

Request for Costing an Election Commitment

Name of proposal:	Supporting the transition off gas
Person requesting costing:	Shane Rattenbury MLA
Date of request:	7 October 2020
Summary of proposal:	<p>This proposal will help Canberrans transition from gas to efficient electric appliances, to help cut emissions, save money and achieve a net zero emissions city, with a phase out of gas by 2040.</p> <p>It is part of our plan to build a better normal, with strong, resilient ecosystems, secure employment, and cheap renewable electricity for everyone.</p> <p>Having powered the ACT with 100% renewable electricity, this proposal takes the next major step, and support the transition to clean, renewable electricity powered heating and cooling.</p> <p>Further information is available at https://greens.org.au/act/getting-off-gas.</p>
Issue the proposal will address:	<p>The ACT Greens are committed to real climate action, by making the changes we need to create a zero emissions society and economy.</p> <p>Gas is a fossil fuel and a significant contributor to the climate crisis. The burning of gas to heat and cool our buildings and other uses contributes approximately 20% of the ACT's total greenhouse emissions.</p> <p>Furthermore, in Australia gas is increasingly extracted by coal seam gas fracking, an activity that causes huge environmental and health impacts.</p> <p>Yet at present we are not preparing for a net zero emission future but locking in carbon pollution by continuing to allow new buildings, suburbs and facilities to be connected to fossil fuel gas infrastructure.</p> <p>We know that we need to get off gas, to support people and the planet. That means ending new gas infrastructure installation, and supporting businesses, industry and the community to make the transition to a clean, renewable electricity powered city.</p>

What are the key assumptions that have been made in the proposal?

Note: The costing will be developed on the basis of information and assumptions provided in the costing request. The professional judgment of the Under Treasurer will determine whether these assumptions are adopted in the costing of the proposal.

- 50% of the fund will be available as no interest loans and 50% will be available as rebates.

- Interest rate of 1.6% is applied, repayments assume a 10-year term and a 5% non-repayment rate.
- The aim of the proposal is to lower the cost of efficient electric appliances by providing rebates. As an example, \$10 million in rebates could fund:
 - 3000 rebates of \$1000 on electric heat pumps (which cost approx \$5000)
 - 4000 rebates of \$500 off induction cook tops (which cost approx \$1500)
 - 2000 rebates of \$2500 off ducted electric heating systems (which cost approx \$8000).
- Note also that we would seek additional funding from the Clean Energy Finance Corporation (CEFC) and the Australian Renewable Energy Agency (ARENA) to expand the scope of this program.

	2020-21 (\$'000)	2021-22 (\$'000)	2022-23 (\$'000)	2023-24 (\$'000)	Total (\$'000)
Establish a \$20 million fund to assist existing homes and businesses to switch from gas to electric appliances - rebate component		- 3,000	- 3,500	- 3,500	- 10,000
Establish a \$20 million fund to assist existing homes and businesses to switch from gas to electric appliances - no interest loan component		- 3,000	- 3,500	- 3,500	- 10,000
Interest on loan component (1.6%)		- 48	- 105	- 162	- 314
Loan repayments (10-year term)			285	618	903
Staffing to support \$20 million fund (1 SOG C and 1 ASO6 position)	- 216	- 281	- 287	- 292	- 1,077
Deliver an education campaign to support the shift from gas to electric (1 ASO6)	- 75	- 128	- 130	- 133	- 466
Coordination and expert advice to deliver a pilot project to develop an all-electric, zero emissions Molonglo Commercial Centre, in partnership with expert stakeholders		- 500			- 500
Sharing ACT Government expertise with industry, stakeholders and other cities			- 100	- 100	- 200

Establish a dedicated team to support roll out of community-scale batteries and microgrids (1 SOGB, 1 SOGC, 1 ASO5 - to complement existing staffing)	- 267	- 452	- 461	- 470	- 1,650
Total	- 559	- 7,409	- 7,798	- 7,539	- 23,305

What are the estimated revenue and operating costs each year (if available) and what are the capital requirements for this proposal and estimated costs each year (if available)?

	2020-21	2021-22	2022-23	2023-24	Total
	\$'000	\$'000	\$'000	\$'000	\$'000
Revenue^(a)			285	618	903
Expenses^(a)	-559	-4,361	-4,478	-4,495	-13,893
Capital		-3,048	-3,605	-3,662	-10,314
Depreciation					

(a) A negative number indicates a decrease in revenue or an increase in expenses. The expenses row does not include depreciation costs.

Has any specific information or data been utilised in generating the proposal?

No

Where relevant, is funding for the proposal to be demand driven or a capped amount?

Capped

Will third parties, for instance the Commonwealth or other State/Territories, have a role in funding or delivering the proposal? Does the proposal provide additional funding to, or redirect, any existing Commonwealth/State or Territory funding arrangements?

Funding would also be sought from the CEFC and ARENA to expand the program.

Will funding/the cost require indexation?

No

Who will administer the proposal?

Environment, Planning and Sustainable Development Directorate

How will the proposal be administered?

Staffing is included in the costs.

Is the proposal part of a broader package?

Yes, Getting off gas. Other elements of this package do not have cost implications or will be done within existing resources.

Has an allowance been made for expenses necessary to support the implementation of this proposal?

- If no, will the government agency be expected to absorb expenses associated with this proposal?

– If yes, please specify the key assumptions.
Yes, staffing costs are included. Establishing a dedicated team to support the roll-out of community scale batteries will involve utilising existing positions and complementing them with the new positions included in this package.
Will the proposal generate savings or offsets?
Repayments on no interest loan will offset the cost.
Has the proposal been previously costed by an external (third) party? Will a copy of this material, including any assumptions, be made available to Treasury?
No
What are the community impacts associated with the proposal? Who and how many people will be affected?
Community members will have access to rebates and/or no interest loans to support them in selecting efficient electric appliances. This will help to reduce upfront costs and ongoing energy costs for households.
Are there any transitional considerations associated with implementation of the proposal? If so, how will they be managed?
No
What is the intended implementation date of the proposal?
Early 2021
When is the proposal expected to be fully operational? Please provide details such as the start and end dates, the level of commitment during each period etc.
Mid 2021
Will the proposal cease, and if so, when?
June 2024
Is there any additional information relevant to this proposal?
No