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Department of Transport and Planning (DTP)  
Department of Energy, Environment and Climate Action (DEECA)  
Level 3, 8 Nicholson St  
East Melbourne, Victoria 3003

Submitted online via Engage Victoria

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## Clean Energy Council Submission to the Building Electrification – Regulatory Impact Statement

The Clean Energy Council (CEC) welcomes the opportunity to provide feedback to the Victorian Department of Energy, Environment and Climate Action (DEECA) and Department of Transport and Planning's (DTP) Regulatory Impact Statement (RIS) on Building Electrification.

The Clean Energy Council is the peak body for the clean energy industry in Australia. We represent and work with Australia's leading renewable energy and energy storage businesses, as well as accredited designers and installers of solar and battery systems, to further the development of clean energy in Australia. We are committed to accelerating the transformation of Australia's energy system to one that is cleaner, equal, fair and transparent for all consumers.

Victoria has the highest use of fossil gas for heating, hot water and cooking in Australia. Over two million Victorian homes and businesses are connected to the fossil gas network, including around 76 per cent of Victorian homes, over 60,000 commercial buildings and over 800 large industrial users<sup>1</sup>. Victoria is also the only Australian state where fossil gas usage is higher than electricity usage in the residential sector.

We support the Victorian Government's commitment to accelerate the pace of electrification of new and existing buildings in Victoria and transition away from fossil gas usage to achieve the legislated target of reaching net zero greenhouse gas emissions by 2045. The current level of reliance on fossil gas presents

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<sup>1</sup> [Australian Energy Update 2023](#)  
[Infrastructure Victoria | Towards 2050](#)

an ongoing challenge for Victorian consumers, as the volatility of pricing creates uncertainty around the cost of energy for households and businesses<sup>2</sup>.

Drawing on Australia's abundant clean energy resources – electrification is the lowest cost and most efficient strategy to decarbonise fossil gas use (in complement with energy efficiency measures), and this pathway should be promoted and pursued wherever viable. This is particularly the case in the residential and commercial building sectors, where electrification directly benefits consumers, relieving cost of living pressures and creating healthier households for Australians<sup>3</sup>.

In 2024, the Clean Energy Council published "Powering Homes, Empowering People: A National Consumer Energy Resources Roadmap."<sup>4</sup> The report contains modelling showing the value of rooftop solar, home batteries and other Consumer Energy Resources (CER) to Australia's energy transition and describes the priorities needed to empower all Australians to take up CER and save on energy bills. The recommendations in this submission leverage the work done in the CER Roadmap to ensure electrification reform is consumer-centric and provides real value to consumers for their investments in clean energy technology.

### **Clean Energy Council's Preferred Option**

Victoria has led the country in commitment towards the decarbonisation of residential and commercial buildings since the Gas Substitution Roadmap was published in 2023. While the final quarter of 2024 saw around 5,500 residential and 180 commercial customer gas disconnections, there is still significant Government reform and support needed over the next two decades to achieve Victoria's net zero emissions target<sup>5</sup>.

Hence the Clean Energy Council's preferred Option in the RIS is **Option 2**, that will see the electrification of new residential and most new commercial buildings, as well as existing residential and most existing commercial buildings.

The introduction of these regulations to phase out gas appliances will signify Government commitment to providing a pathway away from gas and assist households and businesses to manage their energy bills and break the cycle of reinstalling gas appliances. **Option 2** offers complete household electrification with the inclusion of cooktops, ensuring households completely transition from the gas network and reducing the need to pay rising gas network connection fees for a single appliance.

The introduction of incentives for induction cooktops through the Victorian Energy Upgrades (VEU) program in the second half of 2024 has reduced additional expenses for both owner-occupied households and landlords. This program reduces barriers to comply with Option 2 regulations and allows more rental properties to become fully electrified, benefiting renters who lack appliance choices.

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<sup>2</sup> [Victorian gas market average daily weighted prices by quarter | Australian Energy Regulator \(AER\)](#)

<sup>3</sup> [An extensive study on the relationship between energy use, indoor thermal comfort, and health in social housing: the case of the New South Wales, Australia - IOPscience](#)  
[Damp housing, gas stoves, and the burden of childhood asthma in Australia - Knibbs - 2018 - Medical Journal of Australia - Wiley Online Library](#)

<sup>4</sup> [Powering-Homes-Empowering-People-CER-Roadmap.pdf](#)

<sup>5</sup> [AER - Gas quarterly disconnection reporting - 10 February 2025 | Australian Energy Regulator \(AER\)](#)

Additionally, Option 2 creates a fair transition for businesses leasing in existing commercial building, reducing their utility costs and vulnerability to high gas bills.

The following feedback details additional considerations for the Victorian Government to include when selecting a final preferred option and outlines the importance of this consultation in achieving large-scale electrification in Victoria.

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### **Define efficient electrification**

The implementation of the Gas Substitution Roadmap should seek to electrify commercial and residential building stock, while also reducing the demand for energy through promotion of energy efficient upgrades. Selection of efficient electrification appliances can reduce the size and frequency of appliance usage. Energy efficient upgrades will minimise energy costs for all consumers, and in households and businesses with rooftop solar, allow a greater proportion of energy usage to be covered by self-generation. Hence, it is encouraged that the RIS specify the requirements for efficient electrification to reduce the risk of low-quality electrical appliances being selected by households at end of life.

