

Help inform a regulation to prevent new gas connections



We want you to help us develop a regulation to prevent new gas network connections in the ACT.

The ACT Government is developing a new regulation to prevent new fossil fuel gas network connections. It is part of Our Pathway to Electrification: a plan to electrify our city and achieve zero fossil fuel emissions by 2045.

Electrification will be a significant change for the ACT community. It is a change that will happen over time, but we need to start now by preventing, new sources of fossil fuel gas use.

Our transition to an electric Canberra must start well in advance of 2045.



Have your say

We need your help to design a regulation for the prevention of new fossil fuel gas connections, so we can make sure the regulation considers the impacts of a change like this on all members of our community.

We want your feedback on the issues we have already identified, and for you to tell us about things we may not have considered yet.

You can provide ideas and feedback in a number of ways including by making a written submission, completing an online survey, or providing feedback at one of our in person or online engagement activities.

To have your say or find out more:

Visit yoursayconversations.act.gov.au/pathway-to-electrification

Email us at gastransition@act.gov.au

YOUR SAY

What's being proposed?

The Issues Paper proposes an initial regulation prohibiting all new fossil fuel gas network connections in residential and commercial areas across the Territory. This approach would allow new connections to continue to be made in industrial areas until a further regulation was made.

It's proposed that the new regulation would commence in November 2023 (where feasible). The ACT Government is seeking community and stakeholder feedback on how a regulation may be implemented, including transition arrangements and where exemptions might apply.

What is fossil fuel gas?

The National Gas Law (NGL) uses the term 'natural gas' to describe fossil fuel gas, which consists predominantly of methane.

The ACT Government prefers the term 'fossil fuel gas' as it clearly identifies that we are discussing non-renewable gases. For the purposes of this consultation, fossil fuel gas has the same meaning as 'natural gas' in the NGL. The regulation being consulted on relates only to new connections to the gas distribution pipeline network. It would not impact access to gas services where a gas service is already connected, unless that service became decommissioned.

Why prevent new fossil fuel gas network connections?

Making our city greener with lower cost energy in the future

The ACT is preparing to electrify our city and transition away from the use of fossil fuel gas by 2045. We're doing this because an all-electric Canberra will allow us to power our city, homes, businesses, and transport in a cleaner and cheaper way.



Fossil fuel gas accounts for more than **20% of emissions** in the ACT, making it the second largest source of emissions, after transport.



Residential customers (homes) account for **51% of the annual fossil fuel gas demand** each year in the ACT and about **97% of all fossil fuel gas network connections** in the Territory.



Each new home connection will generate approximately **1.3 tonnes of greenhouse gas emissions** per annum.

Across our energy network, there are an average of 3,000 new fossil fuel gas network connections each year. At least 90% of these are for new residences. We know that allowing new fossil fuel gas network connections to continue to be put in our homes will create a much larger transition problem in the future.

By developing a regulation now to prevent new fossil fuel gas network connections in the ACT we can:

- > reduce the Territory's greenhouse gas emissions
- > help building users save on energy costs
- > avoid potential health impacts from burning gas in homes
- > help avoid new developments being locked into using gas in the future
- > assist the electricity and gas network owners to plan and manage both networks in the most cost-effective way to meet the needs of Canberra
- > help builders, developers, gas fitters, electricians, gas component suppliers, gas consumers and government plan for the ACT's electrification.

Changing consumer behaviour

New homes and most new businesses can meet their energy needs today with energy efficient electrical appliances. These are not only better for the environment but often cheaper to run. When used for cooking, independent studies suggest that electrical appliances are also better for our health. Many households and businesses in the ACT are already transitioning their gas appliances to energy efficient electric appliances.

However, approximately 80% of all new homes in the ACT are still connecting to the gas network.

This is despite:

- > the construction of several successful gas free suburbs and development areas within the ACT
- > incentives to build all-electric homes
- > public education and public messaging regarding the benefits of electric homes.

This tells us that continuing to allow new fossil fuel gas network connections will increase greenhouse gas emissions, create a larger transition problem later on, and building owners and energy users would more likely bear the costs of transition in the future. The longer we delay, the higher the transition costs will be.

Proposed changes to the Territory Plan

The ACT Government undertook community consultation on potential changes to the Territory Plan from 1 November 2022 to 3 March 2023. Included in these changes is a proposal to prevent fossil fuel gas mains connections being made to new residential blocks, in both greenfield and redevelopment areas.

However, these proposed changes will not prevent fossil fuel gas connections being made following development, as building or development approval is not required when requesting a gas connection. Information about consultation on the Territory Plan, including a copy of the draft new Territory Plan can be found [here](#). The new planning system is expected to commence in late 2023.

Time to plan ahead

By regulating new gas network connections now, we can assist the electricity and gas network owners to plan and manage both networks in the most cost-effective way to meet the needs of Canberra now and in the future.

