

6 August 2021

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Ms Anthea Harris
Deputy Secretary Energy Group
Department of Environment, Land, Water and Planning
EAST MELBOURNE, Victoria 3002

Attention: Gas Substitution Roadmap Team

Dear Ms Harris,

Re: Gas Substitution Roadmap consultation paper submission

The Victorian Planning Authority (VPA), welcomes the opportunity to make a submission to the Gas Substitution Roadmap consultation paper ("GSR paper").

Context

The VPA is a State Government statutory authority reporting to the Minister for Planning. Our primary role is to undertake and support strategic land use planning and infrastructure coordination within designated urban growth areas across Melbourne and Victoria's regions to accommodate our growing population.

Our precinct planning seeks to enable development of high quality and affordable residential, mixed use and employment communities and give effect to the Government's environmental, economic and social policies. In undertaking this work, we work closely with local councils and communities, government agencies, landowners and the development industry.

Our comments on the GSR paper are confined to our role in precinct structure planning that maps policy into place via zoning changes.

The VPA supports the intent of the GSR paper to explore sustainable alternatives and pathways for the gas sector to transition to net zero emissions.

Our key recommendation is that the GSR consider options to utilise the planning system – and precinct planning in particular – as an enabler to de-risk and foster gas substitution innovation and new solutions.

The VPA's precinct plans respond to state policy as regards to gas connection, contingent on whether and how that direction is given effect in the relevant policy and regulatory instruments of the planning system. Our understanding is that the GSR intends that future planning or building reform measures should give effect to new requirements for gas provision.

The extent to which the VPA can give effect to amended gas provision requirements will be limited until the required planning and building reforms are in place. It will therefore be important for the GSR to provide detail on the steps and timing of possible planning and/or building reforms so that the VPA and all planning system stakeholders understand how the Government intends the planning system to support attainment of the zero net emission target.

Currently within the Victorian Planning Provisions, the gas supply agency is a 'determining referral authority' for subdivision developments, which means that any conditions on development specified by the gas supply authority must be included in any permit granted. That is, a council must incorporate the requirements of a gas supply authority.

The means that if the gas supply authority directs the relevant authority to specify that reticulated gas should be made available to a new subdivision, this must occur. It effectively gives the gas utility the ability to "lock in" future gas connections. This may not be consistent with the intent of the GSR and limits the VPA's ability to support gas substitution through our precinct plans.

Precinct Planning Opportunities

In our current precinct planning work, we find that many stakeholders – Councils and developers – are willing to explore alternative energy provision models in their precincts or estates. There is a real and present opportunity to use the planning system – and precinct planning in particular – to support 100 percent electrification and gas free precincts.

To make the most of the goodwill in the development sector a range of measures will be required – information, education, pilot projects, investment. There is a key role for the planning system to de-risk and encourage alternatives to gas.

The planning system should ensure there are not unwarranted barriers to gas substitution transition by making it as easy as possible for proponents to secure approval for emerging generation and distribution approaches and technologies and fossil fuel free development, at a lot, precinct, and regional scale.

The planning system should be deployed to enable and support this transition and should avoid reliance on new regulatory requirements that could potentially quell innovation and equity, and lead to unintended consequences.

For example, while it would be possible to use the planning system to regulate to prevent development accessing reticulated gas, to do so without at the same time de-risking the approvals and construction processes for alternative sources of energy supply could reduce consumer choice and distort market signals.

As an example, if gas is “regulated out” for a new residential area in a precinct without consideration of adjoining new commercial areas in the same precinct that may require gas, installation costs to the commercial area would be higher, and could potentially discourage and displace commercial development.

Another example would be a situation where a gas main already runs past or through an urban renewal precinct and it may be difficult to justify denying consumers the ability to connect to that main.

Conversely however the planning system – and any precinct plan – could encourage alternative technologies and enable them to be built “as of right”.

For example, the planning system could codify or exempt from approval infrastructure such as distributed energy systems, neighbourhood scale solar generation, localised battery storage facilities and geothermal systems (*see attachment*). This would translate into allocating any land required for this emerging technology in structure plans and the VPA is a logical entity to support this aspect.

Of course, this is not to suggest that the planning system is any more than a contributor to the success of these alternatives. The transition to net zero emissions will benefit from government promotion, incentives and direct investment. A shift in technology use for the provision of energy will require support from all levels of government with exemplar demonstration projects.

Next Steps

The VPA looks forward to the outcomes of the GSR and we would welcome ongoing dialogue with DELWP Energy and DELWP Planning on implementation through our precinct planning work.

Yours sincerely



STUART MOSELEY
CHIEF EXECUTIVE OFFICER

ATTACHMENT

St Hilaire®

Innovation in greenfield housing development to push the green further

WALLAN, 15 Jan 2021 – Local development company Crystal Group embarked on crucial first steps towards introducing geothermal heating and cooling to Mitchell Shire. At their property in Wallan, Victoria they conducted the first geothermal testing to ensure the ground is suitable for the technology. This follows on from boreholes that were sunk on 2 Jan 2021 at the nearby Wellington Square shopping centre.

Geothermal energy is a reliable and effective solution to combat rising energy costs for heating and cooling that has traditionally relied on electricity, gas or wood heaters. There are significant savings from using reusable energy from the earth and its available 24/7 unlike other renewable technologies. High density plastic pipe is inserted into boreholes that are drilled into the ground. This pipe then creates a network within the streets via closed loop of condensing water. The water is kept at suitable temperatures to match the seasonal heating and cooling requirements. It is utilised by heat pumps in each home in a similar manner to conventional reverse cycle air conditioners that uses the outside air. Ground source heat pumps (GSHPs) use the water temperature from underground pipes instead of air from outside, helping to vastly reduce energy requirements on very hot and cold days and nights. Geothermal systems typically deliver 40% to 60% savings for the end user for cooling and heating respectively.

"We have the scale, opportunity and appetite to bring an embedded geothermal network to the market. Our masterplanned community St Hilaire will deliver around 6500 homes. This is the largest landholding in the Wallan South PSP which is being fast tracked by the Victorian State Government through the Victorian Planning Authority (VPA)."

"Once the PSP has been gazetted we plan to move into the construction phase. With VPA approval anticipated by the end of June, we expect to be breaking ground by the end of 2021.

There are a number of steps to ensure that the geothermal network is successful and the successful completion of the initial borehole testing is the first."

1. The use of geothermal energy is not a new technology – for example heat pumps are used to warm swimming pools and provide hot water for household consumption
2. The use of geothermal as a replacement for gas is also consistent with local, state and federal government policies and targets all of which identify targets for switching fuel sources away from non-renewables such as gas and electricity towards more sustainable energy sources.
3. Geothermal can improve sustainability through emissions reductions and user cost savings. It is leveraging the natural capital of the land for both the end user and the planets benefit.

Of critical importance to achieving these targets is being able to work quickly and effectively with various levels of government to sort through the current legislative and policy roadblocks that restrict rather than promote the use of heat pumps in new housing, and to enable residents in Victoria to adopt greener ways of living already available in other states.

More information from Crystal Group at our website: www.crystalgroup.com.au

<https://www.infrastructurevictoria.com.au/wp-content/uploads/2020/12/Victorias-Draft-30-Year-Infrastructure-Strategy-Volume-1-1.pdf>

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