

Submission regarding AER Draft Decision regarding AGN Access Arrangements 2023 to 2028

Due by 22/2/23

Submission by

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The issue addressed by this submission

This submission focuses on the cost of disconnecting consumers from the gas grid and the issue of who should pay for disconnections.

The customer perspective

It is clearly unreasonable for a customer wishing to discontinue a service to be faced with two alternatives being:

- Continuing to pay around \$300 per annum for a service that they are not using; or
- Paying \$950 to extract themselves from a contract.

These alternatives are even more unreasonable when one considers that the customers were not informed of these charges when signing up for the services.

Charging customers anything other than a nominal charge for exercising their right to cease being a customer is manifestly unfair and should not be allowed.

The safety perspective

It is clear that safety issues associated with the disconnection of customers need to be addressed. This is clearly the responsibility of the network service provider. We are transitioning to a world where choice of fuel is likely to be expected without penalties being applied. The network service provider has all the resources necessary to develop safe and economic disconnection procedures and should be encouraged to do so. To the extent that disconnection costs remain material they should be required to spread these costs over the life of the assets so that disconnection charges are minimal.

The network service provider should be encouraged to develop safe and economic disconnection procedures.

The network service provider perspective

The current regulatory framework does not allow network service providers to recover disconnection costs as part of their tariffs. This should be changed. It is reasonable for network service providers to recover reasonable costs associated with customer disconnections without placing excessive charges of departing customers.

The regulatory frameworks are in place to ensure that the cost recovery by the network service providers is fair and reasonable. Recovering fair and reasonable costs through the tariff mechanism will also encourage network service providers to keep costs as low as possible while maintaining safety levels.

The future of gas networks

It is important to consider how vital it is that we reduce our consumption of fossil gas to meet our emission targets. Allowing such onerous charges for customers wishing to transition to a cleaner fuel would clearly be putting the wishes of the fossil fuel industry ahead of the rights of the consumers.

The world is transitioning to a future where flexibility of fuel supply will be expected as a right. If the gas distribution businesses cannot participate in such an environment without excessive disconnection charges we should be asking ourselves whether gas has a role in our energy future.

Submission summary

It is my belief that:

- Charging customers anything other than a nominal charge for exercising their right to cease being a customer is manifestly unfair and should not be allowed.
- The network service provider should be encouraged to develop safe and economic disconnection procedures.
- It is reasonable for network service providers to recover reasonable costs associated with customer disconnections without placing excessive charges of departing customers.
- If the gas distribution businesses cannot participate in a future where flexibility of fuel supply is a right without excessive disconnection charges we should be asking ourselves whether gas has a role in our energy future.