



GAAR 2028–33

Gas Stakeholder Roundtable

Summary Notes | Meeting #3

Details	Participants
9:30am to 11:30am Tuesday 22 September Online Chair: AusNet	Observers: Brendan Li, AER Chi Thai, AER George Huang, AER Meg Zerafa, AER Nicole Wallis, Customer advocate (GAAR Development Panel) Rob Gannon, AER AusNet team: Moyo Tian, GM Strategy & Regulation (Gas) Jacob Clifton, GM Public Affairs Erin Wild, GM Network Management (Gas) Chris Senaratne, GM Network Operations & Delivery (Gas) Jenny Zhang, Manager, Asset Management & Engineering Eliza Cochrane, Price Review Manager (Gas) Ben Ryan, Manager, Policy & Regulation (Gas) Zoe Wright, Manager, Strategic Engagement and Insights Daniel Hew, Manager, Network Strategy & Optimisation Lia Mavrias, Engagement Specialist Nicholas Gathercole, Business Graduate
	Aaron Hemsley, Department of Energy, Environment and Climate Action (DEECA) Alex Earnshaw, DEECA Alexander D'Aloia, Essential Services Commission (ESC) Cameron Bower, EDM Gas Claire Ohk, Energy Consumers Australia Damien Moyse, DEECA Fiona Doherty, Alinta Energy Hamish McKenzie, Grattan Institute Meagan Wheeler, LMS Energy Rory Anderson, Victorian Council of Social Service (VCOSS) Ross Jamieson, Gas Appliance Manufacturers Association of Australia (GAMAA) Sangeetha Chandra-Shekeran, University of Melbourne Steve Oh, ESC

Key outcomes

The Stakeholder Roundtable:

- Built its understanding of the AEMC's draft *Gas Networks in Transition* rule changes.
- Discussed AusNet's five-year demand forecast outcomes and shared feedback on the methodology and underlying assumptions.
- Built its understanding of AusNet's asset management approach, including transmission and distribution assets, augmentation decisions and the policy context for strategic decommissioning.

Purpose & Agenda

Time	#	Item	Facilitator(s)
9:30	1	Welcome	Moyo Tian
9:35	2	AEMC Draft Determination: <i>Gas Networks in Transition</i>	Eliza Cochrane
9:45	3	Five-year demand forecast outcomes	Ben Ryan
10:30	4	Asset management approach and renewable gas connections funding	Erin Wild
11:20	5	Next steps and open floor	Moyo Tian

Summary of discussion

Topics	Discussion points
1. Welcome & opening remarks	AusNet's General Manager, Strategy & Regulation (Gas), Moyo Tian, welcomed participants to the third Gas Stakeholder Roundtable meeting and acknowledged the range of stakeholder perspectives represented. Moyo outlined the purpose of the session, which was to provide updates on the AEMC's Draft Determination for <i>Gas Networks in Transition</i>, AusNet's five-year demand forecast, asset management approach and proposed funding approach for renewable gas connections.
2. AEMC Draft Determination: Gas Networks in Transition	AusNet's Price Review Manager (Gas), Eliza Cochrane, provided an overview of the AEMC's Draft Determination on the <i>Gas Networks in Transition</i> rule change. While Eliza noted that stakeholder consultation is occurring through the AEMC's process, she also noted that it was important to keep stakeholders informed of the changes. The final determination is expected in December 2026 and the new rules will apply to AusNet's 2028–33 Gas Access Arrangement proposal. Eliza shared that the Draft Determination reforms would require gas networks to prepare a 20-year outlook covering demand, depreciation, expenditure, long-term risks and how those risks would be managed. Eliza noted that the Draft Determination proposes stronger expenditure assessment requirements for gas networks, including consideration of all credible options and testing capacity investments against forecast demand rather than existing demand. Finally, Eliza shared that the Draft Determination provides clearer criteria for accelerated depreciation and introduces mechanisms for partial asset redundancy and upper limits on tariffs based on the cost of alternative energy sources for a hypothetical customer who can readily switch. Discussion: - A Roundtable member asked how much additional information networks would need to provide under the draft rules. AusNet explained that the expenditure assessment requirements are broadly consistent with the AER's existing approach, with the 20-year outlook representing the principal change. AusNet also noted that it has been preparing for the proposed reforms throughout the development of its 2028–33 proposal and is well advanced in incorporating the new requirements. - A Roundtable member asked whether it expected the partial redundancy provisions to apply during the 2028–33 period. AusNet replied that this would depend on the final drafting of the rules but noted that as the AEMC's policy intention is a "last resort" mechanism, it did not anticipate it being triggered in the 2028–33 period.
3. Five-year demand forecast outcomes	AusNet's Manager, Policy & Regulation (Gas), Ben Ryan, presented the outcomes of AusNet's five-year demand forecast, building on the demand forecasting approach discussed with the Roundtable at its second meeting. Ben reminded members that the forecast is informed by AusNet's customer segmentation survey and historical behaviour. Both sources indicate that residential customers are increasingly electrifying appliance-by-appliance as existing appliances reach end of life. Ben presented findings showing that residential gas volumes are forecast to decline by approximately 25 per cent, while residential customer numbers are forecast to decline by approximately 8 per cent over the 2028–33 period. The modelling uses adoption curves to reflect periods of faster and slower electrification, indicating that customers are currently in a period of relatively rapid change. The electrification of space heating is expected to remain the largest contributor to declining residential demand, while movements between customer segments can produce different trends for individual appliances, including hot water.

