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Submitted electronically to: civilconsultation@act.gov.au

Clean Energy Council Submission to the ACT's Consultation Paper: Minimum Standards for Rental Properties and Occupancy Law Reform

The Clean Energy Council (CEC) welcomes the opportunity to provide feedback to the Australian Capital Territory's (ACT) Consultation Paper: Minimum Standards for Rental Properties and Occupancy Law Reform.

The CEC is the peak body for the clean energy industry in Australia. We represent and work with Australia's leading renewable energy and energy storage businesses, as well as a range of stakeholders in the National Electricity Market (NEM), to further the development of clean energy in Australia. We are committed to accelerating the transformation of Australia's energy system to one that is smarter and cleaner.

The CEC commends the ACT Government for the prioritisation of minimum standards in rental properties, creating an opportunity to place the state as one of the national leaders in energy performance requirements for renters. We view these changes as essential steps in achieving the ACT's clean energy transition and ensuring equality for traditionally excluded consumer groups in energy policy.

Energy performance is an ongoing concern for Australian households, with rental properties less likely to have energy efficient appliances and access to consumer energy resources (CER). This translates to additional costs on bills, with an 8% increase in energy spending for renters, due to amplified heating and cooling costs¹. The difficulty of navigating the renter-landlord incentive split and reduced housing stock in the current rental market create additional barriers for households seeking to reduce energy bills and transition to clean energy.

As Australia's electrification journey is just beginning, the introduction of considered energy policy, including minimum standards, will ensure no consumers are left behind. The least-cost pathway to meeting Australia's renewable energy and emissions targets, as modelled in the Australian Energy Market Operator's 2024 Integrated System Plan (ISP) Step Change scenario, requires four times more rooftop solar, 34 times more distributed battery capacity and 135 times more orchestrated battery capacity by 2050².

¹[Effects of renting on household energy expenditure: Evidence from Australia](#)

² [AEMO | 2024 Integrated System Plan \(ISP\)](#)

The ACT Government has the opportunity to provide further support to renters through the introduction of additional opportunities to participate in CER and incentivise landlords to proactively make changes. Empowering renters needs to go beyond energy efficiency and provide energy independence through products such as rooftop solar and home batteries. This will ensure rental properties are both more affordable and healthier to reside in.

The CEC is supportive of the introduction of minimum standards for rental properties to address dwelling quality and progress electrification in rental homes; however, we provide the following additional recommendations to ensure renters can actively gain the benefits of Australia's transition towards renewable energy and increase the energy performance of their homes.

The consideration of expanded standards and policy recommendations will position the ACT, along with Victoria as the benchmarks for healthy and affordable homes for renters in the country.

Heating and Cooling in Rental Properties

The CEC supports the introduction of a minimum standard requiring rental properties to have a fixed heater and cooler in the main living area of the property. It is encouraged additional energy efficiency requirements are considered, modelled off the Victorian proposal of minimum 2 Star electric-only heating and 3 Star cooling standards in rental properties. The introduction of fixed electric-only heating and cooling requirements along with energy efficiency standards will protect renters against inefficient upgrades and reduce the need to introduce energy efficiency standards in later regulation.

The lack of negotiation power in the current market for renters often leaves them unable to request energy upgrades within their homes. Hence, it is essential for the ACT Government to provide a pathway for rental properties to transition away from gas appliances.

Fuel switching from gas to direct electricity is more energy efficient and will ultimately result in lower consumer costs and greater energy performance in rental homes³. It is highly recommended the new regulations require the replacement of existing gas hot water systems with electric solar and heat pump systems. This should be accompanied by the requirement for additional gas appliances, such as existing heaters and cooking appliances to be replaced with electric appliances when reaching end of life.

These changes are expected to reduce energy bills and allow renters to share in the benefits of electrification. As the ACT has already prevented new gas connections to the majority of buildings in Canberra, failing to electrify an entire rental property may risk further disadvantaging renters. If tenants rent a property that is all-electric with a gas cooking appliance, there may be inflated costs from ongoing gas connection fees, despite

³ [Clean-Energy-Council-Power-Playbook.pdf \(cleanenergycouncil.org.au\)](#)

limited gas usage. We highlight the importance of a clear strategy for managing this transition in an orderly and accelerated manner for maximum consumer benefit.

