Summary of questions and answers from the *Gas networks in transition* public forum held on 9 April 2026

This document provides responses to questions received at the *Gas networks in transition* public form, held on 9 April 2026. We received a number of similar questions from stakeholders, and we have therefore grouped these by theme. Our responses are offered below by theme to avoid repetition. These responses should be read alongside the directions paper and the slides for the public forum, which are available on our website here.

No.	Question	Answer
1	**Long term outlook questions** (a) Would the proposed long-term outlook obligations require service providers to use AEMO's Integrated System Plan (ISP) and Gas Statement of Opportunities (GSOO) central scenarios, to avoid reliance on optimistic 'renewable gas' assumptions to justify ongoing capex? Should service providers also be required to consider climate change and its impact on gas demand? (b) What does the AEMC mean by 'more accountability' in relation to the long-term outlook? Is this meant to apply to the service provider or regulator? (c) Will the regulator be providing a report that collates the overall gas demand forecasts in the east coast gas market provided by the service providers?	(a) The AEMC is interested in stakeholder feedback on the information or analysis that should be included in the long-term outlook, including the inputs and assumptions used to develop the outlook and if there should be any required linkage to the ISP or GSOO, or consideration of emissions reduction. (b) The proposed direction aims to make service providers and the regulator more accountable for how uncertainty and transition risk are reflected in AA proposals and decisions. Importantly, a service provider's long-term outlook would not be binding on the regulator. But if the regulator departs from this outlook, it would need to explain why it has taken a different view and explain the basis for its view (c) No, the GSOO, published by AEMO, includes forecast gas demand in the east coast gas market. Our proposed direction would not require regulators to duplicate modelling done by AEMO.
2	**Changes to other instruments questions** From the AEMC's perspective, what new powers are required to ensure that the National Gas Rules (NGR) can legally 'talk' to the National Electricity Rules (NER), allowing for: (a) the coordinated retirement of gas streets with electricity grid upgrades (b) the recovery of some gas networks costs from electricity consumers, or (c) service providers to recover costs for non-pipeline alternatives?	Gas and electricity frameworks are currently separate (different laws, rules, and objectives focused on their respective customers). (a) Coordinated planning across gas and electricity would likely require changes to the National Gas Law (NGL) and National Electricity Law (NEL), including aligning the gas and electricity objectives to refer to energy consumers overall. (b) Changes to the NGL and NEL are also likely to be required if there is to be any recovery of gas network related costs from electricity users. (c) Other changes to the NGL would also be required to allow service providers to consider electrification or LPG supply as alternatives to replacement gas capex.

		Whether or not any of these changes should be made to the NGL or NEL would be a matter for Energy Ministers to consider.
3	**Decommissioning questions** You mentioned the decommissioning framework should be considered, but not in this rule change process. Please explain when this framework might be created, and which parts of the regulatory system would need to participate?	Decommissioning is a complex issue that is likely to require changes to: • the NGL, NGR, the National Energy Retail Law (NERL) and National Energy Retail Rules (NERR), • jurisdictional regulations such as service obligations and technical and safety regulations. Implementing a decommissioning framework is therefore beyond the scope of this rule change process. Section 4.5 of our directions paper outlines the range of issues, including cost recovery, that need to be considered in establishing a decommissioning framework and why we consider that these should be addressed through a separate process outside this current package of rule changes.
4	**Expenditure questions** Does the proposed change to the safety related capex provision mean you are moving from the ALARP concept (As Low as Reasonably Practicable)?	The AEMC is proposing a change in the economic justification for safety-related capex under the NGR, not a change in relevant safety standards or regulations. Specifically, the AEMC proposes to reframe the safety capex justification from necessary to "maintain and improve safety" to an outcomes-focused approach where expenditure is "necessary for the safe operation of pipelines and the use of services". Our proposal would support the achievement of relevant safety standards or regulations, and any changes in safety standards or regulations over time. If a gas service provider is subject to a jurisdictional safety standard or regulation based on the ALARP concept, it would continue to have this obligation and would propose safety expenditure to meet the ALARP concept that would be assessed by the regulator.
5	**Accelerated depreciation questions** The paper argues that accelerated depreciation isn't a transfer of costs or risks to consumers, as it only affects the timing of cost recovery - not the total. However, the paper also states that the proposed changes should reduce networks' capital at risk of stranding. Doesn't this also increase the total cost recovery from consumers?	As we noted in the Directions Paper, the acceleration of depreciation does not involve a transfer of cost and risks to consumers. This is because, absent any decline in demand, consumers would have paid the same capital costs in net present terms. The acceleration of recovery just changes the timing of the recovery, not the total recovery.

