Natural gas for Victoria

A plan for secure, reliable and affordable energy



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Acknowledgement of Country

Australian Energy Producers acknowledges the Traditional Custodians of Country throughout Victoria and their knowledge in caring for land, water, and community. We pay our respects to their Elders – past, present, and emerging.



Introduction

Natural gas has powered Victoria's economy for more than 50 years. It heats homes, supports manufacturing, keeps businesses running and provides reliable electricity.

Today, Victoria's natural gas industry provides reliable energy to more than 2.2 million Victorian homes and businesses connected to the gas network,[1] contributes around $22 billion in annual economic activity and supports around 40,000 jobs across the state.[2,3]

Yet Victoria faces a growing challenge. Local gas supply is declining, while demand for reliable and affordable gas supply remains strong. Without new investment and development, Victorian households and businesses face higher energy costs, increased reliance on interstate and imported gas, and a greater risk of gas and electricity shortfalls.

Victorians understand the importance of natural gas. Recent JWS Research polling, commissioned by Australian Energy Producers, found 83 per cent of Victorians believe gas should have a role in the state's future energy mix, and 75 per cent believe Victoria should develop its own gas resources.

As Victoria's coal-fired generators retire, natural gas will play an increasingly important role in maintaining a reliable electricity system. Gas-fired generation responds quickly when wind and solar output falls, helping keep power reliable for Victorian families and businesses. At the same time, Victoria's oil and gas resources can help strengthen Australia's energy security and support regional jobs, investment and economic growth.

The November 2026 election provides an opportunity to reset Victoria's gas policy to secure the state's energy and economic future. The next Victorian government should back investment in responsible Victorian gas development, protect consumer choice, and create a regulatory environment that encourages investment in new gas supply.

Australian Energy Producers has identified several action areas to attract new supply, lower costs, support stronger regional economies and strengthen Victoria's long-term energy security.

Peter Kos
Victorian Director, Australian Energy Producers



Victorian gas facts

4 in 5

Victorian homes are connected to the gas network for cooking, heating and hot water

$22 billion

Natural gas supports around $22 billion in annual economic activity in Victoria

40,000

Victoria's natural gas industry supports around 40,000 jobs across the Victorian gas value chain

25 years

Victoria has enough undeveloped gas to meet state gas demand for at least another 25 years[4]



What Victorians say[5]

83% believe gas has a role in Victoria's future energy mix

75% support Victoria developing its own natural gas supplies

58% oppose a ban on gas connections in new homes

62% support the Victorian Government doing more to fast-track local gas projects

82% support household energy choice

52% are more likely to vote for a candidate who supports the continued use of natural gas

A plan for Victoria's economic growth and energy security

Our platform outlines four key policy actions:

1. Unlock Victoria's natural gas resources

2. Faster approvals for critical energy projects

3. Restore household and business energy choice

4. Support manufacturing and reliable electricity supply



1. Unlock Victoria's natural gas resources

Victoria faces growing gas supply pressures as production from existing fields declines. Without new sources of supply, Victoria risks future shortages and increased reliance on gas transported from interstate.

Victoria should not face gas supply pressures while local resources remain undeveloped. Victoria has significant conventional and unconventional onshore gas resources across the Gippsland and Otway basins, yet much of this potential remains unexplored or undeveloped.

Developing Victoria's gas resources could boost investment, support regional employment and maintain local skills and industry capability.

For more than a decade, onshore petroleum exploration has been constrained by policy restrictions, moratoria, regulatory uncertainty and limited access to prospective acreage. These barriers have discouraged investment and constrained understanding of Victoria's resource potential.

Victoria's permanent ban on unconventional gas development further restricts opportunities to grow domestic supply. More than a dozen Australian parliamentary, judicial, scientific and regulatory inquiries have examined unconventional gas development and found the associated risks can be managed through appropriate regulation, monitoring and enforcement.

A clear, consistent and regular petroleum acreage release program is an essential first step to attract investment, strengthen energy security and better position the state to meet its future gas needs.

Policy asks

- Commit to a consistent acreage release program with clear decision dates
- Fund a competitive exploration grants program to encourage explorers to seek onshore and offshore opportunities in Victoria
- Publish a Victorian Gas Supply Plan identifying future supply opportunities, key projects, regulatory milestones and infrastructure requirements
- Commission an independent review of Victoria's prohibition on unconventional gas
- Recognise that seismic surveying is a critical first step in the safe and responsible development of gas resources, with activities assessed through established environmental regulation and informed by contemporary science

What Victorians say:

77% agree households and businesses should have access to all available energy sources, including Victorian gas.

