

Clean Energy Council's Submission to Victoria's Minimum Standards for Rental Properties and Rooming Houses

The Clean Energy Council (CEC) welcomes the opportunity to provide feedback to Victoria's Minimum Standards for Rental Properties and Rooming Houses.

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 Victorian Government for the prioritisation of minimum standards in rental properties, placing the state as a national leader in energy performance requirements for renters. We view these changes as essential steps in achieving Victoria'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 costs.¹ 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 2050.²

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

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

The Victorian 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 proposed regulations to address dwelling quality and progress electrification in rental homes; however, we provide the following additional recommendations to ensure Victorian 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 Victoria as the benchmark for healthy and affordable homes for renters in the country.

Heating and Cooling in Rental Properties

The CEC supports the proposed minimum 2 Star electric-only heating and 3 Star cooling standard in rental properties and commends the Victorian Government on their commitment to phase out gas heating in rental properties. 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 Victorian Government to provide a pathway for rental properties to transition away from gas appliances. The proposed regulation to replace existing gas hot water systems with electric solar and heat pump systems is strongly supported by the CEC and will reduce energy costs for consumers.

These changes are expected to reduce energy bills and allow renters to share in the benefits of electrification, however we note additional gas appliances in the home may result in unnecessary costs for renters. If consumers rent a property that is all-electric with a gas cooking appliance, there may be inflated costs from ongoing gas connection fees, despite 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.

Hence, in line with the Victorian Government's commitments under the Gas Substitution Roadmap and the transition towards net zero emissions by 2045, we recommend gas cooktops should be replaced with all-electric cooktops, at the end of life of the existing appliance in rental properties.

The introduction of incentives for induction cooktops through the Victorian Energy Upgrades (VEU) program in the second half of 2024 will reduce additional expenses for landlords to comply with this regulation and allow more rental properties to become fully electrified. 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 homes.³ 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 for this exclusion within the minimum rental standards.⁴

The implementation of all-electric minimum standards for heating and hot water systems **and cooking appliances**, along with new regulations regarding insulation and draughtproofing will provide the best outcomes for renters, fully electrifying rental properties.

Insulation in Rental Properties

The CEC is supportive of the proposed changes to insulation in rental properties, ensuring that households will require less energy for heating or cooling during peak demand times. However, this regulation does not adequately create improvements for homes with existing poor ceiling insulation.

It is our recommendation that the proposed regulations require a minimum R5.0 ceiling insulation standard for properties with no or low levels of ceiling insulation (R1.5 or lower).

This change will ensure the rental housing stock more closely aligns with the energy efficiency requirements for new homes in Victoria, providing renters the same opportunity to reduce their energy usage when regulating temperature in their homes.

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-compliance.⁵

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

This would function in addition to the existing enforcement and compliance processes administered by Consumer Affairs Victoria (CVA). The existing CVA website is a potential location for registration, serving additionally as a one-stop shop for information about the new standards, potential rebates or

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

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

⁵ [Final Community Sector Blueprint - Mandatory Minimum Rental Standards \(squarespace.com\)](#)

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 CVA 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 current online checklist service provided is not easily printable and places the onus on renters to ensure compliance.

We recommend the CVA website be updated to include a printable PDF version of the checklist with simplified language and instructions for landlords. This could follow a similar format to the Tenancy Services 'Healthy Homes Standards Checklist' available for landlords and tenants in New Zealand.⁶ 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.

