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We welcome the opportunity to provide this input.

VCOSS Submission to the Gas Distribution System Code of Practice review

VCOSS supports upfront charges for new gas connections

VCOSS agrees with the proposed introduction of upfront charges for new gas connections. The proposal would align regulatory signals with the recently updated Gas Substitution Roadmap, contributing to the transition to all-electric homes in Victoria. Any reduction in the shared costs of new connections would also reduce the burden on households that remain on the gas network longer due to affordability and structural barriers to abolition.

VCOSS expects that regulations will guarantee customers are well informed of costs

If costs of new connections are to be transitioned to an upfront charge, VCOSS would expect that regulations will ensure that adequate and precise information is given to consumers regarding costs they will incur.

VCOSS supports an early implementation of new connection charges

If new connection charges are to be introduced, VCOSS would prefer the change to be implemented as soon as possible, to ensure that fewer new homes are not incentivised to connect to gas, running the risk of future stranded assets.

There should be clear definitions of temporary disconnection and permanent abolishment

VCOSS supports the proposed definitions and processes for disconnection and abolishment. This would update regulations to reflect that an increasing number of households will be requesting abolition (permanent disconnection) of their connection to the gas network.

VCOSS urges continued consideration of the implications of accelerating gas abolishment, including abolishment on the neighbourhood scale, agreeing that, “overall, the current framework may not be compatible with an ongoing migration of customers off the gas network.”

VCOSS supports information obligations for gas distributors

VCOSS supports the proposed new provision of information obligations for gas distributors, and endorses the statement that, “more publicly available information has the potential to empower customers when making decisions, and supporting industry, regulators and policy makers to conduct evaluations, identify best practices approaches, and consider further regulatory or policy change.”

VCOSS supports the classification of obligations on gas distributors as civil penalties

VCOSS supports the draft decision to specify the majority of obligations on gas distributors as civil penalty requirements. This brings regulatory frameworks into line with the Electricity Distribution Code of Practice. Strong penalties on obligations related to operation of distribution systems will deter unanticipated actions by distributors due to a declining customer base.

Recommendations:

1. Shift the cost of new gas connections to an upfront charge for customers.
2. Guarantee that customers are well informed of upfront costs.
3. Implement upfront charges sooner rather than later.
4. Regulate clear definitions of temporary disconnections and permanent abolishment of gas connections.
5. Ensure that distributors are providing adequate information publicly.
6. Enforce obligations on gas distributors as civil penalty requirements.