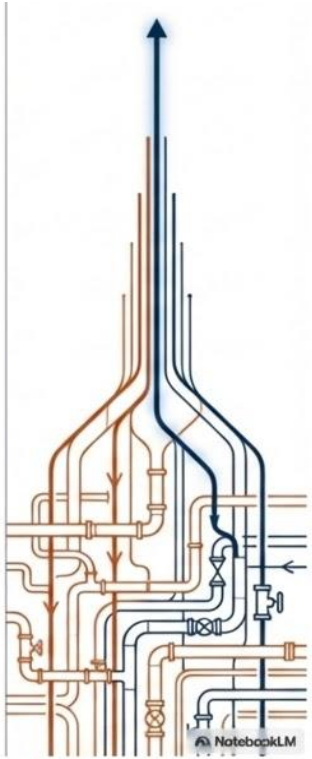
Victoria's Gas Endgame: An Orderly Electrification Plan

A Strategic Approach to Phasing Out the Residential Gas Distribution Network by 2045.

Submission to the Legislative Council Inquiry on the Decommissioning of Victoria's Gas Infrastructure

Date: 15 September 2025

Prepared by the Victorian Energy Future Network (VEFN)



The decline of residential gas is not a policy choice. It is a market reality. The role of the inquiry is to decide if this decline is managed strategically or if it becomes a costly collapse that harms the most vulnerable.

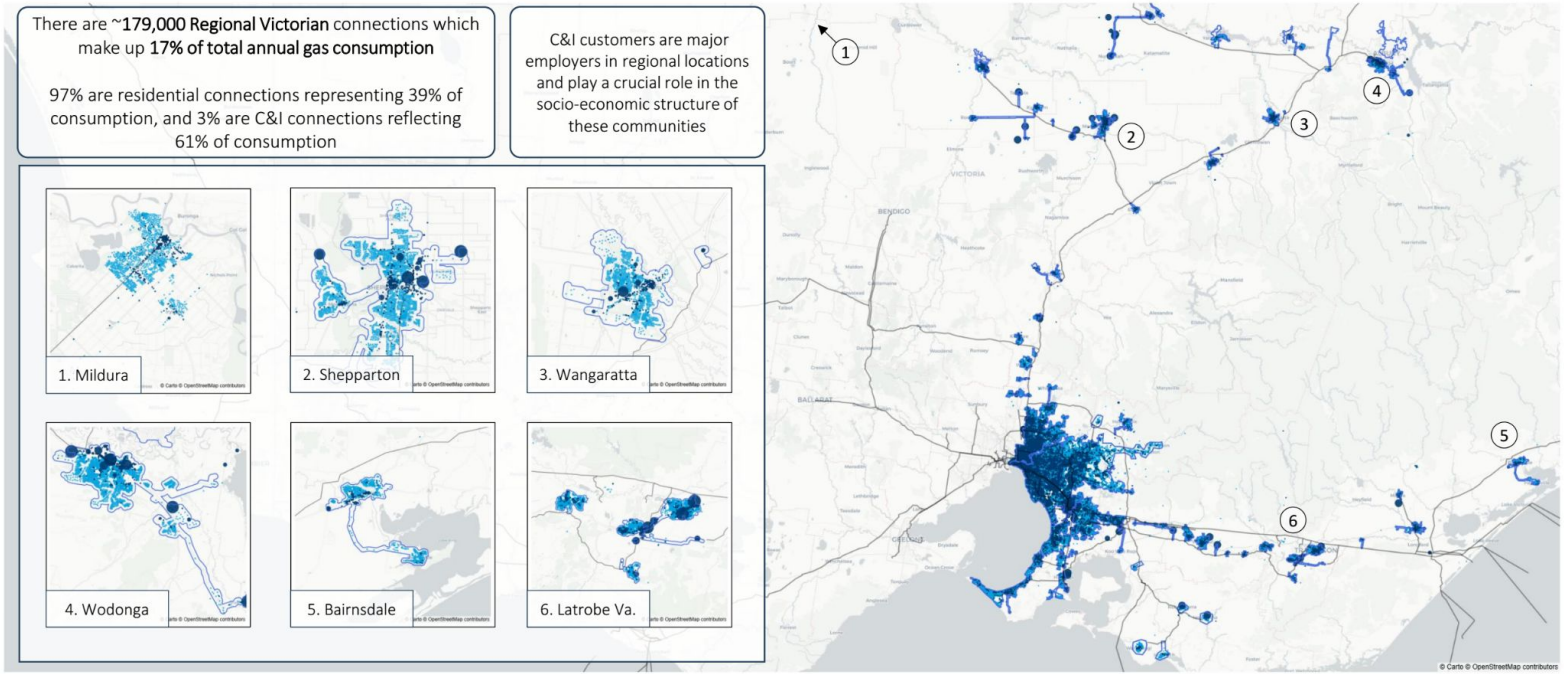
The onshore gas network reaches across Victoria.

