

Gas embedded networks

Overview



Gas embedded networks are found in premises with multiple occupancies such as apartment buildings, shopping centres and airport food courts and retirement villages.

What is an embedded network?

A gas embedded network is a private network providing gas to multiple lots within the one property. It is connected to the local distributor's gas pipelines through a "parent meter" that measures the gas supplied for everyone at that location on the one connection point. Generally, the embedded network operator buys gas in bulk from a licensed retailer then supplies and sells it to customers within the embedded network.

Gas used by individual customers is commonly measured by a "child meter". In some gas embedded networks, a customer's consumption might not be individually measured. These are considered "unmetered connection points". What customers are charged in these unmetered gas embedded networks can be spread across all customers at the property.

Gas embedded networks are often located in the same sites that have electricity embedded networks.

Gas embedded network operators **must** engage a licensed retailer to sell gas to embedded network consumers, or risk enforcement action.

The operator of the embedded network may be the property owner (or owners' corporation) or a third party. Third parties can operate the embedded network, or act as an agent. Often customers in an embedded network will receive bills or communications from the third party.

How are gas embedded networks regulated?

In Victoria, the *Gas Industry Act 2001* (GI Act) prohibits a person from distributing or selling gas unless they have a licence or trial waiver, or they are exempt from the requirement to obtain a licence. Anyone carrying out these activities without the appropriate licence, trial waiver or exemption will be in breach of the GI Act and may face enforcement action.

Unlike electricity, gas embedded network operators have not previously been subject to any General Exemption Order. A General Exemption Order exempts a group or class of persons from the requirement to obtain a licence to engage in distributing or selling gas.

Gas Embedded Networks General Exemption Order 2025 (GEN GEO 2025)

As part of the Victorian Government's commitment to implementing the recommendations from the [Embedded Networks Review](#), a General Exemption Order for the supply of gas in existing gas embedded networks has been made under the GI Act (GEN GEO 2025).

Embedded network operators will be permitted to supply gas within existing gas embedded networks, which were in operation on or before 25 February 2025, without having a licence, **until 30 June 2031**.

The GEN GEO 2025 only exempts the distribution and supply of gas into embedded networks from having a licence. It **does not apply to the sale of gas in embedded networks by non-licensed entities**. The GEN GEO 2025 identifies conditions which need to be

met to be able to operate a gas embedded network. These conditions will make sure customers in these networks are adequately protected.

The GEN GEO 2025 takes effect in two parts.

- **From 25 February 2025:** requirements related to providing customers with contact information and details of their arrangements; and facilitating abolishments take effect;
- **From 26 May 2025:** requirements related to becoming a member of the Energy and Water Ombudsman (Victoria) (EWOV); and complying with the Gas Distribution Code of Practice take effect.

See the [GEN GEO 2025](#) for more information.

Gas embedded networks coming into operation after 25 February 2025 can only operate if they hold a licence or specific exemption to distribute or supply gas. Otherwise, they must ensure each customer is directly connected to the local gas distributor's network.

Non-compliance with the requirement to hold a licence or a specific exemption is a criminal offence. The maximum criminal penalty is 1200 penalty units plus a daily criminal penalty of 120 penalty units for each day the contravention continues following the serving of a 'notice of contravention'.

Embedded Networks Review and bundled services

In October 2018, the Victorian Government announced an election commitment to ban electricity embedded networks in new residential apartment buildings, with limited exceptions.

The [Victorian Government's response](#) to the Embedded Networks Review was published in July 2022 and supported all the review's recommendations.

Recommendation 13 proposed appropriate monitoring and regulation of bundled services, including unmetered gas cooktops.

The GEN GEO 2025 partly addresses Recommendation 13 by reinstating supply protections to gas embedded network customers.

Further reforms will implement the remaining Embedded Networks Review recommendations, including licensing for embedded networks.

