LEGISLATIVE COUNCIL ENVIRONMENT AND PLANNING COMMITTEE

Inquiry into Decommissioning Oil and Gas Infrastructure

Leongatha – Wednesday 11 February 2026

MEMBERS

Ryan Batchelor – Chair
David Ettershank – Deputy Chair
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Necessary corrections to be notified to executive officer of committee

WITNESS

John Godfrey, Facilitator, Victorian Energy Future Network.

The CHAIR: I declare open the Legislative Council Environment and Planning Committee's public hearings into decommissioning oil and gas infrastructure, coming to you today from the Memorial Hall in Leongatha. Welcome, everyone. This is a public hearing of the committee looking into the decommissioning of oil and gas infrastructure here in the state of Victoria as part of an ongoing inquiry that will provide a report to the Parliament, which will include recommendations for action from the government.

For anyone who is joining us in the hall today, could they please ensure that their mobile phones have been switched to silent and that background noise is minimised, for the benefit of the broadcast.

I would also like to begin by acknowledging the Aboriginal people, the traditional custodians of the lands we are gathered on here today, and pay my respects to elders past and present. I particularly welcome any members of the Aboriginal or Torres Strait Islander community who are participating in the proceedings of the day. I welcome members of the gallery, either with us here in Leongatha or online, and ask those in the room to be respectful of proceedings and remain silent at all times.

Welcome to John Godfrey from the Victorian Energy Future Network.

John GODFREY: Thank you.

The CHAIR: I will read out our little preamble for you about your evidence. All the evidence that we take is protected by parliamentary privilege as provided by the *Constitution Act 1975* and the provisions of the Legislative Council standing orders. Therefore the information you provide during the hearing is protected by law. You are protected against any action for what you say during the hearing, but if you go elsewhere and repeat those same things, those comments may not be protected by this privilege. Any deliberately false evidence or misleading of the committee may be considered a contempt of Parliament.

All the evidence is being recorded. You will be provided with a proof version of the transcript following the hearings, and those transcripts will ultimately be made public and placed on the committee's website.

Welcome. My name is Ryan Batchelor. I am the Member for the Southern Metropolitan Region in the Legislative Council and Chair of the Environment and Planning Committee. I will ask our members to introduce themselves.

Melina BATH: Melina Bath, Eastern Victoria Region.

Rikkie-Lee TYRRELL: Rikkie-Lee Tyrrell, Member for Northern Victoria Region.

Sarah MANSFIELD: Sarah Mansfield, Member for Western Victoria.

Tom McINTOSH: Tom McIntosh, Member for Eastern Victoria Region.

The CHAIR: I do not think we have got anyone joining us online today. It is a pretty straightforward set-up. I will invite you to make an opening statement; I see you have got some slides. We will listen to that and then get into asking you questions. Over to you. If you could just state your full name and the organisation you are appearing on behalf of.

John GODFREY: Okay. My full name is John Race Godfrey, and I live in Cape Paterson. I am here on behalf of the Victorian Energy Future Network, which is a volunteer group of about six-ish people with various backgrounds, people who have worked in and around the energy sector, including a former CFO of one of the gas networks. We got together and we started talking. We had some shared interests in Victoria's energy future, and that led to the submission that we made in September, I think was when the original written submissions were made. Thank you for the opportunity to come along today.

I understand you were just down at Barry Beach looking at the offshore piece. I am going to be talking today purely about the onshore piece because we believe that it is probably more important to most Victorians than

the offshore piece, and there is some stuff that we want you to listen to. I guess first thing, before I get into just a quick overview of what we have got onshore, I really want to frame the choice before the committee as the decline of the gas distribution network as such is going to happen, right? That is not something that we are going to be able to stop. It is market forces. It is going to close down eventually. The role of the inquiry as we see it is to decide how we are going to manage that shutdown. Is it going to be disorderly – we have had an example of that with Solstice Energy abruptly shutting because the business model was no longer sustainable – or are we going to plan it a bit like what Esperance did in Western Australia? We have also got good examples from the ACT government, where they are planning their managed decline of their gas network.

