

- There is some appeal for the residential development sector to move away from providing gas to new developments; this would save time and cost in terms of planning and subdivision permits, and providing infrastructure connections to new developments.
- We strongly suggest that there be a genuine option to not connect gas to new residential developments. There are currently various regulatory barriers to opting out of providing gas, especially the fact that the relevant gas company is a determining referral authority.
- If you are interested, we can survey our members to determine their intentions with respect to continuing to provide gas to their customers and provide you with the outcome.

3. What policies and/or regulations, if any, are needed to support the development of low carbon pathways such as biogas, green hydrogen, and carbon capture and storage?

- We recommend that State and Local Government policy and regulation encourage the use of alternatives to gas.
- We suggest the alternative needs to be cost effective; developers will be reluctant to connect anything other than gas if it costs more because the end purchasers are price sensitive, and any additional cost adds to the issue of housing affordability.

4. What is your view on the best ways to maintain the reliability and affordability of Victoria's gas supply if natural gas use declines?

- We reiterate our strong preference to have genuine options with regard to connecting gas to new residential developments in cost effective manner to avoid compounding the problem of housing affordability.
- We query the cost of retrofitting the existing gas infrastructure to carry alternatives such as hydrogen. We suggest the State Government carry out a cost benefit analysis to determine whether it is more cost effective to retrofit the existing infrastructure or to abandon it and use 100 per cent electricity.

5. What else can you tell us about the implications of decarbonisation pathways for the electricity generation, transmission and distribution networks?

- We understand power companies are concerned about spike loads coming into the grid from solar power generation on individual lots and are requiring extra kiosks, batteries and inverters to manage this load. Currently the costs are prohibitive on a greenfield residential subdivision scale.
- The unintended consequences of the above requirements include a higher land requirement for kiosks and more infrastructure, which also add to costs.
- Currently the planning regime and Subdivision Act are barriers to the cost-effective provision of renewable energy, including domestic geothermal and solar electricity generation. We consider that government should lead regulatory reform in this space to enable and facilitate alternative power generation on individual lots, or in micro communities, in a more efficient manner to promote the use of clean reliable energy and affordable housing.

6. *How can the use of Victoria's existing gas infrastructure be optimised during the transition to net zero emissions, over the short (10 years), medium (20 years) and long-term (30+ years)? How can the Victorian Government assist in this?*

- As we noted above, we suggest the State Government carry out a cost benefit analysis to determine whether it is more cost effective to retrofit the existing infrastructure or to abandon it and use 100 per cent electricity.
- Whatever is decided, the residential development sector requires certainty in terms of what is required and the options that are permitted, and this needs to be implementable and not cost prohibitive.

7. *What principles should apply or what measures will be needed to manage the impacts of gas decarbonisation on households and businesses? (ALSO DELWP PAPER)*

- We reiterate our recommendation to enable the option to not provide gas to new residential development now to avoid having to retrofit in ten years. At the moment, policy and regulation is geared towards mandating a gas connection for residential development – this needs to be removed.
- We suggest the State Government should provide rebates and incentives to encourage users to switch appliances.

8. *What policies, programs and/or regulations should the Victorian Government consider or expand to encourage households, commercial buildings and small businesses to reduce their gas use?*

- As noted above, we suggest the State Government should provide rebates and incentives to encourage users to switch appliances, especially heating and hot water which are the appliances that use the most gas.
- We recommend gas providers should not be determining referral authorities where gas is not being provided.
- We recommend statutory and regulatory amendment to allow for the delivery and ongoing management of private renewable energy infrastructure in public land, including road reserves.

9. *What policies, regulations or other support, if any, do you think are needed to support industrial users to switch from natural gas to lower emissions energy sources or chemical feedstocks?*

- We have no feedback on this issue as it is not relevant to our sector.

Contact

We thank you for the opportunity to provide this feedback, and we would welcome the opportunity to discuss the matters raised in this letter with you in more detail. Please contact [REDACTED] UDIA [REDACTED] to arrange a suitable time to do so.

Yours faithfully

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