75% of Victorians agree that Victoria should develop its own natural gas rather than import from interstate or overseas.



2. Faster approvals for critical energy projects

International capital markets are shifting towards jurisdictions with regulations that support timely and certain approval processes.

In Victoria, approval delays and regulatory uncertainty stand in the way of delivering new gas supply that is urgently needed. Lengthy approval processes and regulatory uncertainty increase project risk, delay investment decisions and reduce confidence that new supply can be brought to market when it is needed.

For example, the process to bring an offshore well online in Victoria in recent years involved 45 regulatory approvals, permits and consents from 14 different authorities and the submission of more than 10,000 pages of documentation for approval. The Victorian Government must provide efficient, predictable approvals and long-term regulatory certainty for major energy projects to restore investor confidence and attract investment.

Beyond regulatory delays, legal challenges and repeated objections are increasingly being used to slow projects, often by groups with no clear accountability or formal standing.

Every year that a major project is delayed represents a year of foregone economic activity, reduced employment, and lost state revenue. In a tight domestic gas market, delays can also contribute to higher energy prices for households and industry.

What Victorians say:

62 per cent support the Victorian Government doing more to fast-track local gas projects to improve future energy security, compared with 12 per cent opposed.

Policy asks

- Work with industry on a comprehensive review of approval processes to identify and address unnecessary delays and regulatory burden
- Establish a lead-agency model within Resources Victoria for whole-of-government coordination of petroleum and pipeline projects
- Form a Cabinet-level Energy Security Delivery Committee to remove regulatory bottlenecks and publish progress against priority projects



3. Restore household and business energy choice

Natural gas has been central to Victoria's energy system and economy since 1969. It has been a reliable and affordable fuel source for generations of Victorians.

Today, around four in five Victorian households are connected to the gas network, for cooking, heating and hot water. Victorians overwhelmingly want households and businesses to be free to choose the energy option that best suits their needs and budget.

The Victorian Government's policy to restrict new homes and businesses from connecting to the gas network, and to force existing homes to replace gas hot water systems with electric, is at odds with what Victorians want and risks placing additional pressure on an electricity system that is already undergoing significant transformation.

Natural gas continues to play an important role in meeting peak energy demand, supporting electricity reliability and supplying Victorian manufacturers. Measures that artificially reduce access to gas send an unhelpful signal for investment in the new gas supply that Victoria will continue to require.

Victoria has world-class gas infrastructure, industry expertise and abundant undeveloped gas resources. Natural gas will continue to be an important source of fuel for the state.

Policy asks

- Abolish the Gas Substitution Roadmap and reverse the ban on gas connections in new residential and commercial buildings
- Adopt a technology-neutral consumer-choice principle for future building and appliance regulation

What Victorians say:

82 per cent support freedom to choose for cooking, heating and hot water; 80 per cent support choice when appliances need replacing; and 71 per cent support allowing gas connections in new homes.



4. Support manufacturing and reliable electricity supply

Natural gas is both an industrial input and a flexible source of electricity. Gas provides around 35 per cent of the energy used by Victoria's manufacturing sector.[6]

Policies should recognise that for many industries that use gas to generate extreme temperatures or that use gas as an ingredient to make chemicals and products, there is no readily available alternative to using natural gas. And, for some industries, converting from coal to natural gas is the most viable way to significantly reduce emissions.[7]

Furthermore, natural gas will play an increasingly important role in supporting grid reliability in Victoria as coal retires.[8] Optimal energy and climate policies in Victoria should recognise the long-term role for gas in the state's energy future and be based on a least-cost, technology neutral approach to achieving key energy, climate and economic outcomes. Policies that overlook the vital and long-term role of natural gas in Victoria's economy will risk future energy security, make the energy transition harder, drive up energy prices and add to cost-of-living pressures for Victorians.

