



Regulating for the prevention of new fossil fuel gas network connections

ACTCOSS Submission

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About ACTCOSS

ACTCOSS acknowledges Canberra has been built on the land of the Ngunnawal people. We pay respects to their Elders and recognise the strength and resilience of Aboriginal and/or Torres Strait Islander peoples. We celebrate Aboriginal and/or Torres Strait Islander cultures and ongoing contributions to the ACT community.

The ACT Council of Social Service Inc. (ACTCOSS) advocates for social justice in the ACT and represents not-for-profit community organisations.

ACTCOSS is a member of the nationwide COSS Network, made up of each of the state and territory Councils and the national body, the Australian Council of Social Service (ACOSS).

ACTCOSS's vision is for Canberra to be a just, safe and sustainable community in which everyone has the opportunity for self-determination and a fair share of resources and services.

The membership of the Council includes the majority of community-based service providers in the social welfare area, a range of community associations and networks, self-help and consumer groups and interested individuals.

ACTCOSS advises that this document may be publicly distributed, including by placing a copy on our website.

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ACT policy context

The ACT Council of Social Service (ACTCOSS) welcomes the opportunity to respond to the ACT Government's Issues Paper *Regulating for the prevention of new fossil fuel gas network connections* (the Issues Paper).

ACTCOSS is supportive of the ACT Government's net zero emissions target. Government action on climate change will benefit everyone and is especially important knowing that people on the lowest incomes are the most affected by climate change but have the least capacity to adapt.

It is important to prevent new gas network connections early to prevent future transition costs. However, it is also important to ensure a just transition so that no one is left behind in the ACT's phase out of fossil fuel gas use. The ACT Government needs to invest in supporting vulnerable people through the transition to electrification. We will provide further comment on this in response to the Integrated Energy Plan policy paper when it is released.

The Government, community and businesses have important contributions to make to avoid serious damage to the environment from climate change. However, it is important for the ACT Government to consider whose responsibility it is to lead the transition. Individuals and households should not have to shoulder the burden of transitioning when it is large companies that contribute the most to climate change.

The ACT gas network

The Issues Paper presents a range of statistics which paints a specific picture of the current state of the ACT gas network. Deeper analysis of these statistics reveals some concerns around who uses the network, what for and equity implications of the proposed regulation.

Understanding our gas users

There are currently almost 140,000 gas network connections in the ACT. However, based on the data from Evoenergy, different types of customers use vastly different amounts of gas.¹

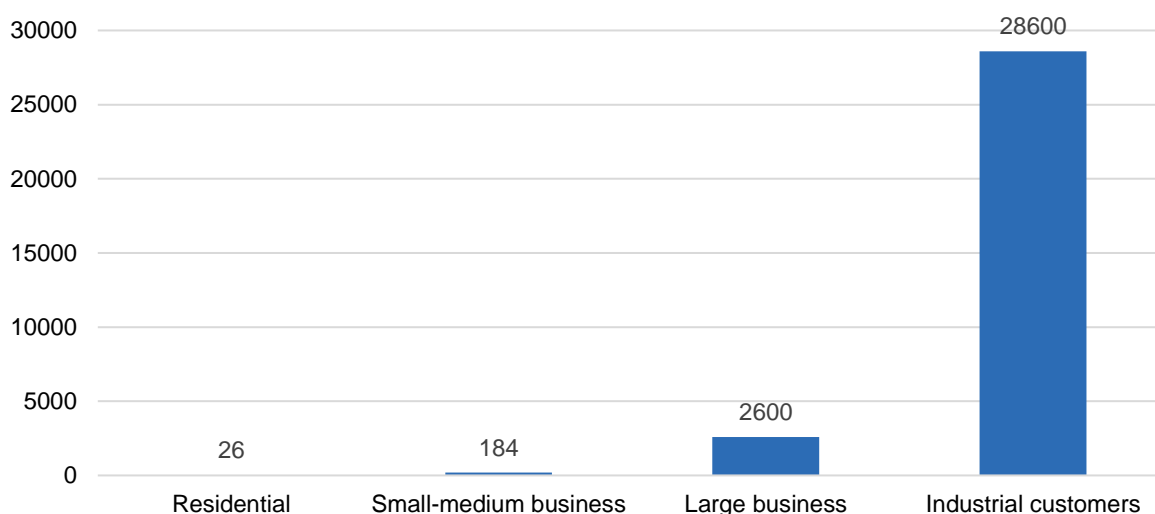
The numbers of different types of customers, compared to their share of the gas demand, is an area that needs further deliberation when considering the application of the regulation.