Opportunities for Renters to Participate in the Clean Energy Transition

The CEC encourages the Victorian 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* outlines several considerations for state governments to actively ensure renters are adequately supported in the transition to renewable energy.⁷ 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 of subsidy, similar to the existing VEU 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 expenses related to compliance and provide a trusted source of information for landlords and renters.
- The Victorian Government should prioritise installation of CER technologies for social, community and public housing stock. This recommendation will complement the introduction of minimum standards for electrification with the installation of CER

⁶ [The healthy homes standards checklist \(tenancy.govt.nz\)](https://www.tenancy.govt.nz/healthy-homes-standards-checklist/)

⁷ [Powering-Homes-Empowering-People-CER-Roadmap.pdf \(cleanenergycouncil.org.au\)](https://www.cleanenergycouncil.org.au/wp-content/uploads/2022/07/Powering-Homes-Empowering-People-CER-Roadmap.pdf)

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 benefits.⁸

- Mandatory disclosure of energy efficiency and performance in rental properties. The Victorian Government should require a Residential Efficiency Scorecard to be provided to potential tenants of a listed rental property.⁹ This will promote the use of a labelling scheme to inform potential renters of the energy efficiency, CER technologies and estimated annual energy costs. 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.

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.

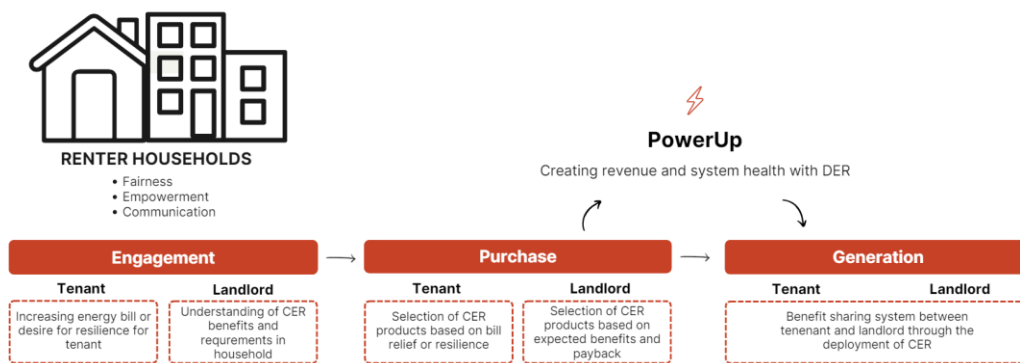


Figure 1. Renter Consumer Journey (Reproduced from the CEC’s *Powering Homes, Empowering People: A National Consumer Energy Resources Roadmap*).

⁸ [Social housing added to the Tesla virtual power plant - Australian Renewable Energy Agency \(arena.gov.au\)](https://arena.gov.au)

⁹ [Scorecard - Scorecard \(homescorecard.gov.au\)](https://homescorecard.gov.au)

Additionally, the Social and Public Housing Consumer Journey highlights the importance of engagement and empowerment to communities when undertaking electrification and CER installation in their homes.

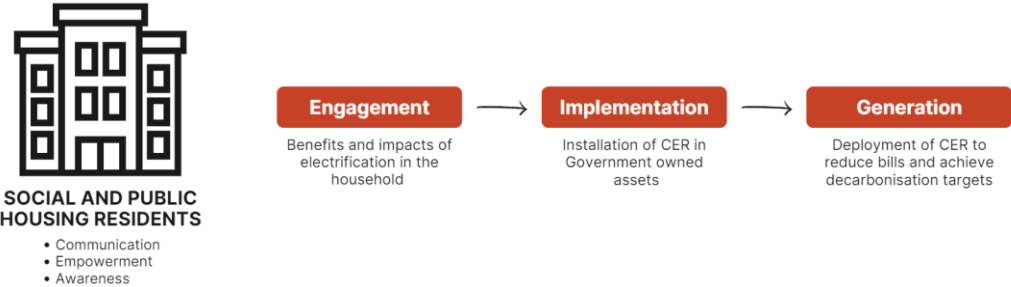


Figure 2. Social & Public Housing Consumer Journey (Reproduced from the CEC's *Powering Homes, Empowering People: A National Consumer Energy Resources Roadmap*).

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 Victorian Government towards the effective implementation and communication of minimum standards in rental properties and rooming houses. These changes will 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 Victorian 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 Con Hristodoulidis at christodoulidis@cleanenergycouncil.org.au.