

Dear Minister,

We write to congratulate you on your recent decision to require that all new Victorian homes requiring a planning permit are all-electric from 1 January, 2024, and to encourage ongoing action to electrify Victoria's existing homes.

We welcome the recent decision on all-electric homes because:

**Ending new gas connections and retrofitting homes will cut household energy costs.** Efficient all-electric appliances can reduce energy costs by up to 75% and avoid daily gas connection charges. All-electric homes have experienced lower overall bill increases owing to tariff increases since 2022 than dual fuel homes<sup>1</sup>. The cost of building an efficient, all-electric home is similar to or cheaper than a dual fuel home, meaning that households will be better off from day one.

**Ending new gas connections and retrofitting homes will reduce emissions.** The growth of renewables means that efficient all-electric homes are already generating lower emissions than dual fuel homes. Victoria's target of 95% renewables by 2035 will significantly reduce the emissions intensity of electricity, while gas emissions remain stable. Replacing fossil gas with renewables is critical to achieving Victoria's climate targets.<sup>2</sup>

**Ending new gas connections and retrofitting homes will improve health.** Extensive, peer-reviewed evidence shows that gas stoves are a significant source of indoor air pollution and that around 12% of childhood asthma in Australia can be attributed to the use of gas stoves for cooking.<sup>3</sup>

**Ending new gas connections and retrofitting homes is good for social equity.** A major risk of the energy transition is that households unable to replace gas and access renewables will be locked into higher prices in a declining gas network, deepening inequality. Avoiding new connections avoids adding to this systemic problem and ensures that all residents in new housing, including renters and social housing residents, will benefit.

**Ending new gas connections and retrofitting homes is an important strategy to ensure energy security.** Victoria is vulnerable to the decline of existing gas reserves and a shortfall of supply to meet peak winter gas demand. The residential sector represents a critical opportunity to reduce gas demand and to ensure that Victoria avoids new gas extraction or high costs influenced by international market prices.<sup>4</sup>

We furthermore acknowledge the other important measures taken by your government to support household energy efficiency and electrification, including the phasing out of incentives under the Victorian Energy Upgrades (VEU) program for gas appliances; financial support through VEU and Solar Victoria for rooftop solar, efficient electric appliances, and battery storage; training and workforce development programs to upskill electricians and plumbers to take advantage of the opportunity of household electrification; and the introduction of improved energy efficiency standards for new buildings under the 2022 National Construction Code.

**The Victorian government now has an opportunity to build on this important announcement with measures that will ensure all Victorians are included in the transition from gas to renewables.**

Critical barriers remain that threaten to prevent households from replacing gas appliances and make the energy transition less fair. Households on low incomes face high barriers in meeting the upfront costs of electrification.<sup>5</sup> Renters are dependent on decisions of landlords and in practice are less likely to enjoy the benefits of household energy upgrades.<sup>6</sup> Location and building type can reduce access to renewables and make electrification less cost-effective.

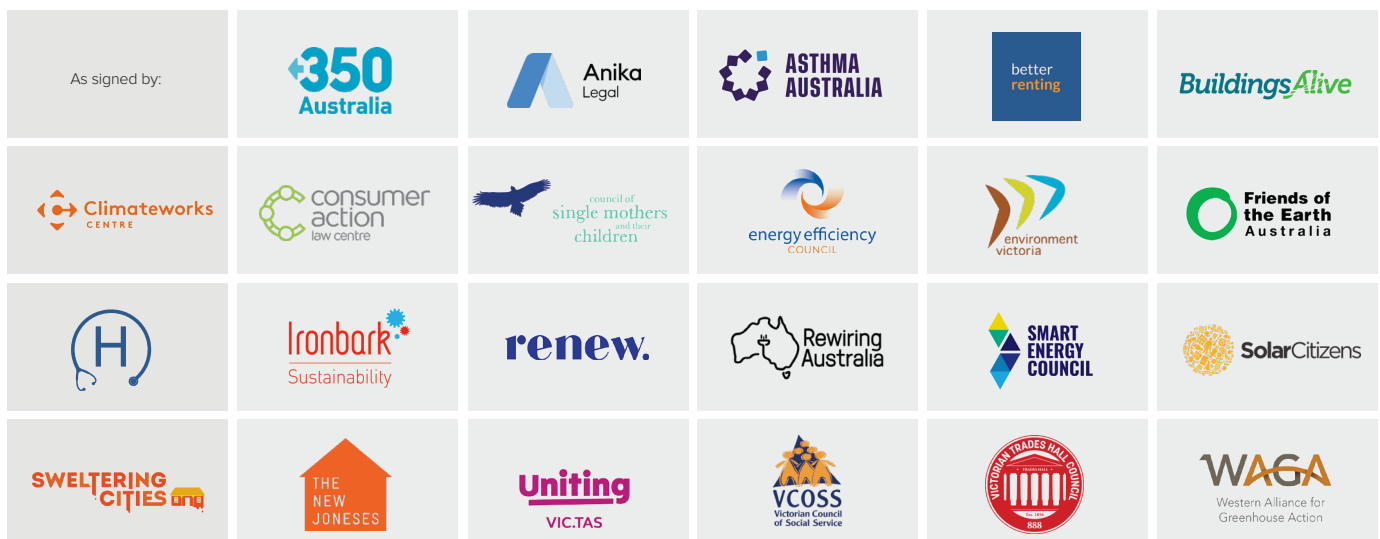
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Continued strategic leadership and support for households is required to ensure that the cost of the transition is not borne by those least able to afford it.

