to consider how the gas regulatory framework can best support consumers and the electricity system as we transition to a net-zero system. For those gas networks experiencing declining demand and more customers fuel switching away from gas, the reduction in demand will place upward pressure on prices for those customers who remain connected to the network. Absent any policy interventions, customers facing barriers to electrification will be left using those networks. These customer groups may include lower-income households, renters, apartment dwellers and small and medium businesses. This may raise issues of cost inequities, particularly for vulnerable customers.

The current regulatory framework for gas pipelines is predicated on the assumption of growing or steady demand. Previously, gas disconnection and abolishment were less common and therefore did not require a bespoke framework. This is no longer appropriate given the increasing number of residential and small commercial gas users expected to choose to electrify or switch to alternative fuels. Our final determination to establish a new framework for retail customer-initiated gas abolishment services and introduce new information provisions to support more informed retail customer decisions aligns with the transition of the energy system.

We note that jurisdictions have different positions on the future of gas and the role of gas distribution networks in a net zero energy system. Safety and technical regulations are also the

30 Submissions to the draft determination: ECA, p. 8; AGIG, p. 4; AusNet, p. 2; Evoenergy, p.7; Jemena, p. 6; ENA, p. 3; Origin, p. 1.

31 ECA, Submission to draft determination, pp. 9-10.

32 Shell Energy, Submission to draft determination, p. 2

33 Stakeholder submissions to draft determination: AGL, p. 2; Origin, p. 6; Red and Lumo, p. 1.

34 Stakeholder submissions to draft determination: AGL, p. 2; Origin, p. 6.

responsibility of relevant jurisdictional safety and technical regulators. The final rules introduce a framework with sufficient flexibility to address differing positions while ensuring greater regulatory certainty and consistency as to services distributors must provide, how costs must be allocated and how distributors and retailers must communicate information to consumers. Distributors are responsible for maintaining the network's safety and will continue to monitor all connections and can abolish them on safety grounds when necessary. Jurisdictional safety regulators are better placed to regulate the safety of gas and the new customer led framework would not prevent this.

The final gas rule requires distributors to charge retail customers initiating abolishment services the cost of their gas abolishment upfront, which is an equitable beneficiary/causer pays approach to cost recovery. Requiring a customer who chooses to abolish their gas network connection pay the real cost of abolishment is more equitable than spreading these costs across a declining number of remaining customers, who are often those with fewer choices about their energy supply.

This approach aligns with the Commission's recent final determination to require newly connecting customers to pay a cost reflective charge upfront and in full.³⁵

There are broader issues that go beyond this rule change, related to the overall energy and gas network transition. The Commission published a directions paper on [Gas networks in transition](#) on 19 March 2026.³⁶ This directions paper sets out Commission's proposed policy direction for strengthening the gas pipeline economic regulatory framework to ensure it continues to promote the long-term interests of gas consumers through the energy transition. This package includes four separate rule change requests submitted by ECA and JEC, seeking amendments to the rules around depreciation, asset redundancy, new capital expenditure and planning requirements.

There are also issues raised in the rule change request and stakeholder submissions that extend beyond the national energy framework. We have made recommendations in chapter 5 for jurisdictions to consider whether actions are required under their various frameworks to address implementation issues with relevant jurisdictional electrification policies. Our decision to maintain implementation of cost reflective pricing at the next access arrangement date will allow jurisdictional governments and safety regulators time to develop an approach to any safety issues that may arise from an increasing number of dormant connections.

35 AEMC, Final determination, [Updating the regulatory framework for gas connections](#).

36 AEMC, consultation paper, Gas networks in transition.

2 Our final rules will contribute to the national energy objectives

When deciding whether to make a rule, the Commission is required to act in the long-term interests of energy users by considering whether the rule will or is likely to contribute to the achievement of the relevant national energy objectives.

Our final rules, which are more preferable rules, will contribute to the achievement of both the NGO and NERO by improving outcomes for consumers, promoting economic efficiency, facilitating the safe supply of gas, supporting emissions reduction and embodying principles of good regulatory practice. The final gas rule is also consistent with the revenue and pricing principles, while the final retail rule satisfies the consumer protection test.

This chapter provides further detail on:

- the matters the Commission must take into account when making a rule, or a more preferable rule (section 2.2)
- how we applied the legal framework when making our final determination (section 2.3)
- how our final rules are expected to contribute to the national energy objectives (section 2.4).

2.1 The Commission must act in the long-term interests of energy consumers

The Commission can only make a rule if it is satisfied that the rule will or is likely to contribute to the achievement of the relevant energy objectives.³⁷

For this rule change, the relevant energy objectives are the NGO and NERO.

The NGO is:³⁸

to promote efficient investment in, and efficient operation and use of, covered gas services for the long term interests of consumers of covered gas with respect to—

- (a) price, quality, safety, reliability and security of supply of covered gas; and
- (b) the achievement of targets set by a participating jurisdiction—
 - (i) for reducing Australia’s greenhouse gas emissions; or
 - (ii) that are likely to contribute to reducing Australia’s greenhouse gas emissions.

The NERO is:³⁹

to promote efficient investment in, and efficient operation and use of, energy services for the long term interests of consumers of energy with respect to—

- (a) price, quality, safety, reliability and security of supply of energy; and
- (b) the achievement of targets set by a participating jurisdiction—
 - (i) for reducing Australia’s greenhouse gas emissions; or

³⁷ Section 291(1) of the NGL and section 236(1) of the NERL.

³⁸ Section 23 of the NGL.

³⁹ Section 13 of the NERL.

(ii) that are likely to contribute to reducing Australia’s greenhouse gas emissions.

The [targets statement](#), available on the AEMC website, lists the emissions reduction targets to be considered, as a minimum, in having regard to the NGO and NERO.⁴⁰

2.2 We must also take these factors into account

2.2.1 We can make a more preferable rule

The Commission may make a rule that is different, including materially different, to a proposed rule (a more preferable rule) if it is satisfied that, having regard to the issue or issues raised in the rule change request, the more preferable rule is likely to better contribute to the achievement of the NGO or NERO.⁴¹

The Commission’s final determination is to make a more preferable final gas rule and more preferable final retail rule, for the reasons set out below.

2.2.2 We have considered the revenue and pricing principles for this rule change

When considering certain types of changes to the NGR, the Commission must also take into account the revenue and pricing principles set out in section 24 of the NGL. We must do so when making a rule for, or with respect, to the regulatory economic methodologies applying to scheme pipelines.⁴²

Relevantly, for this rule change request, we must take those principles into account when making rules that affect the determination by the AER of operating cost allowances.⁴³ The revenue and pricing principles that are of particular relevance to this rule change request are the principles that:⁴⁴

- a scheme pipeline service provider should be provided with a reasonable opportunity to recover at least the efficient costs the service provider incurs in providing reference services and complying with a regulatory obligation or requirement
- a scheme pipeline service provider should be provided effective incentives in order to promote economic efficiency with respect to reference services, including efficient investment in, or in connection with, the pipeline, efficient provision of pipeline services and efficient use of the pipeline.

The Commission is satisfied that the final gas rule is consistent with these principles for the reasons set out in section 2.4.

2.2.3 We have considered the consumer protections test for this rule change

When considering changes to the NERR, the Commission must, where relevant, satisfy itself that the rule is “compatible with the development and application of consumer protections for small customers, including (but not limited to) protections relating to hardship customers” (the consumer protections test).⁴⁵

40 Section 224A(5) of the NERL and section 72A(5) of the NGL.

41 Section 296 of the NGL and section 244 of the NERL.

42 Section 293 of the NGL.

43 Schedule 1, Item 46 of the NGL.

44 Sections 24(2) and (3) of the NGL.

45 Section 236(2)(b) of the NERL.

Where the consumer protections test is relevant in making a rule, we must be satisfied that both the NERO and the consumer protections test have been met.⁴⁶ If the Commission is satisfied that one test, but not the other, has been met, the rule cannot be made (noting that there may be some overlap in the application of the two tests).

The Commission is satisfied that the final retail rule meets the consumer protections test for the reasons set out in section 2.4.

2.3 How we have applied the legal framework to our decision

The Commission has considered JEC's proposal to amend the NGR and NERR to establish a regulatory framework for disconnection and abolishment services against the legal framework.

We identified the following criteria to assess whether the proposed rule change, no change to the rules (business-as-usual), or other viable rule-based options are likely to better contribute to achieving the NGO and NERO:

- outcomes for consumers
- principles of market efficiency
- safety, security and reliability
- emissions reduction
- principles of good regulatory practice.

These assessment criteria reflect the key potential impacts – costs and benefits – of the rule change request, for impacts within the scope of the national energy objectives. Our reasons for choosing these criteria are set out in section 4.3.2 of the [consultation paper](#).

While equity is not a specific matter we must consider under either the NGO or NERO, the Commission may consider equity as part of the broader context for its decision making⁴⁷ In some cases, a rule that is more equitable may better contribute to achieving the NGO and NERO than one that is less equitable. Understanding the different impacts that our determinations may have on different customer groups and over different temporal dimensions can also provide important context for our consideration of the long term interests of consumers.

2.3.1 Our final determination is to make more preferable final gas and retail rules

The Commission has decided to make more preferable final gas and retail rules.

Our final rules are broadly consistent with the intent of JEC's rule change request in that they provide for the implementation of both:

1. **A new framework for retail customer-initiated abolishments in the NGR** that:
 - a. requires relevant distributors to offer a basic abolishment service that involves only the work required to satisfy any applicable jurisdictional safety-related duty or requirement relating to the abolishment of a connection
 - b. provides for a beneficiary-causer pays approach to abolishment charges, with those retail customers that decide to abolish their connection required to pay cost-reflective charges at the time the abolishment occurs

⁴⁶ That is, the legal tests set out on sections 236(1) and (2)(b) of the NERL.

⁴⁷ See section 4.1.6, on equitable energy outcomes for consumers, in our guide [How the national energy objectives shape our decisions](#). AEMC, March 2025.

- c. accommodates contestability of abolishment services where that is permitted by the relevant jurisdiction.
2. **New information provisions in the NGR and NERR** that require retailers in NECF jurisdictions and relevant distributors to provide retail customers information on disconnection and abolishment services and, in the case of retailers, information on the outcomes if neither service is selected, to support more informed and efficient consumer choices.

However, there are some important differences between our final rules and JEC's proposed rule that we consider will better contribute to the NGO and NERO. These differences are intended to ensure the arrangements are targeted, fit for purpose and proportionate to the problem they are intended to address:

- **Regulation of disconnection services:** Our final gas rule does not provide for any changes to the way in which disconnection services are regulated. This differs from JEC's proposal, which was that the rules should only allow for disconnections on a rolling 12 months basis and should require customers to pay a disconnection tariff every 12 months. JEC's proposal sought to reduce the incentive retail customers may otherwise have to opt for lower-cost options.⁴⁸ While we considered this proposal, we found it would not address the identified problem. This is because retail customers would be able to avoid paying the ongoing charges by simply terminating their retail contract. We also found that regulating disconnection services in this way would be costly and complex to implement and administer, the costs of which would ultimately be borne by consumers. Our final gas rule is therefore expected to better contribute to the NGO than the proposed rule, in terms of outcomes for customers, principles of economic efficiency and principles of good regulatory practice.
- **Regulation of abolishment services:** Our final gas rule uses the same model standing offer and negotiation framework for abolishment services used for retail customer connections in Part 12A of the NGR. In short, it requires distributors to develop a model standing offer for a basic abolishment service and have it approved by the regulator. It also allows distributors to develop model standing offers for other standard abolishment services and to negotiate other abolishment services, subject to a number of customer protections, including charging criteria. This differs from JEC's proposal, which was that the rules should regulate two types of abolishment services: a basic abolishment service and a remediation service.⁴⁹ Our use of the same framework as that in Part 12A of the NGR is intended to provide for a greater level of flexibility than JEC's proposed approach. Our final rule is therefore expected to better contribute to the NGO than the proposed rule, in relation to outcomes for consumers and principles of good regulatory practice, as it recognises that abolishment of a customer's connection will differ based on the diverse nature of the connection to the premises. For example, abolishing a connection is likely different for a multi-occupancy building than for a stand-alone house.
- **Defining what constitutes a basic abolishment service:** Our final gas rule provides for an outcomes-based definition of a basic abolishment service that requires only the work needed to satisfy any applicable jurisdictional safety-related duty or requirement relating to the abolishment of a connection. It also leaves it to distributors to determine the works required to meet that definition, subject to AER oversight. This differs from JEC's proposal, which was that the rules, together with a binding AER guideline, should determine the works to be undertaken by distributors.⁵⁰ We consider that JEC's proposed approach would not be sufficiently flexible

48 JEC, Rule change request, p. 13.

49 JEC, Rule change request, pp. 11-12.

50 JEC, Rule change request, pp. 11, 14-15.

to accommodate differences in jurisdictional safety requirements, which may evolve over time. The proposal that the AER prescribe the works to be undertaken also goes beyond the AER's economic regulatory functions. Our final rule is therefore expected to better contribute to the NGO than the proposed rule, in relation to principles of good regulatory practice.

- **Application of the framework:** Our final gas rule will provide for the new framework to apply to the following types of gas distribution networks in all jurisdictions except Western Australia (relevant distribution networks): (a) scheme distribution networks; and (b) non-scheme distribution networks that have been nominated by a jurisdiction to be subject to the framework (relevant distribution networks). This differs from JEC's proposal, which was that all non-scheme distribution networks (except in Western Australia) should be subject to the new framework. The key concern that we have with this aspect of JEC's proposal is that it would result in the over-regulation of non-scheme distribution networks. Our final rule is therefore expected to better contribute to the NGO than the proposed rule, in relation to principles of good regulatory practice.⁵¹
- **Implementation of the new framework:** Our final gas rule provides for:
 - The new information provisions in the NGR and NERR to commence within six to nine months of the final rule being made.
 - The new retail customer-initiated abolishments framework to be phased in from 2027, with distributors' key obligations to commence at the start of each networks' next access arrangement period.⁵² This differs from JEC's proposal, which was that these obligations should commence immediately and that distributors and the AER should be required to amend access arrangements that were already in operation.⁵³ We found that requiring access arrangements to be reopened would give rise to significant implementation costs and complexities, for very little benefit given the relatively small number of customer-initiated abolishment services that are expected to occur over the next five years. Our phased approach to implementation is therefore expected to better contribute to the NGO than the proposed rule, in relation to principles of good regulatory practice.

Further detail is provided below on why the Commission considers the more preferable final rules will contribute to the national energy objectives, why the final gas rule is consistent with the revenue and pricing principles and why the final retail rule satisfies the consumer protection test.

2.4 Our final rules will contribute to the achievement of the NGO and NERO and satisfy the other matters we must consider

Our final rules provide for the introduction of both:

- **A new framework for retail customer-initiated abolishment services** in the NGR that will:
 - facilitate retail customer access to the abolishment services provided by relevant distributors on fair and reasonable terms
 - ensure that those retail customers that choose to abolish their connection pay the prudent and efficient, directly attributable costs associated with doing so and that remaining customers are not required to pay for such abolishments.

51 JEC, Rule change request, p. 9.

52 As Evoenergy and AGN SA's access arrangement reviews will largely be complete by the time of our final determination, the new framework will not apply in these distribution networks until the 2031-2036 access arrangement period.

53 JEC, Rule change request, p. 18.

- **New information provision requirements** in the NGR and NERR, that will support more informed and efficient decision-making by retail customers in NECF jurisdictions that are considering ceasing to use gas.

These customer-focused rules recognise that customers should be able to choose the service that is right for them (unless jurisdictional policies require otherwise) and that this choice should be supported by the new framework and information provision requirements.

Our final rule is broadly consistent with our draft rules, although we have made some minor changes to the final rules in response to stakeholder feedback on the following issues:

- the definition of disconnection
- the accessibility of information that distributors are required to publish, both in terms of being easy for retail customers to understand and easy to find on a distributor’s website
- the information retailers are to provide to retail customers
- the implementation timing for retailers’ new information obligations.