¹ Environment, Planning and Sustainable Development Directorate (EPSDD), [Regulating for the prevention of new fossil fuel gas network connections: Issues Paper](#), EPSDD, ACT Government, 2023, p.19, accessed 3 April 2023.



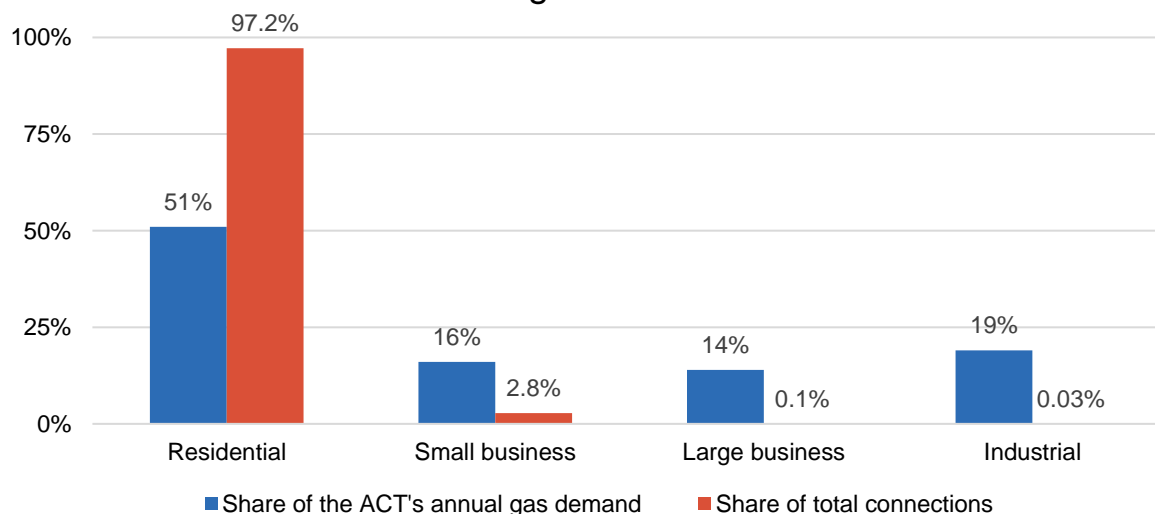
While 97% of connections are residential, they only account for half of Canberra's annual gas demand. In contrast, industrial customers only make up 0.03% of connections but account for almost 20% of the city's annual gas use. Further, the average yearly consumption of an industrial connection is over 1,000 times more than a residential connection. While it is fair to say that overall most gas use is residential, industrial and business connections use a much larger amount of gas per connection.

Average annual consumption per connection (GJ)



Source: Environment, Planning and Sustainable Development Directorate (EPSDD), [Regulating for the prevention of new fossil fuel gas network connections: Issues Paper](#), EPSDD, ACT Government, 2023, p.19, accessed 3 April 2023.

Share of ACT annual gas demand and connections



Source: Environment, Planning and Sustainable Development Directorate (EPSDD), [Regulating for the prevention of new fossil fuel gas network connections: Issues Paper](#), EPSDD, ACT Government, 2023, p.20-21, accessed 3 April 2023.



