



**CONSERVATION
COUNCIL** ACT REGION

Submission to
ACT Government Integrated Energy Policy

Regulation to prevent new gas connections in the ACT

April 2023

The Conservation Council ACT Region is the peak non-government environment organisation for the Canberra region. Since 1981, we have spoken up for a healthy environment and a sustainable future for our region. We harness the collective energy, expertise and experience of our more than 40 member groups to promote sound policy and action on the environment.

We campaign for a safe climate, to protect biodiversity in our urban and natural areas, to protect and enhance our waterways, reduce waste, and promote sustainable transport and planning for our city. Working in the ACT and region to influence governments and build widespread support within the community and business, we put forward evidence-based solutions and innovative ideas for how we can live sustainably.

At a time when we need to reimagine a better future, we understand that the changes we need will only happen with the collective support of our community.

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Introduction

The Conservation Council ACT Region welcomes the opportunity to provide comment on the ACT Government's proposed regulation to prevent new gas connections in the Territory.¹

The Council acknowledges the leadership being shown by the ACT Government in committing to phasing out the fossil gas network in the Territory, and supports the introduction in November 2023 of a regulation to prevent new connections to the gas network in residential and commercial areas.

However, the Council recommends greater coverage by the regulation, to encompass any new connection including in industrial areas and developments already in the approval process. The more broadly and consistently the regulation is applied, the less room there is for confusion and new gas connections made via 'loopholes' in the regulation.

Preventing new connections is "low-hanging fruit" in terms of the technical simplicity. It is obvious that every new gas appliance installed now locks in both climate-damaging emissions and future retrofitting costs and acts in complete contradiction to the policy direction that the ACT has clearly articulated for over three decades through its Climate Change Strategies, legislated emissions reduction targets, Climate Emergency Declaration and commitments in the 2020 Parliamentary and Governing Agreement.

The Synthesis Report of the IPCC's Sixth Assessment Report (AR6-SYR) released in March 2023 is unequivocal in its statements about the urgency required in global emissions reductions.

*"Keeping warming to 1.5°C above pre-industrial levels requires deep, rapid and sustained greenhouse gas emissions reductions in all sectors. Emissions should be decreasing by now and will need to be cut by almost half by 2030, if warming is to be limited to 1.5°C."*²

This regulation does not tackle existing emissions from buildings – it will merely prevent the addition of more emissions from this sector. Therefore, the ACT Government should immediately apply the regulation in as broad and simple terms as possible and move its efforts rapidly to the far more challenging task of actually reducing emissions.

Key issues for discussion

1 & 2: Identifying land or premises that are subject to the regulation, and determining the types of land and premises to be included in initial regulation

All land and premises within the ACT, whether residential, commercial or industrial, should be subject to the regulation, regardless of how they are identified.

The ACT Government has clearly identified that stationary gas is a fossil fuel that is the second-largest source of direct greenhouse gas emissions for the Territory. There is an unambiguous legislated target of net-zero emissions by 2045 and the IPCC urges "deep, rapid

¹ ACT Government, 2023, 'Help inform a regulation to prevent new gas connections', Issues paper executive summary, https://hdp-au-prod-app-act-yoursay-files.s3.ap-southeast-2.amazonaws.com/4516/7774/8870/Consultation-on-regulations_Executive-Summary_FINAL.pdf

² IPCC, 2023, 'Urgent climate action can secure a liveable future for all', Press release, 20 March, https://www.ipcc.ch/report/ar6/syr/downloads/press/IPCC_AR6_SYR_PressRelease_en.pdf

and sustained GHG emissions reductions in all sectors”. Therefore, a new regulation to prevent new gas connections should be applied broadly and uniformly to immediately prevent the addition of any new emissions from this source.

The Issues Paper states that “other land uses, such as industrial will be included in future regulations or a staged approach”. Why should this be the case when the Issues Paper also notes that “most new businesses can meet their energy needs today with energy efficient electrical appliances” and that without regulation we could expect “about 200 new small commercial customers, 14 new large commercial customers and 1 new industrial process customers per year” to connect to the network?

The Territory’s commercial and industrial sectors have had decades of notice about the need to reduce emissions. From the outset of the very first Legislative Assembly for the ACT in 1990, the ACT Government published its first strategy to “address the greenhouse effect”.³

Despite this, the inertia of business-as-usual means that “80% of all new homes in the ACT are still connecting to the gas network”. Despite many advantageous benefits of all-electric buildings at both individual and societal levels, the construction industry continues to do what is cheapest and easiest for itself, and residents and building occupants (whether due to lack of knowledge or lack of agency to exert anything different) go with the flow, relying on the assumed expertise of the industry. Meanwhile, society bears the externalised costs of the impacts of the climate change that results from industry’s actions, and individual residents are paying more than they need to for heating, hot water and cooking.