It is an opportunity, because reducing gas use by Victorians will save them money and energy – up to about 1300 bucks a year is the estimate for a family. But importantly, what I am talking about today is not about forcing electrification on anyone. People do have the opportunity to keep burning gas. It would be propane, as in bottled gas or out of bullets. The town I live in, Cape Paterson, does not have reticulated gas. The caravan park has a great big propane bullet out the front of it. So this is not about forcing electrification on people; it is recognising that electrification is economically attractive and more and more people are going to take it. As they leave the gas distributed network, that means the remaining costs fall on the people who remain connected. Their costs go up, and that will cause more people to leave. That is the death spiral.

Visual presentation.

John GODFREY: Let us just have a quick look. This is the first slide. This is a map that I got – a couple of the gas companies got together and gave a presentation. The reference is way too small to read, but it does not matter. It is about 34,000 kilometres of pipeline. There are 2.2 million customers' gas meters in Victoria. This is a big deal. This is a network we have built up in Victoria over decades that touches lots of towns and all the big cities. Managing its decline is a big task, and we need to treat it seriously. It is going to take 10, 15 years to do it well.

If you go to the next slide, please, this is a graph of the gas use in Victoria. The blue line – the really big lumpy line that you can see splayed across the middle of the chart there – is the system gas use. That is the sum of all the use by residents, commercial and industry, excluding the bottom squiggly line. The bottom squiggly line is the gas used to generate electricity at the gas-fired power plants that we have. In our speak we call the blue line the system demand, and you can see it is declining over time. In fact the gas for power generation is also declining slightly, but it is much less noticeable. The stepped line you can see that starts sort of a third of the way into the graph, because we do not have data going back earlier than that, is the number of gas meters in Victoria. That is a surrogate for how many customers there are. You might just notice, right up the top right-hand side of the graph, that the number goes down, so we have already hit peak gas consumers. The number of gas consumers in Victoria has started to decline, and all the projections are that it will continue to decline. Now, it has only just happened – we have got a long way to go – but we are needing to think 10, 15, 20, 30 years ahead here, which is well outside normal cycles. I have a background in the oil industry – the oil refining industry, not offshore, like you just went to see. We were used to thinking ahead 10, 20, 30 years. If you are going to spend $500 million on a piece of infrastructure, you have got to be thinking 30 years in advance.

Next slide, please. Of that gas use, the blue line is exactly the same as before – that is, the residential, commercial and industrial gas use in Victoria. You can see it peaks every winter – surprise, surprise. The red line underneath it is our best estimate of what happens if you take out residential gas heating. Everything left – it might be commercial heating; it might be industrial heating. There is some hot water in there. There is cooking. There is commercial and industrial use. But that is the red line. So you can see just how much gas is used by Victorians still for home heating, and it is well known that that is the most expensive way to heat a home. After I retired I got a qualification as an energy assessor under one of the Victorian schemes, so I am fully qualified to talk about that. The yellow line down the bottom is the equivalent degree days, which is what AEMO use to forecast basically how cold it is so they can get a handle on how much gas demand there is going to be in the system, and that correlates really, really well to that blue line up above it. So Victorians are getting the picture. You can see the use declining. Yes, it is getting a bit warmer, but it is far cheaper to heat your home by insulating it. Many of us live in tents, effectively. Get rid of the draughts, have a look at the ceiling insulation and try and use your heat pump if you have got one or your air conditioner split system rather than gas heating.

Next slide, please. I am racing through this really quickly. There are a number of things that are converging to result in electrification and the decline of gas. There is state policy; there is the *Gas Substitution Roadmap*, which is excellent work. But there is a lot more to do, as they say on the front cover. There are expert panels that recommend accelerating the phase-out so Victorians can get the energy savings that are needed. AusNet are acknowledging that market decline is likely – they have made that submission to AEMO et cetera. And as we replace and build new houses in Victoria, they are more energy efficient. They are no longer often connected to gas because you have got to pay for the gas connection up-front, even if you do. So what to do? How do we manage this transition?

