



**Justice and
Equity Centre**



Nature Conservation Council



Media Release

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“Blank cheque for gas monopolies”: draft ruling threatens higher gas bills for Australians, leading advocates warn

A coalition of leading consumer and community groups is today calling on the Australian Energy Market Commission (AEMC) to urgently reconsider draft proposals that threaten to increase the gas bills of households and small businesses to prop up Australia's declining gas networks.

The AEMC is developing its [draft determination](#) regarding National Gas Rule change requests submitted by Energy Consumers Australia (ECA) and the Justice and Equity Centre (JEC). While the requests were submitted to ensure the rules protect consumers from paying for gas infrastructure that rapidly risks becoming increasingly obsolete, one of the draft rules would do the exact opposite – stripping away regulatory safeguards and enabling gas monopolies to recover hundreds of millions in declining assets from today's customers.

With the AEMC itself acknowledging that its draft decision will increase prices for current consumers, advocates are urging a rethink ahead of the market body's final decision due in December.

Quotes from Dr Brendan French, Chief Executive Officer, Energy Consumers Australia:

"Gas networks have known for years they needed to plan for their eventual decline and yet they have failed to do so. We are deeply concerned that the AEMC's draft rules would allow gas networks to bring forward hundreds of millions in cost recovery, shifting the risk of stranded assets onto today's households.

"It shifts risk away from investors, who understood the changing outlook for gas, to consumers who did not make these investment decisions.

"Put simply, the draft rule change would codify that Australian households pay the insurance premiums to reduce gas monopolies' risk. It is a blank cheque for gas monopolies.

"Consumers should pay a fair price for their energy and not a cent more. We urge the AEMC to reconsider their decision, ensure that the networks are not let off the hook for their lack of planning and do not further expose consumers already struggling with cost-of-living pressures.

"The AEMC has rightly said, and ECA agrees, that governments must step in and make plans for an orderly transition from the gas network for households and small businesses."

Quotes from Douglas McCloskey, Program Director, Energy and Water Justice, Justice and Equity Centre:

"The gas rules are intended to protect consumers and promote their interests. We initiated this process with ECA to ensure the gas rules were fit to do this through the energy transition. But continuing down the path of the AEMC Draft would prioritise returns for gas network businesses at the expense of households. That's not in consumers interests, and it risks leaving those who can least afford it paying an unfair price.

"The regulator needs to have the power to decide what's reasonable and fair for gas business to recover from consumers. We urge the AEMC to ensure the final decision does not diminish that power and discretion and maintains strong regulatory oversight of capital recovery decisions for gas businesses.

"We acknowledge regulatory changes alone can't solve the problem, but they must do their part. Governments will play a crucial role in helping manage the decline of the network going forward but consumers cannot be left carrying all the costs until they step up. The final determination needs to do more to protect consumers."

Quotes from Francis Vierboom, Chief Executive Officer, Rewiring Australia:

"Australians are switching from gas to electric in their thousands every year, but gas networks simply want to hand the bill to everyone left behind by hiking prices. That is fundamentally unfair and it will hit renters, pensioners, and families on low incomes the hardest. We shouldn't be forcing vulnerable Australians to subsidise dying gas infrastructure.

"We need to accelerate the shift to cheaper electric homes for all and ensure gas companies carry their fair share of the transition costs."

Quotes from Zyl Hovenga-Wauchope, Chief Executive Officer, Financial Counselling Victoria:

"Financial counsellors are already seeing households forced to make impossible choices between paying for energy and meeting other essential costs. Consumers should not be asked to shoulder the financial risks of gas network businesses that have had years to prepare for a changing energy market. At a time when many people are struggling with cost-of-living pressures, the priority must be protecting consumers from higher bills, not guaranteeing returns for monopoly network businesses.

"The AEMC should reconsider this proposal and ensure the costs of the gas transition are allocated fairly."

Quotes from Dr Kat Lucas-Healey, Senior Climate and Energy Advisor, Environment Victoria:

"With the gas networks already heavily engaged in self-interested lobbying and threats to increase prices, it's more important than ever that the rules protect households and consumers - not investor profits. The AEMC's draft determination puts the fox in charge of the chook pen.

"The whole argument for privatising these networks was that the investors would bear the risk of ownership. Now that gas is in clear decline, we're seeing the complete opposite - the networks get to keep their supernormal profits, and households and businesses cop the pain."

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About Energy Consumers Australia

[Energy Consumers Australia](#) is the independent, national voice for residential and small business energy consumers. We enable residential and small business energy consumers to have their voices heard.

Notes for editors:

Coalition members include: Australian Council Of Social Service, the ACT Council Of Social Service, Energy Consumers Australia, Environment Victoria, Financial Counselling Victoria, the Justice and Equity Centre, Nature Conservation Council, Rewiring Australia and the Victorian Energy Future Network.

[Click here to read a joint submission from ECA and other consumer groups to the consultation.](#)

[More information on the Gas Networks in Transition issue is available via the ECA website here.](#)