So, clearly, more than 30 years of policy direction is not enough to drive voluntary behaviour change: disrupting the norms within a timeframe consistent with the urgency of climate science requires firm regulation.

It would be unfair to apply this regulation to residential customers if it is not also applied to businesses. Why should households shoulder the “burden” of reducing emissions if businesses are not required to, especially given that “commercial and industrial customers use the most gas per connection”? Whilst residents will benefit from the savings from reduced energy consumption over time, they must bear the upfront costs of electrification in their household budgets. Conversely, whilst businesses and developers may incur higher upfront costs to electrify, they have the opportunity to (and most likely will) recoup some of those costs by passing them through to customers and via tax deductions as the costs of operating the business.

Likewise, why should business enterprises be permitted to connect to the gas network in a given land type/zone if similar enterprises in a different land type/zone are not?

Staggered start dates for different types of buildings would only create space for debates about fairness. Again, the emissions reduction direction has been clear for plenty long enough for all developers to have anticipated the need to eliminate gas from plans and proposals.

Thus, the regulation should apply to all sectors and land types with immediate effect.

³ Australian Capital Territory, Parliamentary Debates, Legislative Assembly, 26 April 1990, pp. 1353–8, (Mr Kaine, Chief Minister) ('ACT Greenhouse Strategy', Ministerial Statement and Paper), <https://www.hansard.act.gov.au/hansard/1st-assembly/1990/HTML/week05/1353.htm>

3: Application of the regulation to greenfield and infill developments, including renovations and knock-down rebuilds

A new regulation to prevent new gas connections should be applied broadly and uniformly to all developments, renovations and knock-down rebuilds.

Greenfield and infill developments are the lowest of low-hanging fruit for regulating no new gas, thus should definitely be covered by the regulation.

Knock-down rebuilds and subdivisions should also definitely be prevented from installing new gas appliances and (re)connecting to the gas network, even where a previous building was connected. The knock-down process should include compulsory removal of gas infrastructure back to the main pipeline.

Renovations represent an opportunity for existing households to proactively make the switch off gas. Given there are some 138,000 gas customers connected to the network that must be transitioned off by 2045, the Government should be maximising every opportunity to do so. Therefore, renovations should be included in this regulation.

The Conservation Council suggests that any renovation requiring a building or development approval that includes alterations to a room or space containing a gas appliance should require the gas appliance to be replaced with an electric alternative. Where a proposed renovation does not include alterations to a room or space containing a gas appliance, the applicants should be encouraged to consider electrification. All renovation applicants should be provided with educational material or could be required to attend an information session about electrification, similar to that under the Sustainable Household Scheme, to encourage full electrification as part of the renovation.

The impacts on the gas fitting industry should be dealt with as a separate issue and should not have bearing on the implementation of this regulation. The Conservation Council agrees with the need to support affected workers through the transition, but the fact of employment in a damaging industry cannot be used as a justification to continue with business as usual or delay action to reduce emissions. People are adaptable and can retrain. The Government should continue to consult with industry and training institutions to design appropriate training schemes.

4: Exemptions to the regulation

The regulation should not include blanket categories of exemptions or deferrals. The target is to close the gas network: any new connection potentially delays this goal.

As discussed above, the ACT Government's policy direction has been clear for more than 30 years. Electric technologies are now available for almost all applications of gas. Rather than creating exemptions which enable business-as-usual and potential increases in emissions, the Government needs to foster technological innovation, support trade skill retraining and help overcome supply chain issues and other impediments to eliminating gas from new developments. None of these factors should be used to justify delays or exemptions. "Necessity is the mother of invention" – businesses are very good at innovating when they have reason to.

The number of "gas reliant businesses where there is no current economically or technically feasible electric or zero emissions alternative solution available" is likely to be very small.

The regulation could instead include a stringently assessed provision for individual project developers, at their own expense, to apply for an exemption and show cause why a proposed

new development requires gas and how it will be facilitated as a stand-alone energy source (ie not a network connection), for instance, an onsite biogas generator or bottled liquid petroleum gas. This 'opt-out' approach would place the onus on developers to justify their use of gas and specify the technical solution, a process which would incentivise defaulting to all-electric proposals.

For the most part, citing additional costs for installing electric infrastructure should not be permitted as a justification for resorting to gas in any new development. If a project is not economically feasible without gas, then its purpose and design should be examined – it is long past time for the costs of environmental impacts of construction to be internalised as a cost of doing business.