Geographic Diversity | Customer types are intertwined throughout Regional Victoria

There are ~**179,000 Regional Victorian** connections which make up **17% of total annual gas consumption**

97% are residential connections representing 39% of consumption, and 3% are C&I connections reflecting 61% of consumption

C&I customers are major employers in regional locations and play a crucial role in the socio-economic structure of these communities



Legend Residential Customers; Commercial and Industrial Customers; Network Extent; Licensed Pipelines

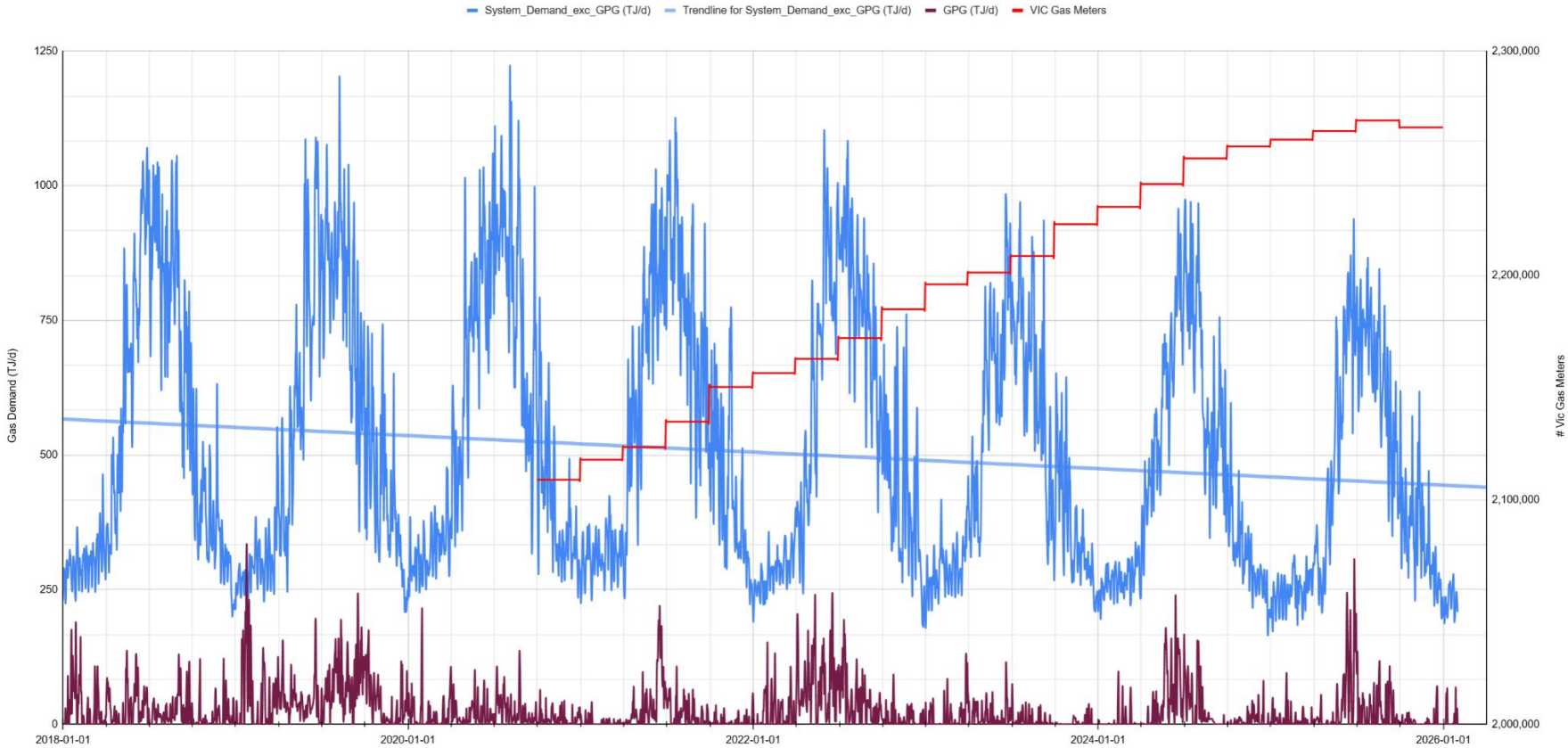
Average Annual Consumption 2021-2023 10,000 GJ or less; 100,000 GJ or more

