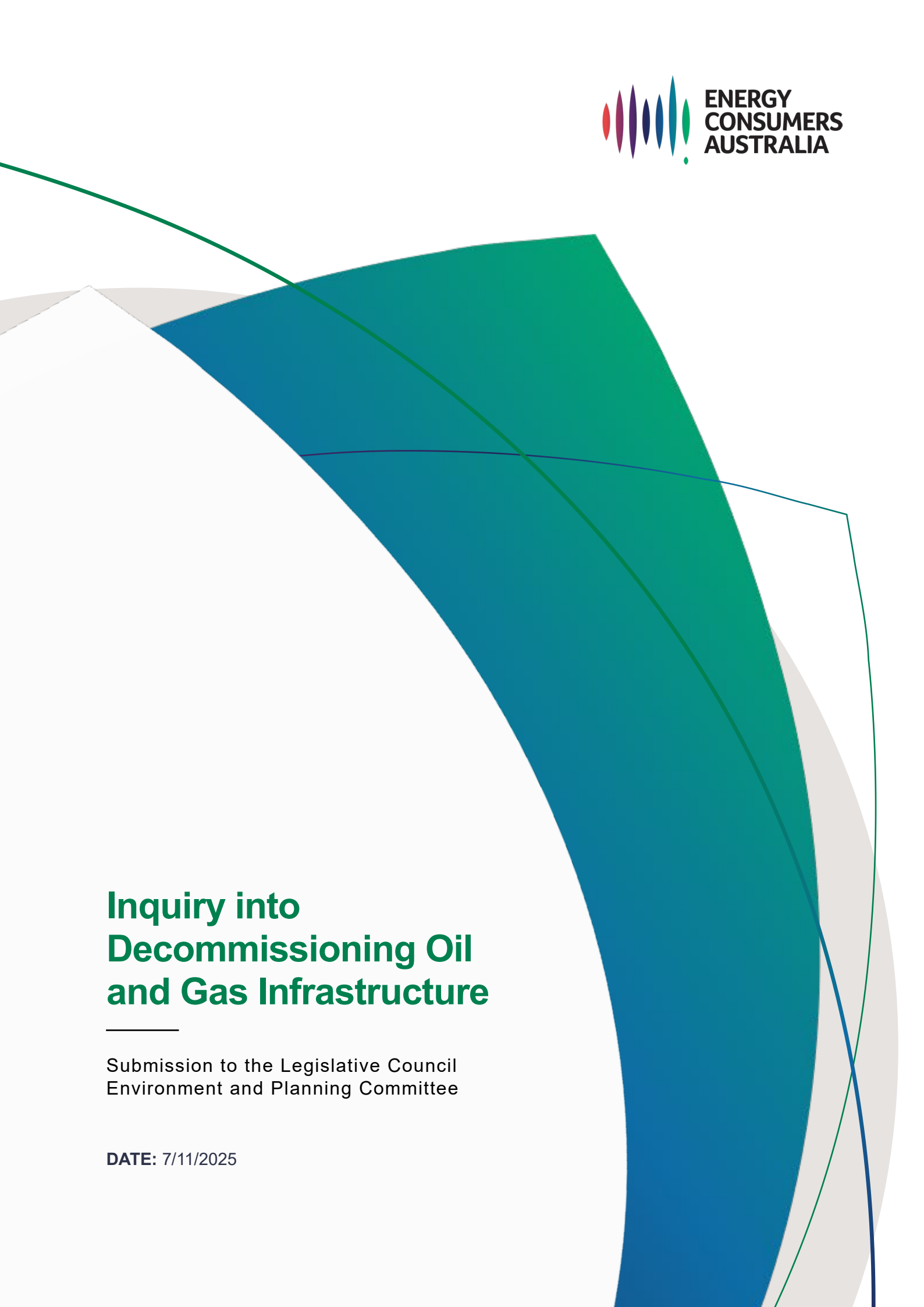
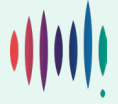


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Inquiry into Decommissioning Oil and Gas Infrastructure

Submission to the Legislative Council
Environment and Planning Committee

DATE: 7/11/2025



Summary | Victoria must focus on protecting households and small businesses through planned decommissioning

Energy Consumers Australia (ECA) commends the Legislative Council Environment and Planning Committee for examining how Victoria should manage the decommissioning of oil and gas infrastructure. This is a difficult but necessary task, and we applaud the Committee for addressing it directly. The decisions made through this Inquiry will set the benchmark for how Australia protects households and small businesses as fossil fuel infrastructure winds down.

