



Brotherhood  
of St Laurence

ffWorking for an Australia free of poverty

## Future Gas Strategy

Submission to Department of Industry, Science and Resources, November 2023

The Brotherhood of St. Laurence (BSL) welcomes this opportunity to comment on the Future Gas Strategy consultation paper issued by the Australian Government Department of Industry, Science and Resources (DISR).

Producing and consuming fossil gas causes climate change, and we cannot continue to do this and meet our national and international climate change commitments. A timely transition away from fossil gas is essential for addressing energy costs (which are contributing to the cost-of-living crisis) and climate change. These are critical issues for the people facing disadvantage with whom we work.

Millions of low-income Australians use gas in their homes, and it is becoming increasingly expensive, with retail gas prices having nearly doubled in a decade (SVDP 2023, see appendix). For households who use gas, shifting off gas and improving energy efficiency is the best way to lower bills, gas demand and emissions. Residential electrification should be a major focus of the Future Gas Strategy. Our recent research report with the ARC Life Course Centre, *Enabling Electrification*, found low-income households were supportive of shifting off gas but faced a number of barriers including those related to capital, information and trust. The Future Gas Strategy should develop a plan to phase out residential gas networks and include measures to assist lower income households and renters to move off gas.

This submission provides a general response to the consultation paper, focusing on households on lower incomes and those facing disadvantage, and noting that the paper does not ask consultation questions about some key issues, such as emissions reduction (other than via carbon capture).

### Summary of recommendations

1. BSL recommends that the Future Gas Strategy identifies areas for policy reform and new programs to enable households facing disadvantage to electrify their homes, to be delivered jointly by the Commonwealth and states/territories, specifically:
  - Standards to require rented homes to be electric-only, phased in over time (implemented by states/territories, but guided by the Commonwealth's Trajectory for Low-Energy Homes).
  - Changes to the National Construction Code to rule out gas in new buildings, phased in over time.

- A nationwide ban on gas in new homes, as Victoria has announced.
  - Grants for low-income households to electrify and install complementary energy efficiency upgrades as well as rooftop solar.
  - Investigate a future ban on gas appliances.
  - Provision of trustworthy advice to households via one-stop shops.
2. BSL recommends that, via the Future Gas Strategy, state and federal limit the risks facing consumers by establishing a framework to plan an equitable phase-out of residential gas networks.
  3. BSL recommends that the Future Gas Strategy contains a substantive plan to reduce emissions in line with pursuing efforts to limit warming to 1.5 °C, particularly via switching away from gas.

## 1 Governments should support households facing disadvantage to move off gas

For Australia to reach net zero emissions, households must stop using fossil gas. People facing disadvantage will not be able to do this without financial and informational support from governments. Electrification is the best way to move the residential sector off gas: it is a completely mature and cost-competitive technology – with around 30% of Australian households already using electric-only appliances – it can lower emissions to zero, and generally saves households money, thus also addressing cost-of-living (Grattan Institute 2023).

Our research, [Enabling electrification: addressing the barriers to moving off gas faced by lower-income households](#) (Chandrashekeran et al. 2023), found 69% of 220 surveyed low-income households (who also faced high levels of financial stress) supported the transition from gas but most faced barriers to doing so, such as lack of funds, renting, or lack of information or trust (e.g. the lack of a trusted source of information/advice about how to upgrade their homes). Asked about potential policy to assist with electrification, support was strongest for subsidies to lower energy costs; grants to improve energy efficiency; and, for renters, rental provider upgrades to appliances (see figure below).