Obligations for gas embedded networks

The GEN GEO 2025 is aligned with, and replicates, the existing distribution obligations for electricity embedded network operators under the electricity General Exemption Order 2022. This includes:

- imposing requirements in the **Gas Distribution Code of Practice** on gas embedded network operators;

- **capping the maximum prices** customers pay for abolishments for parent and child connection points;
- **requiring gas embedded network operators to be a member of EWOV**; and
- **imposing information provision requirements** for gas embedded network operators.

The GEN GEO 2025 will allow the Essential Services Commission (ESC) to receive information and data from these networks to ensure their compliance with consumer protection requirements.

These obligations are also consistent with most obligations for gas distribution licensees.

Gas Distribution Code of Practice obligations

The GEN GEO 2025 enables the ESC to designate provisions in the Gas Distribution Code of Practice to gas embedded network operators. However, this has not yet happened.

Until the ESC designates relevant provisions, the GEN GEO 2025 prescribes applicable clauses of the Gas Distribution Code of Practice ('applied clauses'). The applied clauses include obligations related to:

- life support obligations
- disconnection requirements
- provision of information to customers regarding interruptions
- customer complaint handling

For more information, please view Schedule 1 of the [GEN GEO 2025](#), and the ESC's [Gas Distribution Code of Practice](#).

Abolishment requirements

The GEN GEO 2025 prescribes new requirements related to abolishments of gas meters in gas embedded networks.

If an embedded network operator intends to decommission the gas embedded network and abolish the parent meter, the gas embedded network operator is subject to a cap on what it can charge its customers. If the embedded network operator abolishes the parent meter, it can only charge each of its customers a pro-rata amount. The total amount recoverable by the embedded network operator cannot exceed what was charged by the local gas distribution company for abolishing the parent meter.

If a customer intends to fully electrify and abolish their gas connection (metered or unmetered child connection point) to the gas embedded network, the embedded network operator must:

- action the request within 20 business days; and
- charge no more than what the local gas distribution company would charge for an abolishment service.

Given the unique circumstances in gas embedded networks, abolishments may be different to an abolishment for detached premises. As such, an abolishment in an embedded network also includes the use of plugs and locks to stop gas supply and any ongoing charges associated with permanently ceasing gas supply.

Customers can request an abolishment through their retailer or directly with the embedded network operator.

Information provision obligations

The GEN GEO 2025 does not require gas embedded network operators to register their gas embedded network in a Register of Exempt Persons.

However, gas embedded network operators exempt under the GEN GEO 2025 must provide information to the ESC **by or before 30 June every year**. The **information is for the previous calendar year** (or part of a calendar year).

Information to be reported to the ESC includes:

- location of the gas embedded network
- number of customers in the gas embedded network and, if any, the number of child meters
- the relevant local gas distribution company
- number of abolishments undertaken within the previous calendar year
- if any, the number of check meters for the gas embedded network

Enforcement and compliance

We acknowledge Victorian Traditional Owners and their Elders past and present as the original custodians of Victoria's land and waters and commit to genuinely partnering with them and Victoria's Aboriginal community to progress their aspirations.



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The GEN GEO 2025 is a civil penalty requirement. This means that the ESC can enforce compliance with conditions in the GEN GEO 2025, such as providing information to the ESC and complying with applied provisions of the Gas Distribution Code of Practice, through initiating civil penalty proceedings in court.

Under the *Essential Services Commission Act 2001*, non-licensees such as embedded network operators face a maximum civil penalty of 1200 penalty units for a breach of a civil penalty requirement.

Who should I contact for further information?

If you have general questions about the Embedded Networks Review and the GEN GEO 2025, please contact the Department of Energy, Environment and Climate Action at energyretail@deeca.vic.gov.au.

If you have questions regarding the Gas Distribution Code of Practice or enforcement, please contact the ESC at exemptions@esc.vic.gov.au or 1300 664 969.

If you are unclear on what conditions apply to your circumstances, you should obtain independent legal advice.

Neither DEECA nor the ESC can provide you with legal advice.