The existing ACT Sustainable Household Scheme should be promoted or expanded to include rebates as an avenue to minimise impacts of additional expenses for landlords to comply with this regulation and allow more rental properties to become fully electrified.

As high and volatile gas and oil prices are currently being experienced – and the expectation that Australia’s east coast gas prices will remain elevated over the long term – there should be no reason to allow gas appliances within the minimum rental standards⁴. The implementation of all-electric minimum standards for heating and hot water systems and cooking appliances, along with new regulations requiring thermally efficient window coverings and draughtproofing will provide the best outcomes for renters.

Star Rating for Energy Efficiency

The CEC is supportive of the introduction of an overall star rating for energy efficiency required for rental properties in the ACT. The recent consultation by the Federal Government on the Nationwide Home Energy Rating Scheme (NatHERS) for existing homes indicates that star ratings will be an integral part of understanding and education on energy performance for consumers. The requirement of star ratings for ACT rental properties will be able to utilise the introduction of this scheme and ensure the quality of existing housing stock is brought up to standard with new homes.

The introduction of an overall star rating for energy efficiency in rental homes will support the mandatory disclosure of energy efficiency and performance in rental properties. Following the introduction of NatHERS for existing homes, the ACT Government should require a Home Energy Rating Certificate to be provided to potential tenants of a listed rental property. This can be substituted with a Residential Efficiency Scorecard in the interim⁵. The use of a labelling scheme will better inform potential renters of the energy efficiency, CER technologies and estimated annual energy costs of their household. The Clean Energy Council recommends this be mandated to be shown in any advertisement for the property and be undertaken within the last three years prior to a property entering the market. This will incentivise landlords to improve the efficiency and take up of electrification and CER technologies.

While current ACT rental law requires the disclosure of ceiling insulation standards, Better Renting’s *Joule Thieves: Renters’ energy challenges in a cost of living crisis* found that only one in four survey respondents had this information available when searching for a rental property⁶. This indicates a potential low level of compliance with the current disclosure requirements; hence it is recommended the ACT Government clearly outlines how disclosure and compliance will be enforced with the introduction of new standards.

⁴ [Understanding the East Coast Gas Market | Bulletin – March 2021 | RBA](#)

⁵ [Scorecard \(homescorecard.gov.au\)](https://www.homescorecard.gov.au)

⁶ [Joule Thieves Report v1.1.1.pdf \(nationbuilder.com\)](#)

Certification and Compliance

The compliance of the proposed regulations is a key consideration in the introduction of new standards as consistent and proactive enforcement deter the responsibility falling solely on renters. As outlined in the *Healthy Homes for Renters Community Sector Blueprint: National Framework for Minimum Energy Efficiency Rental Requirements*, registration of certifications will create confidence in the system, while reducing opportunities for non-compliance⁷.

The ACT should consider the adoption of a similar system to Queensland and Victoria, requiring landlords to keep records of the energy efficiency rating of an appliance. However, these records should be lodged independently to ensure widespread compliance.

It is our recommendation that compliance be administered through a website run by the ACT Government, allowing the property owner to gain certification by registering proof of purchase, installation and energy efficiency.

This would function beyond the existing information available on the ACT Government Justice and Community Safety Directorate. The development of an “ACT Rental Help Hub” website could provide not only registration but act as a one-stop shop for information about the new standards, potential rebates, incentives and compliant products for installation. This would also allow for data collection on compliance with minimum standards and provide greater transparency for renters.

The “ACT Rental Help Hub” website could also be extended to include more information for landlords ensuring their property meets the minimum standards and renters seeking to sign a new lease agreement. The provision of a printable checklist with simplified language and instructions for landlords would assist when ensuring compliance.

This could follow a similar format to the Tenancy Services ‘Healthy Homes Standards Checklist’ available for landlords and tenants in New Zealand⁸. This will provide a single source of truth for landlords seeking to understand how their property performs against the minimum requirements and clearly outline the timeline for changes and resources needed to comply with the proposed regulations.