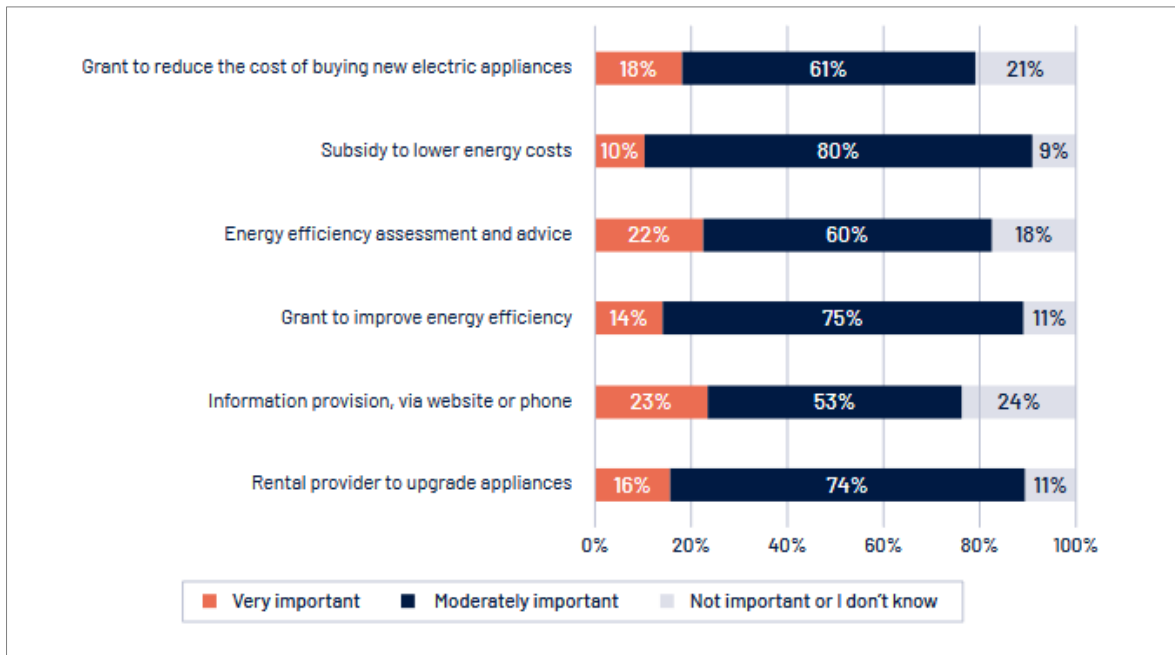


Figure from *Enabling electrification* (Chandrashekeran et al. 2023)

Our respondents' awareness and utilisation of initiatives supporting electrification were also low compared to other programs, so it is vital that governments promote any such programs to people facing disadvantage.

In our research, people facing disadvantage were often risk-averse to upgrading, and this was magnified for less familiar technologies such as heat pumps for water heating. One participant, for example, said, 'If I make a mistake I don't have the resources, being on a pension, to wear that'.

The Commonwealth should reduce obstacles facing households by working with states and territories to:

1. address structural barriers to upgrades for renters through the introduction of mandatory energy efficiency standards for rental properties that require a shift towards electric-only homes over time
2. provide clear information about the future phase-out of gas and advice to householders about how to electrify their homes, preferably through one-stop shops that link with trusted tradespeople
3. provide financial support to address capital barriers to upgrades.

### Recommendation

1. BSL recommends that the Future Gas Strategy identify areas for policy reform and new programs to enable households facing disadvantage to electrify their homes, to be delivered jointly by the Commonwealth and states/territories, specifically:
  - Standards to require rented homes to be electric-only, phased in over time (implemented by states/territories, but guided by the Commonwealth's Trajectory for Low-Energy Homes).

- Changes to the National Construction Code to rule out gas in new buildings, phased in over time.
- A nationwide ban on gas in new homes, as Victoria has announced.
- Grants for low-income households to electrify and install complementary energy efficiency upgrades as well as rooftop solar.
- Investigate a future ban on gas appliances
- Provision of trustworthy advice to households via one-stop shops.

## 2 Plan to phase out residential gas networks

As households move off the gas network, those who retain gas will pay for a progressively greater share of gas infrastructure. If people facing disadvantage (including many renters) are not able to move off gas, they are therefore likely to be stuck in an increasingly unaffordable situation. The current regulatory regime for gas networks is not adequate to prevent this situation or more broadly plan for the decline of gas networks.

While gas network businesses argue that their networks should be retained to enable the possible future use of hydrogen or biogas, this is a poor path for equity or climate action. Hydrogen can only be introduced into the gas system up to a certain blend without major, expensive works to the network and home appliances. Even if all this work were undertaken, home hydrogen appliances would be much less efficient and more expensive to run than electric ones (Rosenow 2022). Hydrogen also causes global warming when it leaks (Ocko and Hamburg 2022).

Under current regulatory settings, the cost of refitting networks for alternative gases would be borne by consumers, including vulnerable households, and the speed proposed by networks is unlikely to be consistent with our international emissions commitments. For example, blending 10% hydrogen into gas only reduces emissions by 3%; Victoria's networks are proposing introducing a blend by 2030 (Gordon and Morrison 2023), by which time the state is committed to having reduced emissions by 45–50% from 2005 levels (Victorian Government 2023).

