

**Submission
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INQUIRY INTO 2024 ANNUAL REPORT OF THE NET ZERO COMMISSION

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Joint Standing Committee on Net Zero Future

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ASBEC submission – Parliamentary Inquiry into 2024 Annual Report of the Net Zero Commission

The Australian Sustainable Built Environment Council (ASBEC) welcomes the opportunity to provide feedback to the Joint Standing Committee on Net Zero Future on the 2024 Annual Report of the Net Zero Commission. Our response focuses on matters relevant to the built environment.

ASBEC is a collaborative national forum of peak bodies in the Australian built environment, focused on achieving sustainable, productive, and resilient buildings, communities, and cities. Our [membership](#) consists of industry associations, professional bodies, academia, non-government organisations and government observers who are involved in the planning, design, delivery, and operation of our built environment.

ASBEC commends the Parliament of NSW for the establishment of the Net Zero Commission. There is great value in having a central advisory body to guide the NSW Government on strategies, programs and policies to achieve net zero by 2050 and progress towards this target. We believe the first function set out in the *Climate Change (Net Zero Future) Act 2023* is particularly important:

“to monitor, review and provide recommendations on progress towards the primary emissions targets for NSW”

We recommend that, given the Commission has had very limited time to both become established and to consider a very broad range of matters, this first key function should take precedence. As indicated in the 2024 Annual Report, achievement of the emissions targets the Parliament of NSW has established for 2030, 2035 and 2050 are far from assured.

Noting that the April 2024 projections show NSW barely reaching its targets for 2030 and 2035, but only under the most optimistic assumptions modelled, ASBEC supports accelerated action by the NSW government to achieve its 2030 target and beyond.

ASBEC acknowledges the 2024 Annual Report’s statement that the electricity and energy sector remains central in the drive towards net zero, both in reducing its own emissions and enabling other sectors to decarbonise through electrification. Given that emissions from the built environment sector grew by 91 per cent from 2005 to 2022 and the largest source of direct emissions in this sector (53 per cent) is the use of onsite fossil fuels in homes and buildings in operation, **ASBEC strongly recommends the NSW government accelerates its focus on electrifying buildings.**

ASBEC’s research, [Unlocking the Pathway: Why electrification is the key to net zero buildings](#) confirms that electrification is the lowest cost, fastest emissions reduction pathway for Australia’s built environment. Our research found that electrifying the built environment could deliver \$49 billion in energy saving nationally between 2024 and 2050 compared to business as usual, and 199MT of avoided CO₂-e emissions.

ASBEC’s *Unlocking the Pathway* research highlights that the use of fossil gas in homes is not evenly spread across the country. Over 80% of fossil gas use, for both commercial and residential sectors, is centred in Victoria and NSW. Fossil gas presents business risks in future, in terms of both price volatility and climate. Policies to encourage electrification should be developed and introduced as a priority now and then ramped up over time to support the transition. This should include clear pathways to prompt change in the market.

Fuel switching from gas to direct electricity is more energy efficient and will ultimately result in lower consumer costs, better health and greater energy performance in homes. In the absence of a national plan for decarbonising fossil gas in Australia's buildings, individual jurisdictions are taking the lead in electrification policies. ACT and VIC governments are already rolling out policy around electrification, so the NSW government does not have to reinvent the wheel to progress its own electrification policy rapidly.

Genuine government leadership can elevate the electrification agenda by sending a strong signal to the market. Mechanisms to do this include electrifying government assets, such as commercial offices and community housing, as well as embedding electrification in procurement standards and mandates. Other mechanisms include support for the NABERS renewable energy indicator, which in conjunction with its original energy star rating, allows the consumer to understand the presence of fossil gas in their building. Government leadership sets the agenda and creates markets in this important space – which has a side benefit of leading to job creation and skills development.

Along with being able to enjoy the full benefits of any solar PV installation, electrifying NSW's buildings is an opportunity where significant abatement is possible and the technologies to decarbonise and electrify the sector are already commercially available. ASBEC supports the Climate Change Authority's recommendation that federal and state governments develop strategies for the complete, efficient and equitable electrification of all buildings. The most urgent first step for NSW to take is to place restrictions on gas connections to new homes or developments. As outlined in the [Every Building Counts](#) policy platform, every new building equipped with gas is one more building to retrofit at a significant cost in the future. Disallowing new gas connections through planning instruments is a way that the NSW governments can start to deliver a fossil-fuel free built environment for the future.

ASBEC notes that electrification of existing homes and commercial buildings will require changing out millions of gas appliances and replacing them with cleaner, healthier and vastly more efficient electric equipment. During the initial phases of the transformation, the upfront capital cost can impede take-up. Linking appliance upgrades with efficiency improvements like insulation and shading contributes to an optimised whole-of-energy system and a built environment compatible with a low carbon economy.

ASBEC commends the NSW government for the release of its Consumer Energy Strategy in September 2024 and acknowledges that it commits the NSW Government to introducing electrification targets for homes and small businesses in 2026. We also agree with the commitment to developing a NSW Gas Decarbonisation Roadmap by 2026, which aims to clarify the future use of fossil gas in buildings, because the ad-hoc nature of electrifying existing households will make operation of the gas network uncertain and more difficult as time goes on. We note that this NSW Gas Decarbonisation Roadmap should also provide clear and strong guidance to facilitate an orderly phasedown of the reticulated fossil gas network to avoid negative and inequitable impacts for consumers.

ASBEC would like to re-emphasise an important message that electrification of buildings needs to go hand-in-glove with building energy performance measures, such as thermal shell and energy efficiency. As outlined in the Net Zero Commission 2024 Annual Report, although energy efficiency measures do not address the built environment sector's direct emissions, they are fundamental to reduce the demand for electricity and in turn reduce the new generation and transmission needed to decarbonise the electricity grid. ASBEC suggests much greater energy savings can be realised in existing buildings through more ambitious government policies, such as **mandating the disclosure of building energy performance ratings of homes at the point of sale or lease**. ASBEC strongly recommends that NSW adopts the national framework for disclosure of home energy performance, and mandates disclosure as soon as possible. Energy efficiency cuts household energy costs and makes homes healthier and more comfortable to live in, particularly in extreme weather events like heatwaves. It also offers low-cost emissions reductions and reduces stress on the electricity network in peak periods, which in turn reduces the need for costly network infrastructure upgrades.

The work of the Net Zero Commission to help guide the strategic direction of the NSW government to achieve net zero is fundamentally important. It will help ensure that NSW's existing and new building stock is on a trajectory toward being climate resilient and net zero compatible by 2050. Active and engaged collaboration across NSW government and industry will continue to accelerate action, providing clear benchmarks for healthy and affordable homes, helping meet NSW's emissions reduction targets and ensuring equal opportunities for households and businesses.

We welcome the opportunity to provide further detail on any of the points outlined above and look forward to a continued collaborative relationship with the Net Zero Commission and NSW government departments as work progresses.

Yours sincerely

Alison Scotland

Chief Executive Officer, ASBEC