		It is important to recognise that accelerating the recovery does not remove all stranding risk from service providers. If demand drops faster than forecast, stranding can still occur and the service provider ultimately bears that risk.
6	**Redundant capital questions** (a) Why would the AEMC assume that networks have no incentive to use the partial asset stranding provisions unless prodded by the regulator in a world where market forces are driving prices below building block prices? Any business in a workably competitive market prefers prices which recover some investment versus none. Are you implicitly assuming that networks will charge a building block price unless the regulator tells them not to? If so, why? (b) Could you provide further information on the proposed process for recovery of remaining capital in redundant assets	(a) We have not assumed that service providers will have no incentive to use the redundant capital provisions. However, we consider it important that both the regulator and service provider be able to trigger this provision if required. In this regard it is worth noting that if a service provider voluntarily charges below the reference tariff to avoid losing customers, any under recovery is lost revenue that a service provider cannot recover at a later point. Our proposed changes to the redundant capital provisions, on the other hand, would provide service providers an opportunity to recover redundant capital if demand later turns out stronger than expected (i.e. by allowing this capital to be added back to the capital base). (b) Section B.6.3 of our directions paper explains how our proposed changes to the re-use of redundant capital provisions are intended to work. In short, we are proposing to allow partially redundant capital to be added back to the capital base if demand has increased or been extended and there is an opportunity to recover some (or all) of the capital from consumers.
7	**Switching point** How does the AEMC's modelling determine a "switching point"? Isn't it more usual, when comparing substitutes to use willingness to pay, rather than cost?	As noted in Box 1 of our Directions Paper, the switching point we have used for modelling purposes has been derived using internal data from our Price Trends report and from payback rates from Institute for Energy Economics and Financial Analysis (IEEFA) analysis. The switching point analysis that we have undertaken is similar to the analysis that a number of service providers have provided to the AER and ERA to substantiate their proposals to accelerate depreciation. In our view, it provides a useful way of thinking about the point at which those consumers that can switch away from gas are likely to do so, although we recognise that other factors may also influence this decision (e.g. consumer preferences, jurisdictional policies etc). We also note that our proposed direction does not require networks or the regulator to replicate CEPA's modelling approach. It therefore leaves scope for service providers or regulators to adopt alternative methods—such as

		willingness-to-pay analysis—where these are better suited to capturing the relationship between prices and consumer behaviour.
8	**Impacts on gas transmission pipelines** How will the rule changes affect the cost of gas transmission charges and the reliability and cost of gas supplied to gas generation in the NEM?	We have proposed that our direction apply to both gas transmission and distribution scheme pipelines given that the current arrangements apply to gas 'pipelines' and our proposed direction seeks to allow for various future transitioning pathways, i.e. does not intent to prescribe a specific scenario. Gas transmission scheme pipeline service providers and the regulator would therefore have access to the same tools to manage uncertain demand as the energy transition progresses as those that would be available to gas distribution networks. Gas transmission scheme pipelines would also be: • required to comply with the long-term outlook requirements • subject to the proposed changes to the capex and opex provisions, which provide for increased rigour and scrutiny of expenditure proposals • able to use the depreciation, inflation and redundant capital tools to help manage their stranding risk (subject to appropriate levels of regulatory oversight), which should preserve their incentives to continue to efficiently invest in and operate their pipelines and provide safe and reliable services at an efficient cost. We note that our proposed direction on tariff arrangements focuses on distribution pipelines and we are interested in stakeholder feedback on whether there is a need for these changes to also apply to transmission pipelines. Overall, we would expect the proposed direction to result in gas transmission reference tariffs that continue to reflect the efficient costs of providing safe and reliable services to their customers, which may include gas fired generators, commercial and industrial customers and other customers.
9	**Orderly transition questions** What does an 'orderly transition' mean? What does it look like for consumers? Will the NGO be promoted if consumers stay on the network longer, delaying decarbonisation and electrification?	We have used the term "orderly transition" in the Directions Paper to refer to a situation where: • customers can exit a gas distribution network without triggering a significant escalation of prices for those customers that remain connected to the network who are likely to face financial, technical or other barriers to switching • service providers remain incentivised to continue to operate and to provide safe and reliable services for as long as demand continues

		• electricity networks in those areas served by the gas distribution network have time to undertake the investment required to absorb those gas customers that decide to electrify. In our view, an orderly transition promotes the NGO by balancing multiple dimensions (price, quality, safety, reliability, and security of supply, and emissions reduction).
10	**Problem statement** The AEMC's problem statement focused on the context of different jurisdictional policies and 'uncertain gas demand'. However: a) Agreed there is uncertainty around the rate of electrification, but there is more or less consensus among experts that it's a matter of when, not if, residential gas networks an unrecognisable fragment of what they are today. b) And this isn't primarily driven by government policy of the day, it's the relative cost benefits of electric options, along with other consumer preferences (In the long run, policy is a minor factor) c) The AEMC's own commentary is around the need for "an orderly transition from gas" - which is a lot clearer than the about problem definition. Does the problem definition accurately frame the problem? In light of the above, it appears somewhat understated.	As we explain in the Directions Paper, the energy transition is changing the outlook for gas and while service providers' residential demand forecasts suggest demand will decline over the longer term, there are some differences across gas distribution networks. For example, some networks are experiencing growth in new gas connections, while others have started to decline. Some networks are also taking steps to transition to renewable gases. Given the variation in conditions facing gas distribution networks, our Directions Paper does not seek to predetermine a single transition outcome (such as declining gas demand, or growing gas demand). Instead, it recognises that the regulatory framework needs to be able to accommodate all potential demand outcomes. Our proposed changes would, for example, accommodate both: • a potential increase in gas usage by residential and small business customers arising as a result of a domestic gas reservation policy, as suggested by one attendee at the forum; and • the ACT Government's legislated 2045 net zero greenhouse gas emissions target and phase out of natural gas.
11	**Application of rule change to non-scheme pipelines** What are the barriers to extending the potential rule changes to non-scheme pipelines?	Non-scheme pipelines are not subject to price and revenue regulation under the NGL/NGR. The AEMC cannot therefore make rules that regulate the prices of services provided by these pipelines.