

Technical note: Electrification policies have saved Victorians \$185 million since 2023

This technical note accompanies the IEEFA briefing note: [Electrification saves Victorians \\$185 million in three years](#).

The number of gas appliance upgrades was estimated using:

- Data on VEU uptake by activity, year and postcode provided by [Green Energy Markets](#).
- The assumption that 84% of *High-efficiency air conditioner upgrades* in the dataset corresponded to electrification of gas heaters (based on a comparison of [publicly reported electrification uptake figures](#) by Victoria's Department of Energy, the Environment and Climate Action (DEECA) against total activity numbers from the [VEU registry](#) over the same period).
- Splits of gas ducted versus room heaters, and gas continuous flow versus storage water heaters from EnergyConsult's [Residential Baseline Study](#).

The running cost of gas appliances was estimated using:

- IEEFA's household energy upgrades model, documented in the [technical appendix to A focus on homes, not power plants, could halve energy bills](#), with each postcode mapped to the most climatically similar Victorian model region (Melbourne, Central Victoria or Mallee).
- Actual gas tariffs from major retailers (AGL, Origin and EnergyAustralia) and lower-cost retailers found on [Victorian Energy Compare](#) (GloBird, Sumo, Kogan, Powershop and CovaU) for each of Victoria's three gas distribution networks (AGN, Multinet and AusNet). Fifty-seven percent of Victorians were assumed to be with a major retailer (based on [ACCC 2025](#)).

The running cost of replacement electric appliances was estimated using:

- Time-of-use profiles from IEEFA's household energy model.
- Gas appliance efficiencies used in [IEEFA's household energy model](#), and average heat pump coefficients of performance from approved products in the [VEU register](#).
- An assumed penetration of rooftop solar based on postcode-level uptake data from the [Clean Energy Regulator](#).
- Actual electricity tariffs from major retailers (AGL, Origin and EnergyAustralia) and lower-cost retailers found on [Victoria Energy Compare](#) (GloBird, 1st Energy, Kogan and OVO Energy) for each of Victoria's five electricity distribution networks (AusNet, Citipower, United Energy, Jemena and Powercor). Fifty-seven percent of Victorians were assumed to be with a major retailer ([ACCC 2025](#)), and 28% were assumed to be on a time-of-use tariff ([ACCC 2026](#)).

Historical energy costs for 2023–2025 were estimated by using 2026 energy tariffs as above, and scaling the results based on [ABS CPI data](#) for household energy costs in Melbourne (electricity/ gas and other household fuels).

Future energy costs were estimated only using 2026 energy prices.

The avoided gas demand from electrification was estimated using a combination of existing household-level assumptions from IEEFA’s household energy model and assumptions from [Victoria’s DEECA](#). These were used to derive running costs, aggregated across the number of households undertaking electrification (Table 1).

Table 1: Assumed annual gas consumption by appliance and model region

Appliance	Average annual gas consumption by model region (MJ)		
	Melbourne	Central Vic	Mallee
Gas ducted heater	48,547	67,547	32,653
Gas room heater	14,449	20,104	9,719
Gas continuous-flow hot water system	13,452	13,452	12,843
Gas storage hot water system	17,222	17,222	16,443

Note: Postcodes are mapped to model regions based on climatic similarity, rather than proximity.

Projected future uptake of electrification was based on average uptake rates for VEU electrification activities between 2025 and 2026.

Projected costs to the VEU scheme were estimated by taking the total number of VEECs generated for each relevant activity from the dataset provided by Green Energy Markets, and multiplying by average annual VEEC prices for 2023, 2024, 2025 and 2026 derived from [historical data](#) published by DEECA.