Next slide, please. The threat that we are facing is the way the distribution network is paid for – not the gas. If you use gas, you pay for it on a how-much-you-use basis, but there is a fixed connection charge that you get on your gas bill, assuming you have got one, and the way that is worked out is relatively simple. Basically the network providers are guaranteed a rate of return on the assets they have deployed. There are several billion dollars – over $5 billion – worth of assets in the ground. They are guaranteed a rate of return on that, and they get their maintenance costs back, they get their operations costs back and they get the cost of finance for the debt that they have to take on. All these costs build up, and you simply divide by the number of customers. As people switch off gas, which they are beginning to do, there are less customers. The depreciation of these long-term assets – the pipeline I think has depreciated over 80 years – basically stays the same. It is very, very hard to reduce the asset base quickly over time, and you certainly do not do it as people start leaving. So the problem is that your gas bill, your network charge, is going to rapidly go up and up and up as a number of people leave. What are you going to do when you are looking at your gas bill and you notice that you are spending $300-odd a year, $350 a year – it is about a dollar a day at the moment – and that doubles? You are going to be going, 'Why am I spending that much money just for the connection?' And more and more people are going, 'That doesn't make sense.' Bottled gas is often cheaper now for people who do not use much gas at home. If people are just using gas for cooking and a little bit of hot water, it is probably already cheaper for them to shut off the natural gas and get a plumber in and switch them over to bottled gas. ELGAS advertise that on their website.

We did some modelling on this which we presented. Next slide, please. We did some modelling on this, and the middle line, the one that starts and curves down, is our estimate that we did as a fairly simple model of what the customer decline might look like. The top line is the value of the recognised asset base, so how many billions of dollars are being tied up in the system, and the bottom line, which just goes exponential, is the annual network charge. So basically once we have got to about half the number of current users, that means network costs have to double – simple maths. Once you are paying $600 a year, $700 a year just to be connected, you get off, and all of a sudden there is a rush for the exit, and that is the collapse. That is what we are trying to avoid. We need to plan our way to avoid that collapse, because otherwise we have got Solstice Energy, except written across all of Victoria, and everybody going, 'Hang on, the companies have just walked away from maintaining the assets because their shareholders say they can't do it anymore. What do we do?' We should have thought about this years ago.' Well, this is our opportunity to do that now.

Next slide, please. We have thought about it. We are not going to pretend to be experts. We are proposing this as a set of ideas for professionals to take on board and think hard about, but obviously I think they are a good enough set of ideas to present to you guys. What we are trying to do is align with the state climate commitment, which is net zero by 2045, and we are trying to do it in an orderly fashion, so we are proposing a three-phase strategy. Step 1 is now – getting ready and preparing, starting to think about it and discussing it with you guys. The bulk of the work is done in phase 2, and we are proposing mandated transition plans from the gas network companies. We are proposing that instead of trying to do this connection by connection, you do it by street or by region. It is much easier to turn off the gas pipe at the end of the street once almost everybody on that street has gone off, rather than individually, digging up every single line to every single house. That is just a complete waste of money. At the end, in phase 3 – which is going to be 15 years, maybe, from now – there is going to be some tidy-up required to work out what to do with the remaining assets. I am willing to take questions on that, but I am not going to talk about it much today. So what are the first steps?

Next slide, please. We have got to build community licence. We have got to take the community with us, and there are community groups out there already working on some of this – some of the councils are doing good work. We have also got to improve the information transparency. It is impossible at the moment to get a decent map of where the gas pipelines are. It is held by the networks; they do not release that. You can dial Before You Dig – or Before You Dig Australia, I think it is now called – for your address, but it only gives you the little block around you. The SEC, who are trying to plan Victoria's electric future, do not have access to where the

gas is and where the gas is being used. We have got to fix that. We need to compel transparency from the networks as to where their lines are, and that will empower the SEC, communities and businesses to take better action. And there is also some stuff around the depreciation rules.

