

TRANSCRIPT

LEGISLATIVE ASSEMBLY ENVIRONMENT AND PLANNING COMMITTEE

Inquiry into Renewable and Affordable Energy for Apartments

Melbourne – Tuesday 24 March 2026

MEMBERS

Juliana Addison – Chair

Martin Cameron – Deputy Chair

Jordan Crugnale

Daniela De Martino

Wayne Farnham

Martha Haylett

David Hodgett

WITNESSES

Dr Jonathan Spear, Chief Executive Officer, and

Jill Riseley, Deputy Chief Executive Officer, Infrastructure Victoria.

The CHAIR: Welcome to the public hearings for the Legislative Assembly Environment and Planning Committee's Inquiry into Renewable and Affordable Energy for Apartments. Our last witnesses for today are Infrastructure Victoria. A very warm welcome to Dr Jonathan Spear and Jill Riseley from Infrastructure Victoria.

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I invite you to make a 3-minute opening statement, and this will be followed by some questions from committee members. Over to you. Thank you.

Jonathan SPEAR: Thank you very much, Chair, and thanks for the opportunity to speak with you today. As you are probably aware, Infrastructure Victoria is the state's independent infrastructure adviser, and we provide advice to the government of the day but of course to Parliament as well about infrastructure priorities and policy. It is a great pleasure to be appearing before this committee. Much of what is in our submission that I will highlight today is based upon work we did for *Victoria's Infrastructure Strategy*, which was tabled in Parliament in November of last year for everyone to use. It is great to be able to pull that out for what is most relevant to this committee's inquiry.

Energy efficiency and electrification have many benefits for households, and particularly for households that are renters, so underlining the importance of energy efficiency as well as access to solar and other appliances is something that we would definitely want to make sure the committee has in its mind. That is a fundamental to getting many of the other benefits that you get from electrification in all households, as there are benefits in moving to efficient electrical appliances, like heat pumps, for many households. The other big opportunity is for the combination of neighbourhood batteries and virtual power plants and the coordination of those batteries, both for the benefit of the energy network as well as for the benefit of consumers.

What we know is that many low-income households are missing out on the benefits of energy savings that you can achieve through energy efficiency, through new technology like heat pumps and batteries, and that is the case both for social housing as well as for other low-income households. Where one of the big opportunities lies then is to improve the accessibility to energy efficiency, those appliances and the benefits of battery and cheaper energy.

When we come to the recommendations we have made in *Victoria's Infrastructure Strategy*, there are a few that our submission draws to your attention. One is to encourage energy efficiency and electrification in social housing. You know, there is a job that has been started but is not completed in ensuring the energy efficiency of existing stock as well as future stock and increasingly providing access to social housing to efficient electrical appliances. Particularly those that are involved in water and space heating are probably the highest priority opportunities. There are also opportunities to provide access to home batteries for social housing, and outside of the social housing context, when we look at neighbourhood batteries for apartment blocks, that combined with virtual power plants is a real opportunity to unlock the benefits of some of these technologies and the ability to make the best use of when energy is cheaper as well and to combine that – if there are solar panels on those households as well, that is really helpful too.

There is also an ability to incentivise people who are battery owners to make the best use of that battery for their own benefit but also the benefit of the broader network through the use of virtual power plants. While the Commonwealth government has a variety of subsidies for households to purchase batteries, where that misses is for many low-income and social households, who probably will not be able to access that. That is why we

recommend that those households be the ones that the Victorian government targets its investments to support. For other households that perhaps do have access and the means to get batteries, encouraging them to use virtual power plants has big benefits for the way in which the energy network is used as well as for themselves.

Finally, the submission talks about the introduction of mandatory energy efficiency disclosure. That is when a home is sold or put up for rent, its energy efficiency is assessed and disclosed to potential purchasers or renters. This is a model that is used in some other jurisdictions quite effectively. It does not make anybody do anything; it provides information but it also provides an incentive for landlords and home owners to pay some attention to the energy efficiencies of their homes and makes the performance of those homes over their life much more transparent to potential renters, who of course are a key stakeholder in this inquiry. So with that, Chair, I hope that gives you a summary of our submission and I am looking forward to further discussions with you all.

The CHAIR: Terrific. Thank you very much for your submission. Who would like to go – Deputy Chair.

