

Moreland Civic Centre

90 Bell Street
Coburg Victoria 3058
T: (03) 9240 1111

Postal Address

Locked Bag 10
Moreland Victoria 3058

www.moreland.vic.gov.au



Department of Environment, Land, Water and Planning
PO Box 500
East Melbourne
VIC 8002

Dear Sir / Madam

RE: VICTORIA'S GAS SUBSTITUTION ROADMAP

Moreland City Council welcomes the opportunity to provide a submission to Victorian Gas Substitution Roadmap.

This feedback has been prepared by council officers on behalf of Moreland City Council ('Moreland') and is based on endorsed Council policy.

Moreland encourages the Victorian Government to be bold and ambitious in its gas substitution plans, whilst supporting an equitable and just transition for all. Accelerating this transition will enable the Victorian State Government to meet its own legislated whole-of-economy, net zero emissions target by 2050 (Climate Change Act 2017) renewable energy targets (Renewable Energy (Jobs and Investment) Act 2017), be responsive to climate change and avoid lock-in gas consumption (or stranded assets) such as through the removal of requirements to connect to gas infrastructure in new development and introduce requirements for zero emissions infrastructure. The phasing out of gas is an opportunity for Victoria to position itself as leaders attracting businesses, jobs, investment, and innovation to Victoria. The next decade will be critical in meeting net zero by 2050.

Moreland is already acting to phase out gas from both council operations and our community. We have strategies and programs in place that would be assisted by the Victorian Government implementing the Gas Substitution Roadmap. Council is also willing to participate in any trials or pilots that assist the transition and to share our story through case studies, tours and other communications.

Moreland supports the recommendations in the Greenhouse Alliances submission to the Roadmap. In this submission we provide specific feedback on Moreland's support of a transition off gas with the below recommendations for the Victorian Government to implement

1. Provide funding to local councils to remove gas from sites with high consumption, such as aquatic centres.
2. Invest in energy efficiency in existing buildings and homes. It is a "no regrets" measure that reduces demand for heating, reduces bills and improves comfort.

3. Provide industry training for plumbers and electricians in the installation of technologies such as heat pumps, draught proofing and insulation to reduce gas demand and improve thermal comfort.
4. Encourage distributors to make the process of upgrading sub-stations more transparent and less costly for first-movers who transition sites from gas to all-electric.
5. Provide modelling on future gas prices to assist Councils in making informed decisions on capital investments.
6. Work with distributors, the Australian Energy Regulator (AER) and the Australian Energy Market Operator (AEMO) to address network constraints and plan for a renewable future. This will enable the export of solar linked with the increased demand due to electrification. This will be one of the key barriers to Victoria achieving its legislated targets under the Renewable Energy (Jobs and Investment) Act 2017 (REJI Act),
7. With the roll out of the Victorian Solar Homes Program and increased uptake of solar more broadly, export limitations are becoming a disincentive for residents and businesses to install solar. We encourage the Victorian Government to work with Distributed Network Service Providers (DNSPs) and AEMO/AER to address this matter.
8. Support and approve the Elevating ESD Targets Planning Policy Amendment Project that includes sought after changes to ensure further uptake of electrification, renewable energy and gas-free development practices.
9. Ensure that fuel switching and gas-free development requirements and standards are adopted within revised ESD changes to the Victorian Government's Planning framework (Action 80 of Plan Melbourne 2050) cognisant of the enabling scope that is provided within the Victorian Government's Environmentally Sustainable Development (ESD) Roadmap, as well as, commitments detailed within the Victorian Government's Climate Change Strategy, Pledges and Adaptation Action Plans exercised pursuant to the *Climate Change Act 2017 (Vic)*.
10. Continue existing liaison between Local Government, DELWP and other respective State Government authorities, including working groups, to ensure a collaborative undertaking, knowledge sharing and project findings, and support with ancillary projects to achieve mutual outcomes.
11. Develop information resources and funded education campaigns ensuring it reaches people from all cultural and socio-economic backgrounds.
12. Provide education training for builders, architects, building designers and other building professionals who consumers refer to for advice.
13. Develop an online calculator demonstrating savings from switching showing savings over the medium to long term.
14. Provide "myth busting" educational materials and good case studies of alternatives – e.g. induction cooktops are just as good (now) as gas cooktops.
15. Utilise the findings and success of programs such as the Victorian Energy Smart, Healthy Homes and Energy Savvy Programs and support the expansion of well-designed programs to provide financial and concierge support for low income and households at risk of energy stress.
16. Utilise the findings of the Healthy Homes program to set standards to improve the thermal efficiency of new public and social housing to improve the health and wellbeing of residents as well as reduce their energy bill stress.