As explained further below, our final rules will better contribute to the achievement of the NGO and NERO by addressing our assessment criteria.

The final gas rule is also consistent with the revenue and pricing principles and the final retail rule will satisfy the consumer protection test.

2.4.1 **Improving outcomes for consumers by providing for more efficient and equitable cost recovery and supporting more informed and efficient decision-making**

Our final rules are expected to improve the outcomes for both retail customers that are considering no longer using gas and those customers that remain connected to the network. This will occur through both elements of the final rules.

The **new framework for retail customer-initiated abolishment services** will improve outcomes for consumers in the following ways.

The use of the same model standing offer and negotiation framework as that used for customer connections in Part 12A of the NGR will improve the outcomes for those **retail customers that decide to abolish their connection**. That is by:

- requiring distributors to develop a model standing offer for a basic abolishment service that most customers should be able to use
- ensuring that retail customers only pay the prudent and efficient, directly attributable costs associated with the provision of abolishment services
- providing for a range of consumer protections to support retail customers that elect to abolish their connection.

While we considered maintaining the current approach of regulating basic abolishment services as reference services through distributors’ access arrangements, we found limitations with this approach. This is because the current approach only provides for the direct regulation of reference services.

The focus on reference services works well when services are relatively standard in nature (as they are in the case of disconnection services). However, it does not work as well when the scope and cost of services can be subject to significant variation (as is the case for abolishment services). This is because it can result in many customers having to procure non-reference services at prices determined by the distributor, without regulatory oversight and without any other effective retail customer protections in place.

Our final rule will overcome this limitation by employing a similar framework to that used for customer connections in Part 12A of the NGR. In contrast to the access arrangement approach, the new framework provides for:

- all abolishment services to be regulated (basic, standard and negotiated), not just reference services
- a range of retail customer-centric protections to support access to basic, standard and negotiated services on fair and reasonable terms, including common charging criteria that effectively regulate the prices of all these services.

The use of a beneficiary-causer pays approach to abolishment charges will also improve the outcomes for **customers that remain connected to the network**, which could include both retail and non-retail consumers that:

- do not want to stop using gas
- cannot afford to electrify or switch to other alternative fuels (including vulnerable customers), or
- are otherwise unable to stop using gas.

The outcomes for these consumers will be improved by providing for a more efficient and equitable allocation of the costs associated with abolishment services. The approach in the final gas rule will also ensure that customers that find it more difficult to switch away from gas, either for financial or technical reasons, are not required to pay the costs for others that decide to abolish their connection, which is both efficient and equitable.

As we note in chapter 3, it is possible that the use of the beneficiary-causer pays approach could incentivise customers that no longer want to use gas to opt for lower cost options, such as disconnection or terminating their retail contract. This could have implications for those customers that remain connected if those dormant connections⁵⁴ need to be abolished at a later point.

This highlights some of the complexities and trade-offs associated with the abolishment cost recovery options and the limits as to what can be achieved through the national energy framework. This point was made by a number of stakeholders through the rule change process, many of whom pointed to the need for governments to implement complementary measures outside the national gas framework. Chapter 5 sets out a number of our recommendations on what governments could do in these areas.

The **new information provision requirements** will also improve outcomes for consumers. They will do so by ensuring that retail customers that are considering no longer using gas have ready access to the information they require to make more informed decisions about whether to end their retail contract, disconnect or abolish their connection. That is by, amongst other things:

- requiring relevant distributors to publish information on disconnection and abolishment services and ensure the information is:
 - expressed in clear, simple and concise language that is easy for retail customers to understand
 - easily accessible on their websites
- requiring retailers to:

⁵⁴ The term dormant connection is used to describe a connection where there is no gas consumption at the connection.

- where practicable, convey brief and general information about the options available to small customers that notify them they wish to terminate their retail contract or otherwise enquire about disconnection or abolishment services
- refer small customers to the relevant distributor's website and enquiry number for more information.

The importance of retail customers having access to this information has been highlighted throughout this rule change process, with a wide range of stakeholders telling us that there is a significant degree of confusion amongst retail customers about these options. Given the level of confusion retail customers are currently experiencing, the final rules provide for the new information provision requirements to commence relatively quickly (i.e. within six to nine months after the making of the final rules).

Finally, it is worth noting we have considered different types of customers in making our final rule and have decided not to extend the new framework or information provision requirements to either of these categories:

- **Non-retail customers:** These customers tend to be larger gas users and are likely to require more bespoke abolishment services, the provision of which can be facilitated through the existing arrangements. These existing arrangements include a negotiate-arbitrate framework that non-retail customers could have recourse to if they are unable to reach an agreement with the distributor.
- **Customers using non-scheme distribution networks that are not nominated by a jurisdiction to be subject to the framework:** These networks tend to have a lower degree of market power and so are subject to a lighter handed form of regulation. This form of regulation already includes a negotiate-arbitrate framework that customers could have recourse to if they are unable to reach an agreement with the distributor about abolishment charges.

2.4.2 Promoting economic efficiency through more efficient price signals and the provision of information to support more efficient decision making

Our final rules will promote economic efficiency in a number of ways.

The **new framework for retail customer-initiated abolishment services** will promote economic efficiency by:

- providing retail customers that are considering abolishing their connection a more efficient price signal
- ensuring that the costs and risks associated with the abolishment sit with those best placed to manage them (i.e. the customer abolishing the connection and distributor).

This will be achieved by requiring retail customers who are abolishing their connection to pay an abolishment charge that is based on the prudent and efficient, directly attributable costs associated with the abolishment. The provision of more efficient price signals will support more efficient decisions by retail customers about abolishment services. This will, in turn, promote efficient investment in, and the efficient operation and use of, those distribution networks that will be subject to the new framework.

Requiring abolishing customers to pay such charges will also mean there is no cross subsidisation of customer-initiated abolishment services. This will, in turn, mean that those customers who remain connected to the network receive efficient price signals for their own use of the network.

The requirement for the charges for all abolishment services (i.e. basic, standard and negotiated) to be based on the prudent and efficient directly attributable cost of providing the service will also promote economic efficiency. It will prevent distributors from charging higher than efficient prices for these services. This is an additional benefit that the new framework offers over access arrangements, because this pricing requirement applies to all services, not just reference services.

The **new information provision requirements** will also support more informed and efficient decision making by retail customers that are considering not using gas anymore. This will promote the efficient use of disconnection and abolishment services.

2.4.3 Facilitating the safe supply of gas through the new abolishment framework and supporting retail customers' consideration of safety issues

Our final rules will support the safe supply of gas in a number of ways.

The **new framework for retail customer-initiated abolishment services** recognises the importance of safety in a number of areas of the final gas rule. The definition of basic abolishment service, for instance, provides for jurisdictional safety related duties or requirements set out in a relevant jurisdictional Act, or any instrument made or issued under or for the purposes of that Act, to be met. The final gas rule also allows distributors to identify the safety and technical requirements that must be complied with if contestability is permitted by jurisdictions. This element of the final rule also recognises that there may be differences in safety requirements across jurisdictions.

The **new information provision requirements** will also support the safe supply of gas by ensuring retail customers have access to the information they require to understand potential longer term safety related risks associated with disconnecting or terminating their retail contract. This includes information on whether there will still be gas from the distribution pipeline within the boundary of the customer's premises after completion of the service.

As discussed further in Chapter 3, we understand that the movement to cost-reflective abolishment charges may result in some retail customers opting for lower cost options, which some (but not all) safety regulators may consider poses a potential longer term safety risk.⁵⁵ We have sought to mitigate this through the provision of safety-related information to customers.

However, there are limits to how the national energy framework can address this. We acknowledge some customers may opt for the lowest cost option, which would increase the number of dormant connections. In this regard, it is worth noting that our rule change does not alter distributors' responsibility for maintaining the safety of their respective networks. Nor does it alter their ability to abolish dormant connections on safety grounds, or to recover the associated costs from customers through their access arrangement. Rather, Part 9 of the NGR will continue to allow such costs to be recovered by distributors.⁵⁶

If safety regulators have a concern about dormant connections, then this is something they could address through their own powers, which could then be accommodated by the NGR. This underscores a more foundational point that has emerged through this rule change process, which is that responsibility for evaluating and addressing safety related issues should sit with jurisdictional safety regulators rather than the economic regulator. As outlined further in chapter 5, jurisdictional governments may also be able to take action outside the regulatory framework if they have concerns about dormant connections.

⁵⁵ For example, if people forget (or are unaware) that there is still gas flowing within the boundary of a customer's premises.

⁵⁶ Rule 79, for example, currently allows distributors to recover capital expenditure that is necessary to maintain and improve the safety of services and to comply with any regulatory obligation or requirement (which could include a safety related regulatory obligation or requirement).

2.4.4 Supporting emissions reduction

Our final determination and final rules are expected to support emissions reduction by:

- providing all parties (retail customers, distributors and retailers) with greater clarity about their respective options and obligations
- highlighting the limits of what can be achieved through the national energy framework and the matters that require government attention.

While it is possible that the movement to cost-reflective abolishment charges may increase the financial hurdle to abolishment, this in and of itself is not a barrier to electrification or emissions reduction. This is because retail customers that want to electrify will still be able to do so without abolishing their connection (e.g. by procuring a disconnection service).

Put simply, our final 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.

2.4.5 Alignment with principles of good regulatory practice

The Commission has taken a number of steps to ensure that both elements of our final rules embody principles of good regulatory practice.

The new framework for customer-initiated abolishment services embodies principles of good regulatory practice

The new framework for customer-initiated abolishment services largely mirrors the framework used for customer connections in Part 12A of the NGR, which distributors and the AER are both familiar with. This framework is simple, transparent and provides for a significant degree of flexibility in the provision of abolishment services, while also providing for an appropriate level of protection for those retail customers that decide to abolish their gas connection. This is in direct contrast to the current approach to regulating abolishment services through distributors' access arrangements, which is more complex, opaque and provides no effective protections to retail customers that have to negotiate non-basic abolishment services.

The limitation of the application of this framework to retail customers using relevant distribution networks is also intended to minimise the risk of over-regulation and ensure the arrangements are well targeted, fit-for-purpose and proportionate to the problem they are intended to address.

The new framework will be overseen by the AER, who will be responsible for approving model standing offers and resolving any disputes that arise between a distributor and retail customer about abolishment charges, or the terms and conditions on which an abolishment service will be provided.⁵⁷ If the AER considers a dispute could be effectively resolved by another means, it can give the parties to the dispute notice of the alternative means of resolving the dispute. The AER could, for example, give such a notice if it considers a dispute could be dealt with more efficiently and with less expense, by a jurisdictional ombudsman.

The AER's role under this framework is akin to the role it plays in the Part 12A connections framework. The AER will also have the option (but not the obligation) to publish additional guidance on the following if it considers it appropriate to do so:

- the development of model standing offers and/or the calculation of abolishment charges

⁵⁷ Jurisdictional ombudsmen will continue to be responsible for resolving other complaints or disputes relating to abolishments.

- the types of disputes the AER is likely to refer to jurisdictional ombudsmen.

Our final gas rule provides for a phased implementation approach, aligned with the commencement of each relevant distributors' next access arrangement period.⁵⁸ While the phased approach will allow the socialisation of abolishment charges to continue in some jurisdictions for a period of time, the impact on customers is expected to be relatively low given the small number of abolishments projected to occur over the next five years (see section 4.4). The phased approach will also:

- avoid the costs and complexities that would otherwise be associated with trying to re-open access arrangements to give effect to the new arrangements
- provide jurisdictional safety regulators and/or governments time to implement any requirements relating to dormant connections.

The new information provision requirements embody principles of good regulatory practice

The new information provision requirements provide for relatively simple and transparent disclosure obligations for both retailers and distributors, with the distributors obligations akin to those applying to connections.⁵⁹ The requirements also ensure that responsibility for providing relevant information to retail customers sits with the party best placed to communicate that information. Relevant distributors, for instance, will be required to publish detailed information on disconnection and abolishment services that is easily accessible on their website and expressed in clear, simple and concise language in a format that is easy for retail customers to understand. Retailers, on the other hand, will only be required to convey brief and general information to small customers (where practicable) and otherwise refer customers to the relevant distributor.

Our final rules provide for these new obligations to be implemented within six to nine months of the final rule being made, with:

- Relevant distributors' obligations to commence on **1 October 2026**.
- Retailers' obligations to be implemented in a staggered manner, with their obligations to:
 - refer customers to the relevant distributor's website and enquiry number to commence at the same time as distributors' obligations on **1 October 2026**
 - convey brief and general information to retail customers to commence by **18 January 2027**.

The shorter implementation period for this element of the final rules is intended to address the current level of retail customer confusion as quickly as practicable, while also providing distributors and retailers sufficient time to comply with the new requirements. In this regard, it is worth noting that the final rules provide retailers with an additional three months to comply with the obligation to convey basic and general information to retail customers. This change was made in response to feedback by retailers that it will take some additional time to put in place system changes and train their customer service staff once distributors publish information on their websites.

The final rules recognise that different distribution networks may be in different positions both now and into the future

In developing the final rules, the Commission has been cognisant of the broader direction of reform, including the transition to a net-zero energy system over time, and the challenges posed by

⁵⁸ As Evoenergy and AGN SA's access arrangement reviews will largely be complete by the time of our final determination, the new framework will not apply in these distribution networks until the 2031-2036 access arrangement period.

⁵⁹ Rules 80 and 102 of the NERR.

declining residential and small commercial gas demand. The Commission has also been cognisant of the fact that:

- jurisdictional policies on the future of gas distribution networks differ, with some planning for decommissioning, while others are considering the potential to repurpose networks to supply renewable gases
- the positions taken by jurisdictional safety regulators on the safety related risks associated with disconnections also differ and could evolve further over time.

We have sought to accommodate these differences by ensuring there is sufficient flexibility in the arrangements and, where appropriate, by employing more of an outcomes or principles-based approach.

2.4.6 Consistency with the revenue and pricing principles for changes to the NGR

In addition to promoting the NGO, the Commission considers the changes to the NGR provided for in the final gas rule are consistent with the relevant revenue and pricing principles. For instance:

- The movement to cost-reflective abolishment charges will mean relevant distributors continue to have a reasonable opportunity to recover at least the efficient costs of providing the services, or comply with a regulatory obligation or requirement.⁶⁰
- The movement to cost-reflective abolishment charges, together with the requirement that these charges only include those costs that would be incurred by a prudent service provider acting efficiently, will also provide relevant distributors stronger incentives to efficiently provide pipeline services.⁶¹

2.4.7 Satisfaction of the consumer protection test for changes to the NERR

In addition to promoting the NERO, the Commission considers the changes to the NERR in the final retail rule will satisfy the consumer protection test. That is, by requiring retailers and distributors in NECF jurisdictions⁶² to do the following when small customers seek to terminate their retail contract, or otherwise enquire about a disconnection or abolishment service:

- retailers will be required to (where practicable) provide brief and general information on the availability of disconnection and abolishment services, the differences between these services and the outcome if neither service is selected in terms of the ongoing presence of gas within the boundary of the customer's premises
- retailers will be required to refer customers to the relevant distributor's website or enquiry number to obtain further information and the relevant distributor will be responsible for responding to any enquiries the customer may have about the services.

For other types of enquires or complaints about disconnection or abolishment services, retailers will also be required refer the person to the relevant distributor's enquiry number and the distributor will be required to respond expeditiously.

Together, these measures will strengthen and enhance protections for small customers and enable them to make more informed decisions about whether to disconnect or abolish their connection.

60 Section 24(2) of the NGL.

61 Section 24(3) of the NGL.

62 NECF jurisdictions for gas include the ACT, New South Wales, South Australia and Queensland.

3 A new framework for retail customer-initiated abolishment services

The first element of our final determination provides for the introduction of a **new framework for retail customer-initiated abolishment services** in the NGR.