Victoria has already shown national leadership through its Gas Substitution Roadmap, the reforms to electrify new dwellings and programs to help homes electrify. The next step is managing the retirement of existing gas infrastructure with the same foresight and consumer focus.

Without a clear framework, decisions will remain ad hoc and reactive, exposing communities to unnecessary cost, disruption and safety risks. Consumers did not make the investment decisions that built these networks, and they should not bear the cost of their decline.

We recognise that this is a complex problem, but complexity is not an excuse for delay. The most effective path forward is to learn by doing; plan, decommission and electrify in targeted areas; evaluate lessons; refine and repeat. Acting early will protect consumers and provide the practical evidence to guide national reform.

To move from reactive to proactive management of network decline, we encourage the Committee to consider four key actions:

1**Clarify roles, powers and accountabilities for decommissioning decisions.**

Clearly define which agencies oversee gas network contraction, how decisions are made, and how responsibilities are shared across government, regulators and industry.

2**Develop a clear consumer protection and communication framework.**

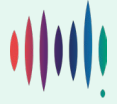
Establish minimum standards for notice, engagement and support when gas supply is withdrawn from an area. These standards should ensure consumers have sufficient time, information and financial assistance to transition to safe and efficient alternatives.

3**Integrate decommissioning into state planning and launch a decommissioning readiness study.**

Require gas distributors to share forward data on declining network utilisation so that local infrastructure and planning decisions anticipate gas network changes. Additionally, initiate a *Decommissioning Readiness Study* to identify the areas of the state most suitable for early action where network “pruning” would be efficient and where households and businesses are already well placed to electrify.

4**Pilot practical ways to support communities to electrify and phase out parts of the gas network.**

Trial coordinated electrification and decommissioning projects in selected communities, partnering with local governments, distributors and consumer groups to deliver fair, affordable and well-timed transitions.



Together, these actions would establish the foundations for a fair and orderly transition, positioning Victoria to lead the development of practical, evidence-based approaches that can inform future national frameworks under the National Gas Rules. By acting now, Victoria can avoid costly disorder, protect consumers, and create the evidence base needed to guide a safe, equitable and well-planned phase-down of gas infrastructure across Australia.

Introduction

Energy Consumers Australia is the national voice for household and small business energy consumers. We advocate for a fair, affordable, and reliable energy system that meets everyone's needs and leaves no one behind on the journey to net zero.

Energy Consumers Australia (ECA) welcomes the opportunity to contribute to this Inquiry and to focus on the parts of the gas system most relevant to households and small businesses – the onshore distribution network that delivers gas into homes and communities. We primarily address Terms of Reference (c) and (d), which relate to the regulatory powers of the Victorian Government to ensure timely decommissioning and to actions that ensure companies make adequate provision for decommissioning costs. We acknowledge Terms of Reference (g) and (h) concerning leaked greenhouse gases and public protection and briefly comment on (a) and (b) to provide context on the scale and ownership of Victoria's gas infrastructure.

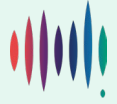
Our submission draws on ECA's recent research and advocacy, including our *Gas Networks in Transition* rule change proposals to the Australian Energy Market Commission (AEMC), and our broader work on the future of gas and household electrification. Across this body of work, our position is clear: household and small business gas use is declining, and governments must now plan for that transition in a way that protects consumers. This means ensuring the phase-down of gas infrastructure is managed deliberately and fairly, so that households and small businesses are not exposed to unnecessary cost, confusion or safety risks as the energy system changes.