Australian Gas Infrastructure Group

How much gas is being used by how many Victorians?

Victorian Gas Demand 2018 - now showing both System and GPG Demand. Gas Meter Connections Peaked at the end of 2025 and have started to decline.

System Demand is the sum of Residential & Commercial Demand. System Demand is very seasonal, and well in excess of GPG demand.

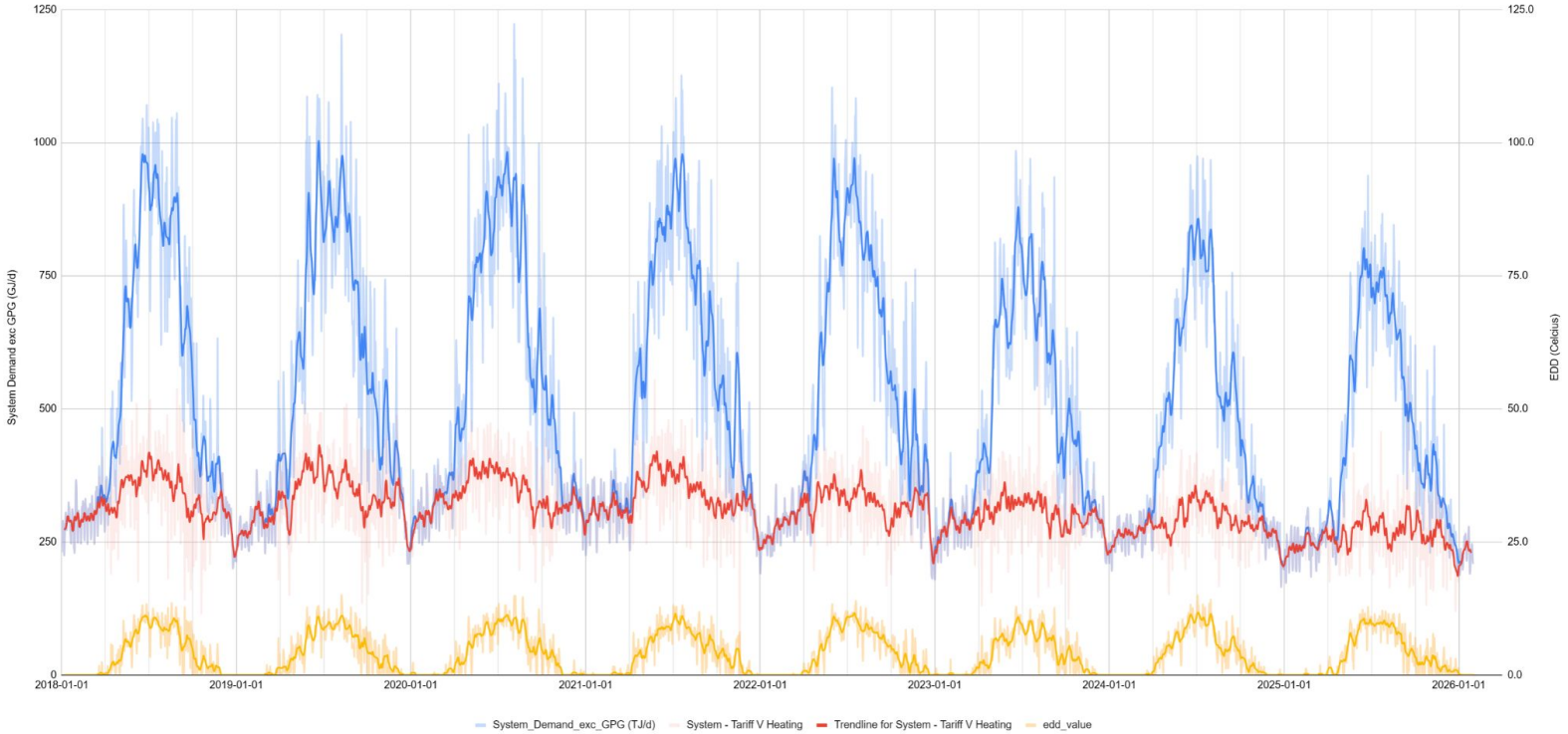


