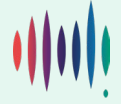


Investigation into minimum energy efficiency rental standards in NSW

Energy Consumers Australia Submission
to NSW Government in response to public
Consultation Paper

Submitted by: Justin Whelan

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1 There is overwhelming evidence for MEERS

Energy Consumers Australia welcomes the opportunity to respond to the NSW Department of Climate Change, Energy, the Environment and Water's (DCCEEW) consultation paper on its investigation into minimum energy efficiency rental standards (MEERS).

ECA is 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.

The MEERS investigation marks an important step towards creating safer, healthier and more energy-efficient homes for renters New South Wales. It recognises that access to a comfortable and affordable home should not depend on whether you own or rent. It also reflects growing momentum across the country to fix the 'split incentive' problem in the rental market and ensure all households can benefit from the energy transition.

Strong minimum standards are essential to achieving this. They must be designed to support decarbonisation, protect households at risk, and keep pace with improvements in building codes and climate resilience. ECA encourages the NSW Government to use this reform as a platform to deliver stronger protections over time, including through performance-based ratings and policies that support electrification and equitable access to upgrades. As the energy transition accelerates, policies like this will play a critical role in shaping a fairer, more efficient, and inclusive energy system.

We strongly support minimum energy efficiency standards in all rental properties, recognising the detriment to people's physical, mental and financial wellbeing of living in an uncomfortable home that is impossible to keep warm in winter, cool in summer, and overly expensive to live in. Setting these standards should be a priority to give people relief from high energy bills and ensure that all Australian homes are healthy to live in.

Government regulation is appropriate to address a market failure. The 'split incentive' has long been acknowledged as a major impediment to landlords prioritising energy efficiency upgrades or even maintaining properties to reasonable standards. At a time when rental housing is in short supply, voluntary programs, light-touch regulatory approaches and weak enforcement has resulted in a lack of action.

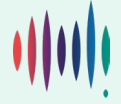
ECA supports the NSW Government's direction on MEERS

ECA is pleased to see the NSW Government's investigation into rental standards. Rental standards are important national priorities in the Built Environment Sector Plan¹ and the Update to the Trajectory for Low Energy Buildings,² but implementation must be led by the States and Territories.

ECA supports all the objectives for MEERS listed in the consultation paper, and propose that these are best understood as a holistic package. As noted below, electrification must be an explicit objective to ensure maximum benefits.

¹ Australian Government, Built Environment Sector Plan, September 2025 <https://treasury.gov.au/sites/default/files/2025-09/p2025-698821.pdf>

² Energy and Climate Change Ministerial Council, Update to the Trajectory for Low Energy Building, August 2025, <https://www.energy.gov.au/sites/default/files/2025-08/update-to-the-trajectory-for-low-energy-buildings.pdf>



The case for raising the standard of rental properties is compelling and well understood

ECA supports the case for MEERS laid out in the Consultation Paper. Minimum energy efficiency standards are a clear opportunity to significantly improve the quality, safety, resilience and liveability of rental homes, and there is strong public support to make this happen.

Renters struggle to pay their energy bills. Renters disproportionately live in homes that are cold in winter, hot in summer, damp, and expensive to run.³ Our data shows that nearly 70% of Australian households experiencing energy hardship are renters and 78% of Australian renters are extremely or quite concerned about the cost of electricity.⁴ Renters are overrepresented in energy hardship programs, with 12% of renters enrolled in one, compared to 3% of homeowners.⁵ The ACCC Inquiry into the National Electricity Market indicates that people experiencing energy hardship use a lot more energy than the average household.⁶

Energy efficiency and electrification upgrades reduce consumer bills. Recent IEEFA analysis shows bill savings of almost 50% in a two-person apartment in Sydney through thermal upgrades, efficient electric appliances and solar.⁷ Various studies have shown that upgrading homes can deliver bill savings of between \$500 and \$2,000,⁸ including the Department's own modelling that showed an average of \$4,000 yearly savings from electrification plus solar and battery.⁹

The benefits of energy efficiency are not limited to bills. High performing homes protect consumers from extreme heat, extreme cold and high bills.¹⁰ A review of the Victorian Healthy Homes Program showed that every \$1 spent on energy performance upgrades, more than \$10 is saved in healthcare costs.¹¹

Compulsory minimum standards are an essential regulatory lever. Renters cannot install upgrades like insulation, solar, or efficient appliances without approval from their landlord.¹² Even if renters were motivated to pay for upgrades themselves, the nature of these upgrades mean they stay in the property when the tenant's lease ends or they are evicted. Most landlords are not motivated to make upgrades because the benefits are recouped over years through lower bills. Voluntary programs, rebates and subsidies available to landlords has not seen a significant uplift in the energy efficiency of rental homes. Even programs that offer upgrades for free meet resistance or apathy from landlords.¹³