I became aware yesterday that there is an amendment Bill before Parliament next week – I believe the gas amendment Bill – and there is an opportunity there to perhaps squeeze in some of this transparency stuff. I only became aware of it yesterday. I will be writing letters and what have you, but the Bill seems to be about the minister being able to direct investment to increase supply. We are going 'Why aren't you building in language to also allow you to plan retirement?' because we believe that demand management is much cheaper than supply augmentation.

Next slide, please. As an example of the community initiatives that are already out there – and please, as MP's, keep an ear out in your local area for these. Probably the most well-known on Facebook is My Efficient Electric Home, which was founded by Tim Forcey 15-odd years ago. It is now got 160,000 members, and it is just people sharing their stories of getting off gas and electrifying and all that kind of thing. There has been the Electri-fair-cation project in Morwell with AusNet, which owns gas and electricity networks. They are trying to understand, as you shut down gas, what happens to the electricity network. And there are initiatives like the SET, the supported energy transition, which is trying to work very locally I think in Frankston, but I am not absolutely sure where they are currently based. So please, if you hear of these things through your local offices, try and support them.

Next steps – in the core phase, the two key things are that we need to ask or compel the networks to tell us how they plan to wind all this down and what their plans are for doing this. We probably also need a gas transition authority. The SEC by its constitution, the CEO told me at a meeting a while ago, is forbidden from owning or managing fossil fuel assets, so the SEC cannot touch this. But they are trying to plan for Victoria's electricity future when they cannot see the gas side.

The ACT have already done a fair bit of work in this space. We have got four lessons there, four principles that I have outlined in that table, which go through the key steps of what they have done. They are saying, 'Prioritise street- or section-level decommissioning. Leave the inert surface lines in situ.' We do not want to dig up gas lines all across Victoria. Just leave them in place. Once they have been emptied and purged, they are fine. Just leave them there. People may want to recover the copper or whatever later, but that is a place-by-place thing. We need to obviously coordinate with the electricity network upgrades. I know of examples of factories, in this case in Auckland, where the factory had been directed by their global owners to electrify, and they found that they could not because there was not enough electricity capacity in that southern part of Auckland for the factory to convert to electricity, even though they wanted to. We need to do this together. Then there will be a piece of – once 90 per cent of the houses on a street have all turned off the gas for their home, you cannot be held hostage from decommissioning by the last few remaining. If they want to keep burning gas, you help them onto bottled gas and then close off that bit of pipe. We have got to have that piece.

Last slide: our recommendations. We have some no regret type recommendations, which are supporting community action. We need to get the maps. We need to know where these pipes are. We need to know more about this network. We need to get that. There is a piece around working with AER and AEMO to talk about the depreciation rules. The networks are talking about accelerated depreciation. They are trying to get money out of the customers while they still exist. They represent their shareholders. That makes sense. They are trying to get the money early. But what that is doing is the customers are subsidising the offshore companies over and above the billions of dollars they have already made over the last 20 years. What I am asking you to do is protect the vulnerable users. The people who are really going to pay for all of this are the ones who are left on the network because they cannot afford to get off; they cannot afford that little transition cost that there is. They are going to end up looking at absolutely horrendous gas bills and going, 'I can't stay warm this winter.' We need to protect them. That is not fair. So we need a gas transition authority, we need to mandate transition plans and we need to make sure that it is the companies who pay, not taxpayers, for decommissioning their own infrastructure. I worked at two oil refineries in Australia, one in Adelaide and one in Altona. They both shut down. In both cases we got no money from the government to decommission them. I do not see why the gas companies should be any different. That is me.

The CHAIR: John, thank you. Clearly the secretariat has a copy of those slides, so we will benefit from reading them in greater detail than we have been able to from the screen here. But we appreciate the presentation today. We will now take turns in asking you a series of questions, and I will kick it off.

John GODFREY: Could you please speak clearly? I do wear hearing aids.

The CHAIR: Sure thing. I can absolutely do that. You present a scenario that seems inevitable. Do you think it is inevitable that we will need to have a plan to transition Victorians off network gas?