Of this, most Victorian gas is used for home heating.

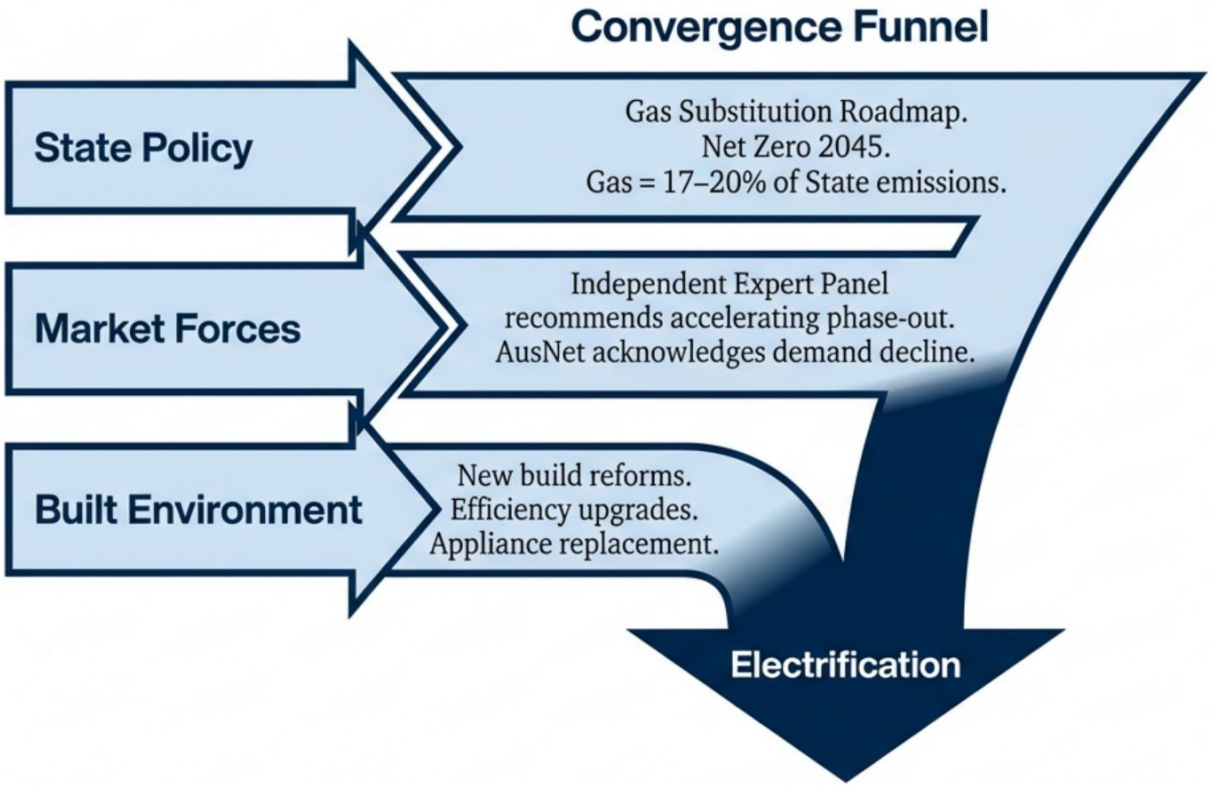
Gas is the most expensive form of home heating. It's cheaper to insulate / draft proof and electrify.

Insulating and electrifying home heating greatly reduces gas demand. Gas use above the red line is for home heating. (Excludes commercial / industrial.)

EDD is Effective Degree Days (Right Axis) used by AEMO to forecast gas heating demand.



