



Reverse cycle air conditioners cheaper to run than gas heating, report finds

By consumer affairs reporter Josie Taylor

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Consumers can save money by making the switch from gas heating to using reverse cycle air conditioners, a Melbourne University study has found.

The report, *Switching Off Gas: an Examination of Declining Gas Demand in Eastern Australia*, by the university's Melbourne Energy Institute found some Australian households falsely believe gas is cheapest option for heating.

But rising domestic gas prices mean that is no longer the case.

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Report author Tim Forcey said he cut his own heating costs by 70 per cent by switching from ducted gas heating to several reverse cycle air conditioners.

"Gas has traditionally been cheap in Australia but it's not anymore," Mr Forcey said.

"The price of gas and electricity has never been closer."

The report was funded by The Australia Institute think tank and by Victorian farmers opposed to coal seam gas exploration.

But Mr Forcey said the university's research was completely independent.

"Where [the funding] came from had no bearing on the terms of the research and what we did and how we went about it," Mr Forcey said.

Since 2012, domestic gas use in Australia has fallen every year and the Australian Energy Market Operator predicts that will continue.

Modelling by the Melbourne Energy Institute has estimated that by 2025, gas consumption in Australia could fall to half the peak use of gas recorded in 2012.

The university study said in the long term many Australian households would replace old gas appliances like heaters with new electric ones, which could "lead to a 'death spiral' where more and more customers leave the gas grid".

"These changes in the economics of gas-use in buildings and industry have important implications for infrastructure planning," the report said.

"There is now no economic need for any new house or suburb to be connected to the gas grid.

"Governments, housing developers and homeowners can now look for opportunities to cut spending on gas infrastructure."

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