MEDIA RELEASE

December 2023

APGA welcomes further VGSR consultation, but concerns remain about opaque modelling

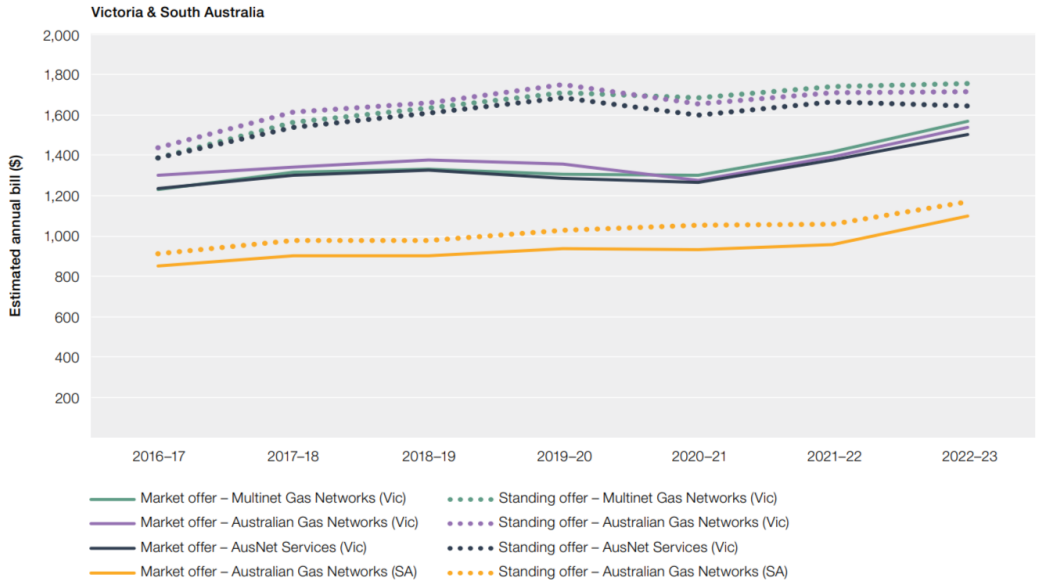
The Australian Pipelines and Gas Association welcomes increased consultation as part of the Victorian Gas Substitution Roadmap (VGSR), but maintains significant concerns over the creeping erosion of consumer choice and the move to purposefully increase the cost of energy bills in a cost-of-living crisis.

While APGA supports the intent behind the Victorian Government's plan to accelerate the transition to renewable sources, the expansion of the VEU program will majorly impact all consumers who will be forced to pay higher energy bills to subsidise those that can afford to buy new appliances.

Further, APGA has considerable concerns about the basis of the Victorian Government's cost saving modelling, which has declared that Victorians can save $1,700 per annum by electrifying gas use. This internal modelling by the Victorian Government has not been made publicly available, with the VGSR predominantly citing third-party organisations to support its decision making.

The Victorian Government's purported savings of $1,700 per annum is higher than the estimated average gas bill for Victorians as noted in the Australian Energy Regulator's State of the Market report, released in October 2023. The market offer for all three gas networks is less than $1,600.

It is unclear how Victorian households can save more than the total of their average annual gas bill.



Note: Based on offers for residential customers and estimated consumption in each jurisdiction.

Source: AER analysis using offer data from Energy Made Easy (AER) and Victorian Energy Compare (DELWP). Consumption based on Frontier Economics report to the AER, *Residential energy consumption benchmarks*, December 2020.

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In another example, the VGSR cites the Grattan Institute and IEEFA, and falsely illustrates that emissions from dual-fuel homes in Victoria are higher than in all-electric homes. In fact, the Grattan Institute report clearly states dual-fuel homes have much lower emissions than all-electric homes in 2023.

In the Grattan Institute report, the analysis found dual-fuel homes emit 2.83 tCO2-e per annum, compared to 3.43 tCO2-e per annum for all-electric homes – which is more than 20 per cent higher.

APGA chief executive Steve Davies says industry welcomes the Victorian Government's projections that the gas networks will play a vital role delivering energy for decades to come, but concerns remain about 'facts' used to fit a narrative that forces households and small businesses to cook with brown coal.

"While we welcome more consultation and a rigorous cost-benefit analysis, there are many examples within the VGSR of assumptions being designed to fit a narrative that is clearly not reflective of reality," Mr Davies said.

"We strongly urge the Victorian Government to make all cost-benefit assumptions and emissions modelling public, so businesses and households can have confidence they're making informed choices."

"Every home and business has a responsibility to decarbonise, but Victorians should be trusted to make decisions that suit their needs, such as renewable gas – not have that choice taken away from them."

"Industry commends the Victorian Government for its renewable gas directions paper, and the acknowledgment that carbon-neutral gases will play an important role in reducing emissions."

About
The Australian Pipelines and Gas Association (APGA) represents the owners, operators, designers, constructors, and service providers of Australia's pipeline infrastructure, connecting natural and renewable gas production to demand centres in cities and other locations across Australia. Our members offer a wide range of services to gas users, retailers and producers and ensure the safe and reliable delivery of 28 per cent of the end-use energy consumed in Australia.

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