John GODFREY: Yes.

The CHAIR: Due to market forces?

John GODFREY: Due to market forces. Basically people are leaving the network now. The more people that leave, it is going to up network charges, which makes more people leave. It is a death spiral.

The CHAIR: So sustaining the network at a sustainable level would require significant government intervention, in your view?

John GODFREY: Victoria is not the only place looking at this. Canberra is. California is. The Netherlands is. Governments around the world are grappling with this problem of what we do with the gas distribution infrastructure that has been built up over decades and is rapidly reaching end of life. How do we manage that transition in a fair and equitable way? If you go online and look, there is a lot of material out there, and we have drawn on some of that.

The CHAIR: Do you think that any future government intervention to forcibly sustain the gas network would require substantial amounts of public investment?

John GODFREY: Yes. For example, Port Kembla – Squadron Energy have built an LNG import terminal at Port Kembla. They are really struggling to find customers because the retail gas companies do not want to pay for the very expensive contracts that they would have to sign up to to cover the cost of that infrastructure. You would have to import gas; that is more expensive than onshore gas. They are struggling to find customers. One of the concerns about the amendment Bill next week is that potentially that is a mechanism for the Victorian government to compel AEMO to invest in that infrastructure for security-of-supply reasons, and that is a concern.

The CHAIR: The cost of supply is increasing the cost of the network as people leave it on a per capita basis. For those continuing to use it, it is going to increase based on your charge. So your evidence would be that intervention that forcibly sustains the network will lead to higher charges paid by consumers.

John GODFREY: Yes, because where else is the money going to come from?

The CHAIR: I have got a couple of technical questions, largely to figure out what we as a state have to grapple with and what exists elsewhere. You mentioned the depreciation rules. Are they set? Are they Commonwealth tax rules, are they regulatory rules or are they state-based rules? We have got a remit that we can make recommendations on. Obviously we have got limited scope elsewhere. You may not know the answer now. You can take it away on notice.

John GODFREY: I do not know the answer in great detail. I can say that you have authorities like the Australian Energy Regulator and AEMO, and it is a negotiation at that kind of level about the depreciation rules. The details make my eyes glaze over.

The CHAIR: As they should, because often in this area they are quite murky. You also talked about the concept that if you had a critical mass of residential consumers in an area who are opting out of gas connections, a sensible managed way would be, rather than to do each house, to do a block or a street or whatever the geography suggests. Has that occurred, to your knowledge, anywhere yet in a residential context in Victoria?

John GODFREY: Esperance is probably a really good example – so yes, in Esperance. I am not quite sure how they are managing the whole Solstice thing. When Solstice shut down, all of a sudden they are going to

have to manage that at all of the towns – 10 towns I think in Victoria. So yes, it is happening. It is the way that I know California and the Netherlands are looking at it. You approach it sector by sector and you plan it, and each sector is different and has various amounts of commercial and industrial use in it. You have got to work through and manage that. There is a lot of work there. We are going to need a gas transition authority to coordinate all of the parties to work together, including with the SEC, so as to make sure that we have the electricity in place up-front. Then people can make their own decision about: do they electrify or do they keep an element of gas? There are some commercial and industrial processes that require gas. They are going to have to either move to biogas or propane, and they need time to get ready for those decisions and investments and changes.

The CHAIR: Thanks very much. Ms Bath.

Melina BATH: Thank you very much, Mr Godfrey. I feel that a lot of your discussion has been sitting extraneous to the to the terms of reference in terms of speaking about the network system and gas usage et cetera, so I will take that as a comment. I am interested in the position of the Victorian Energy Future Network. Are you philosophically opposed to exploration of new onshore conventional gas deposits?

John GODFREY: I think it is a waste of money, and let me explain why: because electricity in almost all cases is a cheaper form of energy. It is more efficient to use, and it also does not bring with it all of the climate costs that go with that. We have a climate target for a reason. I believe in climate science. We need to burn less gas. I am a grandfather as of four weeks ago.

