

Hi,

I'm writing to respond to the Consultation Paper on Victoria's Gas Substitution Roadmap.

I write as someone who wants to see an urgent transition and decarbonisation. I'm also aware of the social justice imperatives in such a transition - but also the opportunities.

The Consultation Paper is a good overview of the key issues. In responding, I'd like to make a few key points:

- Health issues need more consideration,
- Lean heavily into no-regrets options,
- Carbon-neutral gas should be saved for high-value non-residential applications, &
- Planning makes for a just transition.

Health issues need more consideration.

The paper does not consider the health issues related to present-day usage of fossil gas in homes. These issues would persist with biomethane and potentially also with hydrogen. By failing to consider health issues, the paper risks painting a too-rosy picture of the prospects for biomethane in particular and neglecting a major benefit of electrification. I note that health is mentioned in passing under "social impacts" as part of the evaluation criteria. I suggest that "health impacts" could be made an independent criterion and more effort put into investigating the health implications of different decarbonisation pathways.

Lean heavily into no-regrets options.

As the paper notes, we are dealing with uncertainty about the future - "objective ignorance", if you will. In this environment, it makes sense to tread carefully, but also to go full steam ahead on no-regrets measures that will be worthwhile in any scenario.

The best example of such measures is energy efficiency. In particular, improving the thermal efficiency of buildings will be a huge positive. This is the case regardless of what decisions are made regarding fuel switching vs fuel substitution. As such, significant investments should be made towards improving the energy efficiency of housing stock, for both existing and new buildings. However, energy efficiency schemes should steer away from incentivising investment in efficient gas appliances, as this creates stranded asset risk.

Another example of a 'no-regrets' option is for new buildings to be all-electric. Even in a scenario where other households end up using carbon-neutral biomethane, all-electric households still benefit from lower utility costs (no gas connection fees) and a healthier indoor environment. As such, measures to encourage new dwellings to be all-electric are a no-brainer.

Carbon-neutral gas should be saved for high-value non-residential applications.

A strength of the paper is that it takes a 'whole of economy' perspective, considering the needs of residential households alongside applications for gas in industrial processes and for electricity generation. With this lens, it is especially clear that fuels such as green hydrogen or biomethane should be saved for applications that cannot be readily electrified, such as high-heat industrial processes. It would be madness to use finite reserves of carbon-neutral fossil gas alternatives (FGAs) to heat water for our homes when that need can be

met much more efficiently with electricity. Basically, we need to electrify that which can be electrified (household energy demand) so that FGAs are available for those applications, such as industrial heating, where electrification is less viable.

Planning makes for a just transition.

The paper does not seem to address the risk that as households leave the gas network, for either environmental or economic reasons, the fixed costs of the network will be spread over a smaller number of households. This will push up costs, giving even more households an incentive to get off the gas network. This is a potential 'death spiral' for gas networks that could leave vulnerable households - such as rental households - paying high amounts on a gas network that they cannot leave. Such a scenario is plausible even without government policy direction, given the sheer economic benefits of electrification.

This is an argument to plan ahead for a managed, fair transition. Minimum energy efficiency standards for rental properties are part of this process. Other options to consider are requirements to replace gas appliances with electric appliances as and when they fail. Such a policy would avoid asset stranding and, if started promptly, help enable a smooth transition such that rental households could become all-electric alongside owner-occupier households. Given the long asset lives of some gas appliances and the need for urgent decarbonisation, such policies should be considered and implemented post-haste.

Thank you for the consultation paper and the opportunity to contribute to this conversation. This is an area where decarbonisation can clearly offer immense benefits, helping to lower household bills and improve public health. I hope that the policy choices made by the Victorian Government will realise such potential.