The Inevitability of Decline: Policy and Market Forces
Policy and Market Forces



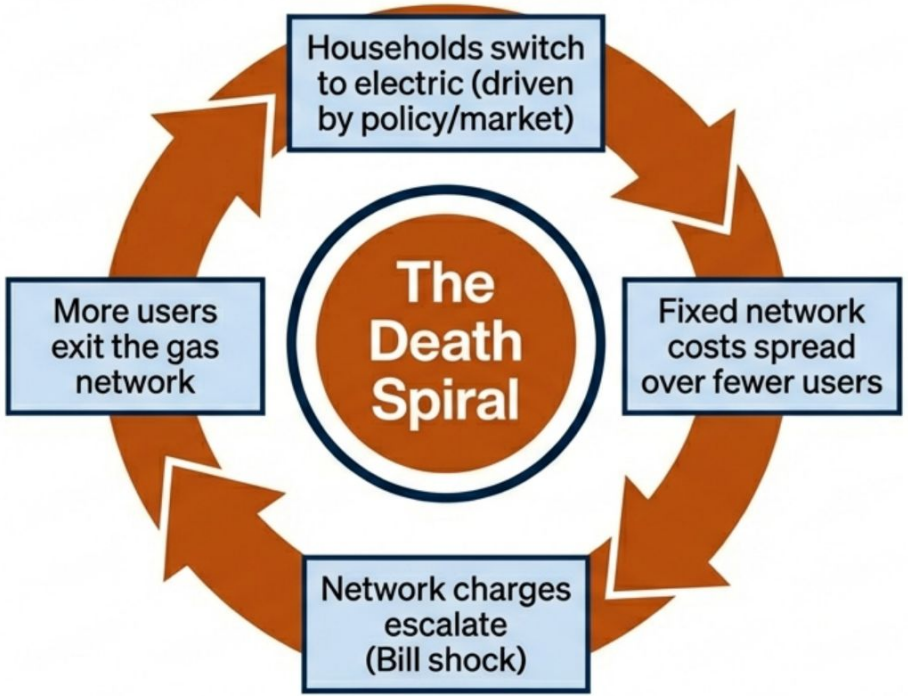
The Vic Gas Substitution Roadmap is excellent work. There is indeed a lot more to do.

VEFN's proposals prepare Victoria for the transition.

The Threat: The Economic Mechanics of a 'Disorderly Collapse'

VEFN Modelling:

Collapse could start by mid-2030s as costs become unsustainable.