Alignment with current Moreland Council policies

Moreland's Zero Carbon Moreland 2040 Framework sets out Council's vision for a zero carbon Moreland by 2040. Part of this vision is for homes and businesses to be powered only by renewable electricity, following a supported phase-out of gas. Given that the impacts of climate change are escalating, Council has resolved to review the Moreland Zero Carbon – 2040 Framework with a view to developing interim and more ambitious targets with a view to achieving net zero emissions by 2030.

Council's Zero Carbon Moreland Climate Emergency Action Plan 2020 -2025 has more specific actions to phase out gas from Council and community including:

- Raising the standards of the Moreland Local Planning Policy Environmentally Sustainable Design (ESD) within the Moreland Planning Scheme. Electrification, renewable energy and transitioning development practices towards zero gas development is a key part of this project.
- Partnering with others to advocate for and provide targeted support for low income and vulnerable households to avoid 'energy poverty' and be more comfortable in their homes during extreme weather.
- Ensuring Council builds highly energy efficient facilities, including onsite renewables and 'no new fossil gas'.
 - This includes an investigation into the planned transition off gas by Council's aquatic centres that is currently underway.

In May 2021, Moreland became the first council in Australia to endorse the Fossil Fuel Non-Proliferation Treaty, reinforcing our commitment to phase out fossil fuels. The Fossil Fuel Non-Proliferation Treaty aims to stop the expansion and production of oil, gas and coal fossil fuels in line with the Paris Agreement.

Zero Carbon Council emissions

Since becoming Certified Carbon Neutral in December 2012, Moreland has continued to significantly reduce Council's carbon emissions. For the reporting period between 2019 and 2020 we aimed for 30% less emissions than the baseline year of 2011. Exceeding expectations we have achieved a 69% reduction. As part of the Melbourne Renewable Energy Project, Moreland purchases all its electricity for Council operations from the Crowlands Wind Farm in north-west Victoria ensuring that the electricity is from a renewable resource.

Gas consumption currently contributes to around 30% of our remaining carbon footprint. Moreland is committed to ensuring all our buildings are electric-only and is taking advantage of scheduled work to transition all our sites off gas. We consider that electric heat pumps are capable of meeting the necessary heat demand at the vast majority of our Council facilities. We have installed electric heat pumps at six sports pavilions, two community centres and our main administrative offices. Construction is almost complete on the Glenroy Community Hub; an all-electric site which will house a library, community centre and maternal and child health centre. As well as having no gas, this may be the first community centre in Australia to be certified to the Passive House standard.

Our current focus is our four heated aquatic centres, which account for 89% of our gas consumption. Several aquatic centres currently in development around Melbourne will be heated primarily or entirely by heat pumps. These include St Albans Leisure Centre, Carnegie Swim Centre and Northcote Aquatic Centre. As part of Moreland's planned refurbishment of Fawkner Aquatic Centre, the feasibility and

costs involved in removing gas from the development is being examined. A similar study on the Brunswick Baths; Council's flagship aquatic centre is also being undertaken.

The key barriers to heat pumps for aquatic centres are the extra plant room required, heritage restrictions, and the need to upgrade electrical infrastructure to deal with higher electricity demand. The last varies and is hard to estimate, but distributors can charge up to \$350,000 to upgrade local sub-stations. As first movers of switching from gas to all-electric Council pays for the upfront costs for distribution upgrades. Modelling suggests that all-electric aquatic centres are cheaper to run than gas-powered centres, however slightly. As a result, the payback period is greater than 15 years. The upfront investment to ensure that an aquatic centre is all-electric is estimated at \$1 to \$4 million.

Moreland is committed to moving all its sites off gas, noting with budget constraints this may take some time to achieve.