The Clean Energy Council recommends the introduced regulations include clarification on the type of electrical appliances to replace existing gas appliances at the end of life in all new and existing residential and commercial buildings. These regulations should be consistent with the proposed definitions in the draft Victorian Minimum Standards for Rental Properties and Rooming Houses consultation, such as an energy efficient cooler meeting “a 3 star or above cooling rating.”<sup>6</sup> This will ensure consistency in building stock and reduce potential negative outcomes from the installation of low-quality or inefficient electrical appliances.

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### **Prioritise support, not exemptions**

While the Clean Energy Council strongly supports the electrification of Victorian households and commercial buildings, it is important to recognise that the upfront costs of appliance replacement may create barriers to take-up for some consumers. It is an ongoing risk that consumer groups, such as rural, low-income, embedded network or apartment households, will have difficulties complying with the regulations due to high upfront costs, despite being cohorts that would benefit most. This indicates the need for targeted financial support from the Victorian Government for these communities, particularly when extensive rewiring is needed to make the property suitable for electrification.

The introduction of targeted financial support will also reduce the need to offer exemptions in hard to electrify buildings or for households unable to afford the upgrades. Consumers that face high costs to electrify risk the disadvantage of being kept on the gas network while the consumer pool declines. Shifting exemptions to specialised support will also reduce the likelihood apartments are labelled as “too hard” to electrify, due to centralised domestic hot water and heating systems. The support for these

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<sup>6</sup> [Minimum Standards for Rental Properties and Rooming Houses | Engage Victoria](#)

building types should seek to assist consumers navigate legal issues for strata-based developments and address landlord-tenant split incentives.

The complexity of regulations and permits in some building types, particularly when permission is needed from each owner, can create additional delays to the uptake of electrification. This signifies the need for the Victorian Government to work closely with body corporates in the development of support for electrification of strata-based developments, ensuring approval frameworks reduce significant barriers to electrification. Collaboration with communities to identify opportunities for targeted support will ensure long-term compliance and confidence for those living in complex buildings.

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### **Set targets for the electrification and consumer energy resources (CER) uptake on Government buildings**

The Victorian Government should establish targets for electrification and CER uptake, including rooftop solar and storage, on all Government buildings, including schools, hospitals and social/community housing in the lead up to net zero by 2045. This recognises and places appropriate focus on the importance of electrification for ensuring the clean energy transition is as smooth and affordable as possible. The Victorian government has a responsibility to ensure its building stock is compliant with the new regulations and the establishment of targets communicates a clear pathway to electrification.

This is an important step in building consumer confidence in the value of electrification and CER technologies while reducing barriers to compliance in these regulations. Consumers will have greater confidence in the technology if they see governments leading. Further, consumers who use these facilities will get first-hand experience of the benefits of these technologies, which will support their understanding and decision-making. The government can generate scale of activity for industry that will bring down the overall cost of the electrification transition.

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### **Establish trusted sources for consumers**

The transition to electrification will require the establishment of a well-informed service providers that can clearly communicate the intentions behind Victoria's Gas Substitution Roadmap and available electrification options to consumers. The service providers will play an important role as trusted sources for households and businesses to understand the changes and maintain public trust in effective implementation of the regulations. Targeted change-management and education programs for service providers will additionally encourage strong compliance and reduce the need for strong enforcement measures once the regulations are introduced.

Education can also significantly increase the number of consumers willing to consider electrification and CER technologies and make the initial part of their adoption and use journey smoother and quicker. For an education program to be as effective as possible it needs to speak to the needs and concerns of different types of consumers and come from a trusted source.

The Clean Energy Council recommends the Victorian Government consider the establishment of an “Electrification Community Empowerment Fund.” This fund could be:

- Coordinated and funded by the State Government, with local governments able to top up the effort in their jurisdictions.
  - Planned by a steering group comprised of consumer and industry representatives.
  - Developed by expert parties through a tender process led by the steering group.
  - Adapted for and delivered to local audiences by community, regional and small business groups.
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The Clean Energy Council commends the Victorian Government on the commitment to the electrification of residential and commercial buildings, yet it is our recommendation that only **Option 2** delivers fair and equal electrification across the state and provides the highest likelihood of reaching net zero by 2045.

**Option 2** provides Victoria the best opportunity to fully electrify residential and commercial buildings with an orderly phase out of the gas network for all consumers. This requires a change management strategy to ensure vulnerable customers are not bearing the remaining fixed costs of operating the network, once a significant portion of consumers have electrified.

The Clean Energy Council is interested in ongoing consultation around the development of Victoria's Gas Substitution Roadmap and would welcome the opportunity to engage industry in additional workshops with the Victorian Government. We view this RIS as an important step in achieving the decarbonisation of residential and commercial buildings. If the Victorian Government considers and enacts the proposed changes to the regulations, this reform has the potential to set the standard of best practice building electrification policy across the country.

If you have any queries or would like to discuss the submission in more detail, please contact Maxime Di Petta ([mdipetta@cleanenergycouncil.org.au](mailto:mdipetta@cleanenergycouncil.org.au)).

Kind regards,



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