A regulation will also give builders, developers, gas fitters, electricians, gas component suppliers, gas consumers and government certainty and help them plan for any impacts on their industries.

What are the main issues?

This is a summary of key issues we are seeking feedback on to help develop a regulation to prevent new gas connections in the ACT.

Key Issue 1:

Identifying land or premises that are subject to the regulation

This issue relates to how we identify areas of land or premises in the regulation. This is different to which areas are actually included (Key Issue 2). Refer to Chapter 6, Key Issue 1.

There are several ways the regulation could identify the types of land or premises it applies to, as well as possible exemptions.

Land could be identified by:

- > existing planning zones*
- > districts e.g. Belconnen, Gungahlin, Tuggeranong, Weston Creek
- > suburbs
- > specific property addresses
- > parcels of land (also known as 'blocks').

* The Territory Plan contains 23 different zones which are divided into seven main groups. These main groups include residential zones, commercial zones, industrial zones, community facility zones and parks and recreation zones.

The ACT Government's current preference is to use land planning zones as the primary source of identification. Planning zones identify the type of buildings or activities that can take place individual parcels of land. The population of the ACT is growing, and the Territory's building and infrastructure needs are changing. The advantage of using planning zones in the regulation is that the regulation will not need to be amended as land use changes and new suburbs emerge. This makes the regulation responsive and adaptable as the ACT changes and grows.



Key questions

- > Would you want to see planning zones, as outlined in the Territory Plan, used as the primary means of identifying the areas where new gas network connections would be prohibited? What would be the challenges with this approach?
- > Do you have other ideas for identifying land in the regulation that is flexible and responsive to the ACT growing and changing? What would be the costs or benefits of this alternative approach?



Key Issue 2:

Determining the types of land and premises to be included in the initial regulation

This issue relates to what types of land or land uses should be included in the initial regulation (for example, residential, commercial, industrial, mixed-use).
Refer to Chapter 6, Key Issue 2.

The ACT Government current preference is to include the following land uses in the initial regulation:

- > residential
- > commercial

Other land uses, such as industrial will be included in future regulations or a staged approach.

Considerations for residential land types/uses:

- > New residential properties are the primary source of new fossil fuel gas network connections. Preventing all new residential properties from connecting would result in the largest reduction in emissions potential each year.

- > About 60% of new residential area gas network connections are from medium and high-density properties: 40% are in low density properties.
- > Residential gas use is primarily for space heating, hot water, and cooking: all of which can be achieved with energy efficient electric alternatives.
- > Building all-electric will avoid greenhouse gas emissions and future transition costs.
- > Retro-fitting an entire residential building (like an apartment complex) for all-electric creates some challenges, including there being insufficient electrical capacity within the building, insufficient space for electric appliances and the cost and disruption to residents. The cost to retrofit an apartment complex could be very high.
- > A requirement that new residential properties be all-electric could have supply chain impacts for some items and could impact on the work of gas fitters.
- > An unintended outcome of regulating all new residential properties could be an increase in the use of liquid petroleum gas (LPG) in homes, which carries a range of environmental and safety issues.

Considerations for commercial and industrial land types/uses:

- > Commercial and industrial customers use the most gas per connection.
- > Gas reliant businesses are most often located in commercial and industrial areas in the ACT.
- > There are about 200 new small commercial customers, 14 new large commercial customers and 1 new industrial process customers per year.

- > Most commercial businesses typically use gas for heating, water heating and cooking and most of these businesses will be able to use electrical appliances instead of gas. Gas is also used for some industrial processes in the manufacturing sector.
- > There is a commercial zone for mixed use commercial CZ5, which is typically high-density residential developments that can integrate business, office, residential and retail spaces. These buildings can pose a transition challenge if they are built to include fossil fuel gas network connections.
- > Some businesses may choose to install plumbed LPG if a fossil fuel gas network connection is not available.
- > There is a risk that if commercial zones are included in the regulation and industrial zones are not, some businesses in commercial zones might choose to move their operations to an industrial zone to use a fossil fuel gas network connection.
- > There may be some gas reliant businesses where there is no current economically or technically feasible electric or zero emissions alternative solution available. New businesses that rely on fossil fuel gas may be required to establish in areas where a gas connection already exists or seek an exemption from the regulation.

Other areas

- > The Territory Plan outlines four other zone types or land use areas: community facility zones, parks and recreation zones, transport and services zones and non-urban zones.
- > We do not propose to include any of these zones or areas in the initial regulation as data suggests gas connections are uncommon in these areas.



