

**Submission to the
Department of Climate
Change, Energy, the
Environment and Water**

**National Energy
Performance Strategy:
Consultation Paper**

3 February 2023

About the Public Interest Advocacy Centre

The Public Interest Advocacy Centre (PIAC) is leading social justice law and policy centre. Established in 1982, we are an independent, non-profit organisation that works with people and communities who are marginalised and facing disadvantage.

PIAC builds a fairer, stronger society by helping to change laws, policies and practices that cause injustice and inequality. Our work combines:

- legal advice and representation, specialising in test cases and strategic casework;
- research, analysis and policy development; and
- advocacy for systems change and public interest outcomes.

Energy and Water Consumers' Advocacy Program

The Energy and Water Consumers' Advocacy Program works for better regulatory and policy outcomes so people's needs are met by clean, resilient and efficient energy and water systems. We ensure consumer protections and assistance limit disadvantage, and people can make meaningful choices in effective markets without experiencing detriment if they cannot participate. PIAC receives input from a community-based reference group whose members include:

- Affiliated Residential Park Residents Association NSW;
- Anglicare;
- Combined Pensioners and Superannuants Association of NSW;
- Energy and Water Ombudsman NSW;
- Ethnic Communities Council NSW;
- Financial Counsellors Association of NSW;
- NSW Council of Social Service;
- Physical Disability Council of NSW;
- St Vincent de Paul Society of NSW;
- Salvation Army;
- Tenants Union NSW; and
- The Sydney Alliance.

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Contents

Contents	3
Introduction	1
Developing a strategy guided by principles with a clear objective	2
Robust governance and targets	3
Governance	4
Targets 5	
Residential	6
Leveraging previous experience.....	7
Electrification, metering and Gas reform measures	7
Gas Reform	7
Metering	8
Prioritising communities experiencing disadvantage	8
Support improvement of energy performance of social housing	8
Renters 9	
Reviewing appliance standards and removing non-compliant appliances from circulation.	10
Prioritising remote Indigenous communities	10
Response to selected questions	11
Governance	11
Residential 11	
Supply Chains and Workforce	15

Introduction

PIAC welcomes the opportunity to respond to the National Energy Performance Strategy (the Strategy) Consultation Paper (the Paper). It is important recognition of the centrality of energy performance measures in contributing to housing and energy affordability and our response to climate change. We support the implementation of an ambitious, coordinated national energy performance strategy that prioritises the health and wellbeing of Australian households and communities in line with global climate goals.

We support submissions made in response to the Paper by the Australian Council of Social Services (ACOSS) and Renew. The issues and recommendations raised in the remainder of this submission should be regarded as in addition to, and in support of, recommendations contained in those submissions.

While many elements of an effective energy performance strategy will need to be implemented by state and local jurisdictions, the Federal Government has a crucial role in coordinating these efforts, building the governance and strategic architecture, and ensuring they are contributing to the principles and objectives of the National Strategy.

As the Paper recognises, the importance of improved energy performance and efficiency is well established and must form a significant part of any credible emissions reduction policy. Energy performance initiatives provide an incredible opportunity to improve household and community health and wellbeing, reduce carbon emissions, put downward pressure on energy system requirements and reduce energy bills permanently.

A comprehensive, objective-focused national energy performance strategy, effectively coordinated across Government policy would:

- Reduce energy usage and bills and help prevent energy debt and hardship
- Help address poverty and inequality
- Improve the health and climate-resilience of homes, workplaces and communities
- Ensure accelerated emissions reductions at least cost to help transition to a net zero economy, keeping open a pathway to limiting global warming to 1.5° C
- Improve energy reliability, security and flexibility
- Support faster, more equitable and affordable uptake of electric vehicles
- Reduce the overall costs of the energy system and its transition
- Improve the productivity and competitiveness of business and the economy
- Support jobs and domestic production in urban, regional and remote areas

The lack of coherent evidence-based energy frameworks and policies in Australia over the past decade has caused considerable consequences for our response to climate change and for Australian households and communities. This delay means that as the necessary work to bring Australian energy policies into line with 1.5 degrees of warming accelerates, there will be considerable short-term costs for government, households and businesses. Efficiency and improved energy performance will be key to mitigating these impacts, ensuring the minimum of new generation and networks are required, and that households can respond more flexibly.