Martin CAMERON: I will fire away first for our last one for the day. Thank you for coming in. I am interested in your dealings in terms of your recommendation. Obviously there has been a lot of research go into it. Today, we have heard, I think, from nearly every single person that has presented, about one issue that keeps popping up and that is adequate power supply to particular blocks and apartments. The issue is that people are obviously on board and want to have renewables coming in, but the old infrastructure in the ground that actually goes to these buildings is not up to scratch, and then they are having roadblocks put there as they try to work out who pays and who does not pay. Has that been highlighted at all during your investigations?

Jonathan SPEAR: Yes, it has been raised with us by some stakeholders, especially when we were developing the 30-year infrastructure strategy. It often comes up in the need to retrofit apartment buildings, especially for electric vehicles. There has been some good work done at state and national level in recent years on standards for how that can be done, but the reality is that comes at a cost. We are also often told that there is a bit of a disadvantage to the first mover in any property who wants to upgrade either for an electric vehicle or some other appliance that they want to put in. So yes, that does get raised with us. The other opportunity though, now that we are talking about local area energy networks, is that while much of the focus of the energy transition debate is about transmission lines – those high-voltage, long-distance transmission lines – there is a real opportunity to make better use of the local electricity networks as well. That would both reduce the demand on those long-distance transmission lines and make best use of household solar or local batteries. So there is a bit of an interplay between the quality of the local network and connections to individual properties and the ability for batteries, especially when they are connected to virtual power plants, to be getting the best benefit, both for individual consumers, especially if they are renters, but also to enhance the local network, because you get a whole energy network resilience benefit.

Martin CAMERON: Thank you.

Jordan CRUGNALE: Can I –

The CHAIR: Go, Jordan.

Jordan CRUGNALE: All right. Just further to that, we had a group come in and speak with us earlier. They have got 1960s apartments in North Melbourne and they want to transition from gas and electrify. I think one of the blocks has got 33 flats, 500 people. The stalling block, as much as they would love rooftop solar, electric appliances, whatever it is, is the substation, Powercor, that has to be upgraded at a cost of \$750,000 to a million, which obviously the units cannot do. It is an asset of the power company. They are running on 25 amps as well, which is not enough in the modern age. So what kind of mechanism is there for the power companies to come in and upgrade their own asset so that all these apartment blocks – and you will see them right across Melbourne – can then, because they are active and want to, start the electrification of these pre-1990s apartment buildings?

Jonathan SPEAR: Great question. This gets raised with us as well. I think you are best asking those energy network owners and operators about the exact mechanism by which they would do it and the adequacy of the current regulatory and pricing systems, because that is really what they will be working through. What that situation highlights is some of the challenges we have got now but also over time as we have households that want to shift from gas to full electric, because if we do not enable them to do that, we know that it is going to cost each household potentially thousands of dollars more a year.

People will make a choice. It may well be a rational choice for them to move off gas to electricity, but if that is blocked, then they do not have that choice. As we move out further in time, one of the things our research has highlighted is a risk that we have households that are not able to get off gas and have that choice. There is a risk that gas prices continue to rise with a diminishing base of consumers who are connected, so you may see households that are stranded on the gas network, do not have a choice and are exposed to increased price. We have recommended in our strategy that we need to be doing some planning for that now, because it is probably the lowest income and least well off households that will be the most exposed to that.

Daniela DE MARTINO: Can I jump in? Just another question, just thinking about if I am in a situation where I have got to make a decision between – you know, there is only so much money in the kitty: am I going to go for energy efficiency upgrades and electrification or am I going solar first? You tend to be the experts in figures and assessments, so if you were recommending to, say, a group of people in an apartment block, ‘Do this first; this is actually the best step forward first,’ what would it be? Which of the two?

Jonathan SPEAR: Jill, you may want to add to this perhaps. Energy efficiency is a no-brainer – that is a technical term of course. And many studies show this all around the world. That is the baseline, because that way you get the most benefit from anything additional that you do. But also you make your entire building far more comfortable in all conditions, and that is increasingly important as we have more changeable climate conditions as well. Efficient appliances are also a good opportunity, and while there is a lot of focus on gas cooking, actually the evidence is that the biggest opportunity to save dollars and emissions lies in space heating and in water heating. That is where the biggest ones lie. Induction cooktops are great, but if people want to use gas, that is fine. That is actually not where the biggest prize is. Of course then there are savings to be made in moving to solar panels as the input to your energy, but you are not really maximising the value of that unless you have got an efficient building envelope and efficient appliances.