There are also issues with how customers are classified. A residential connection is said to use less than 100 gigajoules (GJ) of gas per year, while a small business connection is said to use between 100 – 1,000 GJ of gas per year. As the data provided by Evoenergy does not identify which connections are residences and which are businesses, customer type is assumed based on the amount consumed.² This means customers could be miscategorised. There is a danger here that large households (in both building size and number of people), or households with unique heating needs (e.g., people with chronic illness or disability) may be incorrectly assumed to be small businesses. As we outline later, the data recorded about customers and connections should be changed to ensure that customers are correctly classified.

Gas network assets

ACTCOSS is concerned about the significant risk that as customers leave the gas network, people who are financially or physically unable to participate in or benefit from electrification will be left to shoulder increasingly expensive gas prices.³ There are serious inequities inherent in the National Energy Customer Framework, where the gas network operator is allowed to pass on the outstanding costs of their investment to the most vulnerable members of our community. Vulnerable consumers should not be the ones to cover the costs of stranded assets. The ACT Government and Evoenergy should explore other options and ways to manage their investments.

Summary of recommendations

1. All land use zones should be included in the regulation.
2. The regulation should apply to greenfield and infill development, as well as knock-down rebuilds and renovations.
3. Exemptions should only be granted where there is no electric alternative.
4. The gas distributor should provide the ACT Government with information about the number and type of new gas connections and provide customers with accurate information.
5. Buildings with approvals already in place should be supported to change their plans.
6. The ACT Government must support people employed in the gas industry to transition to other employment.

² EPSDD, *Regulating for the prevention of new fossil fuel gas network connections*, p.19-20.

³ EPSDD, *Regulating for the prevention of new fossil fuel gas network connections*, p.31.



Key issues for a just transition

Land subject to and included in the regulation

ACTCOSS does not oppose the use of planning zones as the primary means of identifying the areas where new gas connections would be prohibited. This would allow the new regulation to fit into the ACT's current regulatory system and enable this regulation to remain applicable as Canberra grows and changes. However, more information needs to be provided to justify why not all zones (including all commercial and industrial zoned land) would be included in the regulation. All residential, commercial, and industrial zones should be included in the regulation.

According to the ACT Government, every year only 15 new large business gas connections are made, as well as only approximately one new industrial gas connection per year.⁴ Due to the extremely small number of industrial connections and the proportionately much larger rate of use of commercial and industrial connections, ACTCOSS would prefer to see that all land use zones are included in the initial regulation. New industrial connections can then make use of the exemptions process if they require gas.

Including all zones at once would cost the ACT Government and community less because the regulation would not have to be updated at a later date. This is especially salient if the government's intentions are eventually to completely phase out gas. It would prevent the accumulation of future transition costs, create certainty in the ACT policy landscape and would remove the possibility of businesses moving their operations to a non-regulated zone to use gas.⁵

While we do need to prevent new gas connections, the ACT Government must also consider the balance of costs and savings to the community. If an all-electric house presents a higher upfront cost, this could present a further barrier to homeownership for low income Canberrans and create another stalling factor in the residential construction industry, further exacerbating the housing crisis. The ACT Government must consider how it might offset these higher costs so that electrifying doesn't prevent a further barrier to housing provision and further entrench housing inequality in the ACT.

⁴ EPSDD, *Regulating for the prevention of new fossil fuel gas network connections*, p.47.

⁵ EPSDD, *Regulating for the prevention of new fossil fuel gas network connections*, p.48.



Greenfield and infill developments

Within residential zones, the regulation should apply to both greenfield and infill development, as well as knock-down rebuilds and renovations to existing homes where the gas connection is abolished. This would be an equitable application of the regulation and prevent new developments, knock-down rebuilds and renovations from generating future transition costs.

Wealthy Canberrans who can afford to build, rebuild, or renovate should not be allowed to install a gas connection to satisfy their cooking preferences, while vulnerable and low income citizens are not permitted the same consideration for their individual rights and choices. Our concern is that if new developments, knock-down rebuilds or renovations are allowed to install or reinstate a gas connection, this person who can afford to build, rebuild, or renovate may not be the person that has to pay to have that property upgraded in future. This would generate an unfair and preventable cost to transition for the future owners of that property.

