Australian Gas Infrastructure Group

18 February 2026

Essential Services Commission
Via online submission

Dear Consultation Team,

Re: Getting to Fair: Advancing Equity – Draft Strategy Consultation

Australian Gas Infrastructure Group (AGIG) welcomes the opportunity to provide feedback on the Essential Services Commission's (ESC) *Getting to Fair: Advancing Equity* draft strategy (the Strategy).

In the context of the net zero transition, a just and equitable outcome must address unintended equity impacts of system-level reforms on safe, affordable, reliable, and manageable access to existing essential services for all customers, including those experiencing vulnerability.

At AGIG, we are committed to delivering reliable and affordable energy services for our customers and communities today, while preparing our networks for a renewable gas future. In developing regulatory plans for our Victorian distribution networks, we engage with our customers to develop an efficient and sustainable pricing and service offering. These processes seek to balance customer priorities including safety, affordability, stability and reliability in delivering our services.

AGIG's Priority Services Program is designed to support customers in Victoria, South Australia, and Queensland who are experiencing vulnerability, including those experiencing financial hardship, language barriers, health challenges, and unexpected negative life events. In addition, our Community Partnerships Program is a key initiative that reflects our commitment to being a socially responsible business. We proudly support local communities and those who are vulnerable and promote diversity, inclusion, and environmental sustainability.

We support the overall direction and intent of the Strategy and its focus on barriers, lived experience, and system-level responsibilities. This submission focuses on highlighting areas where clearer recognition of structural constraints, transition impacts and regulatory boundaries would strengthen outcomes. While the scope of the Strategy broadly targets essential services, we focus our discussion on the energy transition, where inequity may arise unintentionally through the pace and design of reform.

Considerations for Individual and System-Level Equity

AGIG supports the equity-focused approach in the Strategy and its continued attention to customers experiencing vulnerability. However, the Strategy would benefit from more explicit recognition of how system-level reforms may unintentionally transfer costs, risks and complexity onto customers who rely on existing essential services and have limited capacity to respond to structural change.

This challenge is particularly prominent in the energy transition where a growing emphasis on electrification may have distributional impacts for customers who continue to choose to access gas services for their affordability, performance, or individual circumstances. Energy Consumers Australia's (ECA) report, *How households use gas and their attitudes towards electrification,* indicates that income is a significant determinant of electrification uptake, with more than three-fourths of low-income households unlikely to cancel their gas connection in the coming years.[1] This dynamic may also affect renters and those in social housing and regional areas, who often lack alternatives due to technical or economic reasons.

Victoria's Gas Substitution Roadmap illustrates this challenge. Where reform reduces utilisation of existing networks without transitional safeguards, fixed cost recovery dynamics may increase cost pressures for residual customers. Those least able to transition, either due to financial, practical, or operational considerations, may therefore face higher relative costs, not because of informed consumption choices, but because of structural system change. An

[1] *Energy Consumers Australia (2025). How households use gas and their attitudes towards electrification.*

equitable transition should preserve customer optionality during transition periods and ensure that affordability and service continuity are maintained while policy settings evolve.

Strengthening the Definition of Vulnerability

While the definition of vulnerability in the Strategy captures economic exclusion, it should distinguish between customers experiencing affordability pressures and those with no income or complete financial incapacity as these cohorts require different responses.

Price signals, behavioural incentives, and repayment-based mechanisms assume some capacity to respond at the margin. For customers without financial capacity, these instruments are ineffective. Access to essential services for this cohort requires targeted government-funded support mechanisms rather than reliance on market-based tools.

The definition of vulnerability should also recognise the risk of harm arising as a result of structural reforms and lack of agency, in addition to customers already experiencing harm. Embedding this preventative lens would support earlier identification of transition impacts and support the design of appropriate transitional safeguards.

Priority Themes

We broadly support the priority themes outlined in the Strategy as they ensure that regulated businesses embed considerations of justice, fairness, and equity in their activities, while also preventing the unintended inequities arising from system-level responses and regulations. To further strengthen the priority themes, the Strategy should more explicitly recognise structural constraints and unintended impacts of reform that may undermine equity outcomes for diverse customers, including those most at risk of experiencing vulnerability.