The new framework is set out in new Part 13 of the NGR (see Figure 3.1 for detail) and:

1. Includes outcomes-based definitions of disconnection and abolishment services to support the operation of the new framework and the new information provision requirements in Chapter 4 (section 3.2).
2. Recognises the potential for the scope of works and costs associated with providing abolishment services to retail customers to vary depending on a range of matters (e.g. the site, premises type, connection type, location etc). It does this by providing for (section 3.3):
 - a. each distributor to develop and have the AER approve a model standing offer for a basic abolishment service, which to minimise the cost of this service would be defined as involving only the work required to satisfy any applicable jurisdictional safety related duty or requirement
 - b. distributors to have the option to develop model standing offers for other standard abolishment services to be approved by the AER
 - c. distributors and retail customers to be able to negotiate for the supply of other abolishment services.
3. Requires retail customers that decide to abolish their connection (abolishing customers) to pay cost-reflective abolishment charges at the time the abolishment occurs. This will be given effect through a common set of abolishment charge criteria, which will apply to all types of abolishment services (i.e. basic, standard and negotiated services) and require charges to be based on the prudent and efficient directly attributable cost of providing the service (section 3.4).
4. Accommodate the contestability of abolishment services, where permitted by the relevant jurisdiction (section 3.5).

The framework will apply to relevant distributors located in all jurisdictions except Western Australia. This includes both scheme distribution networks and non-scheme distribution networks nominated by the relevant jurisdiction to be subject to the new framework (section 3.6). It is modelled on the retail customer connection framework in Part 12A of the NGR.

The new framework will apply to customer-initiated abolishment services but not to safety-related or other mandated abolishments, which will continue to be accommodated through relevant distributors' access arrangements. It will also not apply to disconnection services, which will continue to be regulated as ancillary reference services through distributors' access arrangements (section 3.7).

The final gas rule implements the new framework in a phased manner, aligned with the commencement of each distributor's next access arrangement period (section 3.8).⁶³

The Commission has been cognisant of the following in developing this element of the final gas rule:

⁶³ As Evoenergy and AGN SA's access arrangement reviews are largely complete, the new framework does not apply in these distribution networks until the 2031-2036 access arrangement period.

- Residential and small commercial demand for gas is projected to decline in some distribution networks and there is a risk that an increasing number of retail customers will choose to no longer use gas at their premises and leave the network. If this occurs, the costs of operating and maintaining the network will need to be shared among a declining customer base. It is important therefore that the rules:
 - enable those retail customers that want to abolish their connection to do so in a safe, efficient, equitable and sustainable manner
 - provide appropriate protections for those customers that remain connected to the network.
- Jurisdictional policies on the role of gas distribution networks in a net zero energy system differ. 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.

The Commission has also been aware of the limits as to what can be achieved through changes to the national energy framework and the important complementary role that governments need to play (chapter 5).

Figure 3.1: New framework for retail customer-initiated abolishment services

An abolishment service could take one of the following forms:			
Services	<p>Basic abolishment services</p> <p>Distributors must have a model standing offer to provide a basic abolishment service.</p> <p>A basic abolishment service is a service that involves only the work required to satisfy any applicable duty or requirement under an Act relating to safety of an abolished connection.</p>	<p>Standard abolishment services</p> <p>Distributors may submit for the AER's approval a proposed model standing offer to provide standard abolishment services on specified terms and conditions (i.e. a non-basic abolishment service for a particular class of applicant)</p>	<p>Negotiated abolishment services</p> <p>Distributors and applicants may negotiate where the abolishment service is neither a basic nor a standard service, or where the applicant elects to negotiate.</p>
Model standing offer or negotiation requirements	<p>Model offers may relate to all basic services, or a particular class of service. They may be divided into classes if there is significant demand for each service in the distribution network area.</p> <p>A model standing offer must include:</p> <ul style="list-style-type: none"> • A description of the work to be carried out. • Timeframes for connecting and completing the work. • Details of the abolishment charges, or the basis on which they will be calculated (which must be consistent with the abolishment charges criteria – see below). • How the abolishment charges are to be paid by the retail customer. • Information on the qualifications required and the safety and technical that must be complied with by the provider requirements if a service is contestable. <p>Distributors must publish approved model standing offers on their website.</p>	<p>Different sets of terms and conditions may apply to different classes of services or different classes of retail customers.</p>	<p>Distributors and applicants may negotiate a contract in accordance with the rules negotiation framework.</p> <p>The framework requires parties to negotiate in good faith and to exchange information to facilitate negotiations:</p> <ul style="list-style-type: none"> • Applicants must, at the request of the distributor, provide information • Distributors must provide the applicant an estimate of the application costs, an estimate of the abolishment charge and statements on how the charge has been calculated and the assumptions made.
Abolishment charges criteria	<p>Abolishment charges (or the method for calculating abolishment charges) must be consistent with the following criteria:</p> <ul style="list-style-type: none"> • Abolishment charges must be based on the directly attributable cost of providing the abolishment service • Abolishment charges may include the following costs and must not include any other costs: <ul style="list-style-type: none"> a. The cost of any goods or services required to provide the service b. The cost of removal and disposal of any assets c. Incidental costs, such as design, planning and administrative costs • Abolishment charges must only include costs that would be incurred by a prudent service provider acting efficiently, in accordance with accepted good industry practice, to achieve the lowest sustainable cost of providing the abolishment service in a manner consistent with the achievement of the national gas objective 		
Model Standing Offer regulatory approval requirements	<p>The AER may approve model offers if, amongst other things, it is satisfied:</p> <ul style="list-style-type: none"> • the service, or class of services, is likely to be sought by a reasonable no. of customers in the area served by the network (note this only applies to basic service) • the abolishment charges are consistent with the abolishment charges criteria. • the terms and conditions are fair and reasonable and comply with applicable requirements of the energy laws <p>In deciding whether to approve a model standing offer, the AER must have regard to the NGO and may engage in public consultation.</p> <p>The AER must publish its decisions and give written reasons to a distributor if it does not approve a model standing offer.</p>	n.a.	
AER dispute resolution role	<p>The AER can be called on to resolve a dispute between a distributor and a retail customer about:</p> <ul style="list-style-type: none"> • the terms and conditions on which a basic or standard abolishment service is to be offered, • the proposed or actual terms and conditions of a negotiated abolishment contract, or • abolishment charges. <p>In determining the dispute, the AER may hear evidence or receive submissions. It must also apply:</p> <ul style="list-style-type: none"> • the abolishment charges criteria if the dispute relates to abolishment charges • the proposed new Part, any other applicable regulatory instrument and the relevant model standing offer. <p>The AER may also have regard to any other matters it considers relevant and for negotiated contracts, the negotiation framework</p>		

Source: AEMC

3.1 A new framework will better support retail customer-initiated abolishment services

Box 1: Final determination - The new framework will better support retail customer-initiated abolishment services

Our final rule supports retail customers that are considering abolishing their gas connection by introducing a new framework for customer-initiated abolishment services.

The new framework set out in new Part 13 of the NGR and applies to all types of abolishment services (basic, standard and negotiated services) and provides for appropriate protections to ensure retail customers can access these services on fair and reasonable terms.

The new framework does **not** extend to disconnection services. Rather, these more standardised services will continue to be regulated as ancillary reference services through distributors' access arrangements.

This component of the final rule is the same as the draft rule.

Our final gas rule provides for the introduction of a new framework for customer-initiated abolishment services in the NGR to facilitate retail customer access to these services on fair and reasonable terms and conditions. The new framework is intended to overcome limitations in the access arrangement framework.

As described in further detail below, the access arrangement framework only provides for the direct regulation of reference services, with all other services (non-reference services) subject to negotiation with the distributor. This approach works well for standard services that most retail customers procure, but it does not work as effectively for services that are subject to a greater degree of variation, which is the case for abolishment services (see Box 2). This is because many retail customers may have had to procure a non-reference abolishment service at prices determined by the distributor to cover their specific situation. In this case, their abolishment would not have had the same regulatory oversight or retail customer protections.

Even when a customer may procure a standardised service, if there is only a single reference service, which has been the case for abolishment services in most of the relevant distributors' current access arrangements, it can also result in either:

- a narrowly defined reference service that only relates to a subset of retail customers, or
- a broadly defined reference service that applies to all retail customers with a single reference tariff.

Under both alternatives, there is a risk that some retail customers would be required to pay far more than the cost-reflective charge for the service.

Box 2: Abolishment services are subject to variability

The works and costs involved in providing abolishment services can be subject to material variability depending on a range of matters, including:¹

- customer type (e.g. residential, small commercial, industrial)
- premises type (e.g. single stand-alone dwelling, high rise, multi-dwelling)
- site conditions (e.g. site configuration, access, street conditions)

- meter location (internal or external)
- service materials (nylon, polyethylene, steel, cast iron)
- location (e.g. different councils may have different remediation requirements).

While abolishment services are diverse in nature, it is still possible to achieve some level of service standardisation, as highlighted by the fact that all the relevant distributors currently have a basic residential abolishment reference service. However, there are limits to which standardisation benefits consumers. This is because the broader the service standardisation, the more likely it is that customers who only require a basic service will have to cross-subsidise customers that require a more complex service. Individualised pricing may therefore be more efficient when services cannot be effectively standardised (e.g. for more complex abolishments).

Jemena made a similar point in its 2025-26 access arrangement proposal, noting that:²

“Carrying out abolishment services in multi-density developments – both medium and high density – present unique challenges that make establishing a standard cost impractical. The actual costs vary significantly based on several factors:

- Building size and complexity create substantial differences in economies of scale - the process and requirements differ markedly between buildings with few units versus those with 100 units or more.
- Meter accessibility varies considerably, particularly in older buildings where meters are often located within individual apartments or behind locked doors, requiring additional coordination.

Given the wide variations in complexity, individual pricing ensures charges accurately reflect each job’s specific requirements.”

Retail customer connection services exhibit a similar degree of diversity to abolishment services, with many of the factors listed above also affecting the works and costs involved in providing connection services. To accommodate this diversity, Part 12A of the NGR provides for all types of connection services to be regulated (i.e. basic, standard and negotiated services), not just reference services as is the case for access arrangements.

Source: 1. This point was made by Jemena in its submission to the consultation paper, noting that “the process of safely abolishing a gas connection is inherently site-specific” and can differ “depending on whether the customer is located in a high-density residential development, a commercial building or standalone premises”. Jemena, submission to the consultation paper, pp. 11-12.

Source: 2. Jemena, Revised 2025-30 access arrangement proposal - Attachment 7.1, pp. 8-9.

Similar limitations to those outlined above have been overcome in the context of retail customer connections through the introduction of Part 12A of the NGR. Part 12A of the NGR:

- recognises the potential diversity in the nature of retail customer connection services by providing for the **regulation of all types of connection services** (basic, standard and negotiated services)
- provides for a range of retail customer-centric protections to support access to basic, standard and negotiated services on fair and reasonable terms, including common charging criteria that effectively regulate the prices of all these services.

We consider that the new framework for abolishment which is modelled on the connections framework in Part 12A of the NGR will overcome the limitations in the current regulatory arrangements. It will provide retail customers with access to all types of abolishment services

(basic, standard or negotiated) on fair and reasonable terms, with appropriate retail customer protections in place to support that access.⁶⁴

3.1.1 Disconnection services will continue to be treated as reference services

In contrast to abolishment services, the work involved in a disconnection is far more standardised (i.e. involving wadding or a disc being placed in a meter to prevent the flow of gas into the premises). This means that most retail customers should be able to procure the disconnection reference service and pay the regulator approved reference tariff for that service. There does not appear therefore to be any benefit to changing the regulatory arrangements currently applying to disconnection services. The final gas rule, therefore, does not change the current treatment of disconnection services.

Of the stakeholders that commented on the treatment of disconnections as reference services, the majority agreed that no change to the current regulatory approach was necessary.⁶⁵ JEC and IEEFA, on the other hand, were of the view that the rules should mandate that disconnection services be treated as reference services.⁶⁶ IEEFA also suggested the rules place disconnection services on a 'level playing field with gas abolishment' by ensuring these services can be constestable.⁶⁷

The Commission is of the view it is unnecessary for the rules to mandate that disconnection services be offered as a reference service because:

- relevant distributors are already offering this service as a reference service.⁶⁸
- the AER has the power to require distributors to offer this service as a reference service if a distributor decided at a later point to no longer propose this as a reference service.⁶⁹

The Commission is also concerned about the potential risks associated with hard-wiring a requirement to provide a reference service where the ability to offer that service could change in the future.⁷⁰

3.2 Outcomes based definitions of abolishment and disconnection are required to support the new framework and information provisions

Box 3: Final determination - outcomes based definitions of abolishment and disconnection services should be included in the NGR and NERR

Our final rules introduce outcomes-based definitions of abolishment and disconnection services into both the NGR and the NERR. These definitions are required to support the operation of the new framework and the new information provision requirements in Chapter 4.

64 As explained further in section 3.3.1, distributors will be required under the new framework to develop a model standing offer for a basic abolishment service that is likely to be sought by a reasonable number of retail customers. Those retail customers that can utilise this service should therefore be able to do so relatively seamlessly by requesting the service through their retailer. For customers that require a more bespoke abolishment service, the process should also be relatively straightforward, with the final rule providing for the customer to either request the service via its retailer or directly from the distributor. The final gas rule also sets out the steps to be taken by the parties from the point of application through to the formation of any contract (rules 124-125C)

65 Submissions to the draft determination: EWO, p. 2, Origin, p. 3-4, AGIG, p. 3, ECA, p. 3 & 6.

66 Submission to the draft determination: JEC, p. 13; IEEFA, p. 3.

67 IEEFA submission to draft determination, p. 3.

68 See for example, AusNet, Ancillary reference tariffs 2025-26, AGN SA, Reference tariffs 2025-26, AGN Victoria, Reference tariffs 2025-26, Evoenergy, Gas network reference tariff schedule 2025-26, Jemena Gas Networks, Ancillary reference tariffs, 2025-26, Multinet Gas Networks, Victoria Tariff Rates 2025-26.

69 NGR, Rule 47A.

70 For example, if safety regulators determine that distributors should no longer offer this service, or only do so in very limited circumstances.

The definition of disconnection has been amended from the definition proposed in the draft rule to link it more clearly with the definition in the NERL.

Our final rules introduce definitions of “abolishment service” and “disconnection service” in both the NGR and NERR. Importantly, the rules do not prescribe how a gas disconnection or an abolishment service is to be carried out. Rather, the definitions are outcomes-based. This is so that they can accommodate differences in service requirements, jurisdictional safety regulations and other technical requirements. It also means they can accommodate the potential evolution of safety or technical requirements over time.

Our final gas rule defines abolishment service as:⁷¹

a service for the removal of a connection such that gas cannot flow to the premises without a new connection being established.

It also defines disconnection as follows,⁷² which more closely links it to the definition of “de-energisation or disconnection” in the National Energy Retail Law:⁷³

de-energisation or disconnection (each within the meaning of the NERL) that does not involve removal of the connection, such that the de-energisation or disconnection can be reversed without the need to establish a new connection.

Disconnection service is, in turn, defined as:⁷⁴

a service for the disconnection of premises at the request of the retail customer at the premises.

The difference between the final rule and the draft rule is that the definition of disconnection has been more explicitly linked to the definition of de-energisation in the NERL.⁷⁵

(b) in the case of gas - the closing of a connection, in order to prevent the flow of energy to the premises.

Stakeholders broadly supported the use of outcomes based definitions for disconnection and abolishment services.⁷⁶ While JEC supported outcomes based definitions, it thought the rules should go further and provide a definition of remediation services as voluntary services in addition to required abolishment services.⁷⁷ In the Commission’s view, this change is unnecessary as it would require specifying the mandatory and voluntary services, which may differ by jurisdiction and distribution networks. This would not meet the intent of definitions being outcomes based.