Exemptions to the regulation

ACTCOSS would prefer that exemptions are only granted in the case that there is no viable electric alternative and no technological innovation predicted in the near future, especially in regard to industrial connections. The timeframe that exemptions should be granted for should consider the possibility of technological innovation and how long it would feasibly take for that technology to be established in an operating capacity.

Other matters the ACT Government must consider when developing the exemptions application process should include the balance of eligibility for exemptions compared to administrative burdens and barriers to access. There should be different application processes for individual and household, business and industrial exemptions. Where there are genuine reasons for exemptions, they should be granted. However, large businesses should not be granted exemptions for non-genuine reasons simply because they have the resources to navigate the application process.

Some of our members are concerned about the impact of electrification on vulnerable citizens' lives and are especially concerned about people needing an exemption but not being able to access one. For example, elderly, vision impaired, intellectually disabled, or otherwise differently abled people might not be as able to use modern electric appliances. People in these kinds of circumstances should be able to access exemptions or be supported to find accessible electric appliances that meet their needs.

The cost of the exemption application should consider the work required for assessment and the scale of the proposed exemption. The ACT Government could



also consider including the costs of the environmental damage through emissions production in the price of the exemption. This means that household, business and industrial exemption applications should present different costs.

However, the ACT Government must ensure that costs are not a barrier to access to exemptions for vulnerable groups. If there is genuinely no electric option available, that household should be granted an exemption. However, part of the application and assessment process should involve the provision of support for that individual or household to find electric options that meet their needs if possible.

Reporting

ACTCOSS does not oppose the proposal to require the gas distributor to provide information to the government about the number of new gas connections. As well as the ACT Government's proposal to require information about location, type of building and purpose of connection,⁶ ACTCOSS suggests that for each new connection, information could also be collected about the expected usage and emissions production of that connection. The type of customer should also be explicitly captured. For example, whether that connection is a residence or business.

ACTCOSS is broadly supportive of Evoenergy and the ACT Government capturing and sharing more information about energy users to inform decision making. However, it is important for businesses and government to balance the need for information with customer privacy.

ACTCOSS supports the proposal that the gas distributor be required to give existing or potential customers certain information. As well as information about the ACT Government's electrification policy, climate change, environmental and health impacts of gas, consumption and connection figures and costs, ACTCOSS suggests the gas supplier should also be prevented or restricted from upselling and be required to provide accurate information to customers about how they might be able to electrify and reduce their bills.

Commencement date

ACTCOSS does not oppose the proposed regulation commencement date of November 2023. Since the proposed regulation only applies to new connections and considering what we could lose in terms of climate change impacts if we don't transition, it is important that a strict regulation is set soon. However, the ACT Government must consider and balance the potential impacts on housing supply. Whenever it is set, it is important for the regulation to be consistent so that standards are clear and individuals, businesses and industry can plan and adapt.

⁶ EPSDD, *Regulating for the prevention of new fossil fuel gas network connections*, p.54.



Transition period and considerations

Impact on housing

ACTCOSS would like to highlight concerns heard through our consultations about the possible impact on housing supply and costs. The ACT is experiencing a cost of living crisis and housing makes up large portions of people's budgets. Housing costs in Canberra have risen more than 20% in the last five years.⁷ At the same time, the city does not have enough houses. The private rental market is extremely tight, with a vacancy rate of 1.8% in March 2023.⁸ Additionally, there is a shortfall of 3,100 social housing properties in the ACT,⁹ meaning that there are over 3,000 applications waiting for social housing and at least 1,777 people who are homeless.¹⁰ In the process of electrifying our city, the ACT Government must also protect the supply and affordability of housing.