Melina BATH: Congratulations.

John GODFREY: Thank you.

Melina BATH: You speak about electrification as being cost effective. Now, clearly there are some dangers that exist in Victoria as coal-fired power stations are being retired. The offshore wind network is yet to be built, and there are significant blocks or delays in that progression so far, being totally agnostic about it.

John GODFREY: Yes, I agree.

Melina BATH: Can you see a time when in fact the electrification will not meet demand because of delays in the production of a significant amount of new energy from electricity from wind or from renewables? Will there be a gap?

John GODFREY: The answer is I do not know, and I do not think anyone knows. People are free to make forecasts. What I do know is that the large majority of gas currently being used in Victoria is being used for home heating. We know that. We also know that that is a wasteful use of a scarce resource, and the gas that is being burnt for home heating would more than cover any reasonable expectation of power generation that is going to –

Melina BATH: As in peaking power, when there needs to be peaking power.

John GODFREY: As in peaking power, yes.

Melina BATH: What is your position on this? You have just said that there are some industries that absolutely need gas, so they still need an energy distribution network.

John GODFREY: No, it is more –

Melina BATH: So how do we get the gas from there to –

John GODFREY: Okay. There are some industrial processes that require very high temperatures, which might be done electrically but are much more easily done with gas. I may be wrong, but I believe the manufacturer of rockwool insulation is one – I have a friend, an old university colleague who worked in that industry, who says they need gas to make rockwool. That may or may not be right, I do not know, but it is things like that I am thinking. Also in regional Victoria we have significant biogas producers. That biogas is produced, and we should use it.

Melina BATH: So should we be using more biogas? Is that –

John GODFREY: Well, we should use the biogas that is economic to use. Abattoirs and various other things produce biogas. We may as well use it. It is effectively renewable gas in some ways. You can see, you know, a long way down the track bits of the network remaining to connect biogas producers to biogas consumers.

Melina BATH: So technically, if you are looking at decommissioning a network, there has to be planning about keeping part of that network to be able to supply.

John GODFREY: Yes.

Melina BATH: And some of the biogas could be from organic matter et cetera.

John GODFREY: But as we say in our submission, there is absolutely no way there is anything like the volume of biogas in any future that could be distributed across the whole network. We are talking about breaking out little bits of it. The transmission gas lines will probably stay in place to keep the peaker plants running and things like that. So there will be various bits of the network that will survive, but it is going to be a quite different – very different – model to what we have now.

Melina BATH: Thanks, Chair.

The CHAIR: Thank you. Dr Mansfield.

Sarah MANSFIELD: Thank you. And thank you so much for your submission and your presentation today. I think in your presentation and in your submission you made reference to a lack of transparency in terms of data.

John GODFREY: Yes.

Sarah MANSFIELD: Maps are one example. Are there any other issues around transparency that you feel could be dealt with better in Victoria with respect to our gas network?

John GODFREY: When I looked through the Australian Gas Infrastructure Group, AGIG, presentation, which I referred to at the front of this presentation – if you look at their slides, they have clearly got a lot of information about who their customers are, where their customers are, how much energy they are using from gas et cetera. That would be enormously valuable for the SEC to work out how many transformers and how many substations we need in these areas. We need to make sure that that information is flowing freely between the state utility providers to help the SEC plan better. Now, I understand that gas used by an individual location is obviously commercially sensitive and things like that, but there must be ways of aggregating that at some statistical level so that it is granular enough to be useful for planning transformers and substations and things like that without breaching confidentiality. I do note, and I think we mention it in our presentation, that AEMO have started doing – because AEMO get both the electricity and gas data – what they call meter matching. They produced a report in 2025, and we should encourage them to continue that work, because that throws up all sorts of useful information about who is using how much energy where so that we can better plan this transition, because this transition is coming. We do not have to manage it, but it would be very chaotic if we did not. Are we choosing to plan or are we choosing not to plan? If so, we are planning for chaos. That is fundamentally the argument.