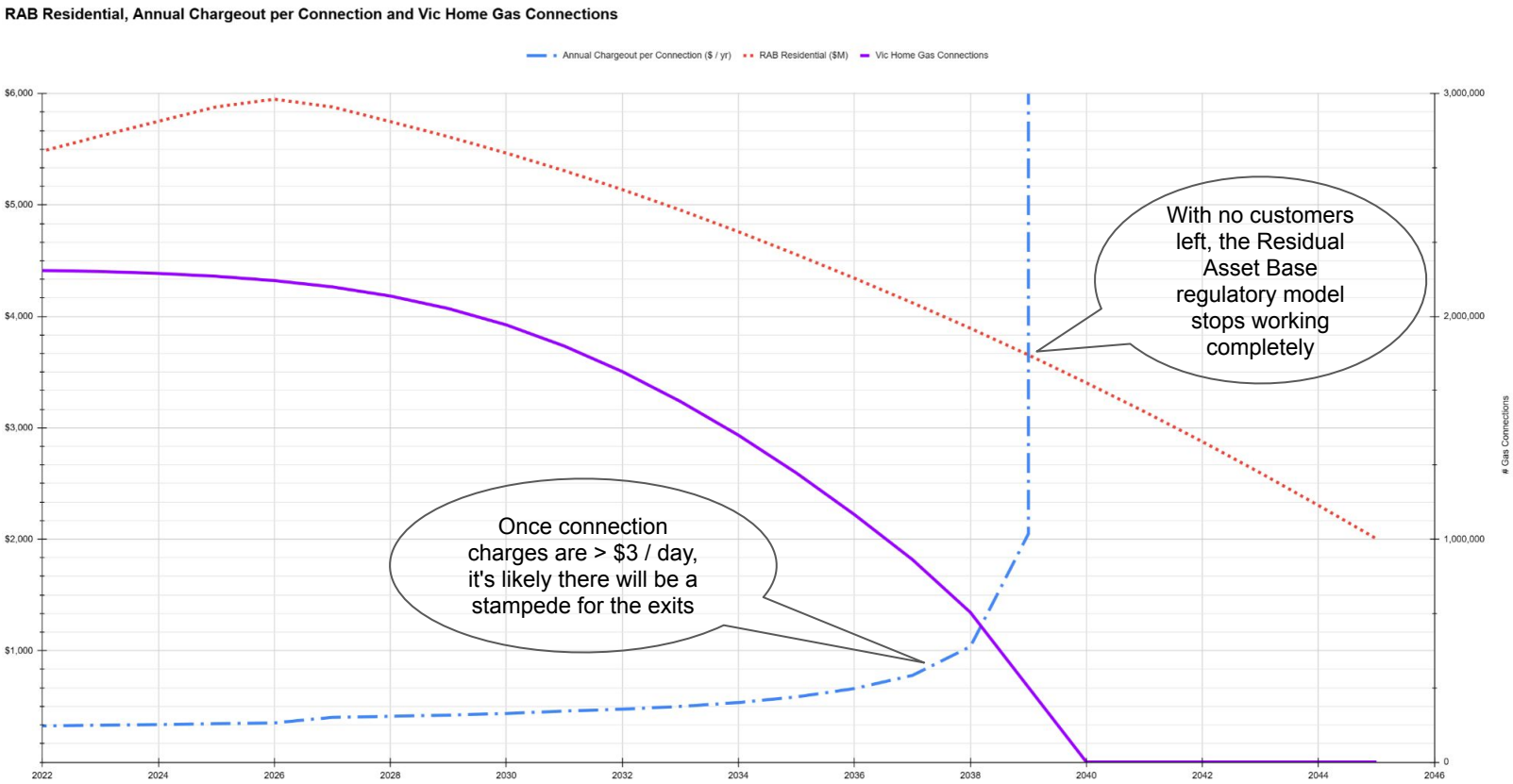


ECA Projection:

Network prices projected to quadruple by 2050.

Without intervention, skyrocketing network costs will fall on those most at risk. Renters, low-income families, and public housing tenants who cannot afford the upfront cost of switching.

Modelling suggests that the death spiral could happen very quickly



Executive Summary: A Managed Exit to Prevent Disorderly Collapse

The Strategic Context

The Goal

Align with State climate commitments: 75–80% emissions reduction by 2035 and Net Zero by 2045. Decarbonisation is non-negotiable.

The Urgent Risk

Without intervention, fixed network costs will fall on a shrinking customer base, causing a 'death spiral' of rising bills and inequity for vulnerable Victorians.

The Proposal: A Three-Phase Pathway

A carefully managed transition is vital to prevent inequity, ensure energy system stability, and mitigate risks of a disorderly decline. We can't afford a repeat of "Solstice Energy" across the state.

First steps: "Gaining a better future"

The initial phase focuses on common-sense actions and "no regrets" regulatory changes that can be implemented quickly to stop the problem from getting worse. Key actions include:

- **Build Community Licence:** Work collaboratively with local governments, Traditional Owner and other community groups to build public understanding and acceptance for the transition.

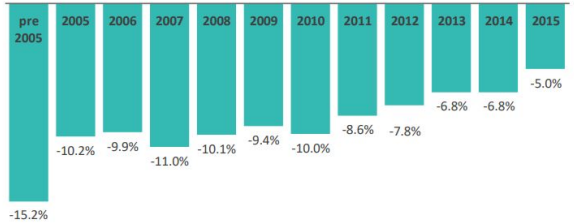
- **Increase Information Transparency:**
  - Compel network businesses to publish maps of their network, through platforms like MapshareVic. This enables identification of both strategic decommissioning pathways and empowers the SEC, communities and businesses to take action.
  - Ask AEMO to annually update their Meter Data Linking reports on residential & commercial energy use for both electricity and gas

- **Reform Depreciation Rules:** Advocate nationally for the AER to link accelerated depreciation to a fair cost-sharing framework.

