Economic Regulation Authority

Decision on gas distribution licence amendment application

ATCO Gas Australia Pty Ltd

29 July 2026

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Acknowledgement of Country

At the ERA we value our cultural diversity and respect the traditional custodians of the land and waters on which we live and work.

We acknowledge their continuing connection to culture and community, their traditions and stories. We commit to listening, continuously improving our performance and building a brighter future together.

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1. Introduction

In accordance with section 26(1)(g) of the *Economic Regulation Authority Act 2003* (ERA Act), this document sets out the ERA's decision on the gas distribution licence amendment application from ATCO Gas Australia Pty Ltd (ATCO) and the matters it considered in making its decision.

This decision document and a summary of ATCO's licence amendment application are available on ATCO's licensee page on the ERA website.

1.1 Decision

Pursuant to section 11VA of the *Energy Coordination Act 1995* (Gas Act), the ERA has approved ATCO's application to amend Schedule 1, Clause 3 of gas distribution licence GDL8 and remove the obligation to "Offer to connect" new residential customers to the Albany Gas Distribution System (Albany System).

Amending the "Offer to connect" clause allows ATCO to cease offering new residential connections to the Albany System before commencing the planned decommissioning.

The ERA will publish a notice of the amended licence in the Government Gazette as soon as practicable.

2. Background

On 19 January 2026, ATCO Gas Australia announced its intention to decommission the Albany System, which supplies Liquified Petroleum Gas (LPG) to approximately 8,000 residential and business customers. During the staged, three-year decommissioning process, customers will need to find an alternative to their current gas supply.

Established in 1891, the Albany System was converted to carry LPG by Alinta Gas in 1999. ATCO acquired the Albany System in July 2011 and gas distribution licence GDL8 was transferred to ATCO on 27 August 2011.

ATCO has advised that the cost of managing the Albany System has risen due to large sections nearing the end of their service life. Consequently, ATCO advised that the ongoing cost of maintaining and extending the Albany System has become economically unviable.

Clause 3, Schedule 1 of GDL8 requires ATCO to offer to connect residential customers to the distribution system if requested by a retailer, subject to conditions about financial, technical and operational requirements.

ATCO submitted a licence amendment application on 20 April 2026 requesting that its obligation to offer to connect residential customers to the Albany System be removed. ATCO has the technical ability to connect new customers, but the customers would be disconnected within three years.

2.1 Licence

Section 11G of the Gas Act requires a person to hold a gas distribution licence to construct, alter or operate a distribution system, or transport gas through a distribution system.

2.2 Public consultation

On 23 April 2026, the ERA published a notice seeking public comment on the licence amendment application. The public consultation period ended on 14 May 2026, and no submissions were received.

2.3 Assessment of application

The licence application guidelines on the ERA's website explain that the licence amendment process is similar to the process for the grant of a licence but varies depending on the nature of the amendment. Section 11VA of the Gas Act allows the ERA to grant amendment applications made in the correct format and with the information necessary for the ERA's consideration.

ATCO is an established licensee who has been operating the Albany System for over 10 years. In 2021, GDL8 was renewed for 21 years as the ERA was satisfied ATCO was maintaining good compliance with its licence and had, and was likely to retain, the financial and technical resources to undertake the activities authorised by the licence.

The ERA is satisfied that ATCO has, and is likely to retain, the financial and technical resources to undertake the activities authorised by the licence after the proposed amendment.

2.4 Assessment of public interest

The ERA has considered the matters set out in section 11H(3) of the Gas Act, the matters set out in section 26(1) of the ERA Act, and the information provided by ATCO.

The ERA is satisfied that amending ATCO's gas distribution licence GDL8 would not be contrary to the public interest.

Retaining the obligation for ATCO to connect residential customers to a network that is being decommissioned is unlikely to be in the best interest of customers. If ATCO continued to connect customers, these customers would need to find an alternative to their gas supply within three years.

The ERA has received no comments, objections or feedback on ATCO's amendment application. This includes no submissions being received during the public consultation period.

The remainder of this section sets out factors the ERA considered when making its decision.

2.4.1 Energy Coordination Act 1994

The ERA must not grant or approve the amendment of a licence unless it is satisfied that it would not be contrary to the public interest to do so (section 11K of the Gas Act). In determining whether the amendment would not be contrary to the public interest, the ERA may take into account the matters referred to in section 11H(3) of the Gas Act:

a. Environmental considerations

b. Social welfare and equity considerations, including community service obligations

c. Economic and regional development, including employment and investment growth

d. The interests of gas customers generally or of a class of gas customers

e. The interests of any licensee, or applicant for a licence, in respect of the supply area or part of a supply area to which the order, if made, would apply

f. The importance of competition in gas industry markets

fa. The policy objectives of government in relation to the supply of gas

g. Any other matter that he or she considers relevant.

2.4.2 Economic Regulation Authority Act 2003

When making its decision, the ERA must have regard to the matters set out in section 26(1) of the Economic Regulation Authority Act:

a. The need to promote regulatory outcomes that are in the public interest.

b. The long-term interests of consumers in relation to the price, quality and reliability of goods and services provided in relevant markets.

c. The need to encourage investment in relevant markets.

d. The legitimate business interests of investors and service providers in relevant markets.

e. The need to promote competitive and fair market conduct.

f. The need to prevent abuse of monopoly or market power.

g. The need to promote transparent decision-making processes that involve public consultation.