



**STANDING COMMITTEE ON ENVIRONMENT, CLIMATE CHANGE AND BIODIVERSITY**

Dr Marisa Paterson MLA (Chair), Mr Andrew Braddock MLA (Deputy Chair),  
Ms Leanne Castley MLA

**Inquiry into ACT Budget 2021–22**  
**QUESTION ON NOTICE**

CASTLEY: To ask the Minister for Water, Energy and Emissions Reduction

Ref: 3.1 Climate change and Energy

In relation to:

Minister, during estimates on Thursday you claimed the scenarios in the ACT Climate Strategy 2019-25 were not official targets.

- (1) What are your official targets for gas, transport, waste and land use for 2025?
- (2) What are your official targets for gas, transport, waste and land use for 2030?
- (3) Are there any official scenarios for gas and transport that you and your directorate are following for 2025 targets?
- (4) Are there any official scenarios for gas and transport that you and your directorate are following for 2030 targets?
- (5) Where are these legislated? If not legislated, where are the targets?
- (6) Mr Rutledge announced that total gas conversions are a difficult question. Are you and your directorates investigating how to measure how many households completely disconnect from gas?
- (7) In a QON you replied to on August 6 you gave the following table. Doesn't this indicate gas connections are increasing in the ACT?

**ACT residential gas customer contracts**

Q4 2018-19	Q4 2019-20	Q3 2020-21*
124415	126097	127401

the AER has not released Q4 2020-21 figures

source: Australian Energy Regulator - retail energy market performance ma

- (8) What is the current percentage of ACT emissions compared to 1990?
- (9) On October 19, the ACT Commissioner for Sustainability and the Environment stated they had completed a report to recommend opportunities to reduce Scope 3 emissions. Given there is no forward estimates for the social cost of carbon, will the next budget's social cost of carbon be reflective of the ACT Government's Scope 3 emissions as opposed to scope 2?
- (10) The ACT Climate Change Council prepared a report for you on the social cost of carbon. What recommendations did you accept from their report and what recommendations were rejected?

**Minister Rattenbury:** The answer to the Member's question is as follows:–

(1), (2), (3), (5) Targets and legislation

The ACT's legislated emissions reduction targets are set out in the *Climate Change and Greenhouse Gas Reduction Act 2010* and relate to the combined total of all sources of emissions which includes gas, transport, waste, industrial emissions and land use change.

(4) Scenarios

The *ACT Climate Change Strategy 2019-25* describes one example of a possible future pathway to meeting emissions reductions targets. It is identified as "an indication only to demonstrate the magnitude of the challenge we face."

(6) Gas disconnections

Complete gas disconnections can be difficult to measure due to the varying reasons people may wish to disconnect, and the ways a customer can opt to do this.

When a property converts from gas to a fully electric home, there is no legal requirement for the customer to abolish their gas connection (completely disconnect and remove the meter). In accordance with the suite of national energy laws, a customer can choose to abolish their service, or they could close their gas account leaving the meter in place and allowing for a potential future connection. This means that a connection may have no customer, and have no intention of future use, however it is still considered a connection point as it has not been abolished. Many customers may choose to disconnect rather than abolish to avoid the abolishment fee, which is a regulated charge approved by the Australian Energy Regulator (AER).

Requests for abolishment also do not necessarily signify that a property intends to be gas free into the future. A property will have its meter abolished during a property re-development (including knock-down rebuilds). The property may be re-connected to gas once the construction work is completed, or it could remain unconnected.