Key questions

- > The ACT Government has a current preference to include residential and commercial areas in the initial regulation. What impacts and benefits that need to be considered if the regulation was applied to these land areas?
- > Should any other areas be included in the regulation and if so, which areas are they and what would be the benefit of including these other areas at this time?
- > Are there specific land use types or areas in the Territory you would expect to see excluded from the initial regulation (for example particular district shopping areas, or low density developments)? If so, why and how long should this exclusion be for 1, 3 or 5 years?

Key Issue 3:

Application of the regulation to greenfield and infill developments, including renovations and knock-down rebuilds

This issue is about the benefits versus impacts of how the regulation applies to greenfield and infill developments, including renovations (where the gas network connection is typically removed) and 'knock-down rebuilds.' Greenfield residential developments are property developments that build on undeveloped land. Infill developments are property developments on land that has often been previously developed.

Refer to Chapter 6, Key Issue 3.

It is important that the regulation is clear and consistent in its application.

We consider that the best way to ensure that the regulation is equitable across the ACT is to prohibit new fossil fuel gas network connections in both greenfield and infill developments, including knock-down rebuilds and renovations where the gas network connection is typically removed to allow for safe construction.

If the regulation is not applied to new infill developments, a large number of consumers will move into these buildings in the future and will be locked into the gas network. This means higher costs for building users and new emissions which are entirely avoidable.

However, we know there are also some impacts to businesses and industry that need to be considered. For example, preventing gas in both greenfield and infill developments will have an impact on the gas fitting industry in the ACT, and on gas reliant businesses. New businesses that rely on gas may need to establish in an area where a gas network connection is already available, or to consider alternative energy sources, such as plumbed LPG.



Key questions:

- > Do you think the regulation should apply the same way to new developments (in new greenfield suburbs) and infill developments (including, for example knock-down re-builds or renovations where the gas connection is typically temporarily abolished to allow for construction)? Please provide reasons for your response.
- > Can you provide details of any impacts, including costs or benefits that may result if the regulation applied to infill developments, including knock-down re-builds, in the same way as it's applied to greenfield development?



Key Issue 4:

Exemptions to the regulation

This issue is about when and how an exemption to the regulation might apply.

Refer to Chapter 6, Key Issue 4.

There may be circumstances where an exemption from the regulation is needed. This could apply, for example, where electric alternatives are not available or feasible, or to a particular mapped area for a specific period of time.

Costs associated with new connections are likely to increase once a regulation is in place. This means that if an exemption were granted, the cost of the connection is likely to be higher than it is today.

The ACT Government's preference is that exemptions are limited to circumstances where alternatives are not feasible. Some key factors to consider when deciding whether an exemption should apply might include:

- > environmental impacts
- > economic potential for the Territory
- > geographic location of a new development
- > secure access to energy in emergency (such as backup power generation)
- > buildings or areas of national importance
- > impact on gas network operations, including planning for future phase-out of fossil fuel gas
- > availability and viability of alternative energy sources to fossil fuel gas for intended uses at the site.

If a new business cannot be all-electric in the future, one solution could be to install LPG bottles on the premises to be used as a short-term solution, or to connect those businesses to the existing Evoenergy high-pressure 'secondary network', which covers less of Canberra, but does travel through most commercial areas.



Key questions:

- > Noting a regulating would not affect existing connections, are there any specific activities within the Territory that must have access to a new connection to the fossil fuel gas network? If yes, what are they and do you think a zero emissions alternative will be available in the next 3-5 years?
- > Are there certain business types or industries that should be allowed to continue to get new gas connections (e.g be exempt from the initial regulation)? If so, what is the business or industry and what would be the impact if they were not exempt?
 - » If an exemption were granted, would 1,3 or 5 years be sufficient for zero emissions alternatives to become available and viable?
- > What type of matters should be considered when developing a process for exemptions to the regulation?
- > Who should pay for a regulatory process or assessment to get an exemption?
- > Given the impact on emissions and energy network planning, it is the ACT Government's preferred position that the number of exemptions are limited and are for circumstances where alternatives are not feasible. How stringent should the exemptions process or exemptions test be?
- > Do connections to the smaller secondary, high-pressure, pipeline offer a viable alternative (economically/financially and technically/logistically) for gas reliant businesses and trades?

Key Issue 5:

Reporting

This issue is about the types of information the gas network operator is required to give to the ACT Government and customers about fossil fuel gas use. *Refer to Chapter 6, Key Issue 5.*

Making sure that the gas network operator gives relevant information to their customers could help people make decisions about the best energy choices for their homes or businesses. The types of information that could be provided to existing or potential customers might include:

- an information sheet about the future of the gas network in the ACT, and / or
- facts about fossil fuel gas emissions, consumption and connection figures.

This could be provided at the time of a connection request.

The gas provider could also be required to report to the ACT Government things like information about all new fossil fuel gas network connections made including the location, type of building the connection was made to and, if the information is available, the purpose of the connection.