Recommendations

1. Provide funding to local councils to remove gas from sites with high consumption such as aquatic centres.
2. Invest in energy efficiency in existing buildings and homes. It is a “no regrets” measure that reduces demand for heating, reduces bills and improves comfort.
3. Provide industry training for plumbers and electricians in the installation of technologies such as heat pumps, draught proofing and insulation to reduce gas demand and improve thermal comfort.
4. Encourage distributors to make the process of upgrading sub-stations more transparent and less costly for first-movers who transition sites from gas to all-electric.
5. Provide modelling on future gas prices to assist Councils in making informed decisions on capital investments.
6. Work with distributors, the Australian Energy Regulator (AER) and the Australian Energy Market Operator (AEMO) to address network constraints and plan for a renewable future. This will enable the export of solar linked with the increased demand due to electrification. This will be one of the key barriers to Victoria achieving its legislated targets under the Renewable Energy (Jobs and Investment) Act 2017 (REJI Act),
7. With the roll out of the Victorian Solar Homes Program and increased uptake of solar more broadly, export limitations are becoming a disincentive for residents and businesses to install solar. We encourage the Victorian Government to work with Distributed Network Service Providers (DNSPs) and AEMO/AER to address this matter.

Zero Carbon Community emissions

Growth in all-electric developments

Victoria's push to transition away from gas aligns with Moreland's successful history of engaging with developers to encourage provision of all-electric buildings. Moreland has developed a strong body of evidence showing that gas-free development is technologically feasible, commercially viable and acceptable to the people who live in them.

Developers have built multiple gas-free housing developments in Moreland, including private townhouses and apartments. An early gas-free building, 7 Florence St, Brunswick, was approved in 2014. Council approved ten major all-electric developments in 2020/21. Two large gas-free

developments currently in construction are the Nightingale Precinct (200+ units) and 204 Albion St, Brunswick (62 units). Eleven gas-free developments are going through the planning process, totalling over 900+ units.

Moreland is seeing a growing trend of all-electric builds with no gas connections across a range of development scenarios and typologies.

Achieving Zero Carbon within the Planning Scheme

In 2018, Moreland resolved to pursue initiatives to develop and incorporate zero carbon standards within the Moreland Planning Scheme. Achieving Zero Carbon within the Planning Scheme aims to support Moreland City Council's Zero Carbon 2040 Framework and Action Plan, and to deliver Council's statutory climate change pledge made under the Climate Change Act 2017 (Vic). Twenty-nine councils and the Council Alliance for a Sustainable Built Environment (CASBE), have now joined the initiative to develop resilient, zero-carbon buildings and urban places via the Elevating Environmentally Sustainable Development (ESD) Targets Planning Policy Amendment Project.

Through the actions of local government and CASBE, the Elevating ESD Targets Planning Policy Amendment Project includes a revised set of standards that mandates renewable energy uptake, as well as, strongly encourages electrification and gas-free development practices. Additionally, through the Project's collaborative forum of partnered Councils, the legal remit has been investigated to impose renewable energy purchasing and gas-free development requirements, exercised via the existing planning framework.

Distinct from the local government led initiatives the Victorian Government's Gas Substitution Roadmap complements the Victorian Government's Environmentally Sustainable Development (ESD) Roadmap released in January 2021. Through Moreland's engagement with DELWP, and as articulated in the Gas Substitution Roadmap, it is understood that zero gas (fuel switching) will not be covered under the ESD Roadmap to avoid content double-up in two distinct areas of reform and policy. However, limiting content, knowledge sharing and discussion to the Gas Substitution Roadmap forum alone, should not obviate that gas-free development and fuel switching can be entertained within the State and Local Government planning frameworks. Such provision is distinctly covered in the ESD Roadmap as an area of planning scheme reform, as well as, serves the position supported by local governments a part of the Elevating ESD Targets Planning Policy Amendment Project to ensure that zero gas development; including homes, can be facilitated via improvements to the planning framework and provisions.

Moreland is currently involved in several collaborative engagement processes, working groups and information sharing forums with DELWP Planning and Energy that address the deliverables outlined in the ESD Roadmap and future gas substitution (electrification) policy with respect to new development. We strongly encourage that such collaborative engagement continues as we share a common ambition for a revised set of planning scheme changes anticipated by 2021.

We understand that the Victorian Government is also considering blue hydrogen as a substitute for gas. We understand that whilst this may be a way to use existing assets, blue hydrogen is typically manufactured from gas. It relies heavily on untested carbon capture technology and is likely to involve carbon emissions due to leakage of methane. Technology and energy efficiency practices exist to transition all buildings to electric, and we would recommend this approach. We believe green hydrogen and biogas should be targeted at industries that cannot transition off gas at this time, such as manufacturing and heavy fleet transport.