Evoenergy, Jemena and ENA were concerned that references to “prevent the flow of gas to the premises” in the definition of disconnection could be misleading in some instances. This is because, depending on the characteristics of the property and location of the meter, gas may in

71 Final NGR rule 120.

72 Final NGR rule 120.

73 National Energy Retail Law, section 2(1).

74 Final NGR rule 120.

75 National Energy Retail Law, section 2(1).

76 Submissions to draft determination: EUAA, p. 1, ECA, p. 2, EWO, p. 2, Origin, p. 1, AGL, p. 1-2, Powershop, p. 2, RedEnergy-Lumo, p. 1, Evoenergy, p. 2, Jemena, p. 5.

77 JEC submission to draft determination, p. 9.

fact be on the premises.⁷⁸ Red Energy-Lumo noted that there is an existing definition of disconnection in the NERL for de-energisation and submitted that definition used in the draft rule may duplicate or conflict with this existing definition.⁷⁹

The Commission has sought to address these concerns in the final rules by introducing a definition of disconnection that removes explicit reference to the physical characteristics of the service and links it to the existing definition in the NERL. Distributors may still describe the service in more detail for customers, which is supported by the proposed information provision requirements discussed further in chapter 4.

3.2.1 The commission encourages retailers and distributors to use consistency in terminology

The final rules use the following terms:

- “disconnection” rather than “temporary disconnection” because we found through the consultation process that the inclusion of the term “temporary” was causing confusion as the rules do not mandate a time period for a disconnection
- “abolishment” rather than “permanent disconnection” because the term abolishment is more commonly used in the industry to refer to the permanent removal of a gas connection (i.e. where a new connection would be required to restore supply).

Some stakeholder submissions to the draft determination expressed a preference for the use of ‘temporary disconnection’.⁸⁰ Evoenergy, for example, noted that based on the customer surveying it has undertaken, most customers are unaware of the difference between a temporary and permanent disconnection. It therefore suggested the NGR should make clear that a disconnection is temporary in nature, and reversible.⁸¹

Although the Commission understands that some stakeholders may have a preference to use the term ‘temporary disconnection’, it is important to recognise that:

- these terms and associated definitions are only used for the purpose of the rules
- distributors and retailers can use more accessible terms and language when describing services to customers.

While distributors and retailers will have discretion in terms of the terminology used when communicating with customers, it is important that there is consistency in language between them to avoid customer confusion. The Commission encourages distributors and retailers to work together to ensure this consistency and clarity.

3.3 Distributors will be required to develop a model standing offer for a basic abolishment service and can also offer other non-basic services

Box 4: Final determination - distributors will be required to develop a model standing offer for a basic abolishment service, but can also offer non-basic services

Our final gas rule will require distributors to develop and have the AER approve a model standing offer for a basic abolishment service. The final rule also allows:

78 Submissions to draft determination: Evoenergy, p. 2, Jemena, p. 5, ENA, p. 2.

79 RedEnergy submission to draft determination, p. 2.

80 Stakeholder submissions to draft determination: RedEnergy-Lumo, p. 1, AER, p. 1-2, Hunter Joint Organisation, p. 2, Evoenergy, p. 2.

81 Evoenergy submission to draft determination, p. 2.

- distributors to develop model standing offers for other abolishment services that can be standardised and seek AER approval for those model standing offers
- distributors to negotiate with retail customers for the provision of abolishment services that are neither basic nor standard services, or where a customer opts to negotiate.

The final rule also includes a range of consumer protections to support retail customers' access to basic, standard and negotiated abolishment services on fair and reasonable terms and conditions.

This component of the final rule is the same as the draft rule.

The final gas rule will:⁸²

- require distributors to develop and have the AER approve a **model standing offer for a basic abolishment service**
- provide distributors the option to seek AER approval of **model standing offers for other standard abolishment services**
- allow distributors to **negotiate** with retail customers for the provision of other abolishment services.

The final rule will also set out the abolishment service application process,⁸³ the negotiation framework,⁸⁴ how abolishment contracts are to be formed⁸⁵ and a dispute resolution mechanism.⁸⁶

This new framework will:

- Facilitate retail customer access to abolishment services on fair and reasonable terms and conditions and with appropriate consumer protections in place to support that access. These protections include:
 - a requirement for the AER to approve model standing offers for basic abolishment services (the service likely to be sought by most retail customers) and any other standard services
 - a requirement that all abolishment services comply with the abolishment charge criteria, which would constrain what distributors could charge for the service
 - a negotiation framework that sets out the obligations that distributors and retail customers must comply with if services are negotiated
 - a dispute resolution mechanism overseen by the AER, which retail customers and distributors could have recourse to if disputes about model standing offers or negotiated services arise.
- Ensure there is sufficient flexibility to deal with different jurisdictional safety regulations, other technical requirements and service requirements.

We consider that this framework will better promote the NGO than trying to regulate the provision of retail customer-initiated abolishment services through access arrangements.

Further detail on these aspects of the framework is provided below.

82 Final NGR rules 120-122B.

83 Final NGR rules 124-124B.

84 Final NGR, rule 122A.

85 Final NGR rules 125-125D.

86 Final NGR rules 126-126B.

3.3.1 Model standing offer for a basic abolishment service

Our final gas rule will require distributors to develop a model standing offer for a basic abolishment service and have it approved by the AER.⁸⁷ The model standing offer may relate to all basic abolishment services offered by the distributor, or a particular class of basic abolishment services.⁸⁸

The term basic abolishment service will be defined in the NGR as follows:⁸⁹

an abolishment service where:

- (a) the provision of the service involves only the work required to satisfy any applicable duty or requirement under an Act of a participating jurisdiction, or any instrument made or issued under or for the purposes of that Act, relating to safety of an abolished connection; and
- (b) a model standing offer has been approved by the AER for providing that service as a basic abolishment service.

The scope of work required for the basic abolishment service will be for distributors to propose and the AER to consider when deciding whether to approve the model standing offer.

Stakeholders were broadly supportive of the requirement for distributors to develop a model standing offer for a basic abolishment service.⁹⁰ AGIG in particular commented that distributors are the ones with direct visibility of the technical and safety requirements of their respective gas network making it appropriate for them to design model standing offers.⁹¹

Many noted the model standing offer framework is well established and is both clear and well understood, which should reduce implementation costs and complexities.⁹² The AER also supported the new framework, stating that it is “a well-established element of the national regulatory framework. We consider it suitable for the AEMC’s intended use regarding disconnection / abolishment services and tariffs.”⁹³

The ENA was the only stakeholder that did not support the proposal to require distributors to develop a model standing offer, because it was concerned it would duplicate the access arrangement process.⁹⁴ It is worth noting that once the final rule comes into effect in each distribution network, abolishment services will no longer be regulated through access arrangements. Rather, they will be regulated under the new framework in Part 13 of the NGR. There will therefore be no duplication of regulatory arrangements. .

While there are some important differences between our draft rule and JEC’s rule change request, the final gas rule is intended to achieve a similar outcome to JEC’s proposal. That is, by limiting the basic abolishment service to a service that involves only the work required to satisfy any applicable jurisdictional safety related duty or requirement, and allowing for any other additional services to be negotiated. Together with the abolishment charges criteria (section 3.4), this will ensure abolishing customers are only required to pay the prudent and efficient, directly attributable costs associated with providing the basic service.

87 Final NGR rules 121 to 121B.

88 Basic abolishment services may be divided into classes if there is significant demand for each class.

89 Final NGR rule 120.

90 Submissions to the draft determination: Green building council, p. 2, EWO, p. 2, AGL, p. 1, AGIG, p. 1, Powershop, p. 3, AER, p. 3.

91 AGIG submission to draft determination, p. 2.

92 Submissions to the draft determination: Origin, p. 1, AGL, p. 1, AGIG, pp. 1-2, AER, p. 3.

93 AER submission to the draft determination, p. 3.

94 ENA submission to draft determination, p. 2.

JEC expressed the view that the proposed framework accorded distributors “unreasonable discretion to...design and offer services”.⁹⁵ The Commission is of the view that the proposed framework largely meets the intent of JEC’s rule change request as the definition of ‘basic abolishment service’ makes clear that the service must only involve the work required to satisfy any applicable safety related duties or requirements.

What does a model standing offer need to include?

The final gas rule requires a model standing offer for a basic abolishment service to include the following information:⁹⁶

- a description of the work to be carried out in providing the abolishment service
- timeframes for commencing and completing the work
- details of the abolishment charges (or the basis on which they will be calculated), which must be consistent with the abolishment charges criteria (section 3.4)
- how the charges are to be paid by the retail customer
- the qualifications, safety and technical requirements to be complied with if a service is contestable (section 3.5).

Powershop submitted to the draft determination that it was concerned with the proposal to allow distributors to propose timeframes for undertaking an abolishment and suggested the rules should introduce a formal process for distributors with defined steps and a mandated timeframe of within 30 days for completion.⁹⁷

The Commission considered this suggestion, but concluded that a mandatory timeframe would be inflexible and incapable of accommodating differences in what each abolishment may entail and jurisdictional policies and regulations on how abolishments are to be undertaken. It may also prevent distributors and jurisdictional governments from employing a more strategic approach to non-urgent abolishments or decommissioning that could benefit consumers through lower charges. Therefore, the final rule retains the ability for distributors to propose timeframes for commencing and completing the work.

What role would the AER play in relation to model standing offers?

The AER will be responsible for approving the model standing offers developed by distributors. The final gas rule:

- requires the AER to have regard to the NGO when deciding whether to approve a distributor’s proposed model standing offer⁹⁸
- allows the AER to approve a distributor’s proposed model standing offer if it is satisfied that:⁹⁹
 - the basic abolishment service (or class of services) is likely to be sought by a reasonable number of retail customers in the area served by the network
 - the abolishment charges are consistent with the abolishment charges criteria
 - the terms and conditions are fair and reasonable, and comply with applicable requirements of the energy laws

95 JEC submission to draft determination, p. 6.

96 Final NGR rule 121A.

97 Powershop submission to draft determination, p. 3.

98 Final NGR rule 121B(2).

99 Final NGR rule 121B(1).

- requires the AER to publish¹⁰⁰ any decision it makes on whether or not to approve distributors' model standing offers on its website.¹⁰¹

The AER is not required to, but may also:

- Consult with stakeholders before deciding whether to approve the model standing offer
- Consider whether any of its existing guidelines need to be updated in relation to the abolishment framework

Evoenergy and Jemena both submitted that the AER approval process for model standing offers should be subject to reasonable timeframes and clear procedures to provide regulatory certainty and recovery of efficient costs. They suggested a deemed approval mechanism be employed, that would mean that if the AER does not notify its decision within 30 business days, the model standing offer would be taken to be approved.¹⁰² In the Commission's view it is unnecessary to specify a timeframe for the AER to approve model standing offers in the NGR, because the final rule already provides for the AER to deal with proposed model standing offers as soon as practicable.¹⁰³ This is consistent with the approach in the Part 12A connections framework.

The final gas rule also provides for the AER to be the dispute resolution body if a dispute arises about the abolishment charges or any other terms and conditions on which the service is to be offered.¹⁰⁴ This is consistent with the approach taken in Part 12A of the NGR and is intended to provide an additional layer of protection for retail customers if a dispute arises.

The EWO stated that they are better placed than the AER to handle customer complaints about abolishment and JEC supported this view.¹⁰⁵ The Commission is of the view that AER is the appropriate dispute resolution body given the provisions apply to a specific set of disputes (i.e. about abolishment charges and terms and conditions, where the AER has the appropriate expertise to assess), not to complaints generally. The new rule does not preclude the ombudsman's role in appropriate instances. If the AER considers it would be valuable to do so, it could provide guidance on its website about the types of disputes it would refer to the ombudsman, but the rules do not need to mandate this.

3.3.2 Model standing offers for other standard abolishment services

To provide some additional flexibility in the framework, the final gas rule provides distributors with the option to develop model standing offers for other standard abolishment services and have those approved by the AER.¹⁰⁶

This option may be beneficial to distributors where some form of service standardisation for non-basic abolishment services is possible. This is because it will reduce the need for distributors to negotiate the terms and conditions with each retail customer that seeks this type of service.

If a distributor decided to develop a model standing offer for other standard services, then:

- the model standing offer will need to include the same information as the basic abolishment service model standing offer¹⁰⁷ and will be subject to the same abolishment charges criteria (section 3.4)

¹⁰⁰ Distributors will also be required to publish the approved model standing offers on their websites.

¹⁰¹ Final NGR rules 121B and 121F.

¹⁰² Submissions to draft determination: Evoenergy, p. 5, Jemena, p. 4.

¹⁰³ Final NGR rule 121B(4).

¹⁰⁴ Final NGR rules 126-126B.

¹⁰⁵ Submissions to draft determination: EWO, p. 3 and JEC, p. 11.

¹⁰⁶ Final NGR rule 121C.

¹⁰⁷ Final NGR rule 121C.

- the AER will be required to consider the same matters as those outlined for the basic abolishment service and to publish its decision.¹⁰⁸

The AER will also be the dispute resolution body if a dispute arises about the abolishment charges, or any other terms and conditions on which the standard abolishment service.¹⁰⁹

3.3.3 Negotiated abolishment services

The final gas rule will allow distributors and retail customers to negotiate abolishment services that are neither basic nor standard services, or where the retail customer elects to negotiate a basic or standard service.¹¹⁰

Negotiations are likely to be required for more complex abolishment services, such as abolishments at multi-tenancy sites, or larger retailer supplied commercial or industrial customers.

Like basic and standard abolishment services, the negotiated abolishment services will be subject to the abolishment charges criteria (section 3.4).¹¹¹ To support balanced negotiations between the distributor and retail customer, the final rule also includes:

- a negotiation framework, which requires the parties to negotiate in good faith and to exchange information¹¹²
- a dispute resolution mechanism that allows the AER to resolve any disputes relating to abolishment charges and other terms and conditions.¹¹³

3.4 Abolishing customers will be required to pay cost-reflective charges for abolishment services

Box 5: Final determination - Abolishing customers will be required to pay upfront cost-reflective charges for abolishment services

Our final gas rule will require abolishing customers to pay cost-reflective charges for basic, standard and negotiated abolishment services. This would be given effect through the abolishment charges criteria, which would apply to all abolishment services.

This requirement as the same as the draft rule.

Our final gas rule will require a beneficiary-causer pays approach to be taken to abolishment charges. Abolishing customers will be required to pay cost-reflective charges for abolishment services. This requirement is reflected in the abolishment charges criteria, which prevents any socialisation of customer-initiated abolishment costs.

This differs from the approach adopted by the AER in recent access arrangement processes to:¹¹⁴

108 Final NGR rule 121D.

109 Final NGR rule 126-126B.

110 Final NGR rule 122.

111 Final NGR rule 122A.

112 Final NGR rule 122A.

113 Final NGR rules 126-126B.

114 See for example, AER final decision, Multinet Gas Networks, Gas distribution access arrangement, 1 July 2023 to 30 June 2028, Attachment 9 and Final decision, Jemena Gas Networks access arrangement 2025 to 2030, Attachment 9.

- significantly discount the reference tariffs payable for abolishment services to try and reduce the incentive a customer may otherwise have to opt for a lower cost disconnection service (i.e. by reducing the price differential between abolishment and disconnection services)
- recover the difference between the cost of providing abolishment services and the abolishment service reference tariffs from remaining customers through an operating expenditure pass through mechanism that flows through to haulage tariffs.

The AER acknowledged that this solution is not sustainable and “can only be an interim approach while governments, networks, market bodies and investors develop a long term strategy for taking gas networks forward”.¹¹⁵

The final rule is consistent with the approach that we employed in our recent final rule for the *Updating the regulatory framework for gas connections* project¹¹⁶ and will provide efficient price signals to retail customers that are considering abolishing their connection.