ECA's primary concern is that households and small businesses, who have limited control and information over how networks are planned or retired, are protected through this transition. The decommissioning of onshore gas infrastructure is not merely a technical or engineering task. It is a consumer issue that will determine whether the shift away from gas is affordable, safe and equitable, or whether costs and risks are unfairly shifted to those least able to bear them.

We urge the Committee to focus on developing the policy and regulatory foundations for an orderly, transparent and consumer-centred approach to decommissioning. A clear framework for planning, consultation and cost allocation will be essential to protect Victorian consumers, manage network decline responsibly and ensure the benefits of the clean energy transition are shared fairly.

Victoria's households and small businesses are getting off gas – the government must plan for what happens next

The Inquiry comes at a critical moment. ECA provides this submission because the behaviour of increasing numbers of households and small businesses shows they are moving away from gas as efficient electric alternatives become cheaper, safer and cleaner. This is particularly significant for



Victoria, which has the largest domestic gas consumption of any eastern Australian jurisdiction, with more than half used by residential customers.¹

Efficient electrification and energy efficiency now provide the clearest path to lower bills and emissions. Analysis by the Energy Efficiency Council shows that efficient electrification could reduce Victoria's fossil gas use by nearly 107 petajoules (PJ) a year by 2035, roughly equivalent to the gas used for power generation across Victoria and Queensland combined. While this shift adds about 14 terawatt hours (TWh) of electricity demand, efficiency improvements offset most of it, leaving a net increase of only 5 TWh by 2035.²

This indicates that the scale of change is significant. CSIRO and the Australian Energy Market Operator (AEMO) both project that residential and commercial gas demand will approach zero by 2050 under all scenarios. Gas use in eastern Australia has already fallen by about 30 per cent since its 2012–13 peak, with a further six per cent decline in the last financial year.³ This is being driven by consumer choice and economic reality: for most households and small enterprises, electrification is now cheaper, cleaner and more efficient than gas.

Expanding supply will not reverse these trends. As the Grattan Institute has observed, east-coast gas prices have risen from about eight to ten dollars per gigajoule in 2017 to around fourteen dollars today despite increased production.⁴ Oversupplying the domestic market would only provide short-term relief and cannot offset the depletion of low-cost Victorian reserves or Australia's exposure to international prices. The durable path to affordability lies in using less gas through efficient electrification rather than producing more of it.

These realities also underline the limits of so-called renewable or "green" gas as a household solution. Hydrogen is technically challenging and consistently more expensive than direct electrification. More than 50 independent studies have found hydrogen is not suitable for heating buildings.⁵ Biomethane, while chemically compatible with the gas network, exists only in quantities sufficient to serve industry, not millions of homes. Given these realities, continued expansion of the gas network is inconsistent with the state's transition objectives and risks increasing costs for future consumers. Approving new extensions or connections during a period of structural demand decline would add to the regulated asset base (RAB) and create liabilities that households and small businesses will ultimately pay to retire. The implication is clear: large-scale decommissioning of the onshore gas network will be required to meet Victoria's net-zero commitments.

Independent modelling for ECA shows that, on a business-as-usual path, average household network charges could quadruple by 2050, from about \$280 to over \$1,100 per year.⁶ By contrast, households which electrify will see their energy bills fall sharply from about \$5,800 today to about \$3,000 in 2050.⁷ This reflects the savings from solar, efficient electric appliances and the removal of gas network charges, underscoring the long-term affordability of electrification over maintaining gas.

This rapid transition has major implications for Victoria's gas infrastructure. According to the Australian Energy Regulator (AER), the combined value of Victorian gas transmission and distribution assets yet to be recovered from consumers is around \$6 billion.⁸ These costs are largely fixed, and as customers

¹ Infrastructure Victoria, 2021, [Gas Infrastructure Advice – Cost Benefit Analysis of Energy Efficiency Activities in the Gas Sector](#), 3

² Energy Efficiency Council, 2025, Forthcoming report: [Energy Efficiency Council - Efficient electrification and Victoria's gas transition](#)

³ IEEFA, 2024, [Slump in Eastern Australia Gas Demand Shows No Signs of Easing](#)

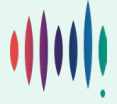
⁴ Grattan Institute, 2025, [Assessing the Coalition's cheaper-gas plan - Grattan Institute](#)

⁵ Rosenow, J. 2024, A meta-review of 54 studies on hydrogen heating, Cell Reports Sustainability (available [at A meta-review of 54 studies on hydrogen heating - ScienceDirect](#)).