5: Reporting

The Conservation Council supports the requirement for the gas network operator and/or gas retailers to provide information to customers about the phase out of the gas network and the need to transition. This could be in the form of an annual letter to customers, and targeted notes on customer gas bills. Messages informed by the principles and evidence of behavioural economics should help to 'nudge' gas customers to electrify.⁴

The Council also supports the requirement for the gas network operator and/or gas retailers to report gas connection and disconnection data to the ACT Government, made publicly available. Simple monthly reporting, perhaps by suburb, would enable the Government to track the effectiveness of targeted communications campaigns and financial schemes, supplemented by more detailed annual reports to enable tracking of trends towards emissions reduction targets and modelling of future network, workforce and supply chain needs.

The ACT Government should regularly and publicly report the ACT's progress towards electrification, within its Climate Strategy reporting.

6: Commencement date

The Conservation Council advocates for the immediate implementation of the regulation in late 2023 for all developments covered by the regulation, without phases.

As discussed above, the climate science and the ACT Government's policy direction have been clear and unambiguous for several decades – industry has had plenty of time to anticipate the need to eliminate fossil gas from buildings.

Factors such as supply chains and workforce should be dealt with as separate issues and should not have bearing on the implementation of this regulation nor be used to justify phased start dates. This consultation process should serve as enough of a 'heads up' that developers need to revise plans, procurement and construction schedules now ahead of the implementation date.

7: Transitional matters and other considerations

As for the commencement date, the Conservation Council advocates that the regulation apply to all developments currently in the application process and those already approved, not just offer

⁴ Behavioural Economics, 2023, 'Nudge: Improving decisions about health, wealth and happiness', RH Thaler & CR Sunstein (2008), <https://www.behavioraleconomics.com/resources/books/nudge-improving-decisions-about-health-wealth-and-happiness-richard-h-thaler-cass-r-sunstein/>

the “option” to change plans. Again, industry has had plenty of time to anticipate the need to eliminate fossil gas from buildings. It would be better to revise plans, procurement and construction schedules now, including delaying construction, than to go ahead with installing gas, locking in decades of fossil fuel consumption and the future costs of retrofitting to electric systems. As more Canberra residents become aware of the transition, the all-electric buildings constructed now are going to be far more attractive to future buyers than those built with gas.

Construction projects and schedules are always subject to supply chain variability, price fluctuations and workforce availability, so these are not new considerations or impositions unique to this regulation or the emissions reduction targets. Noting that there are some 138,000 gas customers that will need to transition off the network before 2045, there is plenty of work remaining for gas fitters, electricians, plumbers, and plenty of time for tradespeople to retrain and businesses to adapt as the nature of the work shifts in coming years.

Through our public engagement activities under the Make the Switch project, we have occasionally heard comments about “the right to choose” or an apparent “love” of gas appliances. The “right” to choose an energy source needs to be weighed against the willful harm that choice causes the environment and society. The ACT is currently developing a charter of human rights to a healthy environment⁵ which should outweigh an individual’s preference for or “right to choose” polluting gas (or woodfired heaters in an urban setting). Electric appliances may not please everyone, but they get the job of space heating, water heating and cooking done effectively and efficiently without the ongoing climate impact of fossil gas while being of lower running cost to the consumer. And in our experience, most people’s attitudes to electric appliances can be shifted with good information and direct experience. Perhaps households and small businesses could retain the “right” to use bottled gas upon individual application, but the Council suggests that most people will simply default to the path of least resistance as all-electric homes become the new norm.

Future work: The Integrated Energy Plan

The Conservation Council acknowledges the significant work and consultation by the ACT Government already undertaken and underway, evident in the Issues Paper, to explore and plan the transition off fossil gas.

The Conservation Council concurs with the need to ensure an equitable transition, with support for low-income households and renters as the two groups with least capacity to act. The ACT Government should continue to consult with community groups including ACTCOSS, CareFS, Communities at Work, Vinnies, Better Renting and Indigenous representatives.

The ACT Government has been suggesting that Canberrans replace gas appliances with electric when the gas appliance breaks down or reaches the end of its working life. The Conservation Council believes that this approach is too slow – a gas hot water system or stove can last for decades! We instead advocate for a more rapid, proactive transition off gas, commensurate with the IPCC’s warning. Studies such as Renew’s ‘Households better off’ report⁶ are concluding that the earlier a household switches to be all-electric, the greater the annual and total savings in energy costs as well as emissions reductions.

