

## Cost of electrifying gas appliances more expensive than estimated

A new report issued today shows the cost for Victorian households to transition their gas appliances to electric appliances could be much more than estimated by the recently released Victorian Gas Substitution Roadmap, APGA National Policy Manager Jordan McCollum said.

The *Cost of switching from gas to electric appliances in the home* report, commissioned by the Gas Appliances Manufacturers Association found that \$1600 to \$4000 would have to be saved on electricity bills every year to recover the cost of electrification for free standing homes, Mr McCollum said.

“And yet the Victorian Gas Substitution Roadmap estimates households will save just \$1,025 to \$1,250 a year on electricity bills, leaving many households well out of pocket,” he said.

“The report finds that Victorians could save from \$7500 to \$15,500 by retrofitting renewable gas ready appliances rather than converting to all electric appliances. Replacing those appliances with similar electric ones would cost from \$21,500 to \$42,000. Even future energy cost savings would fail to recover the additional amount spent on electrification as the Victorian Gas Substitution Roadmap shows.”

Mr McCollum said more was being discovered every day about the benefits of moving to renewable gas and counselled against irreversible steps being taken that would rule out renewable gas uptake.

“Hydrogen is already being injected into the gas distribution system in South Australia and NSW,” Mr McCollum said.

“This gas is carbon free and can be made using excess renewable electricity and then stored in pipelines until needed. Reaching net zero by 2050 will be a challenge, so we need to keep all our options open, especially those which are most affordable.”

The Frontier Economics report looked at three archetypal existing household types in Victoria and considered costs for replacing gas appliances with hydrogen-ready gas appliances or three options for all-electric homes. Most previous work in this area considers only the cost for new-build homes or considered the cost of transitioning to electric appliances was zero.

The report used high, typical and low-cost estimates provided by electric and gas appliance installers. The report also included removing and rectifying existing installations and any requisite power supply upgrades, both typically not included in appliance conversion.

As hydrogen capable appliances are not widely available, the price of gas appliances provided by suppliers was increased by 30 per cent in case hydrogen-ready appliances are more expensive. Reports from the United Kingdom suggest they won't be.

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**Contact: Karen Polglaze**  
0419 737200

“In each archetype examined, the cost for installing renewable gas appliances was less than for converting to electricity, and if you look at the like for like conversions, the price differences were even greater,” Mr McCollum said.

“As a nation, we must keep our future options for renewable gas open as studies of many aspects of moving to net-zero suggest it is a very affordable option.”

Download the Frontier Economics report: [Cost of switching from gas to electric appliances in the home](#)  
See the [media release from GMAAA](#).