⁷ [Final Community Sector Blueprint - Mandatory Minimum Rental Standards \(squarespace.com\)](#)

⁸ [The healthy homes standards checklist \(tenancy.govt.nz\)](#)

Opportunities for Renters to Participate in the Clean Energy Transition

The CEC encourages the ACT Government to consider additional opportunities for renters to participate in CER to support the changes proposed in the new standards.

The CEC's *Powering Homes, Empowering People: A National Consumer Energy Resources Roadmap*⁹ outlines several considerations for state governments to actively ensure renters are adequately supported in the transition to renewable energy. These include:

- The provision of incentives to landlords to encourage a faster phase out of gas appliances, increasing the likelihood of an entire refit of energy efficient electric appliances when one reaches end of life.
 - These could include a flat rebate or subsidy, similar to the Victorian Energy Upgrades scheme, and reward early adopters with higher subsidies offered at the beginning of the program.
 - Subsidised energy assessments and third-party certification would additionally assist in the reduction of expenses related to compliance and provide a trusted source of information for landlords and renters. This could include the NatHERS for existing homes recently announced by the Federal Government.
- The ACT Government should prioritise electrification AND installation of CER technologies for social, community and public housing stock as part of the Integrated Energy Plan. This recommendation will complement the introduction of minimum standards for electrification with the installation of CER technologies and access to renewable electricity generation. CER technologies provide additional cost savings on bills. If governments sign these assets up to orchestration programs, this will drive further consumer benefits¹⁰.

⁹ [Powering-Homes-Empowering-People-CER-Roadmap.pdf \(cleanenergycouncil.org.au\)](#)

¹⁰ [Social housing added to the Tesla virtual power plant - Australian Renewable Energy Agency \(arena.gov.au\)](#)

The CEC’s Renter Consumer Journey demonstrates the key considerations for tenants and landlords when opting to participate in CER and the above policy recommendations seek to unlock potential barriers for both parties.

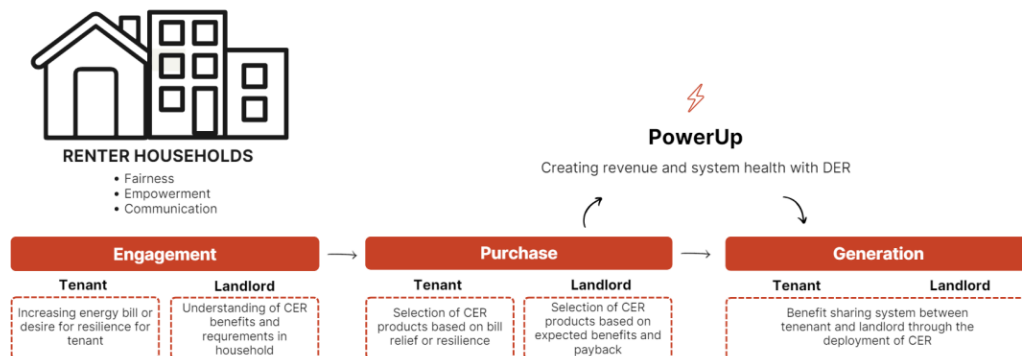


Figure 1. Renter Consumer Journey (Reproduced from the CEC’s *Powering Homes, Empowering People: A National Consumer Energy Resources Roadmap*).

We encourage future proposed regulations relating to minimum rental standards to consider the importance of CER products, such as rooftop solar and batteries, to ensure equitable access to cheap energy for renters as well as tenants in social, community and public housing.

The Clean Energy Council would like to work collaboratively with the ACT Government towards the effective implementation and communication of minimum standards in rental properties. These changes have the potential to provide a national benchmark for healthy and affordable homes for renters, ensuring equal opportunities for households to participate in electrification.

We are interested in ongoing consultation with the ACT Government regarding the current and future proposed changes in regulation and view this a critical step in securing the best outcomes for a fair and efficient energy system.

If you have any queries or would like to discuss the submission in more detail, please contact Emma Fagan at efagan@cleanenergycouncil.org.au.

Kind regards,

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