⁵ ACT Government, 2022, ‘Right to a healthy environment’, Discussion paper, https://hdp-au-prod-app-act-yoursay-files.s3.ap-southeast-2.amazonaws.com/2316/5622/1655/Discussion_Paper_-_Right_to_a_Healthy_Environment.pdf

⁶ Renew, 2021, ‘Households better off: Lowering energy bills with the 2022 National Construction Code’, <https://renew.org.au/wp-content/uploads/2021/09/Households-Better-Off-full-report-2.pdf>

The Conservation Council would like to see modelling of different approaches to transitioning households and businesses off the network. How does the slow and random approach of “end-of-life replacement” compare with, say, a strategic and proactive approach of street-by-street or suburb level electrification? The latter, for instance, would provide the opportunity for Evoenergy to plan to decommission sections of the network to balance diminishing consumption revenue with network maintenance costs. How might the combination of education, incentives (such as the Sustainable Household Scheme) and regulation be used to achieve phase-out targets under different approaches?

Switching in the ACT reduces scope 1 and 2 emissions here but increases scope 3 emissions where new appliances are manufactured and transported. There are also concerns about the environmental and resource consumption impacts of disposing of old gas appliances and manufacturing new electric ones, particularly before the expected end-of-life. The Conservation Council’s understanding is that old gas appliances typically get sent to landfill. This is a gross waste of materials that increases scope 3 impacts, resource consumption and environmental pollution. These issues are of significant concern and deter many Canberrans from proactively making the switch.

The Government could commission lifecycle analysis research about the impacts of replacing functional fossil fuel appliances and vehicles with new electric versions before end-of-life, in the context of the total global carbon budget.

As part of its circular economy strategy, the Government should also divert old gas appliances (including ducting) from landfill. They contain valuable metals which should be recovered and recycled. This is another realm where industry has failed to take sufficient voluntary action. Circularity requires legislated recycled content requirements and mandatory product stewardship schemes to fund investment in recovery and recycling of materials. The ACT Government should invest in industry partnerships to develop local solutions, and advocate at the national level for industry-wide solutions.

The Issues Paper notes that Evoenergy reported in October 2022 that they had approximately 7700 “non-consuming” connections to the network. Many people choose to leave pipes and meters in place “just in case” and to avoid paying the ~\$800 fee for decommissioning. This infrastructure still has to be maintained by Evoenergy and those network maintenance costs are borne as a “cross-subsidisation” by remaining customers. As more and more households electrify, this has the potential to become an equity issue. The question of responsibility for the cost of decommissioning needs to be explored.

Who will be responsible for electrification of complex buildings and how will this be managed between multiple unit owners? The transition of each building is likely to take years: from first discussions, scoping of the technical issues, consideration of technological solutions, exploration and resolution of responsibility for costs, contracting trades, to completing retrofitting work. This process needs to be started as soon as possible for every complex building in the ACT. Resident groups, Bodies Corporate and property managers will require education and support as well as tailored technological solutions.

The ACT Government could support this transition by working with experts to develop a set of templates of technological solutions and governance models. This would avoid each building’s owners and occupants needing to start from scratch, streamlining their transition. The Government could require the owners of all complex buildings to submit a report by 2025 on the current status of gas infrastructure and the governance/ownership model of the building that

could inform the templates, then step towards all complex buildings being required to submit a transition plan by 2030.

Renters and landlords face the apparent “split incentive” problem of landlords being responsible for the costs of electrification but the energy consumption savings accruing to tenants, although we suggest that electrification (with energy-efficient heat pumps, induction and rooftop solar power) will improve property value compared to gas as awareness of the need to transition increases in coming years.

The Conservation Council recommends applying a regulatory approach to electrification of rental properties, like the recent ceiling insulation minimum energy efficiency standard to drive change. Hot water should be the priority appliance for landlords to switch, followed by heating then cooking, if installations need to be scheduled over an extended period. Tenants wishing to get off gas as soon as possible can improvise with portable electric heating and cooking appliances whilst waiting for proper installations, but there is no temporary portable workaround for hot water.

A similar regulatory approach could be applied to all homes: that properties must be electrified before being sold, or must declare any gas appliances and the need to transition, like the requirement to display the energy efficiency rating. Real estate agents could be instrumental in driving electrification: many homeowners conduct renovations to “freshen up” their homes before selling, often based on advice from a real estate agent hoping to maximise profit and commission from the sale. These agents could be required to provide advice about electrification to homeowners considering selling or through their regular marketing activities. “All-electric” will increasingly be seen as beneficial in a sales pitch in coming years.