There is evidence of strong support for minimum rental standards. SEC Newgate's Mood of Nation survey shows 64% of respondents in NSW support minimum efficiency standards in rental homes.¹⁴ This support has been consistent for many years. In 2022 our research showed that 70% of Australians

³ Baker, E. and Morey, C. (Eds.) (2023). [Our Housing Australia](#). The Australian Centre for Housing Research. University of Adelaide

⁴ ECA, Understanding and measuring energy hardship in Australia, Consumer Energy Report Card, July 2025 [website-doc-consumer-energy-report-card-jun25-report-understanding-measuring-energy-hardship-australia.pdf](#)

⁵ ECA, December 2025 Consumer Energy Report Card, [Consumer Energy Report Card data | Energy Consumers Australia](#)

⁶ Appendix E, ACCC, Inquiry Into the National Electricity Market, July 2025.

⁷ IEEFA, How to halve renters' energy bills, May 2026.

⁸ Climateworks Centre, [Enabling Australia's home renovation wave](#)

⁹ NSW DCCEEW, Consumer Energy Strategy.

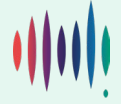
¹⁰ Amy Hall, What Australians now expect from landlords, December 2025, [What Australians now expect from landlords: 'Really worse shape' | SBS News](#)

¹¹ Sustainability Victoria, [The Victorian Healthy Homes Program – Research findings](#), August 2022.

¹² Note: many rely on expensive-to-run portable electric heaters or inefficient gas appliances.

¹³ IEEFA, How to halve renters' energy bills, May 2026.

¹⁴ ECA commissioned polling, SEC Mood of the Nation Nov 2025.



support minimum energy efficiency standards for rentals, including 66% of landlords, indicating that this is an issue of common interest across the community¹⁵

Electrification is central to effective rental standards

ECA's recent *Power Move* report shows that as gas demand declines consumers who remain on the gas network – particularly those who face barriers to electrification – face mounting costs and risks. As more consumers electrify, the fixed costs of the gas networks will be spread across a shrinking group, driving up prices for those who remain connected.¹⁶

Our modelling shows that Jemena's gas network, which services nearly all gas consumers in NSW, may face \$2.1 billion in stranded assets by 2055.¹⁷ Under current rules, consumers left using the gas network – who will predominately be renters unless something changes – would be primarily responsible for paying these costs. In their most recent access arrangement, Jemena forecasted decreasing customer numbers from 2028 due to slowing construction rates, changing building practices and electrification trends.¹⁸ Currently, almost half of households in NSW use networked gas.¹⁹

Replacing gas appliances with efficient electric appliances also protects renters from the health risks of staying connected to gas. Cooking with gas in the home has been linked to about 12% of the childhood asthma burden in Australia.²⁰

Due to the barriers articulated in the consultation paper, renters are likely to be among the last consumers connected to the gas network if the government does not intervene. Setting rental standards that drive electrification is one of the ways governments should set a clear policy direction on electrification. Clear policies are needed to provide clarity and confidence to consumers on the future role of gas in their homes. Electrification of rental homes will also support NSW to achieve the 2035 electrification target it has committed to setting under the Consumer Energy Strategy.

2 Standards should be performance-based, with immediate 'no regrets' features

ECA supports minimum energy efficiency rental standards in NSW that:

- Are performance-based from a declared date, with immediate 'no regrets' features to support electrification and energy efficiency;
- Include social and community housing; and
- Include protections for tenants from unjustified rent increases, compliance burden and increased risk of evictions.

¹⁵ SEC Newgate for ECA and Renew, Energy Efficient Housing, <https://energyconsumersaustralia.com.au/sites/default/files/wp-documents/Energy-Efficient-Housing-PUBLIC-Report.pdf>

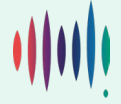
¹⁶ ECA, Power Move, April 2026, [website-doc-report-power-move-fair-affordable-electrification-households-small-businesses-2.pdf](https://energyconsumersaustralia.com.au/sites/default/files/wp-documents/Power-Move-Fair-Affordable-Electrification-Households-Small-Businesses-2.pdf)

¹⁷ Dynamic Analysis, Turning down the gas – Minimising consumer risk, 2024.

¹⁸ Jemena, 2025 Draft Plan, 2025–30 Access arrangement.