Sarah MANSFIELD: Are there any jurisdictions that are better in terms of some of that transparency, whether it is maps or – you mentioned ACT before, but are they better in terms of that side of it?

John GODFREY: Well, the ACT have an unfair advantage, if you like, in that I think Evoenergy, who are the suppliers of gas and electricity in the ACT, the government owns a chunk of – half, maybe?

Sarah MANSFIELD: So they have got the information.

John GODFREY: They have got the data, so they do not have to think about all of that. Victoria is not in that position. Probably a good thing to do would be to just go along to the Evoenergy people and go, 'Well,

what are you using to plan the transition?' That is the information Victoria needs to plan its transition. Find somebody else who is already doing it and ask them. That is the easiest way.

Sarah MANSFIELD: VEFN has members who have got lots of experience in the gas sector and oil as well, as you have mentioned for yourself. In your and your members' experience, what is driving a lot of the decisions for the suppliers and the companies when it comes to this decommissioning work? Do you get a sense that they are thinking about an orderly transition? What is driving their decisions?

John GODFREY: To be honest, we are not sure. We do not have close discussions with any of the three gas distributors in Victoria. We have seen a presentation from AusNet. As part of their justification for accelerated depreciation, they talk about the fact that they can see the gas distribution network declining quite rapidly and thus things need to be done. So we know that at least AusNet are thinking about it. We have not got as much insight into Multinet or the other ones. I am really bad with names, sorry. Does that answer the question?

Sarah MANSFIELD: Yes, I think so. I think it was just whether you had any insights from experiences from members who worked in the industry about what the factors are that are driving those decisions about decommissioning.

John GODFREY: Certainly the 'doing it block by block' approach is the only thing that makes engineering sense. If you have got a complicated network, you focus on chunks of it. You take a good look at the map, you work out where the logical break points are, literally, and then you pick some easy ones to build experience. You do them first, and then you build on that and you ramp it up. You use the first few to train everybody and develop your procedures, and then you go forth and do it. It is a bit like how I think Victoria managed the overpass network, when they were building bridges over train lines and things like that. They did a couple, learned a lot and then just copy, paste, repeat. That is the way to do this.

Sarah MANSFIELD: It is the way to do it but not necessarily the way it is happening.

John GODFREY: Well, at the moment the networks have no incentive to think about it. They can be aware it is happening, but there is no incentive for them to think about it. There is every incentive for them to try and say, 'It's all too difficult, we should delay,' because while we delay they continue to make money.

The CHAIR: Thank you. Mr McIntosh.

Tom McINTOSH: Thank you very much for your presentation. Congratulations on being a grandfather.

John GODFREY: Thank you.

Tom McINTOSH: We are now 1.6 degrees, I believe – something like that – on average above pre-industrial levels. I think I heard recently that America has, every 10 days, a billion dollars worth of weather storm damage hitting their economy, so the costs are getting more and more, and here in South Gippsland this LGA knows the cost of severe weather impacts more than any other. I suppose I just wanted to put to you a starting point. Do you see an alternative from a climate perspective? Would you say we need to electrify as a starting point?

John GODFREY: Yes, I would agree that electrification is a key piece of decarbonising. We are going to keep using energy, and renewable electricity is the way we have of doing that. Green hydrogen is way too expensive and complicated. I have worked with high-pressure hydrogen in my career, and you do not want to use it outside an industrial context. So yes. I drove through Inverloch on the way here. The surf club there is being washed into the sea because the beach has come in a long way very quickly, and that is going to continue. Coastal Victoria is under severe threat from climate change, there is no doubt about that. But this is about the fact that we are looking at decommissioning the gas infrastructure, and so that is where my focus has been. It is like, 'Okay, we're doing all this work for a lot of the good reasons that you suggested. We need a plan to decommission this gas network.' It is huge. It is worth $5.5 billion. There is 34,000 kilometres of it, and it is connected to 2.2 million places. There are 2.2 million gas meters out there. That is a lot of voters. They are going to be deeply annoyed if the government does not take control of this and manage it over the next generation, yes.

