MEDIA RELEASE

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Gas infrastructure industry welcomes analysis into complete cost of full electrification

The Australian Pipeline and Gas Association welcomes a frank and open discussion about the upfront costs of fully electrifying Australian homes and businesses, and calls for independent modelling by the Parliamentary Budget Office to analyse the taxpayer and consumer cost of full electrification.

The APGA is at the forefront of the domestic renewable gas industry and is fully committed to Australia's emissions reduction target of 43 per cent by 2030 and net zero by 2050.

Domestic gas networks are ready to carry hydrogen blends of up to 10% to help Australian households and businesses quickly and affordably decarbonise, with pilot programs in NSW, Victoria, SA, WA, and Queensland already demonstrating that networks can deliver hydrogen gas blends.

Biomethane, which is produced through anaerobic digestion and has zero emissions, is already 100% compatible with gas networks.

APGA chief executive Steve Davies says Australians should welcome an open and frank conversation about the real cost of electrifying homes and businesses so they can make informed cost-of-living decisions about how they choose to reduce emissions.

"The figures reflected in Senator Pocock's own Parliamentary Budget Office (PBO) modelling is consistent with industry analysis by renowned independent consultancy Frontier Economics, as well as in real-world examples as seen in Western Australia," Mr Davies said.

"When it comes to reducing emissions and providing customer choice, all options should be on the table as opposed to putting all our eggs in one basket with a single-track solution."

Independent modelling on cost of household electrification in Victoria revealed the average cost for a typical three-bedroom, single storey freestanding home - the common type of dwelling - would be between $25,000 and $31,000 – consistent with the PBO's implied cost of $26,000 a household.

The Frontier Economics analysis from August 2022 included:

- The cost of removing existing appliances, including any rectification work that might be required, such as covering existing ducts, plastering, and painting.
- The cost of purchasing new appliances.
- The cost of installing new appliances, including labour and materials.
- The cost of electricity supply upgrade if this is required because of the new electrical appliances.

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This modelling **did not include** the costs of solar panels, home batteries, or electric vehicles.

In a real-world example, in 2022, the Western Australian government committed $10.5 million to transition 258 private residential and 41 business customers from reticulated gas to electricity or bottled gas, which included financial assistance to customers for removal of existing appliances and installation of new appliances, including electrical works required for an all-electric solution.

The Esperance program implies a transition cost of at least $27,704 per household, with this scenario also consistent with the PBO modelling and the Frontier Economics' modelling.

"Australians should have the freedom to choose how to decarbonise in their homes. Pursuing a **concurrent** renewable gas pathway allows customers to reduce emissions without upfront costs or inconvenience with the added benefit of reducing stress on the electricity grid," Mr Davies said.

"We would welcome independent analysis by the Parliamentary Budget Office on the total cost of electrifying all homes and businesses so Australians can have confidence in how much they and the taxpayer will be expected to pay."

The HyP SA facility has begun delivering a 5% renewable gas blend to more than 3700 gas customers in South Australia, including households, businesses and schools with plans to transition the entire SA gas network to zero emissions green hydrogen by 2050.

In NSW, Jemena's Malabar facility will turn the biowaste from Sydney's wastewater sewers into renewable gas that will heat the showers and homes and fire up the BBQs of 6,000 households from mid-2023 with the potential to expand to more than 15,000 connections.

While in Western Australia, ATCO has begun blending renewable hydrogen into the WA gas distribution network to help the WA Government achieve the longer-term goal of blending up to 10 per cent network-wide by 2030 to dramatically reduce emissions.

To learn more about renewable gases and how the APGA and the broader gas infrastructure industry are helping to deliver the least-cost pathway to net zero, **click here.**

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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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