¹⁹ Energy Networks Australia, The role of Australia's gas distribution networks, 2024, 2.

²⁰ Knibbs, L, Woldeyohannes, S, Marks, G and Cowie C, Damp housing, gas stoves and the burden of childhood asthma in Australia, 2018.



ECA supports performance-based standards, with immediate features.

The NSW Government should use the NatHERS Home Energy Ratings approach to set minimum energy efficiency rental standards. This should include a minimum number of stars (out of 10) for the thermal envelope as well as a minimum ‘whole of home’ rating out of 100.

Setting a performance-based standard creates flexibility to ensure upgrades to improve the overall performance of the property are the most cost effective for that specific property. It can also drive uptake of CER for renters by enabling landlords to improve their whole of home rating with solar or a home battery. This will reduce the overall compliance cost and drive CER uptake.

Ratings should come in from a declared date coinciding with the start of mandatory disclosure at point of lease. with an ongoing requirement to review and increase the standards every five years.

In the meantime, the standards should immediately include “no regrets” features upgrades. These include replacement of hot water and space heating with efficient electric alternatives at end-of-life starting no later than 2028, and insulation and draught-proofing at point of lease from 2028.

Replacing gas with efficient-electric appliances at point-of-failure is the most cost effective way to electrify. If landlords replace gas appliances with gas, these consumer assets risk becoming stranded as the gas network shrinks. We therefore recommend that electrification of hot water at point of failure remain an explicit requirement even after the transition to performance-based standards.

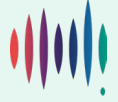
The NSW Government should ensure all rentals being all electric by 2035, in line with the national targets ECA recommends in our *Power Move* report. This will protect consumers from the gas death spiral and ensure long-term lower bills. To achieve all electric rentals by 2035, every gas appliance that dies in a rental property needs to be replaced by an efficient, electric alternative now.

NSW should not miss the opportunity to include apartments and social housing

Government must be a ‘model landlord’, and thus include social housing in rental standards on principle. NSW is already making progress on upgrading housing stock through the joint Commonwealth/State Social Housing Energy Performance Initiative (SHEPI) program. The NSW Government should commit to fully upgrading social and community housing stock at minimum to the level of the rental standards. This includes a commitment to fully fund electrification and energy efficiency upgrades.

There is a risk of developing standards for detached housing and then applying it to apartments as if they have the same set of opportunities and barriers. Rental standards are challenging for properties in multi-unit dwellings, as some upgrades to individual properties require approval from strata committees, and are therefore not even in the control of landlords to meet. This is particularly true for shared hot water and heating and any upgrades that impact on common property (e.g. installing heat pumps outside). Apartments likely will need separate consideration of how they can be properly included in the standards, with additional measures (potentially including ‘whole of building’ standards) to ensure they can comply. Long delays to upgrades to apartment and multi-unit dwellings risks locking consumers in apartments, who are overwhelmingly renters, into the gas network and high bills.

We encourage the NSW Government to learn from the recent Victorian experience with exemptions from their minimum standards. Victoria’s overly broad and vague exemptions mean that compliance will be difficult to enforce, and there is concern that many rental properties in buildings with shared services (e.g. apartments or multi-unit dwellings) risk being de-facto excluded from many of the features standards entirely.



Any exemptions to the NSW standards should be specific and limited. The NSW Government should also include a process and timeline for resolving the barriers that create the need for those exemptions. Otherwise these exemptions become de-facto permanent exclusions from minimum standards. It should also fall on the landlord to seek an exemption up-front, rather than exemptions being tested only at the point of dispute between landlords and tenants.

Renters need protection from rental increases and compliance burden

Enforcement of standards must be strong, and we encourage the government to ensure that its approach does not push the onus on the tenant to make sure landlords – and their agents – are complying with the proposed Regulations. This is one of the reasons why Home Energy Ratings based standards at the point of lease are more appropriate than features-based standards.

The evaluation of the ACT's rental standards has found challenges in monitoring compliance and ensuring standards are enforced.²¹ NSW can learn from this experience by establishing a clear compliance framework upfront and developing robust data collection processes from the outset.

NSW should introduce measures to monitor and limit unjustified rent increases as a result of upgrades. This is vital to ensure the compliance burden is not passed on to renters. We understand other community organisations more directly involved with supporting tenants will be providing more detailed proposals concerning appropriate mechanisms for achieving this goal.

²¹ ACT Auditor-General, Performance Audit Report Energy efficiency standards for rental properties, [Report No.2 of 2025 - Energy efficiency standard for rental properties](#)