

28 February 2025

Department of Transport and Planning

via: <https://engage.vic.gov.au/building-electrification>

To whom it may concern,

Re. Victorian Greenhouse Alliance submission in response to Building Electrification Regulatory Impact Statement (RIS)

The Victorian Greenhouse Alliances are formal partnerships of local government and statutory authorities working collaboratively to drive climate action for emissions reduction and community resilience across 69 of Victoria's 79 municipalities. On behalf of our members, we are pleased to provide this submission in response to the Building Electrification Regulatory Impact Statement (RIS).

We congratulate the Victorian Government on this nation-leading proposal for regulatory reform to phase out gas in existing homes, which will deliver significant economic benefits to households struggling with the cost of living, and support achievement of the state's emissions reduction targets. The Regulatory Impact Statement (RIS) provides a robust assessment of these benefits and a clear evidence-base for the proposed reforms. We note that this reform will also improve health and climate resilience outcomes for households through improved energy efficiency for thermal comfort.

We acknowledge the existing and emerging state and federal incentive schemes and programs available to Victorian households to support home energy upgrades and note that regulation is also essential to create the economies of scale, supply chains, and workforce readiness that is required to support widespread residential electrification and equitable access to the associated health and economic benefits.

The preferred option outlined in the RIS (Option 3) is a sensible and measured step towards lowering household energy bills and reducing emissions by phasing out inefficient gas heating, cooling and hot water appliances which make up the bulk of residential energy use. While we support this option as a minimum, we encourage the Victorian government to go further and implement Option 2 (which includes the phase out of gas in existing commercial properties and residential gas cooktops). This would result in the strongest emissions reductions and better enable Victorian households and businesses to access the cost savings and health benefits of fully electrified buildings. It is the sole pathway capable of achieving net zero outcomes for the residential and commercial building sectors aligning with the emissions reduction and net zero targets of the Victorian Government.

The Victorian Greenhouse Alliances welcome the opportunity to work with the Victorian government to ensure that these important reforms are implemented quickly and equitably to ease the acute cost of living pressure that many Victorian households and businesses are experiencing. We also emphasise the importance of addressing grid reliability issues in areas outside metropolitan Melbourne to build community confidence and enable widespread electrification.

The recommendations outlined below include opportunities for further improvement and complementary measures to support low-income households, renters, strata and small businesses, to ensure that no one is left behind in the transition to a cleaner and more affordable energy future in Victoria.

Recommendation 1. Implement RIS Option 2, including the phase out of gas cooking in existing residential properties, to ensure that all Victorians can realise the health benefits and cost savings associated with a fully electrified home.



We note the exclusion of cooktops from the preferred option in the RIS (Option 3), and the broader health benefits that could be achieved by phasing out gas cooking in existing homes. Burning gas for cooking poses health risks such as asthma, particularly for children. Research indicates that cooking with gas can increase the chance of a child having asthma by 32 per cent¹, and that up to 12 per cent of childhood asthma in Australia is attributed to gas cooking.²

Under Option 3, lower-income households, renters, and strata households that remain stuck on the gas network for cooking will continue to be exposed to these health and safety risks and will also bear the burden of increasing gas prices and network charges as more and more homes go electric. Renters will be particularly vulnerable if proposed minimum rental standards are passed without the inclusion of cooktops.

The inclusion of residential cooktops in this round of building electrification reform would also convey a clear message to Victorian households about the benefits of induction electric cooking as the cheapest, most efficient, and safest way to cook, to help counter misinformation by the gas lobby which risks dampening household enthusiasm for electrification.

We urge the Victorian government to include residential cooktops in both the *Minimum Standards for Rental Properties and Rooming Houses* and the proposed building electrification reforms and implement RIS Option 2.

Recommendation 2. Expand support for low-income homeowners and renters to electrify.

Experience from the implementation of council energy upgrade programs indicates that many Victorians, particularly the 13.3% living in poverty and others experiencing rental and bill stress, are unable to make even small financial contributions towards the purchase and installation of electric application and are reluctant or unable to go into debt to electrify their home. To ensure that low-income households and renters are not left behind, targeted energy efficiency and electrification programs and deeper subsidies are needed on top of existing rebate and incentive schemes such as those offered through the Victorian Energy Upgrade (VEU) Program and Solar Victoria.

The Victorian Greenhouse Alliances note the VEU Strategic Review that is currently underway. We urge the Victorian government to consider how this program might better support low-wealth households, renters, and those in rural and regional areas through the inclusion of sub-targets, revised funding models to offer deeper subsidies, and investment in strategies to improve access, including partnership with trusted intermediaries (such as councils and community energy groups) who provide facilitation and outreach services that bridge the gap between households and VEU activities and other government programs such as Solar Homes.

To enable the sort of place-based engagement that can effectively drive upgrades across the community, including harder to reach cohorts, we recommend that the Essential Services Commission recover an additional fee from each Victorian Energy Efficiency Certificate (e.g. 50c per certificate) to create a funding mechanism for trusted intermediaries to facilitate upgrades for low income and vulnerable households.

Recommendation 3. Work collaboratively with councils for stronger outcomes through a multi-level governance approach and investment in place-based outreach and facilitation programs for broader and more equitable uptake of home energy upgrades.