We also consider it to be the most sustainable cost recovery solution to employ in this context. This is because electrification policies in some jurisdictions and the declining demand for gas from residential and small commercial customers may result in an increase in the number of customer abolishments. As more abolishments occur, it will become increasingly difficult to recover the costs among a shrinking customer base, which is not in the long term interests of gas consumers. Those customers that remain connected are also likely to comprise consumers (including households, commercial and industrial customers) that find it more difficult to switch away from gas. So requiring these customers to cross subsidise abolishing customers is likely to give rise to inequities.

Cost reflective abolishment charges is also more efficient. It ensures that customers receive the right price signals to inform their choices, whether to disconnect or abolish their gas connections. Where a customer chooses to abolish their gas connection it is both efficient and equitable that they are the ones that pay for it. Where there are government policies to end gas use and decommission the network, there are likely further efficiency benefits from strategic decommissioning as opposed to ad hoc abolishment.

The Commission understands that the beneficiary-causer pays approach may incentivise retail customers to seek out lower cost options, such as disconnection or terminating their retail contract. This may, in turn:

- Lead to an increased number of dormant connections, which may require abolishment in the future for safety reasons. It is worth noting that there is no ongoing relationship between retailers and customers for dormant connections. The costs associated with abolishing dormant connections on safety grounds are therefore unlikely to be borne by the customer whose connection is being abolished. They would instead be borne by remaining customers.
- Impose additional costs on retailers. For example, we understand that some distributors require retailers to continue to pay daily charges until a connection is abolished. If the number of customers seeking to leave the network increases, this could expose retailers to additional costs and risks.

This highlights some of the challenges associated with abolishment charges. It also reinforces the point that several stakeholders made, which is that there is no single perfect solution to this issue and that complementary government measures are likely to be required (section 3.4.1). This is

¹¹⁵ AER, Final decision, AusNet Gas Services, Gas distribution access arrangement, 1 July 2023 to 30 June 2028, p. 8.

¹¹⁶ AEMC, Final rule determination, National Gas Amendment (Updating the regulatory framework for gas connections) Rule, 11 December 2025, pp. 16-17.

because there are limits to what can be achieved through changes to the national energy framework. Chapter 5 provides some recommendations for governments on matters raised throughout our stakeholder engagement and own analysis, which are outside the remit of the national energy framework.

3.4.1 The majority of stakeholders supported a beneficiary-causer pays approach to abolishment charges

All the distributors that submitted responses to the draft determination supported cost reflective charges.¹¹⁷ AusNet supported customers paying upfront cost-reflective charges for abolishment and shared data, suggesting that the partial socialisation of abolishment costs in Victoria had not been effective in reducing the growth of dormant connections to its pipeline.¹¹⁸

Some stakeholders who supported cost-reflective charges noted that there could be a role for governments to support customers' move off gas.¹¹⁹ The broader role for jurisdictional governments is discussed further in chapter 5.

The AER noted its decision to socialise costs was linked to safe practice and on the advice of the jurisdictional and safety regulators. It supports moving to cost reflective charges, but with a delayed implementation period, to provide jurisdictional governments time to consider complementary policy frameworks.¹²⁰

In contrast to these stakeholders, there were some groups that did not support a movement to cost-reflective charges. For example, SACOSS, the Blue Mountains City Council and ASBEC were concerned that the change would act as a financial barrier to electrification.¹²¹ As described in section 2.4.4, the Commission is of the view that while cost-reflective charges may increase the financial hurdle to abolishment, this is not a barrier to electrification. Retail customers who want to electrify would still be able to do so without abolishing their connection.

Retailers had mixed views on cost-reflective charges. Origin and AGL were supportive of eliminating cross-subsidisation, but AGL did note that there was a broader role for government policy to address challenges that "high exit fees may create in the gas market". AGL also noted that cost-reflective charges were likely to increase the number of dormant connections that will eventually require removal, which could have implications for retailers and the broader customer base (i.e. because the costs are spread across retail customers).¹²²

Red Energy-Lumo also pointed out that our draft determination had incorrectly noted that retailers' obligations to pay daily fixed charges cease once a site has been disconnected.¹²³ We understand from further inquiries that:

- some distributors cease charging retailers daily fixed charges once a site has been disconnected
- others require retailers to continue to pay daily fixed charges until a connection is abolished, which can leave retailers financially exposed in those cases where a site owner has decided to no longer consume gas.

117 Submissions to draft determination: Evoenergy, p. 3, AusNet, p. 1, Jemena, p. 2-4, AGIG, p. 1-4, JEC, p. 4, EUAA, p. 1, EWO, p. 2, the Hunter joint organisation, p. 1, AER, p. 2.

118 AusNet submission to draft determination, p. 1.

119 Submissions to draft determination: JEC, p. 11&12, ECA, p. 4, AGL, p. 3.

120 AER submission to draft determination, p. 2.

121 Submissions to draft determination: SACOSS, p. 3, the Blue Mountains City Council, p. 1, ASBEC, p. 2.

122 AGL submission to draft determination, p. 2.

123 Red Energy-Lumo submission to draft determination, p. 2.

The fact that some distributors charge retailers once a disconnection is in place, while others do not, suggests that there are differences in how reference services have been defined across networks. This issue could become more significant over time if the number of dormant connections increases.

This is an issue we suggest the AER examine in more detail when approving reference services and tariffs in the next round of access arrangement reviews. Whether it is appropriate for retailers to continue paying daily fixed charges when a site has been disconnected, given the limited ability retailers may have to influence retail customers' decisions to abolish a connection should be considered at that time.

3.4.2 The requirement to pay cost-reflective charges will be given effect through the abolishment charges criteria

The final gas rule will require the charges for all abolishment services (basic, standard and negotiated) to comply with principles-based abolishment charges criteria.¹²⁴ These criteria require abolishment charges to:¹²⁵

- be based on the directly attributable cost of providing the abolishment service, which could include:
 - the cost of any goods or services required to provide the service
 - the cost of removing or disposing of any assets
 - incidental costs, such as design, planning and administrative costs
- only include those costs that would be incurred by a prudent service provider acting efficiently and in accordance with accepted good industry practice to achieve the lowest sustainable cost of providing the abolishment service.

The abolishment charges criteria also make clear that:¹²⁶

- The abolishment charges for model standing offers are not expected to be calculated on an individual basis. Rather, a standardised abolishment charge is expected to be developed, which on average is expected to satisfy the charges criteria.
- If the directly attributable costs that a distributor incurs in:
 - providing abolishment services under a model standing offer is less than the abolishment charge in the model standing offer, the distributor is not required to refund the difference
 - providing an abolishment service is higher than the abolishment charge received, the distributor cannot recover the difference by adding it to the scheme distribution network's total revenue calculation under rule 76 of the NGR.

These criteria are very similar to those set out in our final rule for the *Updating the regulatory framework for gas connections* project.¹²⁷ However, unlike with connections, abolishment charges are not treated as a capital contribution and therefore the rules do not need to provide for the recovery of net tax payable by distributors.

In Jemena's submission to the draft determination, it agreed abolishment services do not currently attract tax, but suggested it still be provided for in the rules "to accommodate a range of potential

¹²⁴ Final NGR rules 121B, 121D, 125B and 126A.

¹²⁵ Final NGR rule 123.

¹²⁶ Final NGR rule 123.

¹²⁷ AEMC, Final rule determination, National Gas Amendment (Updating the regulatory framework for gas connections) Rule 2025.

accounting treatments or tax law changes”.¹²⁸ The Commission does not consider it appropriate to future-proof the rules in this case, given that:

- there is no suggestion that such a change is likely
- if there were a change to the tax treatment of abolishment, other changes to the rules may be required.

In the Commission’s view it would be more appropriate to revisit the rules if there is a change to the tax treatment.

Our abolishment charges criteria are broadly consistent with the intent of JEC’s rule change proposal, which is that:¹²⁹

- retail customers should only pay the prudent and efficient costs of providing the minimum necessary service
- the costs associated with providing these services should not be included in the distributor’s total revenue calculation under rule 76 of the NGR.

The criteria are also consistent with the feedback received from most stakeholders that a user pays cost-reflective approach to abolishment charges should be employed.¹³⁰

3.5 The framework accommodates contestability of abolishment services where permitted by the relevant jurisdiction

Box 6: Final determination - The framework will accommodate contestability of abolishment services where that is permitted by the relevant jurisdiction

Our final gas rule provides for the contestability of abolishment services to be accommodated if permitted by the laws in the relevant jurisdiction.

This component of the final rule is the same as the draft.

The final gas rule recognises that abolishment services may be provided on a contestable basis if permitted by the laws in the relevant jurisdiction.¹³¹ This mirrors the approach taken in Part 12A of the NGR. Like the connection framework, the **rules will not require contestability** in the provision of abolishment services. Rather, this is a matter for each jurisdiction to determine.

If a jurisdiction enacts legislation that permits contestability, then this would be accommodated in the new framework through rules requiring distributors to:

- include information in their model standing offers on the qualifications required for carrying out work involved in providing a contestable service and the safety and technical requirements to be complied with by the provider of a contestable service
- inform a party that makes a preliminary enquiry about an abolishment service whether any aspects of a proposed abolishment are likely to be contestable.

128 Jemena submission to draft determination, p. 7.

129 JEC, Rule change request, p. 22.

130 Submissions to draft determination: JEC, pp. 7-8, ECA, p. 7, EUAA, p. 1, DEA, p. 3, EWO, p. 2, The Hunter joint organisation, pp. 1-2, AGL, p. 2, Jemena, p. 6.

131 Final NGR rules 120, 121A, 121C and 124A.

Accommodating contestability in this manner enables abolishment services to be provided on a competitive and potentially lower cost basis (in accordance with jurisdictional technical and safety requirements) if permitted by the relevant jurisdiction.

Of the stakeholders that commented on contestability in submissions to the draft determination, most supported the proposal to provide for contestability where jurisdictions permit it.¹³² While some stakeholders expressed concern about the contestability of abolishment services, they supported the rules not mandating it and it being left for jurisdictions to determine.¹³³

3.6 The framework applies to retail customers connected to scheme and nominated non-scheme distribution networks in all jurisdictions except Western Australia

Box 7: Final determination - The new framework will apply to scheme and nominated non-scheme distribution networks in all jurisdictions except Western Australia

Our final gas rule provides for the new abolishment framework to apply to distributors that operate the following types of gas distribution networks in all jurisdictions except Western Australia:

- scheme distribution networks
- non-scheme distribution networks if a jurisdiction makes a regulation under the NGL to nominate that the new Part 13 of the NGR applies to the distributor for that pipeline.

The new framework does not apply to distributors operating any other non-scheme distribution networks. Nor does it apply to non-retail customers using either scheme or nominated non-scheme distribution networks.

This component of the final rule is the same as the draft.

Our final gas rule introduces the new abolishment framework for retail customers connected to the following gas distribution networks in all jurisdictions except Western Australia:¹³⁴

- **Scheme distribution networks.** The application of the framework to these networks is consistent with the intent of scheme pipeline regulation and, like the connection framework, recognises that retail customers can require additional protections when procuring such services.
- **Nominated non-scheme distribution networks.** The application of the framework to these networks is intended to provide some flexibility for jurisdictions to determine whether any non-scheme distribution networks should be subject to the new framework. This is similar to the approach taken with connections in Part 12A of the NGR. To be subject to the new framework, a distributor would need to be nominated by a jurisdiction through a local regulation made under section 8A(1)(b) of the NGL (nominated non-scheme distribution network).¹³⁵

To avoid doubt, the final rule does not apply to transmission pipelines (scheme or non-scheme). The application is illustrated in Figure 3.2 below.

¹³² Submissions to draft determination: the Hunter joint organisation, p. 2, the Green Building Council, p. 2, IEEFA, p. 2.

¹³³ Submissions to draft determination: EUAA, pp. 1-2, EWO, pp. 2-3, ENA, p. 2.

¹³⁴ Final NGR rule 120.

¹³⁵ Note that while the Queensland Government has nominated two non-scheme distribution networks for the purposes of the connection framework in Part 12A of the NGR, these networks will not automatically become subject to the new framework in Part 13 of the final gas rule. Rather, a new local regulation would need to be made if the Queensland Government determines that this framework should apply to those networks.

Figure 3.2: Application of the new framework

A. What jurisdictions would it apply to?	B. What distribution pipelines would it apply to?		C. What types of customers would it apply to?
	Scheme pipelines	Non-scheme pipelines	
ACT	Evoenergy distribution network	Only applicable if a jurisdiction nominates a non-scheme distribution pipeline to be subject to the new framework	Retail customers (i.e. a person supplied by a retailer)
NSW	Jemena distribution network		
NT	n.a.		
Qld	n.a.		
SA	AGN distribution network		
Tas	n.a.		
Vic	AGN, Multinet and AusNet distribution networks		

Source: AEMC

All stakeholders who commented supported the application of the new framework to retail customers connected to scheme and nominated non-scheme pipelines in all jurisdictions except Western Australia.¹³⁶ ECA also supported this application but suggested that extending the framework to non-scheme networks would benefit more consistent consumer outcomes.¹³⁷

The Commission does not consider it necessary to extend the framework to other non-scheme distribution networks. This is because:

- regulating non-scheme distribution networks in this way would be contrary to the premise of non-scheme regulation, which is that these networks tend to have a lower degree of market power and so should be subject to a lighter handed form of regulation
- non-scheme networks are already able to recover cost-reflective charges from abolishing customers and should have a strong incentive to do so given they do not have the same ability to socialise costs as scheme networks
- there is already a negotiate-arbitrate framework in place that users of non-scheme networks could have recourse to if they are unable to reach agreement on the terms of any abolishment service.¹³⁸

136 Submissions to draft determination: JEC, p. 14, Origin, pp. 4-5, ENA, p. 2, AGIG, p. 4.

137 ECA submission to draft determination, p. 7.

138 This framework is set out in Parts 11 and 12 of the NGR.

3.7 The new framework provides no change to the regulatory treatment of safety related abolishments

Box 8: Final determination - The new framework makes no changes to the regulatory treatment of safety related abolishments

Our final gas rule does not provide any changes to the way in which safety or other regulatory mandated abolishments are treated, because these types of abolishments are already effectively accommodated in the regulatory framework.

Distributors are responsible for maintaining the network’s safety and will continue to monitor all connections and abolish them on safety grounds when necessary. Our final gas rule applies to customer-initiated abolishment services but not to safety or other regulatory mandated abolishments. This is because these types of abolishments can already be undertaken by the distributor as required. The price and regulation provisions in Part 9 of the NGR already allow the costs of such abolishments to be recovered by the distributor. The new framework does not therefore need to deal with these types of abolishments.

The new customer-initiated framework would not prevent safety abolishment occurring where necessary and at the judgement of the relevant distributor or safety regulator. The existing regulatory treatment of safety abolishment allows distributors to assess any safety issues and comply with regulations enacted by the relevant safety and technical regulators. The Commission is of the view that this is an appropriate approach as jurisdictional safety regulators are best placed to regulate the safety of pipelines including when abolishment is required for safety reasons.

3.8 The new framework will be implemented in a phased manner to minimise implementation costs and complexities

Box 9: Final determination - the new framework will be implemented in a phased manner, aligned with the commencement of each distributors’ next access arrangement period

Our final gas rule provides for the phased introduction of the new abolishment framework, with distributors’ key obligations to commence at the start of each network’s next access arrangement period (with some preliminary activities to be undertaken in the lead up to this).

The phased introduction recognises that there are existing approved access arrangements on foot and that the costs of amending these to accommodate the new framework are likely to outweigh the benefits.

In the case of the ACT and South Australian distribution networks, our final determination to replace the current approach to regulating abolishment services through access arrangements with the new model standing offer framework has not been completed in sufficient time for it to be taken into account in the development of the upcoming access arrangements. The new framework and associated requirements (including cost reflective charging) will not therefore apply in these networks until 2031.

