



21 December 2023

Energy Reform Division  
Essential Services Commission  
Level 8, 570 Bourke Street  
Melbourne Victoria 3000

Lodged electronically: [energyreform@esc.vic.gov.au](mailto:energyreform@esc.vic.gov.au)

Dear Sir / Madame,

### **RE: Gas Distribution System Code of Practice Review – Draft Decision**

Origin Energy (Origin) appreciates the opportunity to provide a response to the Essential Services Commission's (ESC) Gas Distribution System Code of Practice Review (the Code) – Draft Decision.

Origin supports the ESC's proposed update of the Code to support Victoria's Gas Substitution Roadmap, align the Code with recent changes to the National Gas Rules (including provision for alternative gases in distribution networks) and reflect broad decarbonisation policy. It is important that the Code align with Victorian and Federal policy objectives to ensure it remains fit for purpose.

Origin's response to selected issues is provided below.

#### **Upfront charges for new gas connections**

We support the proposed changes to connection obligations and the introduction of upfront charges for new gas connections. These changes are consistent with the objectives of the Gas Substitution Roadmap and decarbonisation objectives.

Restricting distributors' obligation to connect to situations where the connection would involve minimal, or no extension or augmentation of the distribution system helps to limit uneconomic connections. Further, requiring new connections to pay the full cost of connection reduces the incentive to connect and lowers the cost burden on existing gas users associated with new connections. These are important considerations given the anticipated reduction in future gas use and the potential for asset stranding.

To ensure consistent application, we consider the Code should provide guidance on what defines a 'minimal' extension or augmentation of the network. Similarly, the Code should include details of the process / principles involved in calculating a connection charge and the associated upfront customer contribution. We envisage that distributors would be required to demonstrate compliance with these principles if requested to do so.

We agree with the proposed delayed introduction of the new connection charges to allow stakeholders sufficient time to adjust future planning and customer communications and to ensure adequate time for distributors to develop robust processes for determining and administering upfront charges.

#### **Proposed definitions and processes for disconnection and abolishment**

We agree that disconnection and abolishment services are distinct services and that adopting separate definitions in the Code is appropriate. Aligning these definitions with those proposed by gas distributors in their access arrangements and accepted by the AER represents a pragmatic option.

We agree with the proposed basic obligations for gas distributors to abolish a connection. Given the potential for increased abolishments in response to regulatory and funding changes, we consider it timely to clarify the circumstances and process for abolishing a connection in the Code. It is critical that stakeholders and customers have a clear understanding of the costs and procedures for abolishments.

#### **Proposed new provision of information obligations for gas distributors**

We support the proposed additional information reporting for distributors on key obligations, including any future changes in the type of gas supplied through a distribution system. We consider that more publicly available information improves transparency and allows for better customer understanding and engagement. Given the proposed information is largely based on existing data we do not consider the additional information will impose a significant cost burden on distributors.

#### **Removing duplication and streamline the Code**

We are supportive of measures to align the Code with other regulatory instruments to reduce unnecessary duplication and avoid conflicting obligations for consumers. We consider that consistency with national regulation reduces regulatory costs and uncertainty for stakeholders.

We agree with the proposed removal of references to heating values in the Code and agree that these should continue to be governed by AEMO in their Wholesale Market Metering Procedures. Removing reference from the Code would avoid the potential for overlap and conflict with the National Gas Rules.

If you have any questions regarding this submission, please contact Gary Davies in the first instance at

[REDACTED]

Yours sincerely

[REDACTED]

Sean Greenup  
Group Manager Regulatory Policy