



Brotherhood of St. Laurence
Working for an Australia free of poverty

Submission to building electrification regulatory impact statement

Brotherhood of St. Laurence

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Gas is a major contributor to climate change and increasingly unaffordable for many households, especially those facing poverty – as we regularly hear from our participants. The Brotherhood of St. Laurence (BSL) commends the Victorian Government's efforts to phase out residential gas use, including through the policies recommended by the building electrification regulatory impact statement (RIS). In phasing out residential gas appliances, appropriate supports should be put in place to support those who face barriers, financial or otherwise.

Meeting our obligations to slow climate change is unlikely to be possible without policy like the RIS. As recent research has shown, in the broader context of climate action, voluntary action alone will only achieve around half of the cuts needed to limit warming to 1.5°C (Dubois et al. 2019). Unchecked climate change will hurt everyone, especially people facing disadvantage, including through natural disasters, exacerbating health conditions and disabilities, and economic and social impacts.

The proposed phase-out is well-designed: because gas appliances will only need to be replaced when they break down; the policy will effectively be implemented gradually over time; and the cost to households will only be any marginal cost between the cost of new gas and new electric appliances. The proposed phase-out will save many households money and improve indoor air quality and health. Acting now will also prevent future expense and contribute to avoiding gas shortfalls.

This submission concerns homes, not commercial buildings, given BSL's focus on people facing poverty.

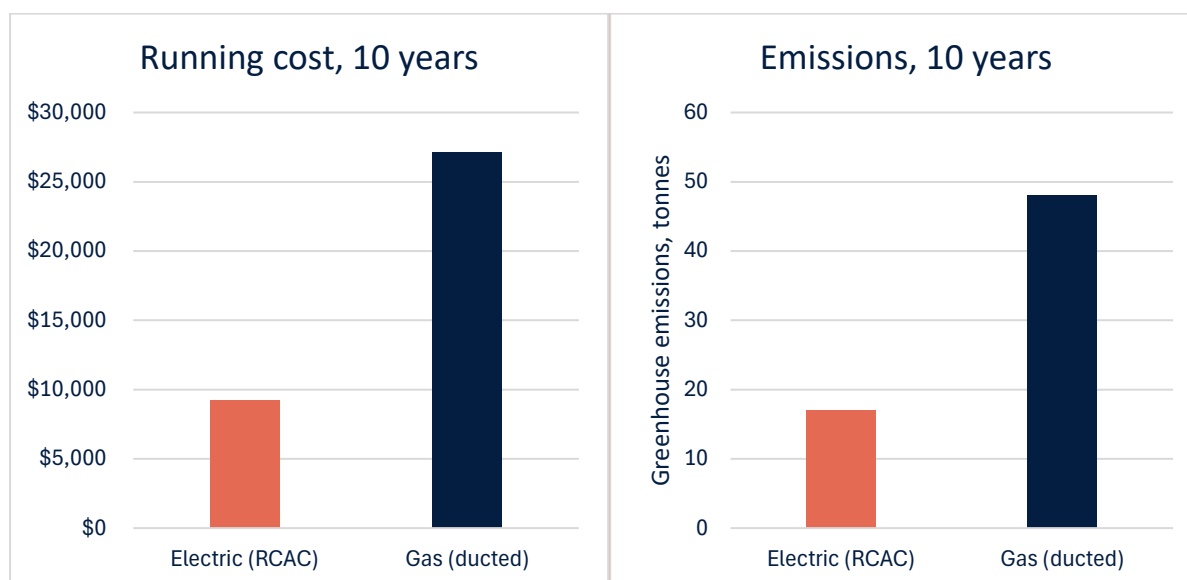
1 Electrification is the best way forward for homes

We agree with the RIS's conclusion that electrifying homes is the best way forward. Efficient electric appliances are cheaper to run and produce fewer greenhouse emissions than gas ones, and their environmental advantage will only widen as Australia's share of renewable electricity increases.

The cost of heating is a serious problem for Victorians facing disadvantage: we regularly hear from participants who ration or go without heating because they cannot afford to run their gas heating, usually a ducted system. This is especially pronounced for people with low or irregular incomes.

Fortunately, electric heating can help bring costs down. Over 10 years, a household would save over \$17,000 by heating their home with air conditioners rather than a ducted gas system – a huge amount of money for many households – and emissions would be around two-thirds lower (Sustainability Victoria 2024)¹.

Cost and emissions would be even lower for the electric option if the household had solar panels, as over a quarter of Victorian households already do (Roy Morgan Research 2022). Many households already have reverse-cycle air conditioners they can begin using for heating without incurring installation costs.



Proposals by gas network operators to refit their networks for 'renewable gases' are much less likely to be viable or cost-effective for households than electrifying (Rosenow 2024). Australia is unlikely to produce enough biogas for home use; rather it should be reserved for hard-to-electrify businesses (Grattan Institute 2023). Hydrogen appliances are speculative, not commercially available, and raise cost and safety concerns.