Reframing the Conversation

Embrace (Values-Based)	Replace (Technical/Political)
• A brighter future for our kids	• Take climate action
• Improving safety for families	• Going off gas
• Keep family warm this winter	• Save emissions
• Clean energy future	• Make the switch

Figure 28 Change in gas heating adoption between 2017 and 2023 by dwelling age, Victoria

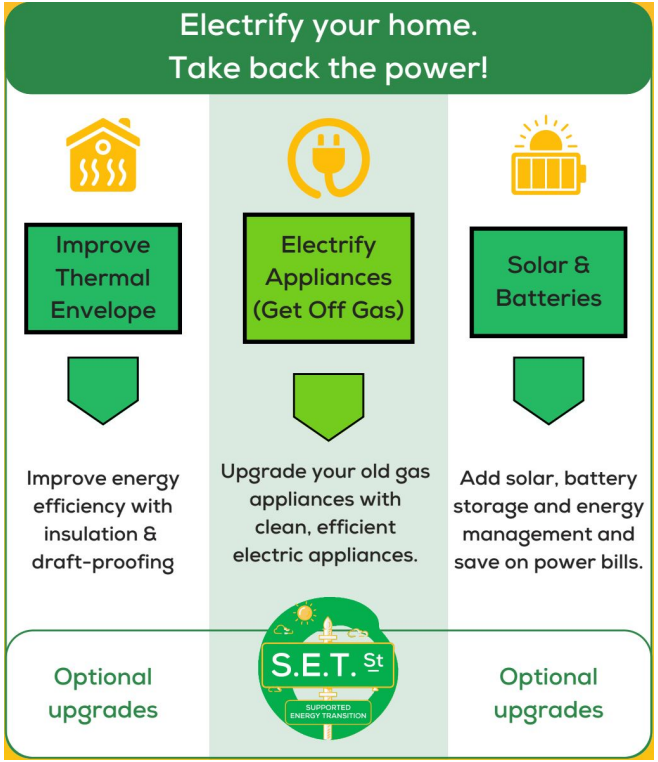


Community Based Initiatives are already "out there"

Electrification of homes works better with local support.
Examples include:

- "My Efficient Electric Home" - A Victorian initiated Facebook group which has grown to over 160,000 members
- "ElectriFAIRcation" project, a partnership between AusNet, University of Melbourne and the Gippsland Climate Change Network
- S.E.T. Street (Supported Energy Transition)

As MPs, keep an eye out for local initiatives and support them.



Step 2, Core Phase: Proactive Planning & Regulatory Reform

Two key components: Mandatory Gas Transition Plans & a central Gas Transition Authority

Learnings from the ACT who are actively planning for phased decommissioning from 2035

Principle	Rationale	Precedent
Prioritise street-level or section-level decommissioning	MUCH more cost-effective and less disruptive than a piecemeal, house-by-house approach.	The ACT Government's technical review explicitly recommends decommissioning at a "network element/sectional level (i.e., by street) to improve efficiency and reduce cost".
Leave inert service lines in-situ where safe	Avoid unnecessary excavation on private property.	Evoenergy in the ACT is developing disconnection services that differentiate between temporary and permanent abolishment, with safety assessments concluding that the cost of disconnecting all non-consuming premises is disproportional to the risk.
Coordinate with electricity network upgrades	Ensures that electricity infrastructure can handle the electrification load before gas is withdrawn.	Evoenergy, as a dual-fuel utility, is uniquely positioned to manage this coordination, providing a model for collaboration between Victoria's Gas Transition Authority and electricity distributors. The Victorian SEC cannot own or manage fossil fuel assets.
Mandatory abolishment in defined zones once a critical mass of homes in a zone has been electrified	Mandatory disconnection date enhances program efficiency and provides certainty.	Recommended as a long-term strategy in the ACT's technical review to drive economic efficiency.

Next Steps

Recommendations

- **No Regret:**
    1. Support community action
    2. Get the maps
    3. Reform depreciation rules

- **The Call to Action:**
    1. **Establish the Gas Transition Authority:** To lead and coordinate the state’s strategy.
    2. **Mandate Transition Plans:** Require gas networks to submit five-year plans aligned with climate targets.
    3. **Protect Vulnerable Users:** Ensure low-income households are not left behind in the "death spiral."
    4. **Enforce "User Pays":** Ensure companies, not taxpayers, fund the decommissioning of their own infrastructure.