System-level reforms often assume levels of agency, information, and financial flexibility that do not exist for all customers. In practice, structural constraints such as limited housing tenure security, physical infrastructure limitations, digital barriers and financial incapacity can materially restrict a customer's ability to respond to reform. Without recognition of these constraints, well-intended policy measures may have regressive effects.

The themes should also more clearly recognise reliability and continuity of essential services as equity considerations, to ensure that vulnerable customers are protected from service interruptions. For example, electrification mandates or fuel switching requirements may create service interruptions for customers unable to afford technology upgrades or building modifications. As part of our response to the Victorian 'Building Electrification' Regulatory Impact Statement AGIG sought input from the Master Plumbers Association, which provided detailed analysis indicating that transitioning from gas to electric hot water and heating systems takes more time, costs more, and leaves households without essential services for extended periods.[2]

Greater clarity is also required regarding the reference to *"consumer protections for innovative products and services"* in Priority Theme 1. It is unclear whether the ESC is proposing additional protections specific to innovative offerings or expressing concern that such products may create risks for customers experiencing vulnerability.

While we support the use of data and insights to assess consumer outcomes, analysis should not be confined to the Victorian Energy Upgrades (VEU) program. This dataset does not provide insights into customers who face structural and economic barriers or those who lack the practical capacity to electrify. The Strategy would benefit from a broader, technology-neutral evidence base that considers both electrification and renewable gases pathways in assessing emissions reduction and equity outcomes, including for customers who choose to retain their gas connections.

Improving Support to Regulated Businesses

We broadly support the exploration of principles-based and outcomes-focused regulations. However, such approaches should be accompanied by clear guidelines, examples, and evidentiary expectations to avoid creating retrospective compliance risk. Outcomes are inherently assessed ex post. Without clarity regarding what constitutes reasonable steps or compliance safe harbours, regulated businesses may face uncertainty even when acting in good faith and in accordance with prevailing regulatory guidance. Additionally, principles-based regulations may be interpreted and applied inconsistently across regulated businesses, undermining both regulatory certainty and equity outcomes.

[2] *AGIG (2025). 'Building Electrification' Regulatory Impact Statement – AGIG Submission, Section 7.1.2.*

Any consumer duty of care should be proportionate, clearly scoped, and aligned with factors reasonably within a business's control such as service delivery, customer engagement, and access to support mechanisms. At the system-level, this would avoid misallocation of responsibility for achieving equity objectives. This is particularly important in the context of the energy transition, where outcomes are shaped by broader policy settings and should therefore be addressed through government policy and fiscal instruments rather than through network pricing frameworks. Outcome assessments should explicitly account for systemic constraints, customer choice limitations and transition impacts beyond a regulated entity's control.

Key Success Factors of the Strategy

A strong and ongoing focus on consumer voice and lived experience will be critical particularly during periods of structural change. Customers experiencing vulnerability are best approached through direct engagement to understand their barriers and required support. These insights should inform both individual equity considerations and policy design and implementation. Embedding this early will help identify and mitigate the unintended impacts of system-level reforms before they materialise, rather than relying on retrospective assessments once impacts have emerged.

Collaboration across regulators, government, industry and the community sector will also be essential. Many structural barriers sit beyond the control of individual entities and require coordinated policy, funding or regulatory responses to effectively improve outcomes for diverse customers.

While the Strategy does not provide any detail on reporting obligations, regulated businesses should be able to use their existing Environmental, Social and Governance (ESG) report and Community and Social Impact (CSI) report to demonstrate their compliance and proactivity in equity considerations. This approach would minimise reporting obligations and promote administrative efficiency for regulated businesses.

AGIG supports the Commission's objective of advancing equity across essential services. Clear regulatory boundaries, recognition of structural constraints and proportionate implementation will be critical to ensuring the Strategy delivers fair and durable outcomes in practice. We welcome the opportunity to continue engagement as the Strategy progresses. Please contact Kylie Dobson, Customer and Community Experience ([redacted]), should you wish to discuss this submission further.

Kind Regards,

Cathryn McArthur
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Customer and Strategy