Tom McINTOSH: There was just a question about the electricity grid's capacity. I think we had perhaps the state's hottest ever day on record last month with the highest ever grid demand. I think it was 10.7 gigawatts or something like that. The grid stood up. I think we should celebrate that first of all, because if it had not, we would have heard from a lot of people about it, I am sure. So it is good to celebrate the wins that years of work have put in. But subsequent targets have been beaten in Victoria for renewable input, and I think we are nearly on 45 per cent renewables in this state. One in three Victorians have put solar on. Do you think with political and community will we can continue to electrify and together we can succeed in doing that?

John GODFREY: I think we can; whether we will I do not know. I think we should try our damnedest. And I think you are right about the grid standing up. It is a brilliant example of how distributed energy resources like solar on roofs and home batteries and even big batteries – having those energy resources spread across the state means that we are much less vulnerable to single points of failure than by having a couple of big coal-fired power plants. Is it Callide in Queensland? When the coal-fired power plants at the moment, which are all very old, start collapsing, that is a major problem for the grid. So distributed energy is the way to go in terms of resilience. It also helps our balance of payments and various other things. I think we have more than enough capacity; the modelling says so. Whether we get there or not is up to all of us.

Tom McINTOSH: Thanks.

The CHAIR: Ms Tyrrell.

Rikkie-Lee TYRRELL: Thank you. We have been hearing a lot about the recycling and reusing of the materials when we are decommissioning the rigs. That is offshore. You said we are bringing it onshore. I want to talk about the pipes themselves here that are used. I have not seen one myself, so could you please explain to me how big they are, what they are made of and what they could potentially be reused for? Say, could they be used for water transportation or transmission lines underground? Are they suitable for anything like that?

John GODFREY: That is an excellent question. I can answer some of it but not all of it.

Rikkie-Lee TYRRELL: That is all right. You have got 5 minutes.

John GODFREY: The big transmission lines are steel, but they will likely stay in place anyway. As I understand it, some of the early gas mains in inner Melbourne were cast iron, put in when they were originally rolled out, and they have been gradually replaced by the networks on a guaranteed rate of return basis. Depending on the situation, they have sometimes replaced them with special plastic. So the grid out there is a mix of many different materials depending on what pressure the pipeline needs are at that point in time. Many of the lines going into individual homes are copper, but they are all very small bore. If you have ever lived in a house with a gas connection. you would know the size of that connection. At the refinery the gas main coming in was about that big. So the answer is 'It depends', and that is indeed probably some of the information that we should ask the network companies for information about. Because the resource that you are talking about attempting to potentially reuse is spread all over the country, as opposed to being in one concentrated spot, from a commercial perspective it is probably much less viable to recycle large chunks of it. You would have to dig under your grandmother's gardenias or something to pull out the copper line. It is probably not going to be terribly popular, but who knows? Yes, it is an interesting question. We are nowhere near that yet. We could probably look at Esperance as a good example of what happened there, how much they reused. But I do not know, because in Esperance the supply of gas to that town in Western Australia shut down, and they had a year to convert everyone across to electricity or LPG, which they did.

Rikkie-Lee TYRRELL: With the materials that these pipes have been made of, are there any that were at a high risk of leaching anything toxic into the soils and the underground waterways with lack of longevity?

John GODFREY: I do not know. I do not think so or that material would not have been put there. The pipe is there whether or not it carries gas. Now, yes, while it carried gas it would be maintained. But some of those pipes have been there for 50 years; they have not done too much damage yet. So I hear you. I am not an expert in that space; I do not really know. But my guess is it is at the lower end of the risk and it is much less than the risk of continuing to burn gas and coal, which we know warms the climate.

Rikkie-Lee TYRRELL: Okay. Thank you, Chair.

The CHAIR: Thank you. John, thanks so much for coming in today and for the evidence that you have given us. It has been very informative. You will get a copy of the transcript of today's session in about a week for you to review before we publish. With that the committee will take a short break.

Witness withdrew.