The current uncertainty is increasing costs for consumers. In their determination on the recent Victorian gas access arrangements (2023 to 2028) the Australian Energy Regulator allowed both accelerated depreciation of a proportion of the regulated asset base and some expenditure on hydrogen. This hedging of bets increases costs for consumers. The Commonwealth has a role to play in providing greater certainty on the future of the residential gas network and enabling an equitable phase out of the residential network.

### Recommendation

2. BSL recommends that, via the Future Gas Strategy, state and federal governments limit the risks facing consumers by establishing a framework to plan an equitable phase-out of residential gas networks.

### 3 The strategy contains no real plan to lower emissions

The Future Gas Strategy consultation paper's section on emission reduction is inadequate and contains nothing applicable to households, especially those facing disadvantage who will be hit hardest by climate change if we fail to lower emissions. This may be because there is no viable way to reduce residential gas emissions to zero, other than ceasing the use of fossil gas.

Carbon capture and storage (CCS) may play a role in industrial settings, although shifting away from gas is a safer path for the climate because CCS is not a proven technology; as the Climate Council (2023) notes, 'there is not a single carbon capture and storage project in the world that has delivered on time, on budget, and captured the agreed amount of carbon'. The consultation paper cites the Gorgon facility in Western Australia as 'the world's largest commercial CCS project', yet this facility has continuously failed to capture the agreed amount of carbon and is now Australia's largest industrial emitter, capturing only 16% of its emissions last financial year (Morton 2023). As long as CCS operates this ineffectively, gas will continue to contribute to climate change and its impacts on people facing disadvantage.

#### Recommendation

3. BSL recommends that the Future Gas Strategy contains a substantive plan to reduce emissions in line with pursuing efforts to limit warming to 1.5 °C, particularly via switching away from gas.

### Further information

BSL appreciates the opportunity to make this submission. We would welcome a further discussion of our work. For more information, please contact:

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## References

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## Appendix

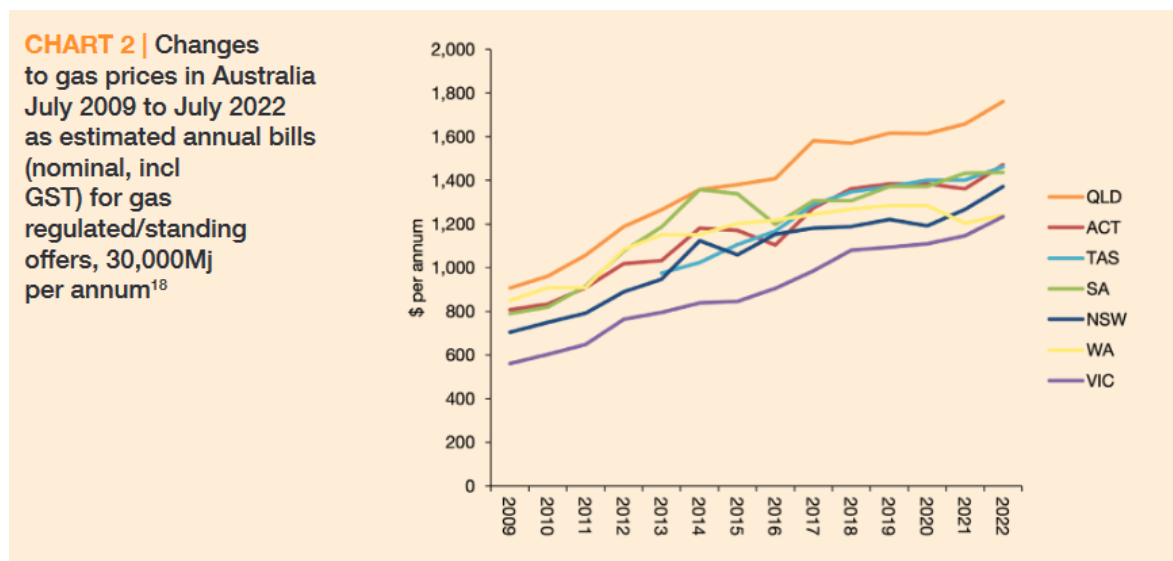


Figure from St Vincent de Paul (2023)