Ben shared that commercial and industrial customers were modelled separately. Industrial forecasts were developed by classifying customers by industry and applying sector-specific electrification assumptions informed by publicly available sources, including ARENA analysis and the 2026 Gas Statement of Opportunities. Commercial demand was assessed across seasonal and non-seasonal customer groups, with an approximately 5 per cent decline in volumes forecast over the period. AusNet noted that the proportion of dormant commercial customers has increased since COVID-19, likely reflecting premises remaining unused for longer periods.

Discussion:

- Members sought clarification on the treatment of energy prices and appliance costs. AusNet advised that the modelling considers wholesale gas and electricity prices and appliance costs when forecasting the electrification of appliances. The model does this by calculating an NPV for electrifying appliances at end of life and then using an S-curve to estimate the proportion of customers who electrify, given wholesale prices and appliance costs, at end of life.
- A Roundtable member asked how the Federal Gas Reservation Scheme was reflected. AusNet explained that one scenario includes a lower gas price forecast, with a relatively small impact concentrated among commercial and industrial customers.
- The Roundtable discussed dormant and capped connections (dormant services), including premises with an active meter and retailer account but little or no consumption. AusNet noted that it is developing an approach to managing dormant services that balances customer preferences with network safety.
- A Roundtable member asked how the five-year forecast would inform the proposed 20-year outlook. AusNet advised that a longer-term forecast is being developed using the same core methodology as the five-year forecast, with scenario analysis used to capture key uncertainties.
- Members observed that declining gas usage per customer has been more pronounced than customer disconnections, with some customers retaining gas solely for cooking. AusNet noted that long-term customer preferences are difficult to predict and that a network may not remain economically sustainable if many customers retain only low-volume appliances.
- Participants considered AusNet's five-year demand forecasting methodology to be broadly robust and requested further information on key assumptions and sensitivities. AusNet advised that it intends to publish a detailed methodology report and has used publicly available data wherever practical.

4. Asset management approach and renewable gas connections funding

AusNet's General Manager, Network Management (Gas), Erin Wild, outlined AusNet's proposed asset management approach for the 2028–33 period. Erin noted that the approach seeks to balance customer affordability with safety and reliability in a changing operating environment, while retaining flexibility where the future life of the network is uncertain.

Erin noted that maintaining current asset management approaches – which have served AusNet and customers well in the past – would result in increasing capital expenditure over the period. AusNet's proposed adjustments to its approach will test investments against different network-life scenarios and prioritise prudent, risk-based and “no regrets” expenditure. The appropriate strategy will differ by asset class depending on compliance, risk, and other drivers.

For distribution mains, Erin explained that AusNet expects to replace fewer kilometres than in previous periods as a result of risk-based prioritisation, but that the mains requiring replacement are more complex and expensive. Erin also outlined the potential use of inline inspection, or “pigging”, of high-pressure transmission pipelines to improve information on pipeline condition, supporting earlier intervention and potentially extending asset life.

Erin discussed other aspects of AusNet's approach, including potentially abolishing approximately 6,000 live services without meters and engaging on the regulatory reforms required to enable strategic decommissioning.

On renewable gas connections, Erin explained that AusNet is not currently proposing to seek an ex-ante capital expenditure allowance for connections during the 2028–33 period. AusNet's position is that, due to the maturity of the market at this point, customers should not bear the risk of the funding upfront. Other funding approaches remain available and would be assessed on a case-by-case basis for benefits.

Discussion:

- Roundtable members asked about AusNet's proposed scale and cost of mains replacement. AusNet advised that fewer kilometres are expected to be replaced compared to the 2023–28 GAAR period, but the assets involved are more expensive and subject to increasing delivery and material costs, which will be shared through future engagement.
- A participant noted the potential to tailor meter technology to different customer segments, including using lower-cost meters with shorter asset lives where appropriate. AusNet agreed that asset classes require different management strategies but noted that meter replacement timing is principally driven by compliance obligations.
- Members sought clarification on the benefits and maturity of pigging technology. AusNet explained that pigging is the primary inspection method for high-pressure transmission pipelines and has been used for approximately 30 years. This approach would address current gaps in condition information by supporting earlier intervention where issues are identified.
- The Roundtable discussed the different risk profiles of transmission and distribution assets. AusNet advised that higher-pressure transmission pipelines can release more gas if they leak. As such, leaks on high-pressure transmission pipelines present higher safety risks. Such leaks are rare and AusNet applies strict controls and intervention measures to minimise the risk.
- Members discussed approaches to dormant connections, including the experience in the ACT. AusNet advised that its immediate focus is on the highest risk live services without meters, noting that other abolishments would still be at customers' request. AusNet noted that the ACT approach to delay abolishment until a property is sold would require a policy change and detailed risk assessments.
- Members discussed potential pathways for strategic decommissioning, including customer incentives and trials involving apartment buildings, and asked what would be possible during the 2028–33 period. AusNet noted that the primary barrier to strategic decommissioning is the obligation to serve. Subject to that requirement being addressed, further challenges include identifying willing customers and establishing an appropriate funding mechanism, which has been identified by the AEMC as out of scope of the current review. In response to questions about the obligation to serve, AusNet noted that theoretically it would be possible to undertake a decommissioning trial on a voluntary basis within the 2028–33 period.
- A Roundtable member noted that requiring renewable gas producers to fund connection costs could prevent some projects from proceeding. AusNet advised that, while an ex-ante allowance is not currently the preferred option for customers, a range of alternative funding approaches remain available for assessment as projects emerge, and that further policy work is underway at both state and federal levels on support for the renewable gas market.

5. Next steps and open floor

Moyo thanked participants for their contributions and noted that AusNet would consider the Roundtable's feedback as it continued developing its 2028–33 Gas Access Arrangement proposal. At future meetings, AusNet will engage the Roundtable on demand modelling assumptions and sensitivities, capital expenditure for asset management, and renewable gas connection funding.

Discussion:

- No further discussion items were raised.