This component of the final rule is the same as the draft rule.

Our final gas rule provides for the new abolishment framework to be phased in at the commencement of each distributor’s next access arrangement period.

To enable this to occur, scheme distribution networks will be required to submit an initial model standing offer for a basic abolishment service to the AER for approval by the access arrangement review submission date (see Table 3.1).¹³⁹ This is to allow sufficient time for the model standing offer to be reviewed and approved by the AER, so that it can be in place for the commencement of the next access arrangement period.

The final transitional rules also provide for abolishment service applications made in advance of the commencement of each distributor’s next access arrangement period to remain subject to the arrangements that were in place when the application was made.¹⁴⁰ Any applications made from the commencement of the next access arrangement period will be subject to the new framework.

Table 3.1: Scheme distribution network access arrangement periods

Networks	Next Access Arrangement Review		Next Access Arrangement Period	
	Review submission date	Distributor obligations under draft transitional rules	Start date	Distributor obligations under abolishment framework
Victorian gas distribution networks	1 June 2027	Distributors must submit a model standing offer for a basic abolishment service to the AER for approval by no later than the review submission date.	1 July 2028	Full operation of abolishment framework commences at start of next access arrangement period.
NSW gas distribution network	30 June 2029		1 July 2030	
ACT gas distribution network	1 July 2030		1 July 2031	
SA gas distribution network	1 July 2030		1 July 2031	

Source: AEMC

The AER supported a phased implementation approach, noting that it would provide jurisdictional governments time to consider, and potentially implement, policy frameworks to support a safe and least-cost transition for distribution networks, customers and the communities they serve.¹⁴¹ A number of network operators, consumer groups and other advocates, on the other hand, urged us to consider implementing either the whole framework or just the cost reflective abolishment charges earlier.¹⁴² For example:

- JEC and IEEFA were of the view that the new rules should commence in 2026 and that a partial re-opener be used to amend distributors’ access arrangements.¹⁴³

139 Final NGR Schedule 1, Part 22, rule 123.

140 Final NGR, Schedule 1, Part 22, rule 124.

141 AER, submission to draft determination, p. 2.

142 Submissions to draft determination: JEC, p. 9; EUAA, p. 2; IEEFA, p. 4; AGIG, pp. 1 and 5; Evoenergy, p. 3; Jemena, pp. 2-4; ENA, p. 3.

143 Submissions to draft determination: JEC, p. 9; IEEFA, p. 4.

- AGIG and Evoenergy suggested that cost reflective abolishment charges should apply from the start of their upcoming access arrangement period (1 July 2026), rather than being deferred until 1 July 2031¹⁴⁴
- Jemena proposed that a transitional rule be implemented to prevent the socialisation of its standard residential non-construction abolishment charges, which is due to commence on 1 July 2026.¹⁴⁵

In response to stakeholder feedback, we explored the following potential implementation options:

- Option 1: Maintain the phased implementation approach as set out in the draft determination.
- Option 2: Bring forward cost-reflective abolishment charges by requiring relevant distributors' access arrangements to be re-opened to make the necessary amendments to these charges.
- Option 3: Bring forward the full model standing offer framework (including cost reflective charges) and allow the AER to account for any over- or under-recoveries of revenue associated with the socialisation of abolishment charges in the next access arrangement period.

In doing so, we had regard to the costs and benefits associated with each of these options. In short, we found that:

- **The costs and complexities associated with earlier implementation are likely to be material.** This is particularly the case for Option 2 because while it may be possible to narrow the scope of changes through a partial access arrangement re-opener (as JEC and IEEFA proposed), each distributor that has socialised abolishment charges would still need to submit revised proposals to the AER and the AER would then need to decide how to unwind the socialisation. Option 3 is also likely to involve additional costs and complexities in terms of estimating any over- or under-recoveries of revenue.
- **The benefits of earlier implementation are likely to be low.** This is because there are only a relatively small number of customer-initiated abolishments forecast to occur in each distribution network over the relevant access arrangement period and the forecast socialisation costs are also relatively low. (see Table 3.2).

Table 3.2: Scheme distribution network access arrangement periods

Networks		Socialisation applies to	Socialised abolishments forecast for AA period		
			Number of socialised abolishments ¹	% of connections as at Dec 2025 ²	AER estimated socialisation cost for the AA period ¹
Victorian gas distribution networks	AGN Victoria	Standard residential abolishment excluding 'knock down-rebuilds'	3,360-14,315 p.a. ³	0.4-1.9% p.a.	\$29.1 m [^] (2.3% of AA revenue requirement)
	AusNet		2,463-8,310		

¹⁴⁴ Submissions to draft determination: AGIG, pp. 1 and 5; Evoenergy, p. 3.

¹⁴⁵ Jemena submission to draft determination, pp. 2-4.

Networks	Socialisation applies to	Socialised abolishments forecast for AA period		
		Number of socialised abolishments ¹	% of connections as at Dec 2025 ²	AER estimated socialisation cost for the AA period ¹
		p.a. ³		(1.2% of AA revenue requirement)
	Multinet and renovations	4,880-15,467 p.a. ³	0.7-2.2% p.a.	\$33.5 m [^] (3.1% of AA revenue requirement)
NSW gas distribution network	Standard residential abolishment excluding 'knock down-rebuilds' and renovations	1,513-4,547	0.1-0.3% p.a.	\$12.7 m* (0.4% of AA revenue requirement)
SA gas distribution network [#]		Not reported by AGN SA or the AER.		
ACT gas distribution network [#]	The AER's draft decision did not require any socialisation of Evoenergy's abolishment charges			

Source: AEMC. Notes: # Based on AER draft decisions. ^ Expressed in real \$2022-23 values. * Expressed in real \$2024-25 values. 1. Based on information contained in the following AER access arrangement final decisions: AER, Final decision - Australian Gas Networks (Victoria & Albury), 1 July 2023 to 30 June 2028, June 2023, Attachments 1 and 6; AER, Final decision - Multinet, 1 July 2023 to 30 June 2028, June 2023, Attachments 1 and 6; AER, Final decision - AusNet Gas Services, 1 July 2023 to 30 June 2028, June 2023, Attachments 1 and 6, Final decision - Jemena Gas Networks (NSW) 1 July 2025 to 30 June 2030, May 2025, Attachments 1 and 6. 2. AER, Gas quarterly disconnection reporting, 17 February 2026. 3. Based on the AER quarterly disconnection reporting, it would appear that actual abolishments in 2023-24 and 2024-25 were substantially lower than forecast. Actual abolishments in Multinet's network were, for example, 25-34% lower than forecast, while in AGN Victoria's network they were 30-50% lower than forecast and in AusNet's network were 1-12% lower than forecast.

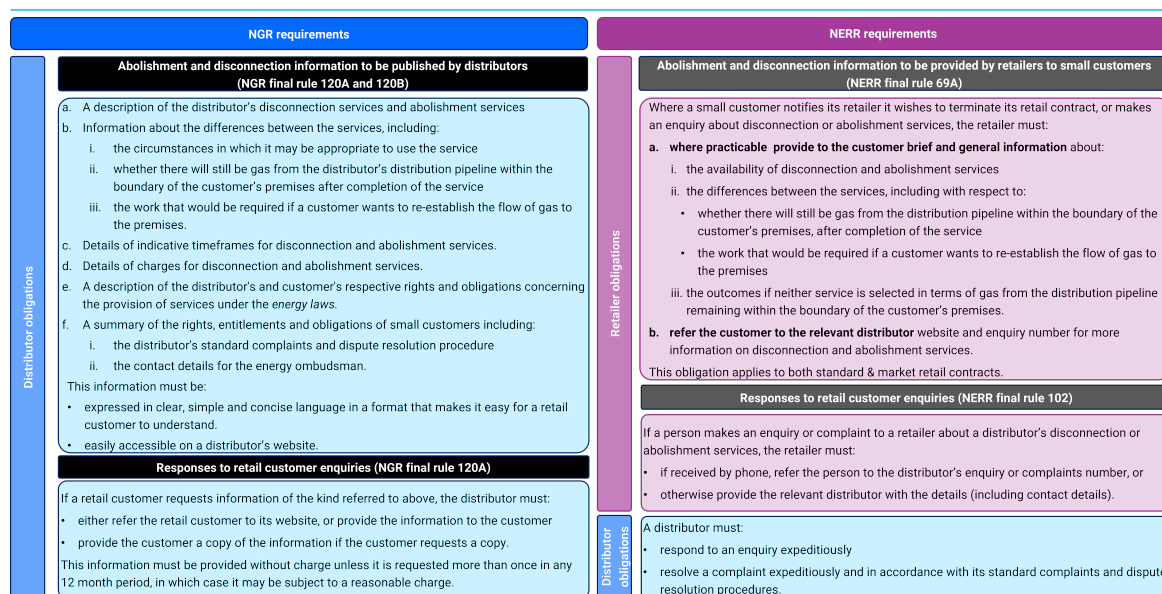
The Commission has decided to minimise the implementation costs and complexities by maintaining the phased implementation approach outlined above. In addition to being a lower cost option, phased implementation will, as the AER observed, provide jurisdictional safety regulators and/or governments additional time to put in place any other arrangements they consider are required to support a safe and least-cost transition.

In the case of the ACT and South Australian gas distribution networks, the Commission understands that the AER is in the process of making its final decision on the access arrangement that will apply from 1 July 2026. The timing of our final determination has meant that it has not been possible to require Evoenergy or AGN SA to develop and have the AER approve model standing offers for basic abolishment services and to make the consequential changes to their access arrangements for the upcoming access arrangement period. The new framework will not therefore apply in these networks until the 2031-2036 access arrangement period (see Table 3.3).

4 New information provisions to support more informed retail customer decisions

The second element of our final determination provides for the introduction of **new information provision requirements** in the NGR and NERR to support more informed decision-making by retail customers who are considering ceasing to use gas (see Figure 4.1 for detail).

Figure 4.1: New information provision requirements in the NGR and NERR



Source: AEMC

As Figure 4.1 shows, the new provisions in the NGR will require relevant distributors¹⁴⁶ to do the following (section 4.2):

- publish a range of information on disconnection and abolishment services offered to retail customers that is easily accessible on their websites and expressed in clear, simple and concise language in a format that makes it easy for a retail customer to understand
- respond to enquiries made by retail customers about these services.

The new provisions in the NERR will require the following in jurisdictions that have adopted NECF for gas¹⁴⁷ (section 4.3):

- Retailers will be required to do the following (where practicable) if small customers seek to terminate their retail gas contract, or otherwise enquire about a disconnection or abolishment service:
 - provide brief and general information about:
 - the availability of disconnection and abolishment services
 - the differences between these services
 - the outcomes if neither a disconnection nor abolishment service is selected

146 This includes operators of scheme gas distribution networks and nominated non-scheme gas distribution networks in all jurisdictions except Western Australia.

147 The ACT, New South Wales, South Australia and Queensland.

- refer customers to the relevant distributor’s website or enquiry number for further information.
- Retailers will also be required to refer other enquiries or complaints about disconnection or abolishment services to the relevant distributor.
- Relevant distributors will be responsible for responding to any retail customer enquiries about the disconnection and abolishment services.

The final rules provide for the new information provisions to commence between six and nine months after the making of the final rules (section 4.4).

We have decided to employ a shorter implementation period for this element of the final rules because it has become clear through the rule change process that there is a significant degree of confusion amongst retail customers about the options available to cease having gas supplied to their premises that needs to be addressed.

Our final rules are largely consistent with the draft rules, although we have made some minor changes in response to stakeholder feedback regarding:

- the accessibility of information that distributors are required to publish on their website, both in terms of being easy for retail customers to understand and easy to find on a distributor’s website
- the information retailers are to provide to retail customers
- the implementation timing for the new retailer information obligations.

As described in more detail in section 2.4 the new information provisions satisfy the consumer protection test. They will also contribute to both the NGO and NERO by enabling retail customers to make more informed and efficient decisions about how to end the supply of gas to their premises. The new provisions are also intended to be simple, transparent and proportionate to the problem they are intended to address.

4.1 Introducing new information provision requirements on retailers and distributors will address retail customer confusion

Box 10: Final determination - Retail customer confusion about different options will be addressed through the introduction of new information provision requirements

Our final rules will address retail customer confusion about the different options for ceasing to have gas supplied to their premises and support more informed decision-making by introducing new information provision requirements in both the NGR and NERR.

- The new NGR requirements will apply to relevant distributors.
- The new NERR requirements will apply to relevant distributors and retailers operating in jurisdictions that have adopted NECF for gas.

Our final determination provides for the introduction of new information provision requirements applying to both retailers and distributors through changes to both the NERR and NGR. These new requirements are intended to address the information deficiencies contributing to the confusion retail customers have about the options available to cease having gas supplied to their premises, which may be leading to ill-informed and/or inefficient decisions.

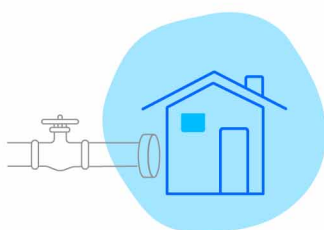
The confusion appears to have arisen because of deficiencies in the information available to retail customers on the options available to them, which include terminating their retail contract, disconnecting their service, or abolishing their connection (see Box 11), and the key differences between these options.

Box 11: Different ways in which customers can cease to use gas

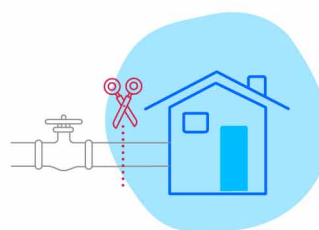
A retail customer that no longer wants to use gas at their premises can currently do so in one of the following ways:



Termination of
retail contract



Disconnection
service



Abolishment
service

- Termination of retail contract:** A retail customer can cancel their retail contract with a retailer at any time at little or no cost. In contrast to the other options, this **does not involve a physical disconnection or abolishment of the connection**. This means that gas can still flow into the premises and that gas appliances will work when switched on. New retail and network contracts would therefore commence if gas is used at the premises again. Retail customers tend to use this option when moving out of a property. However, there is nothing currently preventing customers who want to cease using gas at their premises (e.g. if they have electrified the premises) selecting this option.
- Disconnection service:** This service **involves the closing of a connection** to prevent the withdrawal of gas at the premises. This typically involves an authorised gas technician wadding or placing a disc in the gas meter to prevent the flow of gas into the premises. In contrast to an abolishment, a disconnection can be readily reversed through a reconnection service that involves removing the wadding or disc so that gas can be supplied to the premises once again (a reconnection fee is typically payable for this service). Retail customers may use this option when they are renovating a property. Retailers and distributors can also initiate disconnections for non-payment, or for other reasons set out in the NERR. As with termination of retail contract, there is nothing currently preventing customers who want to cease using gas at their premises (e.g. if they have electrified the premises) selecting this option.
- Abolishment service:** This service involves the **removal of the connection** so that gas can no longer be supplied to the premises. This typically involves the removal of a connection by cutting and capping the service. In contrast to a disconnection service, where supply can be readily restored, the only way gas supply can be restored when an abolishment has occurred, is through the installation of a new connection. In some distribution networks, the prices payable for this service are 5-15 times higher than the cost of a disconnection service.

Source: AEMC.

If retail customers do not have a good understanding of the differences between these options, then it is possible that they may view them as substitutes and opt for the lowest cost option,

without understanding the potential consequences of doing so. Customers could, for example, opt to terminate their retail contract or procure a disconnection service and not realise that they may still have active gas supply within the boundary of their property. This could lead to future safety risks if works are later undertaken on the property and the owners are unaware there is still active supply.

In the Commission's view, this lack of information for consumers is a deficiency in the current arrangements that we are addressing through the introduction of new information provision requirements that will apply to both distributors and retailers.