**We believe that the Victorian government can build on this decision by:**

- Updating the Gas Substitution Roadmap to include targets for the electrification of existing homes and buildings;
- Developing a strategy for a fair retirement of residential gas networks that ensures costs are not borne by households facing the highest barriers to electrification, disproportionately renters and households on low incomes;
- Expanding financial and other support to households on low incomes for the replacement of gas appliances and wood heaters with efficient and flexible, all-electric alternatives, with a primary focus on the replacement of appliances at end of life;
- Enacting the Victorian government's existing commitment to expand minimum rental standards to include insulation, energy efficient hot water, and draught sealing;
- Expanding proposed minimum rental standards to require that replacement appliances in rental homes are efficient and all-electric;
- Ensuring that energy efficiency and flexibility are embedded in the energy transition alongside residential electrification through the continued expansion of energy ratings disclosure, inclusion of insulation in VEU, and engagement with the National Energy Performance Strategy;
- Supporting household engagement through community programs, accessible information and consumer protections; and
- Supporting access to rooftop solar and thermal efficiency retrofits for renters and low-income households.

We again congratulate you on the important decision to ensure that new homes in Victoria are all-electric. We look forward to engaging with you in the continued development of Victoria's Gas Substitution Roadmap and broader residential energy policy.



350.org, Anika Legal, Asthma Australia, Better Renting, Buildings Alive, Brotherhood of St Lawrence, Climatedworks Centre, Consumer Action Legal Centre, Council of Single Mothers and their Children, Energy Efficiency Council, Environment Victoria, Friends of the Earth, Healthy Futures, Ironbark Sustainability, Renew, Rewiring Australia, Smart Energy Council, Solar Citizens, Sweltering Cities, The New Joneses, Uniting Vic.Tas, VCOSS, Victorian Trades Hall Council, Western Alliance for Greenhouse Action

<sup>1</sup> Renew 2022. "Limiting energy bills by getting off gas: all-electric homes after the 2022 energy crisis." <https://renew.org.au/research/limiting-energy-bills-by-getting-off-gas/>

<sup>2</sup> Environment Victoria 2023. "Gas sector missions and Victoria's new 2035 climate targets." <https://environmentvictoria.org.au/2023/03/07/gas-sector-emissions-and-victorias-new-2035-climate-targets/>

<sup>3</sup> Knibbs, L. et al. 2018 "Damp housing, gas stoves, and the burden of childhood asthma in Australia." Medical Journal of Australia 7:299-302.

<sup>4</sup> Northmore Gordon / Environment Victoria, 2020. Victorian Gas Market - Demand side measures to replace forecast supply shortfall. <https://environmentvictoria.org.au/wp-content/uploads/2020/06/Vic-Gas-Market-Demand-Side-Study-Final-Report-1.pdf>

<sup>5</sup> Brotherhood of St Lawrence, 2023. Enabling Electrification: addressing the barriers to moving off gas faced by lower-income residents. <https://www.bsl.org.au/research/publications/enabling-electrification/>

<sup>6</sup> Best, R. and Burke, P.J. 2022. "Effects of renting on household energy expenditure: Evidence from Australia", CCEP Working Paper 2202, May 2022. Crawford School of Public Policy, The Australian National University.