



Dr Marjorie O'Neill MP

MEMBER FOR COOGEE

The Hon. Penny Sharpe, MLC

Minister for Climate Change

Minister for Energy

Minister for the Environment

Minister for Heritage

2 June 2026

Parliament House

Macquarie Street

SYDNEY NSW 2000

To the Hon. Penny Sharpe, MLC

Request for a NSW Gas Demand Reduction Strategy

I am writing to formally request that the New South Wales Government prioritise gas for high-heat industries and support the electrification of low-heat industries to protect manufacturing jobs, reduce emissions and accelerate NSW's transition away from fossil fuels.

I am proud to be part of a government that has demonstrated leadership on climate action and the transition to a cleaner energy future through systems like our Energy Savings Scheme. By providing financial incentives to install energy-efficient equipment, we have delivered cost-effective energy savings for NSW households and businesses, whilst also stemming dependence on fossil fuels. As NSW fast-tracks to our Net Zero targets, we have an opportunity to evaluate the future of gas and seek possible industries to support electrification.

On this basis, I encourage the NSW Government to include a comprehensive gas demand reduction strategy within the forthcoming NSW Net Zero Plan and associated gas decarbonisation roadmap. A merit-order approach to gas demand reduction would ensure that sectors capable of transitioning to electrification do so first, while preserving gas supply for industries where technological alternatives are not yet commercially available or scalable, for instance, high-heat manufacturing.

Households, small businesses, and low-heat manufacturing industries are the low-hanging fruit which could transition away from gas and benefit from the savings of electrification. Many sectors, including food and beverage manufacturing, paper and printing production, and other low-temperature industrial processes, now have access to proven electrification technologies. Supporting these industries to electrify would reduce operating costs, improve energy resilience, and lower emissions while helping to ease pressure on gas supply.

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At the same time, we must acknowledge that some high-heat industrial processes currently face technological barriers to full electrification. For these industries, gas remains a necessary input. Reducing gas demand in sectors that can readily electrify would help ensure that available gas supply is directed towards these harder-to-abate industries as they continue developing and adopting future low-emissions technologies. This approach protects critical manufacturing capability, regional economies and, importantly, local jobs.

I encourage the Government to ensure that the NSW Net Zero Plan includes:

- A comprehensive and transparent strategy to reduce gas demand across all sectors of the economy, including residential, commercial and industrial.
- Statewide gas demand reduction targets that provide a clear downward trajectory for gas consumption and support the achievement of NSW emissions reduction objectives.
- A merit-order approach that prioritises electrification in sectors where alternatives are already available, while preserving gas supply for industries that currently lack viable substitutes.
- Measures that support worker transition, local manufacturing opportunities and skills development to ensure the benefits of electrification are shared across NSW.

I believe the forthcoming Net Zero Plan presents a valuable opportunity to establish a clear framework for reducing gas demand while supporting workers, industry and communities through the transition. By focusing on practical and achievable opportunities for electrification, NSW can deliver lower emissions, lower energy costs, and a stronger economy while ensuring that gas remains available for those sectors that genuinely require it.

Thank you for your consideration of this important matter. I welcome the opportunity to discuss this further and to work collaboratively on policies that support emissions reduction, manufacturing competitiveness, job security and long-term energy affordability for the people of New South Wales.

Yours sincerely,

Dr Marjorie O'Neill MP

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