Key questions:

- What sort of information should the gas network operator be required to provide to the ACT Government about fossil fuel gas network connections or supply?
- What information should the gas network operator be required to provide to existing and/or potential customers?

Key Issue 6:

Commencement date

This issue is about when the regulation should commence, and how the timing applies to different types of development. *Refer to Chapter 6, Key Issue 6.*

It is proposed that a regulation will commence by November 2023.

It is important for us to understand community views and impacts on whether the regulation implementation should be phased for different types of developments.



Key questions:

- What would be the impacts for builders and developers if a regulation commenced in late 2023? For example, could there be issues for their utility and supply chain planning?
- Do you think the regulation commencement should be phased depending on the type of building or development it is?
- If so, do you have a view on the optimal phasing, and associated costs and benefits, of the commencement date for different building or land types? For example, should a prohibition on residential areas apply to all residential areas from the date of commencement, or should it commence with high-and medium density areas in year 1, low density year 2 etc.
- Are you concerned about impacts on development costs and economic activity if a regulation commenced in late 2023? If so, how do you think those impacts could be managed?



Key Issue 7:

Transitional matters and other considerations

This issue is about making sure the introduction and timing of the regulation considers the impacts on key groups and how these can be mitigated. These groups include building and construction, trades, and developments with existing approvals.

Refer to Chapter 6, Key Issue 7.

Some transitional and implementation considerations about the regulation include:

- > **Buildings with a current development or building approval:** It is anticipated that the regulation would only apply to new buildings or developments that do not yet have a development approval (DA) or building approval (BA). A DA is not required for all building types and does not necessarily indicate whether development will include fossil fuel gas. A BA sets out detailed information and provisions regarding how the building itself must be built. There could also be the option for multi-unit developments that have already received a BA to have the chance to change their plans to provide for an all-electric build, instead of proceeding with a development that includes a new fossil gas network connection and gas appliances.
- > **Supply chain and demand for components required for all-electric buildings:** Global supply chain disruptions together with an ever-increasing demand for all electric components and appliances in Australia creates a risk for the construction industry in sourcing the building materials required to comply with the regulation.

- > **Workforce impacts:** The regulation will impact the ACT's workforce. Initially, the regulation is likely to result in a decline in gas fitting work associated with new developments. The regulation will also impact upon staff employed to work on the gas network providing new connections. Conversely, work for electricians will increase, with additional electrical work required in new buildings. Skills and job transfer is a consideration, as well as identifying opportunities for new business opportunities.
- > **Impact on individuals' rights:** It's important to note that the regulation will not ban the use of gas in the ACT. However, it will reduce individuals' ability to make a new connection to the fossil fuel gas mains network in prescribed circumstances.



Key questions:

- > Do you think developments with existing approvals should be provided with a choice, or encouraged, to change an existing approval from gas to electric? You might want to think about:
 - » when this process should be triggered, i.e. once approval has been given but prior to construction commencing or completion?
 - » any cost impacts of resubmitting development applications so the development is all-electric?
- > Other than building and development approvals, are there other transitional matters that the ACT Government should consider in developing the regulation?
- > What workforce skills and industry capabilities are required to support a regulated requirement that new developments be built all-electric?
- > Are you concerned that the proposed regulation may impact on your individual rights? If so, please tell us how you think it might impact on your rights?

Future work: The Integrated Energy Plan

Whilst the focus of the Issues Paper is to seek community feedback that will help shape a future regulation to prevent new fossil gas connections, we understand that the community is deeply interested in the broader energy transition, and the development of our 'Integrated Energy Plan'.

The Government will release a draft Integrated Energy Plan in 2023, that will outline the governments proposed pathway to electrification. Community feedback will be sought on the draft plan.

Considerations for the Integrated Energy Plan

- > Equitable transition: Low-income households and renters may be disproportionately impacted by the Territory's broader energy transition as reduced demand for gas drives up fossil fuel gas prices. A benefit of the proposed regulation is that low income, vulnerable households, and renters will not need to transition properties that are built all-electric. Ensuring that the broader transition is equitable and supports are available for our vulnerable and low-income communities will be a focus in the Integrated Energy Plan.
- > Future regulatory approaches: We know that additional regulatory approaches, beyond preventing new connections, will be required in the future to help us reach net zero by 2045. Whilst this consultation relates to the regulation to prohibit new gas network connections, the ACT Government is also in the early stages of considering what other regulatory incentives and levers may be needed to achieve net zero by 2045.



Key questions:

- > Are there any actions, regulatory interventions or levers you would like to see prioritised in the Governments development of a draft Integrated Energy Plan?



CANBERRA

Have your say – our community is part of the solution

This project will impact the way our city infrastructure is designed and built to better support our communities and protect our environment.

Our community is part of the solution. Your suggestions and feedback will help us to develop a new regulation on preventing new gas connections in the ACT.



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