⁶ ECA and Dynamic Analysis, 2024, [Turning down the gas: Reducing consumer risk | Energy Consumers Australia](#)

⁷ Grattan Institute, 2025, [Bills down, emissions down: A practical path to net-zero electricity](#)

⁸ AER, 2024, [State of the energy market 2024](#), 228.



leave the network, the same costs are spread over a smaller base. Under current rules, regulators must allow networks to recover their efficient costs, which means gas tariffs rise for remaining consumers.

These dynamics expose a structural gap in current regulation. There is no clear process for how the network will contract, who will decide when to decommission specific sections, or how affected consumers will be supported. The recent Solstice Energy withdrawal from ten regional Victorian towns, which left over a thousand customers facing sudden electrification costs, demonstrates what happens when those decisions occur without planning or coordination.

For ECA, this Inquiry is therefore about consumer protection and livelihoods. Households and small businesses are not responsible for past investment decisions in gas infrastructure, yet without a proper framework they risk paying the price for its decline. Decommissioning must be planned, transparent and equitable, with clear roles, notice and support for the people and communities affected.

It would also ensure that lessons from Victorian experience can meaningfully inform national reform under the National Gas Rules, avoiding duplication and promoting consistent consumer protection across jurisdictions.

What the Victorian Parliamentary Inquiry needs to consider when it comes to gas infrastructure decommissioning

Decommissioning the gas network is a significant consumer and policy challenge. The way Victoria plans and manages the retirement of onshore gas assets will determine whether the energy transition is affordable, safe and fair for households and small businesses. Without a planned approach, consumers risk being left behind, facing sudden disconnections, confusion about their options, and rising costs from stranded network assets.

Current regulatory arrangements leave consumers exposed

In Victoria, as in other jurisdictions, the economic regulation of gas networks is designed for systems in steady operation or growth. The existing tools available to regulators, such as accelerated depreciation, focus primarily on reducing financial risk for investors rather than on protecting consumers or ensuring orderly network decline.

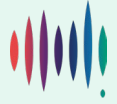
Depreciation is a normal business expense that determines how network businesses recover their costs over time. Accelerating depreciation simply shortens that recovery period. The argument that this protects intergenerational equity is misplaced: accelerated depreciation is a payment from today's consumers to network businesses to reduce the businesses' exposure to future losses.

In Victoria, the AER has approved \$333 million in accelerated depreciation across the three Victorian gas distributors for 2023–28 through accelerated depreciation, effectively asking today's consumers to pre-pay for assets that may soon be redundant.⁹ This approach, while consistent with current rules, is not consistent with consumer protection. It risks undermining affordability and public confidence in the transition.

A planned approach to decommissioning will protect consumers and inform national reform

Victoria's gas distribution network will inevitably contract as electrification accelerates. This change can either happen reactively, through piecemeal network withdrawals like the Solstice Energy case, or proactively through a strategic, planned process that gives communities time and support to adapt.

⁹ Renew, 2024, [Death spiral: Network blows up renewable gas claims, wants to hit consumers for cost of stranded assets](#)



At present, Victoria has no clear framework that governs how decommissioning decisions are made, what notice and support consumers receive, or how responsibilities and costs are shared between networks, regulators and governments. The absence of such a framework risks inconsistent and unfair outcomes, particularly for regional and low-income communities.

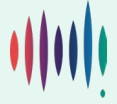
As part of this Inquiry, the Committee could consider recommending that the Government:

- Identify what principles and processes would need to underpin a fair and orderly decommissioning framework, drawing on Victoria's own experience and international examples.
- Examine how existing instruments, such as network licences, Energy Safe Victoria safety plans and DEECA's Gas Substitution Roadmap, could be expanded to include decommissioning requirements.
- Clarify which agencies are responsible for approving, overseeing and communicating decommissioning decisions to ensure clear accountability.

