

Final Decision

Exemption from the requirement to have a Model Standing Offer for Basic Connection Services — Australian Gas Networks Queensland

October 2026

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1 Purpose

On 9 September 2026, Australian Gas Networks Queensland (AGN Queensland) applied for an exemption from the requirement to maintain a model standing offer (MSO) for basic gas connection services for its Wide Bay gas network.

Our final decision is to grant the exemption. We are reasonably satisfied that retail customer demand for basic connection services in the area served by AGN Queensland's Wide Bay gas network is likely to be very low for the reasonably foreseeable future.

This decision document sets out our assessment and reasons for granting the exemption.

1.1 Background

An MSO is a contract between a gas distribution network service provider and a customer connecting to the network. It sets out the terms and conditions for the provision of a basic connection service.

The Australian Energy Market Commission's *Updating the regulatory framework for gas connections* rule change amends the National Gas Rules (NGR) to introduce mandatory upfront, cost-reflective charges for new retail gas connections from 1 October 2026. This requires relevant distributors to have an MSO unless the AER grants an exemption.

The AER is empowered to grant an exemption to gas distributors from the requirement to have and maintain a basic connection MSO under rule 119CA.

AGN Queensland does not currently have an MSO in place for its Wide Bay gas network. Under jurisdictional arrangements, the network has not previously required an AER-approved MSO. The rule change now requires AGN Queensland to have an MSO for its basic connection service unless the AER grants an exemption.

2 AER's decision

2.1 Legal framework

Under rule 119CA(2) of the NGR, the AER may grant an exemption for a specified distribution pipeline if it is reasonably satisfied that retail customer demand for basic connection services in the area served by that pipeline is likely to be very low for the reasonably foreseeable future.

A distributor holding an exemption must notify the AER of a change in circumstances relevant to the exemption under rule 119CA(6). The AER may revoke an exemption if it is reasonably of the opinion that the criterion is no longer satisfied under rule 119CA(7) and must publish notice of its decision and reasons under rule 119CA(11).

2.2 AER assessment

AGN Queensland provided connection data demonstrating minimal demand for new connections in the Wide Bay network. Between 2016 and 2026, the network recorded 243 residential connections and 62 non-residential connections, with the significant majority occurring between 2016 and 2018. In 2025, there were no residential connections and one non-residential connection.

Based on this evidence, we are satisfied that retail customer demand for basic connection services in the Wide Bay network is likely to remain very low for the reasonably foreseeable future.

AGN Queensland advised that it does not expect this very low level of demand to materially change in the reasonably foreseeable future and acknowledges its obligation to notify the AER if there is a meaningful change in circumstances relevant to the exemption.

We note AGN Queensland's commitment to customer communications, evidenced in its preparation of material that provides:

- Step-by-step guidance on the new connection process, including costs, key expectations, and relevant requirements.
- Guidance on how to make enquiries or lodge complaints, including available contact points and the circumstances in which a connection dispute may be referred to the AER.

Customers can also access self-service information through the AGN website, which provides step-by-step guidance on the connection process, key expectations, and relevant requirements. Customers requiring further assistance can contact the Customer Service Centre directly via phone or email.

We continue to encourage measures that support clear customer information and access to the connection process.

2.3 Consultation

We engaged directly with AGN Queensland to determine whether an exemption application was appropriate and to clarify the evidence required for our assessment.

Broader public consultation was not undertaken. The application concerns whether the statutory low-demand criterion is met, and the evidence required to determine that question was obtained directly from AGN Queensland.

2.4 Conclusion

For the reasons set out above, we are reasonably satisfied that retail customer demand for basic connection services in the area served by AGN Queensland's Wide Bay gas network is likely to be very low for the reasonably foreseeable future. We therefore grant the exemption with effect from 1 October 2026. The exemption will remain in place unless revoked by the AER.

Glossary

Term	Definition
AER	Australian Energy Regulator
AGN Queensland	Australian Gas Networks Queensland
Basic connection service	A basic gas connection service provided to a retail customer.
MSO	Model standing offer
NGR/the Rules	National Gas Rules
Wide Bay network	AGN Queensland's gas distribution network serving the Maryborough, Bundaberg and Hervey Bay areas.