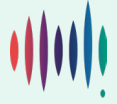


Submission to City of Sydney Electrification of New Development Discussion Paper

Submitted by: Alice Gordon

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Energy Consumers Australia appreciates the opportunity to respond to the City of Sydney's Discussion Paper on the Electrification of New Development. Electrifying new buildings is an important step in ensuring all households and small businesses benefit from the energy transition, and we commend the City of Sydney for taking decisive action to progress this.

Do you agree with the benefits of all-electric buildings outlined in the paper, and do you see any other benefits?

We agree that all-electric buildings are cheaper to run, healthier and an important step in achieving net zero targets.

The cost savings from switching to all-electric homes and businesses are clear and are increasingly being recognised by Australian jurisdictions. The NSW Government has recognised households and small businesses who switch to all electric appliances and install solar and a battery could save an average of \$4,000 a year.¹ The Victorian Government finds new homes save around \$880 a year compared to dual-fuel homes, increasing to \$1,820 for homeowners with solar.² Our Stepping Up report also found that the economic benefits of switching to electric appliances are substantial and will only increase in the coming decade, due to rising gas prices and declining electricity prices from better utilisation of electricity networks.³

We agree there is an urgent need to support electrification of households and businesses as those left using gas will face rising gas bills. The City of Sydney calls out risks related to the "death spiral", which sees the costs of maintaining the gas network shared among an increasingly small cohort of consumers as others electrify and leave the network. Our report with Dynamic Analysis, *Turning Down the Gas*, found that network costs for residential and commercial customers on Jemena's NSW gas network would double by 2040 and be 5 times higher by 2055.⁴ The consumers left paying these high prices are likely to be those who face the greatest barriers to electrifying, for example low-income households who cannot afford the upfront costs of electrifying, renters or those living or working out of apartments.

Commonwealth, state and local governments must implement measures that ensure all consumers can access the benefits of electrification. All-electric buildings will ensure consumers can access these savings and are shielded from future increases to gas bills. We commend the City of Sydney's commitment to delivering these benefits through their discussion paper.

How important do you think electrification of new development is to achieve our environmental targets?

Electrification of new development is a fundamental and straightforward step towards achieving environmental targets.

Achieving environmental targets requires immediate action to decarbonise homes and businesses. The Grattan Institute found in 2023 that net zero targets could still be reached by replacing gas appliances with efficient electric alternatives at end of life and stopping new buildings connecting to gas.⁵ However, in NSW the number of buildings connecting to the gas network continues to grow in the absence of firm

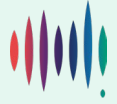
¹ NSW DCCEE, NSW Consumer Energy Strategy, September 2024, p. 42.

² VIC DEECA, Save with an all electric home, accessed 29 April 2025

³ ECA, Stepping Up: A smoother pathway to decarbonising homes, August 2023.

⁴ ECA & Dynamic Analysis, Turning down the gas: Reducing consumer risk, September 2024.

⁵ Grattan Institute, Getting off gas: Why, how, and who should pay, June 2023.



government policies to curb new connections. Jemena reports a steady rise in connections to their gas network each month, with an additional 40,000 reported between December 2022 to December 2024.⁶

Requiring new buildings to be all-electric provides consumers living and working out of these buildings access to the benefits of electrification and avoids future costs related to electrification. Consumers who decide to electrify later on face the upfront costs of electric appliances, any building modifications needed to accommodate them, and the costs related to abolishing a gas connection from their home or business.

Connecting new buildings to the gas network would both encourage consumers into paying gas bills at a time when they are expected to rise exponentially, and it would exacerbate the risk of rising gas bills. The costs of connecting new customers to the gas network are currently shared among existing gas consumers and make up a substantial portion of gas network requests for expenditure. In their most recent Draft Plan, Jemena Gas Networks requested more than \$250 million to connect new gas users.⁷ Under existing arrangements, these costs will be recovered by an increasingly small cohort of consumers who already face rising gas prices. Our report with Dynamic Analysis, *Turning Down the Gas*, found limiting unnecessary expenditure, such as the costs of connecting new customers, is an important step in minimising the risks associated with stranded gas network assets.⁸

Further, clear policy direction on the future of gas for households and small businesses provides consumers with certainty around their role in the transition and can help build trust in the energy industry and transition. Our surveys find in the ACT, where the government has communicated clearly that electrification is the path for households and small businesses (including through requiring new buildings be all-electric), households are significantly more likely to say they plan on cancelling their gas supply in the next ten years. ACT households also feel more confident that there is a well-planned approach to manage the transition.⁹ This trend was also noted in the recent meter data linking project conducted by the Australian Energy Market Operator for the Department of Climate Change, Energy, the Environment and Water which found the ACT “stands out as having a higher rate of residential electrification, driven by consistent policies and incentives that have encouraged a shift toward energy-efficient electric homes.”¹⁰

NSW is yet to communicate a clear direction for household and small business gas use, despite increasing evidence of the benefits (and necessity to reach net zero targets). The City of Sydney has the opportunity to deliver greater certainty and clarity to its residents through this discussion paper.

Which of the planning control options do you think should be implemented? Should any of these approaches be combined, excluded or modified and why?

The City of Sydney should implement Option 3 which requires all new residential and non-residential buildings to be all-electric. This is in line with what has been implemented in the ACT and goes further than the Victorian policy which limits new connections for residential dwellings only.

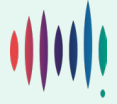
⁶ AER, Gas quarterly disconnection reporting, February 2025 update.

⁷ Jemena Gas Networks, Draft 2025 Plan, February 2024.

⁸ ECA & Dynamic Analysis, Turning down the gas: Reducing consumer risk, September 2024.

⁹ ECA, Consumer Energy Report Card, December 2024.

¹⁰ AEMO & DCCEEW, Gas-Electricity Meter Data Linking Project Report, January 2025, P 31



The ACT provides opportunities for exemptions for commercial buildings and the City of Sydney could consider including this option for exceptional circumstances where a gas connection is necessary. However, given the substantial evidence that electrification is the most economical and safe option for homes and businesses, and the future costs necessary to electrify an exempted building, this should only be granted if there is overwhelming evidence a gas connection is necessary (which we expect to be minimal cases). We also agree that in these circumstances, electrical capacity should be provided to enable future electrification. ECA is currently undertaking research into small business gas use and their barriers to electrification and will happily share findings with the City of Sydney and interested stakeholders upon completion (expected to be completed in late May).

If the planning controls are implemented, should they come into effect right away?

Planning controls should come into effect as soon as possible. We have already seen in Victoria and the ACT that the impact of any new regulation already lags significantly due to long lead times between receiving approval and the commencement of construction. As bans only impact new approvals, we continue to see significant numbers of new homes connecting to the Victorian gas networks. In the ACT, while numbers have now decreased materially, there were still 100 new homes connecting in December 2024, a full year after the policy was introduced.¹¹

We look forward to continuing to work with the City of Sydney as they progress efforts to ensure all consumers are benefitting from the energy transition. If you have any further questions, please reach out to Alice Gordon at alice.g@energyconsumersaustralia.com.au.

Signed,

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¹¹ AER, Gas quarterly disconnection reporting, February 2025 update.

**The national voice for residential and
small business energy consumers**



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