

5 May 2023

Kate Symons
Essential Service Commission
Level 8, 570 Burke Street,
Melbourne Victoria 3000

Energy Consumers Australia submission on the Gas Distribution System Code of Practice review 2023

Dear Ms Symons

I would like to thank you for the opportunity to provide a submission to the Gas Distribution System Code of Practice Review 2023. As the national voice for residential and small business energy consumers, Energy Consumers Australia is aware of the significance of the transition away from fossil fuel gas for Victorian households and small businesses.

All Victorian households and many small businesses will have to transition themselves away from fossil fuel gas as our energy system moves to a low emissions future, and they should have the confidence and certainty to be able to plan for the future that suits their needs and motivations.

While the Victorian Gas Substitution Roadmap has made advances in navigating Victoria's journey to net-zero, we need to keep progressing and setting a clear path ahead. We see this review as an opportunity to continue progressing a plan for a fair and safe transition from fossil fuel gas. **This submission recommends the Essential Services Commission (ESC) adjust the Gas Distribution System Code of Practice to:**

- Provide more clarity on the significant differences in the services, either disconnection or abolishment, consumers can request when deciding to no longer use the gas network, and
- Ensure consumers are informed when there are changes to the gas network that may impact them.

1. Abolishment and disconnection

There are distinct physical and economic differences between a "disconnection" and "abolishment" of gas to a premise. There are similarities between the terms: both relate to the discontinuation – for some period of time – of gas use, and neither relates to what occurs with the gas pipes and other gas infrastructure on the consumer's side of the meter. The popular usage of both terms is not distinct enough to provide certainty that consumers and industry will appreciate the nuances between the terms. The Code of Practice should make the distinction that exists between these terms clear for industry and consumers to help avoid confusion.

1.1 Physical

The physical differences between a disconnection and an abolishment are critical to consider, particularly given the potential safety impacts. Below is a high-level comparison that demonstrates such differences.

Disconnection	Abolishment
Temporary – customers can reconnect.	Permanent- would require a new connection.
Use a lock or plug at the gas meter to prevent the withdrawal of gas from the main supply or removing the gas meter.	Removal of the meter, and capping at the main. Can also mean removal of pipe connecting the property to nearest gas mains.
Gas-filled connection pipes remain underground.	Site is made safe by removing all pipes or purging any gas from remaining pipes and making them safe while keeping them in place.

Source: Report by Boardroom Energy *Risks to gas consumers of Declining gas demand* and *Australian Energy Regulator Draft Decision*

1.2 Economic

There is currently very little consistency and certainty on the costs incurred by consumers to abolish or disconnect their gas supply (see table below). Even within the same service, the costs can vary significantly. For example, if living in Victoria, depending on your exact location, you could pay \$825.90 compared to \$950 to “abolish” your gas connection.

In the Draft Decision for the Victorian Gas Networks Access Arrangement process for 2023-28,¹ the Australian Energy Regulator (AER) acknowledges that costs could be a deterrent or barrier for consumers to formally abolish their gas service. As a result, consumers opt to disconnect and cap their service, leaving unused and unmaintained gas-filled pipelines underground, which is a clear safety hazard. The AER has proposed options for recovering abolishment costs, one of which includes an option to socialise these costs to address the deterrent and cost barrier. While these and future costs continue to be worked through, guidance within the Code of Practice may provide some clarity and help to protect and inform consumers of what the difference in approach could mean to them and their circumstances.

Network	Disconnection fee (\$)	Abolishment fee (\$)
Multinet	62.72-72.15	950
Australian Gas Networks	87-124	950
AusNet Services	66.13	825.90
Jemena Gas Networks	102	1047
Evoenergy	137	705

¹ <https://www.aer.gov.au/system/files/AER%20-%20AGN%202023-28%20-%20Draft%20Decision%20-%20Overview%20-%20December%202022.pdf>

Australian Gas Networks (SA)	79	Quote (not a reference service)
Allgas Energy	58.22	Quote but cut off service is 452.98
AGN Queensland	78	Quote but cut off service is 695
Tasmanian Gas Networks	110-275	Quote
MWSWGDS	97.35	875.75

Source: Report by Boardroom Energy *Risks to gas consumers of declining gas demand*

Given the inherent similarities in common usage between disconnection and abolishment, it may be appropriate to require that a disconnection is always termed a “temporary disconnection” to clarify its impact and intent relative to an abolishment. A “permanent abolishment” could be adopted as the required term for similar reasons.

2. Consumers want clear communication and direction from industry and the government.

Question five of the issues paper asks whether gas distribution networks should provide information to consumers with regards to changes to their gas supply as per the recent rule change by the Australian Energy Market Commission (AEMC), which is waiting to take effect in the National Energy Retail Rules. We support a similar rule being included in the Gas Distribution System Code of Practice and recommend the content of the notice and website material being open for public consultation. Consumers should be informed of changes to their gas supply and what this might mean for them, including any actions they may need or want to take (like taking steps to abolish or disconnect their gas supply).

The ESC may also like to consider the validity of expanding on these rules to include where there are changes to the gas network more broadly that may impact consumers. For example, if there are a high number of requests for abolishment in a particular area (i.e., one’s neighbourhood), it might be useful to share that information as a general ‘did you know your neighbourhood is changing’ and how this aligns with the Gas Substitution Road Map. This may help consumers feel informed on how the transition away from fossil fuels is taking place, and at much more local and relatable level. We observe that local councils could play a valuable role, as many are supporting their ratepayers to plan for a transition away from gas appliances.

Our recently released qualitative research report found that consumers are disappointed by the lack of planning that has gone into the energy system and transition.² Consumers believe the government hasn’t planned or implemented the long-term infrastructure updates that are needed for a modern energy system. This is contributing to low levels of trust in the community, with many consumers feeling like the government doesn’t have a plan to address the current energy issues we are facing.

² https://ecss.energyconsumersaustralia.com.au/wp-content/uploads/2023/02/FINAL-Oct-2022-Qual_Essential-Report.pdf

"It has been too slow, although the technology is expensive and generally unaffordable. We should have been looking at this 10 years ago....Previous government that didn't do anything!" (Female, VIC, 40-49 years, Business owner)

"Government is responsible for the effective long-term planning of energy supply grids and has been caught out by the lack of effective long-term planning [...] Our investment in the upgrading of energy supply infrastructure has been too little too late." (Male, QLD, 60-69 years, General public)

While this review is just one element to the transitioning energy system, every step forward is an opportunity for consumers to feel more confident and trust that the market is working in their long-term interest, which is necessary if Australia's energy transformation is to succeed.

We thank the ESC for taking this opportunity to consider how best the Gas Distribution System Code of Practice can be more adaptable to the changing gas network. We look forward to further engagement on this important topic as the review continues. If you have any questions, please do not hesitate to contact Marie Harrowell, Policy Officer, at

[REDACTED]

Yours sincerely



Jacqueline Crawshaw
Director Policy, Energy Services and Markets