Appliance retailers could also be agents of change, if they were required to advise customers considering new gas appliances about the transition. Or, like California⁷, the Government could explore a ban on the advertising and/or sale of gas appliances from 2025 onwards. Appliance retailers such as Harvey Norman and The Good Guys are, for instance, including more induction cooktops in catalogue advertising, but still heavily promote gas with no warnings about their climate impact or imminent phase-out. A ban on sales of gas appliances could help avoid uptake of liquid petroleum gas appliances.

Many people believe or have experienced that gas is valuable as a second energy source in the event of electricity power outages. The electricity network must be upgraded for greater resilience and reliability as homes transition off the gas network, and in the face of increasing extreme weather as the climate changes. However, upgrades to the network should model realistic loads as an alternative to the maximum possible peak loads, so that performance is balanced with upgrade costs, ie avoiding “gold plating” and the disincentive of unnecessary costs.

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Summary and Recommendations

The Conservation Council ACT Region supports the introduction in November 2023 of a regulation to prevent new connections to the gas network, and makes the following recommendations:

Key issues 1 & 2

- All land and premises within the ACT, whether residential, commercial or industrial, should be subject to the regulation with immediate effect, regardless of how they are identified.

Key issue 3

- Greenfield and infill developments should be covered by the regulation.
- Knock-down rebuilds and subdivisions should be prevented from installing new gas appliances and (re)connecting to the gas network, even where a previous building was connected. The knock-down process should include compulsory removal of gas infrastructure back to the main pipeline.
- Any renovation requiring a building or development approval that includes alterations to a room or space containing a gas appliance should require the gas appliance to be replaced with an electric alternative. Where a proposed renovation does not include alterations to a room or space containing a gas appliance, the applicants should be encouraged to consider electrification.

Key issue 4

- The regulation should not include blanket categories of exemptions or deferrals or phased start dates.
- The regulation could include a stringently assessed provision for individual project developers, at their own expense, to apply for an exemption and show cause why a proposed new development requires gas and how it will be facilitated as a stand-alone energy source (i.e. not a network connection).

Key issue 5

- The gas network operator and/or gas retailers should be required to provide information to customers about the phase out of the gas network and the need to transition.
- The gas network operator and/or gas retailers should be required to report gas connection and disconnection data to the ACT Government, made publicly available.

Key issue 6

- Factors such as supply chains and workforce should be dealt with as separate issues and should not have bearing on the implementation of this regulation nor be used to justify phased start dates.

Key issue 7

- The regulation should apply to all developments currently in the application process and those already approved, not just offer the “option” to change plans, at the applicant’s expense.
- Workforce skills and industry capabilities should be supported to transition.

- The human right to a healthy environment should outweigh an individual's preference for or "right to choose" an energy source that willfully causes harm to the environment and society.

Future work

- The ACT Government should continue to collaborate with community representatives to ensure an equitable transition, with support for low-income households and renters as two groups with least capacity to act.
- The Conservation Council recommends a more rapid, proactive transition off gas, commensurate with the IPCC's warning, including modelling of different approaches to transitioning households and businesses off the network.
- The Government could commission lifecycle analysis research about the impacts of replacing functional fossil fuel appliances (and vehicles) with new electric versions before end-of-life, in the context of the total global carbon budget (scope 3 emissions).
- As part of its circular economy strategy, the Government should invest in industry partnerships to develop local solutions to divert old gas appliances (and fossil fuel vehicles) from landfill, and advocate at the national level for industry-wide solutions such as recycled content targets and product stewardship schemes.
- The ACT Government should explore, perhaps through a topic-specific consultation process, the question of responsibility for the cost of decommissioning gas pipes and meters from individual properties, applying a social equity lens.
- For electrification of complex buildings, the ACT Government could require status reports and transitions plans from building owners, and work with experts to develop a set of templates of technological solutions and governance models for building owners to adopt.
- For electrification of rental properties, the Conservation Council recommends applying a regulatory approach like the recent ceiling insulation minimum energy efficiency standard. Hot water should be the priority appliance for landlords to switch.
- A similar regulatory approach could be applied to all homes: that properties must be electrified before being sold, or must declare any gas appliances and the need to transition, like the requirement to display the energy efficiency rating.
- Real estate agents and appliance retailers could be instrumental in driving electrification by providing advice about electrification to homeowners considering selling or customers looking for gas appliances respectively.
- The ACT Government should consider a ban on the advertising and/or sale of gas appliances.
- The electricity network must be upgraded, using modelling of realistic loads, for greater resilience and reliability as homes transition off the gas network and no longer have a second energy source for heating, hot water and cooking in the event of electricity outages.

The Conservation Council ACT Region continues to conduct community engagement activities to accelerate the gas transition, particularly through our [Make the Switch](#) project, providing comprehensive, independent information and tools to help Canberra households to electrify.

