

# Building electrification for hospitality buildings in Victoria



## We are taking action to slash energy bills for Victorian families and businesses, while preserving gas for Victorian industry.

New Building Electrification Regulations and Minimum Energy Efficiency Standards for Rental Homes will be phased in over four years beginning from 1 January 2027.

With fossil gas no longer the cheap and plentiful option it once was, immediate action is required to electrify Victoria's residential and commercial sectors. These reforms will ease cost-of-living pressures on Victorian households and businesses, help alleviate gas shortfalls and preserve gas supply for the Victorian industries that need it most. This will help achieve Victoria's emissions reduction targets and limit the continued expansion of the reticulated gas network.

If you are a hospitality business, here's what these changes mean for you.

### What are the changes?

Existing hospitality buildings can continue to replace all gas appliances like-for-like at end-of-life, including gas cooking appliances, with all existing commercial buildings excluded from Building Electrification Regulations.

From 1 January 2027, where a new hospitality building is being constructed, it will need to be constructed as all-electric.

The Building Electrification Regulations will prohibit:

- a relevant building surveyor from issuing a building permit for the construction of a building if there is a new gas connection proposed.
- the installation of a gas appliance (including cooking, space heating and water heating) during the construction of a new building.

- the installation or connection of gas downstream of a gas supply point (meter) during the construction of a new building or part of that new building
- the installation or connection of a gas connection to an existing building without a gas connection - meaning that if a building, wasn't already using gas, it cannot connect.

### What are the exemptions?

All existing hospitality buildings are exempt from the Building Electrification Regulations, however, we encourage hospitality businesses to consider electrifying their gas appliances to lower the cost of their energy bills and reduce emissions.

Appliances that use Liquefied Petroleum Gas (LPG) or 'bottled' gas are not impacted by the Building Electrification Regulations. LPG appliances (including cooking appliances) can continue to be installed where required, including in new buildings where hospitality businesses are proposed. This exemption supports a gradual transition for the hospitality industry while avoiding further expansion of the gas network, helping reduce long-term costs for all gas users.

An exemption may apply where there is an existing building permit prior to the Building Electrification Regulations coming into effect, or the relevant building surveyor certifies that substantial progress on the design of the building was made prior to the regulations coming into effect (Section 10(1) or (2) of the Building Act 1993).

The Government is working closely with industry ahead of the Building Electrification Regulations being finalised and introduced.



## Support available

Through the Victorian Energy Upgrades program, businesses that have undertaken energy efficiency upgrades saved an average of \$3,700 on their annual energy bills.

Some businesses who have undertaken custom upgrades are saving as much as \$74,000 a year on energy costs.

In 2024, more than 22,000 businesses received upgrades through the VEU program. Over 180,000 businesses have benefitted from the program since 2009.

Learn more: [energy.vic.gov.au/victorian-energy-upgrades/businesses](https://energy.vic.gov.au/victorian-energy-upgrades/businesses)

Eligible businesses may also be able to access support through the Victorian Energy Upgrades (VEU) program.

For industrial and commercial sites, this includes project-based activities (PBAs). This includes tailored upgrades by measuring the energy savings achieved at a particular site.

There are 2 project-based activity methods:

- Measurement and Verification (M&V) method. Energy savings are determined using before and after measurements of actual energy consumption.
- Benchmark rating method. Energy savings are determined using before and after National Australian Built Environment Rating System (NABERS) ratings.

Learn more about project-based activities: [energy.vic.gov.au/victorian-energy-upgrades/installers/industry-project-based-activities](https://energy.vic.gov.au/victorian-energy-upgrades/installers/industry-project-based-activities)

Through the VEU, Victorian large businesses recently explored switching from gas to electricity using grants from the Large Energy User Electrification Support program.

Find out how six Victorian businesses looked for ways to save energy: [energy.vic.gov.au/victorian-energy-upgrades/businesses/large-businesses-energy-case-studies](https://energy.vic.gov.au/victorian-energy-upgrades/businesses/large-businesses-energy-case-studies)

To make sure our tradies are ready to take on new opportunities in electric appliances we're investing \$5 million in free training initiatives for plumbers, electricians and construction workers, to be delivered by Solar Victoria over the next three years.

This funding will ensure Victoria has an ongoing supply of skilled workers to support growth in the renewable and clean energy sector. Participants will learn the skills to design and install quality and compliant systems that are fit-for-purpose, meet household needs, and ensure a comfortable and energy efficiency home.



Learn more at [energy.vic.gov.au/households/electric-and-efficiency-standards-for-buildings](https://energy.vic.gov.au/households/electric-and-efficiency-standards-for-buildings)

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