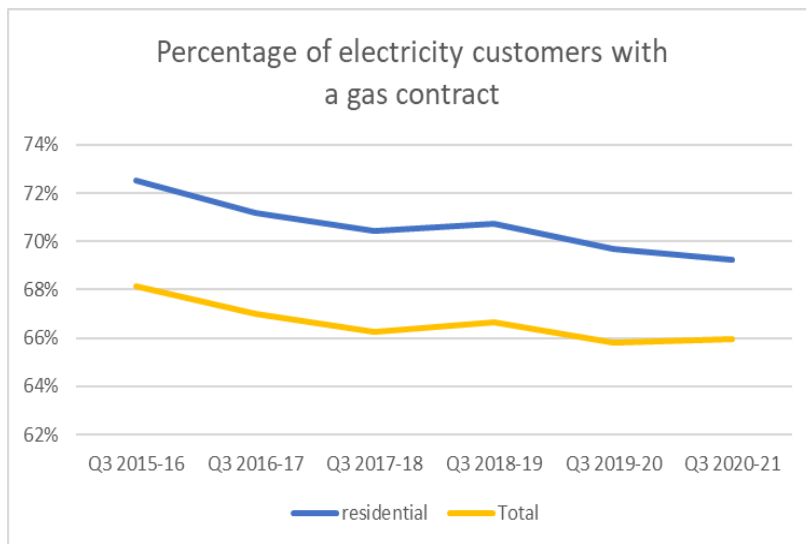
The AER considers abolishments and 'zero-consumption' meters in its 5-yearly regulatory determinations for Evoenergy. For its 2021 regulatory price determination, Evoenergy submitted there were an average of 350 abolishments per year and approximately 7,000 customers with zero consuming meters.

The AER publishes quarterly data on customer contracts across all retailers selling gas in the ACT. This number can be viewed as the number of active gas connections within the ACT. The Environment Planning and Sustainable Development Directorate believes that using the AER's retail gas customer numbers is an appropriate method to measure the number of customers using gas in the ACT on an ongoing basis. Once the mechanisms to prevent new gas connections, as outlined in the Parliamentary and Governing agreement are finalised, this figure will more clearly show the number of customers who are removing gas, as there will be no new connections being registered.

(7) Gas connections

The total number of gas connections within the ACT is currently increasing. However, new gas customers are not increasing at the same rate as electricity connections. This would suggest that more customers are now choosing all electric dwellings.

The following chart shows that the percentage of total properties with gas contracts fell from 68 per cent in 2015-16 to 66 per cent in 2020-21. This has primarily been driven by a reduction in residential contracts, which have fallen from 73 per cent to 69 per cent over the same period. From this perspective, there are almost 7,000 less residential gas customers today, than there would have been if 73 per cent of all residential properties were still using gas.



Source: Australian Energy Regulator: Retail Energy Market Performance Updates, EPSDD analysis

(8) Current levels of emissions

In 2019-20 greenhouse gas emissions in the ACT were 1,684 kt CO<sub>2</sub> equivalent. This represents a 45% decrease from 1989-90, meaning that the ACT successfully met its 40% emissions reduction target in 2019-20.

(9), (10) Social cost of carbon

A 'social cost of carbon' is a tool used across the globe to estimate the associated costs of damage from the release of one tonne of carbon dioxide equivalent. The ACT Government sought and received advice from Rovingstone Advisory and from the ACT's Climate Change Council to describe the theory and practice of the use of a social cost of carbon in government decision making around the world. These reports are available online: [www.environment.act.gov.au/home/home-news-listing/government-progresses-social-cost-of-carbon](http://www.environment.act.gov.au/home/home-news-listing/government-progresses-social-cost-of-carbon).

In the 2021-22 Budget, the Government adopted a social cost of carbon set at the interim price of \$20 per tonne of emissions. This will be applied by the ACT Government to scope 1 emissions from ACT government operations only and will not be applied to business or the community. Scope 2 emissions are already net zero emissions and so, do not create social costs of carbon.

The ACT Government's adopted social cost of carbon value will be periodically updated and we will be drawing on independent and expert advice, including from the ACT Climate Change Council, as we develop an agreed value for the social cost of carbon by 2025. Consideration of the Council's report is ongoing, and formal decisions on the report's recommendations have not yet been made.

Approved for circulation to the Standing Committee on Environment, Climate Change and Biodiversity

Signature:

Date:

8/11/21

By the Minister for Water, Energy and Emissions Reduction, Shane Rattenbury