¹ <https://pubmed.ncbi.nlm.nih.gov/23962958/>

² <https://www.mja.com.au/journal/2018/208/7/damp-housing-gas-stoves-and-burden-childhood-asthma-australia>

The *Stepping Up* report³ from Energy Consumers Australia calls for the creation of a new national partnership across all levels of government with the objective of ensuring a fast and fair transition to all electric homes. This multi-level governance model for coordinating implementation is further detailed in the *Many Hands Make Light Work* report⁴ from the Cities Power Partnership, Melbourne Centre for Cities, and Better Futures Australia.

The implementation of building electrification reforms is a key opportunity to pilot this multi-level governance approach. The Victorian Greenhouse Alliances recommend that the Victorian government work closely with councils in the implementation of these reforms by building on, investing in, and scaling-up place-based home energy upgrade outreach and facilitation programs delivered by councils and other trusted local intermediaries.

Victorian councils have extensive experience implementing place-based energy upgrade programs, leveraging their trusted brand to support residential and small business energy consumers to access independent information, to understand and assess their options and make informed decisions, to navigate existing incentive schemes, and to access support from trusted providers for energy upgrades.

In our experience, for many low-income households and small businesses, rebates and incentives alone are not enough to enable action, and additional communication, engagement, and facilitation from trusted sources is also needed and relied upon. Households and small businesses are often uncertain if energy upgrade programs and providers are trustworthy, they are overwhelmed about where to start and how to access reliable information, and time poor with multiple competing priorities. Low digital literacy is common, as are internet connection barriers in rural and regional areas, so support to access programs online is frequently required. Information must also be provided in a range of languages and in simple to understand terms to support access and engagement for multicultural communities. These findings are also reflected in evaluations of the Victorian government's Energy Savvy Homes⁵, Healthy Homes⁶, and Small Business Energy Saver programs.

In rural and regional Victoria there is a further trust deficit when it comes to engaging with centralised energy upgrade programs and metro-based providers. There are also barriers to local providers becoming accredited with government schemes, such as VEU, to facilitate access to rebates and incentives for regional and rural customers. These barriers should be further investigated and addressed through the VEU strategic review to support improved access and workforce development in regional areas.

Without complementary outreach and facilitation processes, building electrification reforms and rebate and incentive schemes risk low or inequitable uptake - or may fail to deliver on their intent (for example, through follow-up engagement to verify bill savings, and to provide further information and advice on energy efficiency and how to get the most out of electric appliances through strategies such as load-shifting). If appropriately resourced to do so, councils and community energy groups are well-placed to act as trusted intermediaries providing additional support to households and small businesses for home energy upgrades and to build social licence for the clean energy transition.

³ <https://energyconsumersaustralia.com.au/wp-content/uploads/Stepping-Up-Report-Final.pdf>

⁴ https://www.unimelb.edu.au/_data/assets/pdf_file/0008/4730489/Many-Hands-Make-Light-Work_Screen-Singles.pdf

⁵ https://www.homescorecard.gov.au/_data/assets/pdf_file/0031/675742/Energy-Savvy-Upgrades-evaluation-report-final-0323.pdf

⁶ <https://www.sustainability.vic.gov.au/research-data-and-insights/research/research-reports/the-victorian-healthy-homes-program-research-findings>



Recommendation 4. Develop alternative compliance pathways for other ‘hard to tackle’ segments of the building sector such as commercial, multi-residential and mixed-use buildings, and a targeted electrification strategy for strata households.

The RIS preferred option excludes the electrification of common services in Class 2 buildings. These buildings face significant challenges in electrifying shared gas services due to limited plant or rooftop space, complex decision-making processes, and constrained upfront capital. Exempting such buildings from electrification locks residents into reliance on the gas network, potentially increasing network costs for remaining customers. We recommend that the Victorian Government support the electrification of Class 2 buildings with shared gas services by providing tailored technical and financial support. This should include working with financial institutions to provide financing programs for commercial building electrification.

Strata households experience unique barriers to electrification and a dedicated and evidence-based strategy is required to address these barriers, including policies and programs for common and centralised infrastructure, electricity supply upgrades, and consultant costs. The collection of further data on apartment and other strata housing stock, including stock numbers, building fabric and services, energy consumption and transport/parking, is needed to inform targeted policy and program development. We recommend a participatory action research and co-design approach to policy development in this space, to support learning and improvement.

Recommendation 5. Leverage the Residential Efficiency Scorecard program to drive electrification

The Victorian Government has successfully developed and implemented the Residential Efficiency Scorecard (RES), now available nationally. This enables the energy efficiency of a home to be assessed by government accredited assessors resulting in an energy star rating. The RES provides a transparent and independent verification and certification framework to measure and disclose star ratings. The RES is also listed under the VEU program which may provide a full or partial discount on the cost of a RES assessment.

Mandatory disclosure of residential energy efficiency star ratings via the RES presents an opportunity to leverage and drive electrification through the RES program and to support households to make the transition to all electric appliances within their home. In alignment with residential emissions reduction targets, minimum RES star ratings could be required over time and be further incentivised through programs like the VEU, ultimately lifting Victoria’s housing stock to net zero within target timeframes. The replacement of gas with electrical appliances including cooktops could provide a ‘step’ approach in alignment with increasing star ratings.

Supporting both households and market providers is critical to the successful transition to net zero within the residential sector. This approach could help to manage the speed of change in the housing stock, to enable the energy efficiency market to grow with confidence and certainty.

We would welcome the opportunity to discuss the recommendations outlined in this submission in further detail.

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This submission has been approved through the Greenhouse Alliances' governance structures but may not have been formally considered by individual members. The submission does not necessarily represent the views of individual members.