Daniela DE MARTINO: Thank you. I am going to go a little bit sideways, if I can. We had an inquiry where we all – well, Wayne, I do not think you were a part of it back then – went out into Juliana territory, in Ballarat. Biogas – we looked at biogas, and it was interesting because they were talking to us, saying that they can get it to a point where it can then be actually put into the reticulated gas infrastructure that we currently have. Do you think that that is a viable option or pathway forward?

Jonathan SPEAR: Yes. Yes, it is, and we have previously provided advice to the Victorian government on the future transition of the gas network. What that shows us is that there is significant opportunity to grow the biogas and biomethane pipeline. It takes a fair bit of organising to do that on a scale that is consistent enough, but there certainly is potential. Unlike some other substitute gases that are talked about, it can just go into the infrastructure that we have already. Jill, you have done a bit of work on this area, haven’t you? Do you want to add to that?

Jill RISELEY: I have. The only other thing I would add is one of the recommendations in our strategy is the need to have an energy and a gas plan, so not looking at those two systems completely independently – that actually they are interrelated, and the importance as we transition of understanding the role of gas and the role of energy is quite important. The water corporations have done some impressive work in the biogas space and in bioenergy. It is definitely an evolving space, but the need for things like agricultural feedstocks to power some of those biogas technologies is really important. There is a role in coordination, and herding the cats – another technical term – in that space is important.

Daniela DE MARTINO: Thank you. I know I did go a little bit sideways there, but thank you.

The CHAIR: Wayne.

Wayne FARNHAM: Thanks, Chair. Thanks for coming in. I just want to go back a little bit to when you referenced energy ratings basically for homes. How does that modelling look when you are talking to the general community? Is a house built in the 90s like a 3-star? How does that work?

Jonathan SPEAR: Great question. There are Australian standards and methodologies for measuring energy efficiency. There are building codes and the energy efficiency – you would be familiar with that – which is going up towards 7 stars and so forth. Many homes in Victoria are kind of like a 2- or 3-star rating.

Wayne FARNHAM: It is safe to say that prior to 1990 will be 2 to 3 stars.

Jonathan SPEAR: That is right, yes. Where those homes are not performing is in that kind of fundamental energy efficiency of the envelope of the building opportunity that we have. What we are proposing is to use those nationally agreed approaches for assessing homes so that if you were a purchaser or a potential renter of a home one of the things that is disclosed is the energy efficiency of the home. You can then make your choice about that. We are not proposing to change the standards, but what it does is it gives vendors or landlords greater incentive to invest in the efficiency of their home and it gives greater information to potential renters or purchasers about that as well.

Wayne FARNHAM: I just have one quick question.

The CHAIR: Go on. Twist my arm.

Wayne FARNHAM: Has Infrastructure Victoria done any modelling around what it would cost to transition a home off gas to be fully electric?

Jonathan SPEAR: We have not done that modelling. Others have; there are quite a lot. In our submission we reference a number of the sources there, and it is a combination of CSIRO, Sustainability Victoria and some of the universities as well.

Wayne FARNHAM: I know that could be subjective, depending on the size of the home and the amount of bedrooms.

Jonathan SPEAR: That is right. It is an average, but in our submission we estimate that switching from gas to an efficient electric appliance saves between \$1200 and \$1300 a year, and if you combine that with rooftop solar and a battery, then your savings increase. The challenge of course is that you have to spend the capital cost up-front to achieve that.

Wayne FARNHAM: That is the figure I was wondering if you had, the actual capital cost, before.

Jonathan SPEAR: That will depend a bit upon the home, and it will also depend upon the appliance that you purchase. But it is why in our recommendations we are saying, if the Victorian government is going to help people to move, the people it should be helping are those who do not have the capacity for that capital cost, and that is social housing and very low income households.

Wayne FARNHAM: No worries, thank you. Thanks, Chair.

The CHAIR: Terrific. Thank you very much to Infrastructure Victoria for the work that you do every day of the year but also for today, coming in to be with us.

Committee adjourned.