Recommendations:

8. Support and approve the Elevating ESD Targets Planning Policy Amendment Project that includes sought after changes to ensure further uptake of electrification, renewable energy and gas-free development practices.

9. Ensure that fuel switching and gas-free development requirements and standards are adopted within revised ESD changes to the Victorian Government's Planning framework (Action 80 of Plan Melbourne 2050) cognisant of the enabling scope that is provided within the Victorian Government's Environmentally Sustainable Development (ESD) Roadmap, as well as, commitments detailed within the Victorian Government's Climate Change Strategy, Pledges and Adaptation Action Plans exercised pursuant to the *Climate Change Act 2017 (Vic)*.

10. Continue existing liaison between Local Government, DELWP and other respective State Government authorities, including working groups, to ensure a collaborative undertaking, knowledge sharing and project findings, and support with ancillary projects to achieve mutual outcomes.

Providing education and information resources to Moreland residents

To support our community to transition towards zero carbon, Moreland has undertaken market research to explore people's knowledge about residential gas usage and the environmental, economic and health benefits of replacing gas with electric appliances. The research also explored how to communicate switching from gas to electric appliances.

Key insights:

- Electrification is not top-of-mind for most participants when thinking about building or renovating.
- As most people use gas and electricity in their home, but for vastly different usages, they often struggle to draw a direct comparison between the cost of the two energy sources. Many do, however, assume that gas is the cheaper option.
- Most participants like the concept of an all-electric, energy-efficient and renewable home but are immediately concerned about the initial cost.
- The upfront costs of installing energy efficient features in a new or renovated home is the main barrier. Another barrier is the difficulty of upgrading older buildings.
- While participants can clearly see the environmental benefits of switching over households that have roof top solar, they are not convinced that the argument holds up for other households, as long as the majority of mains electricity is still being generated from coal.
- Support for government rebates or subsidies is an effective way of reducing the financial burden and incentivising more people to upgrade the energy efficiency of their home. Rolling out subsidies to low income households and people living in older buildings with outdated appliances, should be a priority.
- Low awareness of trusted sources on information about making upgrades to their home and energy efficiency.
- It's important that information reaches people from all cultural and socio-economic backgrounds.

Insights from the research are being used for a communications education campaign to Moreland residents on the benefits and practical steps to transition to an all-electric home. As a trusted source, we would welcome working with the Victorian Government on a state communication strategy.

Recommendations:

- 11. Develop information resources and funded education campaigns ensuring it reaches people from all cultural and socio-economic backgrounds.
- 12. Provide education training for builders, architects, building designers and other building professionals who consumers refer to for advice.
- 13. Develop an online calculator demonstrating savings from switching showing savings over the medium to long term.
- 14. Provide “myth busting” educational materials and good case studies of alternatives – e.g. induction cooktops are just as good (now) as gas cooktops.

Ensure an equitable transition

We support the Victorian Government in ensuring that the transition is equitable with no one left behind. As a diverse community we need to ensure that all programs support all cultural and socio-economic groups.

Moreland supports programs such as the Victorian Energy Upgrades and currently works with the Victorian Government on the Energy Savvy Upgrades program offering subsidised energy efficiency and renewable energy upgrades to households struggling to pay energy bills. Moreland also offers subsidies for low income and culturally and linguistically diverse residents to undertake energy efficiency upgrades and the installation of roof-top solar in order to reduce energy bill stress and improve thermal comfort.

Recommendations:

- 15. Utilise the findings and success of programs such as the Victorian Energy Smart, Healthy Homes and Energy Savvy Programs and support the expansion of well-designed programs to provide financial and concierge support for low income and households at risk of energy stress.
- 16. Utilise the findings of the Healthy Homes program to set standards to improve the thermal efficiency of new public and social housing to improve the health and wellbeing of residents as well as reduce their energy bill stress.

Conclusion

We support the Victorian Government in acting now to transition to an equitable, zero carbon future. And we look forward to working with the Victorian Government in the implementation of the strategy.



Your sincerely

Kirsten Coster
DIRECTOR CITY FUTURES

30/07/2021