What Victorians say:

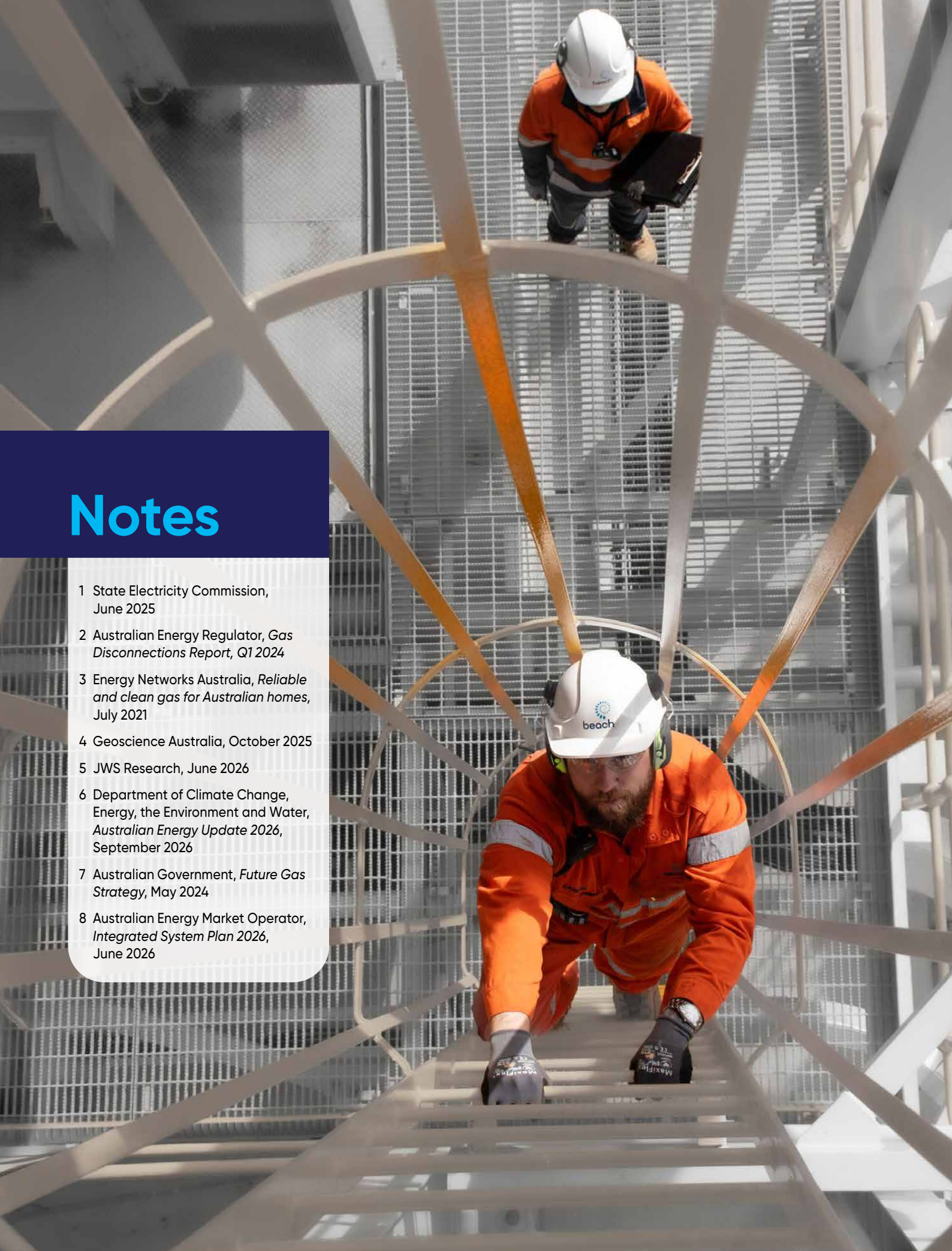
80 per cent say natural gas is important to Victoria's economy and 78 per cent to energy security.

Policy asks

Develop a Victorian Energy Roadmap that clearly articulates the role of gas in the Victorian energy system

Ensure planning and market settings support investment in efficient gas-powered generation where needed for reliability and system security

Work with the federal government to ensure national climate and energy policies recognise the critical role of gas for power generation and manufacturing



Notes

1 State Electricity Commission, June 2025

2 Australian Energy Regulator, *Gas Disconnections Report, Q1 2024*

3 Energy Networks Australia, *Reliable and clean gas for Australian homes*, July 2021

4 Geoscience Australia, October 2025

5 JWS Research, June 2026

6 Department of Climate Change, Energy, the Environment and Water, *Australian Energy Update 2026*, September 2026

7 Australian Government, *Future Gas Strategy*, May 2024

8 Australian Energy Market Operator, *Integrated System Plan 2026*, June 2026

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