There was broad support for this proposal from network operators, consumer groups and retailers.¹⁴⁸ However, a number of these stakeholders did note the potential for more to be done to ensure that information is provided in a customer-friendly, clear and consistent manner across distributors and retailers,¹⁴⁹ including by potentially requiring the AER to develop a guideline.¹⁵⁰ ECA and JEC also suggested we consider whether jurisdictional governments may be better placed to provide "neutral" information on the options available to customers seeking to stop using gas.¹⁵¹

The Commission has considered the feedback provided by stakeholders and decided to amend the NGR to require the information about abolishment and disconnection services that distributors are required to publish on their website to be:

- expressed in clear, simple and concise language, and in a format, that makes it easy for a retail customer to understand¹⁵²
- easily accessible on its website.¹⁵³

This change does not go as far as some stakeholders suggested, in terms of mandating a consistent approach across distributors and retailers. This is because we consider there are more effective ways to facilitate this than prescribing an approach in the rules, or in AER guidelines. For example, it would be open to distributors, retailers and consumer groups to work together on how best to present and communicate the information in a consistent and customer-friendly manner to retail customers.¹⁵⁴ In our view, such an approach is likely to result in greater innovation in terms of how information is presented and consistency of information provision across distributors and retailers than could be achieved by prescription in rules or guidelines.

We agree that jurisdictions could consider publishing options available to retail customers if they have decided to transition away from gas as suggested by ECA and JEC in their submissions. However, we consider there would still be a key role for both distributors and retailers, as the primary point of contact for retail customers and the providers of the relevant services, to provide the information. We also note that not all jurisdictions have a plan to transition away from gas and may determine that they do not need to provide this information at this time.

The following sections provide further detail on how the new information provision requirements provided for in the final rules will operate.

148 Submissions to the draft determination: ECA, p. 8; VEFN, p. 2; Electrify Canberra, p. 1; Energy and Water Ombudsmen, p. 2; AGIG, p. 1; AusNet, p. 2; Evoenergy, p. 1; Jemena, p. 6; ENA, p. 3; AGL, p. 2; Origin, p. 5; Red and Lumo, p. 1.

149 Submissions to the draft determination: ECA, p. 8; JEC, p. 10; VEFN, p. 2; AGIG, p. 4; Origin, p. 5; Shell Energy, p. 2.

150 Submissions to the draft determination: JEC, p. 10; Origin, p. 5

151 Submissions to the draft determination: ECA, p. 10; JEC, p. 10.

152 Final gas rule 120B(2).

153 Final gas rule 120B(1).

154 This could potentially be guided by the Australian Government's Digital Inclusion Standard and any other relevant standards

4.2 Distributors will be required to publish information about disconnection and abolishment services available to retail customers and respond to customer enquiries

Box 12: Final determination - Distributors will be required to publish information on retail customer disconnection and abolishment services on their website to support informed decision-making and respond to customer enquiries

Our final rules require relevant distributors to:

- Publish a range of information on the disconnection and abolishment services and ensure the information is expressed in clear, simple and concise language in a format that makes it easy for a retail customer to understand, and is easily accessible on their websites. This includes information on the key differences between disconnection and abolishment services, as well as information on the charges payable for each service, service time frames and relevant rights and obligations.
- Respond to retail customer requests for information. For those distributors located in jurisdictions that have adopted NECF for gas, relevant distributors must also respond to enquiries and/or resolve complaints about disconnection or abolishment services expeditiously and in accordance with standard complaint and dispute resolution procedures.

The key difference between our draft and final rules is that the final rules require distributors to ensure that the information is easily accessible on their websites and is easy for retail customers to understand.

Our final gas rule requires relevant distributors to publish the following information, which must be expressed in clear, simple and concise language in a format that makes it easy for a retail customer to understand and must also be easily accessible on the distributor's website.¹⁵⁵

- a description of the distributor's retail customer disconnection and abolishment services
- information about the differences between the services including with respect to:
 - the circumstances in which it may be appropriate to use the service
 - whether there would still be gas from the distribution pipeline within the boundary of the customer's premises, after completion of the service
 - the work that would be required if a customer wants to re-establish the flow of gas to the premises
- details of indicative timeframes to provide applicable disconnection and abolishment services
- details of charges for disconnection and abolishment services
- a description of the distributor's and customer's respective rights and obligations regarding the provision of disconnection and abolishment services under the energy laws
- a summary of the rights, entitlements and obligations of small customers in relation to the distributor's standard complaints and dispute resolution procedure and contact details for the relevant energy ombudsman.

The final gas rule also provides that, where a retail customer requests the type of information listed above from a distributor, the distributor must either refer the customer to its website, or

¹⁵⁵ Final NGR rules 120A-120B. Final NGR rules 121F and 124 contains further publication requirements for model standing offers and abolishment service applications.

otherwise provide the information to the customer. The distributor must also provide a hard copy of the information if the customer requests it, without charge (or with a reasonable charge if the information is requested more than once in any 12 month period).¹⁵⁶ These obligations are very similar to the connection reporting obligations that distributors subject to the NERR are required to comply with.¹⁵⁷

These obligations will apply to relevant distributors (i.e. scheme distribution networks and nominated non-scheme distribution networks in all jurisdictions except Western Australia). We propose to recommend that these obligations be classified as a tier 2 civil penalty provisions. This is because distributors must comply with these provisions to ensure the new requirements operate as intended (i.e. to ensure retail customers are correctly informed of the differences in services and can make informed and efficient decisions) (see Appendix C). The same classification applies to the connection reporting obligations that distributors subject to the NERR are required to comply with.¹⁵⁸

In addition to these obligations, our final retail rule requires relevant distributors operating in jurisdictions that have adopted NECF for gas (i.e. the ACT, New South Wales, South Australia and Queensland) to:¹⁵⁹

- respond expeditiously to enquiries about disconnection services or abolishment services
- resolve complaints about such services expeditiously and in accordance with standard complaints and dispute resolution procedures.

In the Commission's view, distributors are best placed to prepare and publish the information listed above and to deal with more detailed enquiries or complaints from retail customers about particular services. This is because distributors are responsible for providing the services and so will have a better understanding than retailers of the specific service and safety requirements.

While distributors will incur some initial costs complying with these new obligations, the ongoing reporting costs are expected to be low given most information will not change very often. AGIG confirmed this in its response to the draft determination, noting that in its view there are "no material costs" associated with these obligations.¹⁶⁰

Our final rule is broadly consistent with the draft rule, with the only differences being that the final rule requires distributors to ensure that the information they are required to publish on abolishment and disconnection services is:¹⁶¹

- expressed in clear, simple and concise language, and is in a format, that makes it easy for a retail customer to understand
- easily accessible on their website.

We have made this change in response to stakeholder feedback that information should be easy to understand and readily accessible by retail customers (see section 4.3).

Stakeholders were generally supportive of the proposed disclosure requirements for distributors.¹⁶²The only stakeholders that suggested changes to these requirements were:

156 Final NGR rule 120A(4).

157 Rule 80 of the NERR.

158 Rule 80 of the NERR.

159 Final NERR rule 102.

160 AGIG, Submission to the draft determination, p. 4.

161 Final NGR rules 120A and 120B.

162 Submissions to the draft determination: ECA, p. 8; AGIG, p. 4; AusNet, p. 2; Evoenergy, p.7; Jemena, p. 6; ENA, p. 3; Origin, p. 1.

- ECA who suggested distributors be required to publish information on what would occur if a retail contract is terminated.¹⁶³ In the Commission’s view, retailers are better placed than distributors to provide information relating to the termination of retail contracts. We have therefore considered ECA’s suggestion in that context (see section 4.3).
- Jemena who suggested the rules make clear that the provision of electronic information to customers should suffice, unless a customer requests a hard copy.¹⁶⁴ In the Commission’s view this is already clear in the final rule, which only requires hard copies of information to be provided where it is requested by a customer and otherwise allows distributors to refer retail customers to their website.¹⁶⁵

4.3 Retailers will be required to provide general information on disconnection and abolishment services and refer customers to the relevant distributor for further information

Box 13: Final determination - Retailers will be required to provide small customers general information about disconnection and abolishment services and otherwise refer customers to the relevant distributor for more information

Our final retail rule requires retailers in jurisdictions that have adopted NECF for gas to do the following:

- If a small customer informs the retailer it wishes to terminate its retail gas contract or otherwise enquires about disconnection or abolishment services, the retailer must:
 - where practicable provide brief and general information on the availability of disconnection and abolishment services, the differences between these services and the outcomes if neither service is selected (i.e. if the retail contract is just terminated)
 - refer customers to the relevant distributor’s website or enquiry number to obtain further information.
- For other types of enquires or complaints about disconnection or abolishment services, retailers will also be required refer the person to the relevant distributor’s enquiry number.

Our final retail rule requires retailers to do the following if a **small customer** seeks to terminate its retail contract, or otherwise enquires about a disconnection or abolishment service:¹⁶⁶

- Where practicable, provide the customer brief and general information about:
 - a. the availability of disconnection and abolishment services
 - b. the differences between the services, including with respect to:
 - whether there would still be gas from the distribution pipeline within the boundary of the customer’s premises, after completion of the service
 - the work that would generally be required if a customer wants to re-establish the flow of gas to the premises
 - c. the outcomes if neither service is selected in terms of gas from the distribution pipeline remaining within the boundary of the customer’s premises.

163 ECA, Submission to draft determination, pp. 9-10.

164 Jemena, Submission to draft determination, p. 6.

165 Final NGR rule 120A(2)-(3).

166 Final NERR rule 69A.

- Refer the customer to the relevant distributor’s website and enquiry number for more information about the distributor’s disconnection and abolishment services.

For other types of enquiries about disconnection or abolishment services (including from other types of retail customers), our final rule requires retailers to:¹⁶⁷

- if the enquiry is made by phone, refer the person to the relevant distributor’s enquiry or complaints telephone number
- otherwise, as soon as practicable but no later than the next business day, provide the relevant distributor with the details of the enquiry, including the customer’s contact details.

As these obligations will be specified in the NERR, they will only apply to retailers in jurisdictions that have adopted NECF for gas (i.e. the ACT, NSW, Queensland and South Australia). While we are not in a position to regulate retailer disclosure requirements in non-NECF jurisdictions, such as Victoria, Tasmania, the Northern Territory or Western Australia, it is open to those jurisdictions to amend their retail codes to provide for similar disclosure requirements.

Our final retail rule is broadly consistent with the draft rule. The only difference is that retailers will also be required to inform small customers about the outcomes if neither an abolishment nor a disconnection service is selected in terms of whether gas from the distribution pipeline will remain within the boundary of their premises.¹⁶⁸ This change, which was made in response to a suggestion by ECA,¹⁶⁹ will ensure that customers who choose to cancel their retail contract without either disconnecting or abolishing their connection are aware that gas will remain connected. We consider this is consistent with the intent of our draft rule that customers should have access to the information they need to understand potential longer term safety related risks associated with terminating their retail contract.

ECA also suggested that retailers be required to explain the following to small customers:¹⁷⁰

- when supply charges will cease
- how timing, sequencing and account status affect costs and liability
- the consequences if gas is consumed at the premises after retail contract termination
- that there is no obligation to pursue abolishment unless required for safety or other clearly identified reasons
- any other implications of retail contract termination, disconnection or an abolishment that would support informed decision-making for the consumer.

The Commission has considered these suggestions, however, we are concerned that requiring retailers to provide all of this information to customers could increase customer confusion about the options and the potential longer term safety related consequences. While the final retail rule does not mandate that retailers provide this information, it is worth noting that customers will still be able to ask their retailer and/or distributor for this type of information when enquiring about the options available to them and retailers can choose to provide additional information.

The only other stakeholders that commented on the retailer obligations were:

- Shell Energy - suggested that rather than requiring retailers to provide basic and general information to small customers, retailers should just refer customers to the relevant

167 Final NERR rule 102.

168 Final NERR rule 69A(1)(a)(iii)

169 ECA, Submission to draft determination, p. 9.

170 ECA, Submission to draft determination, p. 10.

distributor’s website for information.¹⁷¹ The Commission did consider this alternative, which is consistent with what applies to connections when preparing the draft rules.,¹⁷² However, we concluded that an alternative approach was warranted in this case given the reported level of confusion amongst retail customers about the different options. Our final retail rule maintains that retailers, as the primary point of contact for retail customers, will be required to provide basic and general information about the options before referring them to distributors for more information.

- Electrify Canberra - suggested retailers be required to include information about disconnection and abolishment services on customer bills to increase customer awareness.¹⁷³ While the Commission understands the intent of this suggestion, it is concerned about the costs that retailers would incur amending their billing systems to provide this type of information and that this information may get lost among the other messages that retailers are already required to include on bills. There are likely to be lower cost options that could be considered in jurisdictions that have decided to transition away from gas, including potentially government-led campaigns, such as those being run by the ACT Government.¹⁷⁴

4.4 The new information provisions will commence six to nine months after the final rules are made

Box 14: Final determination - The new information provisions will commence six to nine months after the final rule is made

Our final rules provide for:

- relevant distributors’ obligations to commence within six months of the final rule being made
- retailers’ obligations to commence in a staggered manner, with the obligations to refer customer enquiries to distributors to commence within six months of the final rule being made and the remaining obligations to commence no later than approximately nine months after the final rule is made.

This timing should provide relevant distributors and retailers sufficient time to develop any materials that may be required to comply with the new requirements.

The only difference between our draft and final rules is that we have allowed for a staggered commencement of the retailer obligations and provided retailers an additional three months to comply with the obligation to provide customers brief and general information.

Our final rules will result in distributors and retailers having to comply with the new information provision requirements within six to nine months of the publication of the final rules. Specifically, the final rules provide for:

- Relevant distributors’ obligations under the NGR and NERR¹⁷⁵ to commence on **1 October 2026**.¹⁷⁶
- Retailers’ obligations under the NERR to be implemented in the following staggered manner:

171 Shell Energy, Submission to draft determination, p. 2.

172 NERR rule 102.

173 Electrify Canberra, Submission to draft determination, p. 1

174 See for example, the ACT Government’s Everyday climate choices website

175 As set out in Final Rules, NGR rule 120A and NERR rule 102

176 See commencement dates listed on page 2 of the final gas rule and final retail rule. .

- the obligations to refer customers to the relevant distributor’s website and/or enquiry number¹⁷⁷ will commence at the same time as distributors’ obligations on **1 October 2026**¹⁷⁸
- the obligation to provide brief and general information to retail customers¹⁷⁹ will commence on **18 January 2027**, although retailers can choose to provide that information before that date.¹⁸⁰

The implementation period for this element of the final rules is shorter than that used for the new customer initiated gas abolishment service framework element. The shorter implementation period is intended to address the current level of retail customer confusion as quickly as practicable, while also providing distributors and retailers sufficient time to comply with the new requirements

The key difference between this aspect of our final rules and the draft rules is that we have allowed retailers an additional three months to comply with the obligation to provide customers brief and general information where a small customer notifies a retailer that it wishes to terminate its retail contract, or otherwise enquires about disconnection or abolishment services. This change was made in response to feedback by retailers that it will take some additional time to put in place system changes and train their customer service staff once distributors publish information on their websites.¹⁸¹

While some of these stakeholders suggested an additional six months was required,¹⁸² we consider that an additional three months is sufficient, noting that this means retailers will have nine months in total to comply with this particular obligation. We acknowledge the feedback from some retailers that they will be reliant on information published by distributors. We would therefore encourage distributors to share the information with retailers as soon as it is available, so that retailers have as much time as possible to undertake the system changes and training required to comply with their obligations. We would also encourage retailers to start providing brief and general information to retail customers earlier than 18 January 2027 if they are ready to do so.