Buildings with approvals already in place

ACTCOSS does not oppose the proposal to allow buildings with a current Development or Building Approval to change an existing approval from gas to electric. However, consideration should be given to the possible cost impacts on the community. Any costs in this regard should not automatically be passed onto citizens and households. The developer should absorb the costs of redoing the planning to account for electrification.

Developers may not change their plans with no incentive, especially if they already have a Building Approval. Some owner-builders and small businesses also may not be aware of the government's intention to transition. With these assumptions in mind, both developers and small builders with existing approvals should be strongly encouraged and supported to amend their plans where possible.

Workforce impacts

The ACT Government must ensure that people employed in the gas industry, such as plumbers, gas fitters, gas network operation and maintenance and in any other capacity are supported to transition to other employment. The ACT Government should:

1. Provide targeted communications to workers in the gas industry about the implications of electrification for them and their employment.

⁷ Australian Bureau of Statistics (ABS), [Table 11. CPI: Group, Sub-group and Expenditure Class, Percentage change from previous quarter by Capital City](#), ABS website, 2023, accessed 4 April 2023.

⁸ SQM Research, [Residential Vacancy Rates City: Canberra](#), SQM Research website, 2023, accessed 19 April 2023.

⁹ J Lawson, H Pawson, L Troy, R van den Nouwelant and C Hamilton, [Social housing as infrastructure: an investment pathway](#), AHURI Final Report 306, Australian Housing and Urban Research Institute Limited, 2018, p 63, accessed 22 June 2021.

¹⁰ ABS, [Table 1.1 HOMELESS PERSONS, Selected characteristics, 2006, 2011, 2016 and 2021\(a\)](#), ABS website, 2023, accessed 19 April 2023.



2. Encourage the uptake of trades and roles associated with electrification.
3. Provide targeted support for workers in the gas industry to undertake training and/or education to support their shift into other employment.

A system focused on training and choice would allow businesses to remain competitive while enabling advancements in social equity and protecting workers.¹¹ The Energy Efficiency Council currently have projects underway to map the skills and workforce requirements for an efficient and electrified economy.¹² The ACT Government may find these useful in planning how to manage the workforce impacts of their Pathway to Electrification.

Through our gas transition roundtable in February 2023, we heard from members about communications issues regarding people seeking to transition receiving conflicting advice or incorrect information from trades people. A suggestion that emerged from this discussion was that a list of reputable trades people and recommended appliances would be helpful for people transitioning away from gas. The ACT Government could also consider implementing regulation and training requirements for trades people so that people receive accurate and appropriate advice.

Future regulatory approaches

In the upcoming Integrated Energy Plan, the ACT Government must prioritise support for people who are financially or physically unable to participate in or benefit from electrification, unaided. The ACT Government must ensure that no one is left behind and that vulnerable populations are prioritised on the Pathway to Electrification.

In developing the Integrated Energy Plan the ACT Government must:

- Develop an understanding of the profile of different kinds of households that will need support, what kind of support they need and how the ACT Government will provide it.
- Work in partnership with the community sector to ensure clear communication and support for vulnerable households.
- Meaningfully consult with and provide targeted support to the ACT Aboriginal and Torres Strait Islander community.
- Develop an Electrified Workforce Strategy.
- Develop an understanding of and proposal for the role of distributed energy resources (DER) like batteries and electric vehicles.

¹¹ H Jørgensen and MP Klindt, 'Revisiting Danish Flexicurity After a Decade of Reform: Does the Labour Market Still Work for Everyone?', in M Fabian and R Breunig (eds), *Hybrid Public Policy Innovations: Contemporary Policy Beyond Ideology*, Routledge, New York, 2018.

¹² J Tice, '[Residential energy upgrades workforce mapping project](#)', *EEC Policy & Projects*, Energy Efficiency Council website, 2023, accessed 17 April 2023; J Tice, '[Mapping the commercial buildings energy upgrades professional and trades services ecosystem](#)', *EEC Policy & Projects*, Energy Efficiency Council website, 2023, accessed 17 April 2023.

Thank you

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