In comparison, electric appliances are entirely commercially available and have been safely used in Australia for many years. Millions of Australian homes are already all-electric. Electrifying a home is not always straightforward but, unlike any other alternative, is a viable option for virtually all homes today.

¹ Calculated as a medium-sized house using a 2.5-star multi-split reverse cycle air conditioner vs a 3-star ducted gas system.

2 We support the proposed gas phase-out

We strongly support the Victorian Government's proposed requirements for new or replacement home appliances to be electric-only. A planned phase-out of gas appliances is necessary to reduce emissions and contribute to stopping climate change, and the proposed approach is sensible and necessary.

The policy will greatly lower emissions and ultimately save households large amounts of money. However, some households living on low incomes, or facing disadvantage or other barriers to upgrading may need further assistance with the upfront costs. The need for support is likely to increase where rewiring, upgraded electricity network connections, or other expensive modifications are needed. We would support policies to offer additional financial assistance to low-income households in these cases.

Regulation is justified

Regulation to phase out gas appliances is justified because, as stated above, a voluntary approach is unlikely to reduce emissions in time to meet Victoria's climate change targets, and because all Victorians will benefit from reduced climate impacts. A regulated approach will provide clear guardrails for consumers and industry for future upgrade choices.

Governments regularly restrict harmful products – leaded petrol, CFCs, asbestos and engineered stone among them – even where it impinges on people's wishes to buy these products. Phasing out gas follows the same well-established principle, and these decisions are virtually always the correct ones in retrospect, despite opposition at the time. Government's primary role is to protect people, not to protect industries that make harmful products.

Exemptions

In our view the proposed exemptions are generally reasonable. Enforcing them will be important, especially the exemption for cases where space does not permit an electric appliance, which is somewhat subjective.

Regarding the exemption for homes where an electric appliance would require upgrading the connection to the grid, the Victorian Government should consider subsidising the cost for low-income households rather than providing an exemption. Leaving low-income households on an increasingly expensive gas network will not benefit them.

The exemptions also push some problems to the future, notably apartments with centralised heating/hot water, bottled gas and homes where space does not permit electrification. In some cases, delaying action on these properties may be sound: for example, it is possible that electric solutions for centralised heating will become more cost-effective in future. However, it is important that these are resolved eventually, because residents stuck on gas due to exemptions will pay increasingly unaffordable gas bills.

3 Consider the future

The proposed gas phase-out sets Victoria up for a cleaner, cheaper future and we strongly support it. However, there is more work to be done. Broader policy will be needed to ensure an equitable, managed transition from gas.

We need a plan for gas networks

We need a plan to manage gas networks as households electrify in the coming decades, including to safely minimise consumer-funded spending on gas networks. As the RIS acknowledges, the networks ‘require an evolution’ (p. 129). In our view, this evolution needs to involve shrinking, and gas networks will need new regulation and policy to guide this shrinking and eventual decommissioning. Creating this network plan in tandem with electrification policy makes far more sense than leaving the two disconnected.

For example, the RIS assumes that gas pipelines will remain the same length (p. 105) and retain 87% of their customers (p. 64) by 2039, presumably only using gas for cooking in most cases, but this seems unlikely and not necessarily desirable. This would leave millions of households needing to be disconnected from gas in the six short years before Victoria’s 2045 net-zero date, which would be very difficult.

On the other end of the spectrum, network operator AusNet (2024, p. 33) has published scenarios in which roughly half to seven-eighths of their gas customers disconnect by the same date, accompanied by a large increase in network costs per household.

The discrepancy between these two scenarios, and their different policy implications, shows that much better planning and coordination between government and gas networks is needed.

Phasing out gas cooking is also likely to be necessary in future.

Later in 2025 BSL’s Balancing Act project will publish reports setting out how to minimise gas network spending, which will include more detailed policy recommendations for the future of gas networks.

Gas businesses are undermining policy

For their part, gas businesses should stop making the transition to electricity more difficult by promoting gas and spreading uncertainty.

In December 2024 in the Herald Sun alone, gas industry firms sponsored at least six pro-gas articles, presumably timed to coincide with the release of this RIS. AGIG, the owner of two of Victoria’s three major gas networks, continues to promote gas as a clean and cheap option and suggest that they will ‘transition our distribution networks to 100% renewable gas by 2040 as a stretch target and by no later than 2050’ (AGIG 2024), contradicting government policy and potentially misleading customers.

The Victorian Government should consider banning gas industry advertising, especially if it is customer-funded². Fossil fuel ad bans have been recommended by the Secretary General of the United Nations, implemented overseas, and are preceded by bans on tobacco advertising – another product dangerous to health (McGrath & Poynting 2024; Kaminski 2024).

² It is unclear whether this sort of advertising is consumer-funded, although two Victorian gas networks received customer funding for ‘customer education’ in the most recent access arrangement.

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