Network operators did not express any concerns about the six-month implementation period for distributor obligations. AGIG, for example, stated that it did not “foresee any impediments” to meeting the timeframes, while other network operators were silent on this aspect of the draft rules.¹⁸³ These timeframes remain the same as they were in the draft rule (in terms of the length of time provided after the final rule is published).

177 This includes the obligations in Final Rule, NERR rule 69A(1)(b) and 102.

178 See commencement date listed on page 2 of the final retail rule.

179 As set out in Final Rule, NERR rule 69A(1)(a)

180 See final retail rule, Schedule 3 Part 21, rule 2.

181 Stakeholder submissions to draft determination: AGL, p. 2; Origin, p. 6; Red and Lumo, p. 1.

182 Stakeholder submissions to draft determination: AGL, p. 2; Origin, p. 6.

183 AGIG, Submission to draft determination, p. 5.

5 We recommend that governments consider issues that extend beyond the national gas framework

We identified issues that extend beyond the national energy framework when undertaking analysis of the issues raised in the rule change request. We recommend that jurisdictions consider whether actions are required under their various frameworks to address these issues. Specifically, we recommend that jurisdictions with electrification policies explore whether the implementation of these would require additional consequential regulations, instruments or policies related to the abolishment of gas connections. We note that there are material differences in jurisdictional policies relating to the future of gas and electrification, and it follows that different actions may therefore be appropriate in each jurisdiction.

Our final rules focus on customer-led abolishment of gas connections, with the rules accommodating these differing jurisdictional policies on the future of gas and electrification. For example, the final rules allow for phased jurisdiction-led decommissioning where that is the jurisdictional policy and does not require abolishment in jurisdictions where there may be policies to repurpose the network.

The number of dormant connections is expected to increase over time in jurisdictions with electrification policies, as more residential gas users stop using gas.¹⁸⁴ AER data shows numbers of dormant connections on all scheme pipelines it regulates,¹⁸⁵ has increased gradually since 2022.¹⁸⁶ We expect that, depending on jurisdictional electrification policies, this will continue to increase as customers opt for a cheaper disconnection service (or cancel their retail contract) rather than abolishment.

Irrespective of electrification policies it will be important for jurisdictional governments and safety regulators to consider how a potential growth in dormant gas connections may increase safety risks and whether this requires changes to safety regulations and instruments.

The proponent and several stakeholders highlighted that abolishment policies, including issues that may arise from an increase in dormant connections, should be considered alongside the implementation of jurisdictional electrification policies.¹⁸⁷ JEC outlined in its rule change request that there are issues related to gas disconnection and abolishment that are beyond the scope of the national gas rules. It considered that a secondary benefit of its rule change request would be improved certainty that could help facilitate government consideration of potential subsidisation of abolishment costs in line with any policies to encourage electrification.¹⁸⁸

Some stakeholders also raised issues that extend beyond the national energy framework, or expressed the view that the rule change request could only solve part of the issues relating to gas disconnection and abolishment.¹⁸⁹ A number of stakeholders welcomed the recognition that the rule change would not be able to resolve all the issues and that there is a broader role for jurisdictional governments.¹⁹⁰ Some of these stakeholders were focused on the role of government in alleviating inequities for vulnerable customers.¹⁹¹ Others expressed that where

184 The term dormant connection is used to describe a connection where there is no gas consumption at the connection.

185 Evoenergy, Jemena, Australian Gas Network South Australia, Australian Gas Network Victoria, AusNet and Multinet.

186 [AER quarterly disconnection reporting](#).

187 Rule change request, p.9.

188 Rule change request, pp. 3, 9.

189 ECA, submission to the consultation paper, p. 9.

190 Submissions to draft determination: AGL, p. 2 & 3, SACOSS, p. 6, Origin, pp. 1 & 3, JEC, p. 10.

191 Submissions to draft determination: AGL, P. 3, Origin, pp. 1 & 3, JEC, p. 10.

there were electrification policies, jurisdictional governments would need to play a strategic role in planning for the future of the network and managing decommissioning.¹⁹²

We note that the ACT government has outlined a plan to transition homes and businesses from gas by 2045.¹⁹³ The ACT government has provided information for residents and businesses in the ACT on the differences between disconnection and abolishment and is developing plans for decommissioning the gas network, including resolving some of the issues noted above. Planned decommissioning is likely to be more efficient than abolishing gas connections on an ad hoc basis, as customers switch from gas.

Where jurisdictions have electrification policies in place, there may be additional issues that require consideration by the relevant jurisdictional entities. The Commission suggests that the following areas may require further consideration over time, particularly whether:

- financial support may be appropriate to assist customers with the costs of electrifying, including costs of abolishment
- strategic decommissioning plans should be developed, for example where there are clear targets to move off gas that do not include repurposing gas networks
- consequential changes to non-energy regulations are required to complement any electrification policies, for example:
 - regulations associated with property sales, where there may be increased safety risks if there is a gas disconnection
 - responsibilities of landlords who have electrified premises to abolish a gas connection and pay for the service to minimise potential health and safety risks to tenants.

The rules include a phased implementation of the framework, including cost reflective abolishment charges, at the distributors' next access arrangement resets. The Commission is of the view that this is appropriate to ensure jurisdictional governments and safety regulators have sufficient time to consider whether additional policy measures are required and so they have time to implement these ahead of the next access arrangements.

¹⁹² Submissions to draft determination: AGL, p. 3, IEEFFA, p. 3, JEC, p. 11.

¹⁹³ ACT Government, [The Integrated Energy Plan: Our pathway to electrification](#).

A Rule making process

A standard rule change request includes the following stages:

- a proponent submits a rule change request
- the Commission initiates the rule change process by publishing a consultation paper and seeking stakeholder feedback
- stakeholders lodge submissions on the consultation paper and engage through other channels to make their views known to the AEMC project team
- the Commission publishes a draft determination and draft rule (if relevant)
- stakeholders lodge submissions on the draft determination and engage through other channels to make their views known to the AEMC project team
- the Commission publishes a final determination and final rule (if relevant).

You can find more information on the rule change process on our website.¹⁹⁴

A.1 The Justice and Equity Centre proposed a rule to introduce a framework for gas disconnections and permanent abolishments

The JEC proposed introducing, in the NGR and NERR, a regulatory framework for gas disconnections and abolishment. The proposed framework would clarify what different gas disconnection services can include, what costs should be associated with each gas disconnection service type, and who should bear those costs.

A.2 The proposal sought to address JEC's concern that gas disconnection and abolishment services are not currently dealt with by the rules

The JEC identified that gas abolishment is not currently covered by the NGL, NGR and NERR, and there is no regulatory guidance on what different disconnection and abolishment services should entail, who could provide these services, and how associated costs should be charged.

The JEC suggested that this silence results in regulatory uncertainty, inconsistent regulatory decisions and issues of inefficiency, inequitable cost sharing and potential risks to safety. It proposed that, given the growth in the number of abolishments, a consistent regulatory framework is necessary to ensure customer safety and health, equity and economic efficiency. The JEC also suggested the status quo may also create material emissions implications to the extent that current arrangements for gas disconnections and permanent abolishment disincentivise or delay electrification.

A.3 It proposed to do so by introducing a new regulatory framework for disconnections and abolishment

To address the issues identified above, the JEC proposed that the AEMC amend the gas and retail rules to introduce the following:

- definitions of permanent disconnection, remediation and temporary disconnection
- a definition of permanent disconnection as 'the minimum works required to safely discontinue the supply of gas to a retail customer'
- a beneficiary-causer pays based criteria for how related charges should be recovered

¹⁹⁴ See our website for more information on the rule change process: <https://www.aemc.gov.au/our-work/changing-energy-rules>.

- rules which make provisions for jurisdictions to be able to elect to make permanent disconnection services and remediation services contestable
- information provisions in the retail rules relating to the process for requesting disconnection and abolishment services, and the management and confirmation of consent by the retail consumer and property owner
- amendment to the model retail energy contract.

A.4 The process to date

On 12 June 2025, the Commission published a notice advising of the initiation of the rule-making process and consultation in respect of the rule change request.¹⁹⁵ A consultation paper identifying specific issues for consultation was also published. Submissions closed on 10 July 2025. The Commission received 27 submissions as part of the first round of consultation. The Commission considered all issues raised by stakeholders in submissions. Issues raised in submissions were discussed and responded to throughout the draft rule determination.

The Commission decided, under s. 317 of the NGL and s. 266 of the NERL to extend the period of time for making a draft rule determination under s. 308 of the NGL and s. 256 of the NERL until 30 October 2025, because the rule change request raised issues of sufficient complexity or difficulty such that it was necessary that the period of time be extended for the JEC rule change request.

On 30 October 2025, the Commission published a draft rule determination, including a draft gas rule and draft retail rule. Submissions closed on 15 January 2026. The Commission received 27 submission on the draft rule determination. Issues raised in submissions are discussed throughout this final rule determination.

The Commission decided, under s. 317 of the NGL and s. 266 of the NERL to extend the period of time for making a final rule determination under s. 308 of the NGL and s. 256 of the NERL until 2 April 2026.

¹⁹⁵ This notice was published under section 303 of the NGL and 251 of the NERL.

B Legal requirements to make a rule

This appendix sets out the relevant legal requirements under the NGL and NERL for the Commission to make a final rule determination.

B.1 Final rule determination and final rules

In accordance with section 311 of the NGL and 259 of the NERL, the Commission has made this final rule determination to make a more preferable final gas rule and more preferable final retail rule in relation to the rule proposed by JEC.

The Commission's reasons for making this final rule determination are set out in chapter 2 chapter 2.

Copies of the more preferable final gas rule and retail rule are attached to and published with this final determination. The key features of the final rules are described in chapters chapter 3 and chapter 4.

B.2 Power to make the rules

The Commission is satisfied that the more preferable final gas rule falls within the subject matter about which the Commission may make gas rules.

The more preferable final gas rule falls within section 74 of the NGL as it relates to regulating:

- the provision of pipeline services
- the activities of Registered participants, users, end users and other persons in a regulated gas market
- the connection of premises of retail customers (in that the final gas rule relates to the removal and closing of those connections).

Under section 296 of the NGL, the Commission may make a rule that is different (including materially different) to a proposed rule (a more preferable rule) if it is satisfied that, having regard to the issue or issues raised in the rule change request, the more preferable rule will or is likely to better contribute to the achievement of the NGO. The Commission is satisfied that the more preferable final gas rule would or is likely to, better contribute to the achievement of the NGO than the proposed rule. The Commission's reasons are set out in chapter 2.

The more preferable final retail rule falls within section 237 of the NERL as it relates to regulating the provision of energy services to customers, including customer retail services and customer connection services.

Under section 244 of the NERL, the Commission may make a rule that is different (including materially different) from a market initiated proposed rule (a more preferable Rule) if it is satisfied that, having regard to the issue or issues raised in the rule change request, the more preferable rule will or is likely to better contribute to the achievement of the NERO. The Commission is satisfied that the more preferable final retail rule would or is likely to, better contribute to the achievement of the NERO than the proposed rule. The Commission's reasons are set out in chapter 2.

B.3 Commission's considerations

In assessing the rule change request the Commission considered:

- its powers under the NGL and NERL to make the final rules
- the rule change request
- submissions received during the first and second rounds of consultation
- the Commission's analysis as to the ways in which the final rules will or are likely to contribute to the achievement of the NGO and NERO
- the application of the final gas rule to Western Australia
- the extent to which the final retail rule is compatible with the development and application of consumer protections for small customers.

There is no relevant Ministerial Council on Energy (MCE) statement of policy principles for this rule change request.¹⁹⁶

B.4 Making gas rules in Western Australia

Under the *National Gas Access (WA) Act 2009* (WA Gas Act), a modified version of the NGL was adopted, known as the National Gas Access (Western Australia) Law (WA Gas Law). Under the WA Gas Law, the NGR applying in Western Australia is version 1 of the NGR, as amended by rules made by the South Australian Minister for Energy¹⁹⁷ and rules made by the AEMC in accordance with its rule making powers under section 74 and 313 of the WA Gas Law.¹⁹⁸

The Commission has decided that the final gas rule will not apply in Western Australia. Implementing the final gas rule in Western Australia would likely result in additional costs that outweigh the benefits. This is because, as noted in the draft determination:

- the regulatory framework in Western Australia does not include an equivalent model standing offer framework for gas connections
- our analysis suggests the final gas rule would not materially impact the current approach in Western Australia.

B.5 Civil penalty provisions and conduct provisions

The Commission cannot create new civil penalty provisions or conduct provisions. However, it may recommend to the energy ministers that new or existing provisions of the NGR or NERR be classified as civil penalty provisions or conduct provisions.

The NGL and NERL set out a three-tier penalty structure for civil penalty provisions in the NGL and NERL and the NGR and NERR.¹⁹⁹ A Decision Matrix and Concepts Table,²⁰⁰ approved by energy ministers, provide a decision-making framework that the Commission applies, in consultation with the AER, when assessing whether to recommend that provisions of the NGR and NERR should be classified as civil penalty provisions, and if so, under which tier.

The Commission proposes to make the following civil penalty recommendation to energy ministers in relation to the final gas rule. The AER has indicated it supports these recommendations.

196 Under s. 73 of the NGL and section 225 of the NERL, the AEMC must have regard to any relevant MCE statement of policy principles in making a rule. The MCE is referenced in the AEMC's governing legislation and is a legally enduring body comprising the Federal, State and Territory Ministers responsible for energy.

197 The Statutes Amendment (National Energy Laws) (Binding Rate of Return Instrument) Act 2018 and the National Gas (South Australia (Pipelines Access—Arbitration) Amendment Act 2017.

198 See our website for further information at <https://www.aemc.gov.au/regulation/energy-rules/national-gas-rules/western-australia>.

199 Further information is available at <https://www.aemc.gov.au/regulation/energy-rules/civil-penalty-tools>

200 The Decision Matrix and Concepts Table is available at: https://web.archive.org/awa/20210603104757mp_/https://energyministers.gov.au/sites/prod.energycouncil/files/publications/documents/Final%20-%20Civil%20Penalties%20Decision%20Matrix%20and%20Concepts%20Table_Jan%202021.pdf

Table B.1: NGR civil penalty provision recommendation

Rule	Description of rule	Recommendation	Reason
Rule 120A of the NGR	<p>This rule requires a distributor to publish information on its website about disconnection and abolishment services, and to provide the information to customers upon request.</p> <p>The rule requires the distributor to provide the information without charge. However, the rule also allows the distributor to provide the information with a reasonable charge if the customer requests it more than once in any 12-month period.</p>	Tier 2	<p>A breach of this rule may result in consumers not being informed, or incorrectly informed, of their rights in relation to disconnection and abolishment services. A breach could also result in consumers not being aware of the associated charges for those services.</p> <p>Similar provisions in the NERR have Tier 2 civil penalties.</p>

Abbreviations and defined terms

ACT	Australian Capital Territory
AEMC	Australian Energy Market Commission
AEMO	Australian Energy Market Operator
AER	Australian Energy Regulator
AGIG	Australian Gas Infrastructure Group
APGA	Australian Pipelines and Gas Association
Commission	See AEMC
ECA	Energy Consumers Australia
ENA	Energy Networks Australia
ERA	Economic Regulation Authority
EUAA	Energy Users Association of Australia
GS00	Gas Statement of Opportunities
IEEFA	Institute for Energy Economics and Financial Analysis
JEC	The Justice and Equity Centre
MCE	Ministerial Council on Energy
NECF	National Energy Consumer Framework
NERL	National Energy Retail Law
NERO	National Energy Retail Objective
NERR	National Energy Retail Rules
NGL	National Gas Law
NGO	National Gas Objective
NGR	National Gas Rules
NSW	New South Wales
Proponent	The JEC, being the organisation that submitted the rule change request to the Commission
qcross	Queensland Council of Social Service
Qld	Queensland
RSP	Reference service proposal
SA	South Australia
SSROC	Southern Sydney Regional Organisation of Councils
WA	Western Australia