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Parliament of Victoria
Spring Street
East Melbourne Victoria, 3002

Energy Consumers Australia
A Suite 2, Level 20, 570 George Street
Sydney NSW 2000
PO Box A989
Sydney South NSW 1235
T 02 9220 5500
W energyconsumersaustralia.com.au

ABN 96 603 931 326

Input into Parliamentary Inquiry into Renewable and Affordable Energy for Apartments

Dear Legislative Assembly Environmental and Planning Committee members,

Energy Consumers Australia (ECA) thanks the Committee for the opportunity to respond to the terms of reference of the inquiry to expand access to renewable and affordable electricity for people living in apartments, townhouses and other multi-unit dwellings.

ECA are the national voice for household and small business energy consumers. We advocate for a fair, affordable, and reliable energy system—one that meets everyone's needs and leaves no one behind on the journey to net zero.

We commend the Victorian Government for its leadership on electrification and energy efficiency standards for rental properties, including apartments. This is an important stepping stone to efficient, affordable and healthy all-electric homes for all Victorians.

ECA supports the intent of this inquiry to lift the energy performance of multi-unit dwellings across Victoria. Sustained effort is needed to improve access for consumers that face physical, regulatory and agency barriers to adopting renewable and affordable energy due to the type of dwelling they live in. Multi-unit dwellings are likely to increase as a proportion of our housing stock[1], so this is an opportune time to get it right.

The opportunity of efficient electrification

Improving the energy performance of buildings lowers bills for consumers. IEEFA recently modelled that household energy upgrades could cut energy bills by about 82% in Victoria.[2]

In this inquiry, we encourage the Committee to consider renewable and affordable energy widely. There are many ways to improve the energy performance of a building: rooftop solar, batteries, electrification, thermal shell upgrades, and flexibility of appliances.

All-electric, efficient homes are cheaper to run, healthier, more resilient to extreme temperatures, and contribute to Australia's emissions reduction target. All Australians, including those in apartments and multi-unit dwellings, should benefit from these opportunities. Failure to account for specific challenges and barriers faced by apartment dwellers risks increasing the energy divide, leaving some Australians paying higher energy bills and with worse thermal comfort and health outcomes.

The uptake divide

We know that uptake of Consumer Energy Resources (CER) such as rooftop solar and home battery storage is lower in multi-unit dwellings than in freestanding homes. Freestanding homes are also more

[1] Victorian Government, Housing for all Victorians, link
[2] IEEFA, A focus on homes, not power plants, could halve energy bills, link

likely to have other upgrades that improve the performance of buildings. Our latest Consumer Energy Report Card, our six-monthly survey of over 4,500 consumers, showed that in Victoria:

- Only 2 per cent of respondents in apartments and units have a battery, compared to 7 per cent of free-standing homes.
- 7.5 per cent of respondents in apartments and units have rooftop solar compared to 33 per cent of free-standing homes.

Approximately 1 in 4 Victorians live in owners corporation-managed residential buildings that have not been set up for Electric Vehicle (EV) charging, leaving many without an option to charge at home.[3]

The barriers for multi-unit dwellings

There are many well-known barriers to access renewable and affordable energy in multi-unit dwellings:

- Owners corporation governance models (by-laws, voting thresholds, annual meetings and special resolutions) create inertia and perceived or actual barriers to uptake.
- Owners, owners corporation management companies and property investors are averse to capital expenditure on shared infrastructure.
- Owners or owners corporation management companies do not have access to capital needed to manage high upfront costs.
- Multi-unit dwellings have physical limitations due to building design and construction (shared services, building height, roof shading and space, quality of construction and materials).
- Owners corporation and property managers have limited technical awareness and lack the information required to make decisions quickly at point of failure.
- Consumers in embedded networks have limited control and choice.

We know apartment-dwellers are more likely to be renters.[4] Renters face a split incentive barrier to any energy upgrades – tenants experience reduced bills while landlords pay for upgrades. Owner-occupiers in apartments also face the split incentive challenge as other owners are likely to be investors.

Our latest survey data shows that Victorian respondents in apartments and units are less likely to have been involved in the decision to get solar, than in free-standing homes. Apartment-dwellers are also less likely to know the size of their solar system, if they do have it.

Recommendations

The table below summarises our recommendations to the inquiry.

Category	Recommendation
Expand financial incentives	Expand and tailor the Solar for Apartments program: • Commit to a multi-year extension with a clear investment envelope and targets. • Simplify the application process by running a continuous process rather than rounds. Fixed rounds may not align with inflexible owners corporation approval cycles.

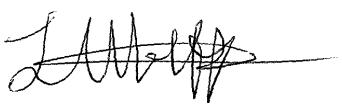
[3] Victorian Government, Electric vehicle ready buildings, link
[4] Australian Institute of Health and Welfare, Housing data, link

	• Prioritise and actively recruit buildings with high proportions of low-income households and renters. • Invest in advertising and community engagement to increase uptake. • Work with owners corporation and property managers to promote the program.
Strengthen owners corporation decision-making	Amend Owners Corporation legislation to lower voting thresholds, ban special resolution fees and require owners corporation committees to consider sustainability upgrades (solar, EV charging, efficiency upgrades).
	Provide technical guidance and templates for energy upgrades such as model by-laws or template contracts. Commence with central services (e.g. switching from central gas heating to heat pump hot water systems) or installing EV charging in parking spaces.
	Identify owners corporation managers and embedded network providers to act as 'champions' for renewable energy upgrades and electrification.
	Provide training and development for owners corporation managers and committees on energy upgrades, including actively sharing the 'EV-ready buildings for owners corporations' guidance.
	Provide multi-unit dwelling specific information on the SEC one-stop shop.
Strengthen energy performance standards and disclosure	Set a clear pathway to move beyond 'features' to performance-based minimum rental standards (based on the NatHERS star bands and whole of home rating approaches) to allow landlords to meet performance requirements more flexibly with solar and batteries.
	Amend the Minimum Energy Efficiency Standards to capture the efficient electrification of heating, cooling or hot water where it is supplied through centralised systems and set a date by which all systems must be replaced with electric efficient alternatives.
	Introduce mandatory disclosure of energy ratings for all rental properties, including apartments, at point of sale or lease.
Increase choice for embedded network customers	Strengthen protections for embedded network consumers, including transparent pricing, access to concessions and hardship programs and clear dispute resolution pathways equivalent to standard customers.
	Remove barriers for apartment residents in embedded networks to choose competitive retailers and participate in time varying tariffs or VPPs.
Build the evidence base for multi-unit dwellings	Replicate the (in-progress) NSW residential apartment energy performance baseline and modelling project to better understand the age and thermal performance profiles of Victorian apartment buildings.
	Collect and report data against the baseline to track the performance of Victorian multi-unit dwellings, including energy bills, hardship rates and CER uptake.

We welcome the opportunity to provide further insights to the Committee.

If you have any questions about this submission, please contact Lotte Wolff at lotte.wolff@energyconsumersaustralia.com.au

Yours sincerely,



Lotte Wolff
Executive Manager, Advocacy and Policy