In developing this policy foundation, several key matters will need to be addressed, including:

- At what scale(s) a strategic decommissioning project could be carried out
- The process for identifying a specific prospective project – who should take the lead, what stakeholder consultation or collaboration should take place.
- The process for determining if a specific project should go ahead – who should be the decision maker, what stakeholder consultation is required before a decision is made.
- What notice period should affected customers and other relevant stakeholders (e.g. local and jurisdictional government, local DNSP) be given of a specific project to allow adequate time to prepare for the need to find alternative energy sources (primarily electrification)?
- What are the communication protocols to ensure that all affected parties have received timely notice and then for ongoing communication re reminders, support packages for customers, confirmation of whether they have made the change in time, etc.?
- Can customers who would prefer to keep their gas connection veto the project?
- What is the support package for affected customers, and should it allow for customers who remain committed to using gas to convert to bottled gas?
- Would new regulations need to apply to the bottled gas industry if it is offered as an alternative to electrifying all of a consumers energy use?
- How and by whom is the support package funded?
- Consideration of the costs incurred by the gas network carrying out the project and how to make sure their incentives are aligned with the overall net benefits of the project.
- Post project protocols to confirm all affected customers have an ongoing replacement energy source in place.

Establishing these principles would allow Victoria to move from a reactive posture, responding to unplanned network withdrawals, to a proactive, strategic approach.



Transparent planning and coordination are essential to manage network decline

As household and small business gas use continues to fall, sections of the network will become uneconomic to maintain. Without transparent planning, decommissioning decisions risk being reactive, fragmented and costly. This would place unnecessary risks on consumers, local governments and electricity networks, which all rely on timely and coordinated information to plan effectively.

Gas distribution businesses are not currently required to provide the same level of forward planning or public reporting that exists in the electricity sector.¹⁰ Despite facing a high degree of uncertainty, gas distribution networks have no requirement to develop and share plans for the expected future of their systems. In contrast, electricity networks publish detailed, long-term planning documents such as Distribution Annual Planning Reports, which enable regulators, councils and communities to anticipate investment needs and coordinate new infrastructure. This lack of transparency prevents effective coordination and makes it difficult for regulators to test whether new investment proposals are prudent in the context of long-term demand decline.

Greater transparency would also improve accountability. Consumers would have early notice of areas likely to be decommissioned, councils could incorporate that information into planning decisions, and regulators could better assess whether proposed capital works align with long-term transition objectives. The benefits, such as lower costs, reduced duplication, improved coordination, far outweigh the modest administrative burden on networks managing multibillion-dollar assets.

These actions would position Victoria to manage the transition proactively, reducing the likelihood of sudden, unplanned network withdrawals that leave households and small businesses facing unmanageable costs. They would also generate the evidence and practical lessons needed to shape future national frameworks for decommissioning under the National Gas Rules.

Victoria has already taken important steps to guide households and small businesses toward cleaner, cheaper forms of energy. The next test of leadership is how the state manages the phase-down of the gas system itself.

By clarifying responsibilities, improving planning transparency, and ensuring that consumers are protected through every stage of decommissioning, the Victorian Government can avoid costly disorder and deliver a transition that is fair, safe and affordable for all Victorians.

The Committee's consideration of these issues comes at a pivotal moment. Decisions made now will determine whether communities experience the end of the gas era as a period of uncertainty or as a well-planned opportunity to lower bills, improve safety and strengthen public confidence in Victoria's energy transition.

We thank the Committee for considering this submission and would welcome the opportunity to provide further information as the Inquiry progresses.

[End of submission]

¹⁰ See Dynamic Analysis, [Turning down the gas - Minimising consumer risk](#), September 2024 for an outline of the differences in data collected

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



PO Box A989,
Sydney South NSW 1235
T 02 9220 5500

energyconsumersaustralia.com.au