While the strategy should be comprehensive and support the community to understand and contribute to improved energy performance, it must prioritise tangible physical improvements over 'consumer information and behaviour change'. Discussion of energy performance and efficiency is often framed around the behaviour of households, with responses prioritising consumer and public information, and assistance to 'change behaviour'. Key determinants of the poor energy performance of Australian households and communities are physical, related to poor building and transport standards, inefficient appliances, and business and service regulations that are not fit-for-purpose. The strategy must focus on addressing these deficits to be effective and ensure success is not unreasonably contingent on people's behaviour.

Improved energy performance must be a priority throughout the community, for all households. Our submission highlights the need to prioritise particularly disadvantaged groups and communities in the design and implementation of an effective strategy. But PIAC strongly recommends against narrowly limiting the strategy's actions to groups who may be regarded as 'low income' or 'vulnerable'. The strategy should be centred on the objective to improve the energy performance of all new and existing buildings, products, systems and services. Its principles should then seek to explicitly prioritise those already experiencing disadvantage or vulnerability to realise maximum benefits of improved health, wellbeing and affordability. The remainder of this and other supported submissions, provide more detail regarding this approach.

Developing a strategy guided by principles with a clear objective

The development and implementation of an effective energy performance strategy must be centred on a clearly stated, overarching objective. This objective must be linked with evidenced-based climate response requirements (such as those underpinning the Paris Agreement) and serve as a coherent and consistent link between climate, energy, housing, industry, economic and social support policies. This objective should be embedded in the governance structures created by the Strategy and inform the development of targets which monitor its implementation.

Key principles are also needed to guide the development of the Strategy, develop outcome targets and inform what measures are required to implement the strategy and achieve its objective. These should be enduring principles that can be applied to consideration of issues related to the energy performance and inform decisions on how best to achieve the identified objective in a way that delivers optimal outcomes for all Australian households and communities.

Along with other community and industry stakeholders, PIAC supports the "New Energy Compact" (NEC)¹ The NEC presents a model for how the strategy can be developed with an overarching objective, guided by principles, to focus on better outcomes for people and communities. The architecture and approach of the NEC, along with its principles, should be drawn on in the development of the Strategy. It can also form the basis for assessing potential governance and policy approaches, targets and other initiatives.

¹ Website: https://www.acoss.org.au/wp-content/uploads/2021/02/NEC_Consultation-Draft-V.5-04122020.pdf

PIAC recommends policies, targets and initiatives of the Strategy be assessed against the contribution they can make to the objective of an efficient, equitable and affordable transition to a zero-carbon economy that delivers better outcomes for all Australian households and communities. Some principles PIAC considers key to shaping and informing the Strategy and its implementation include:

- Optimising outcomes for all Australian households and communities is the priority. Outcomes relate to affordability of energy and housing, equity of access to energy and housing, and health, wellbeing and resilience of communities.
- Responding to climate change should be based on the latest available evidence of what is required to maintain average increase in temperatures below 1.5 degrees, and no more than 2 degrees.
- National consistency and collaboration across jurisdictions is preferred, but best-practice should be prioritised over consistency.
- Equity of outcomes for all Australian households must be emphasised. Energy performance should improve outcomes for all households and communities. But it should be aimed at addressing and eliminating existing disadvantage or vulnerability in affordable access to clean energy and healthy housing that meets people's needs.
- Recognising that fuel or technology 'neutrality' is not compatible with the most efficient and rapid transition that maximises household benefit. The optimum responses must be employed where they will have the most rapid, significant and likely benefit.
- Prioritising acceleration of decarbonisation over optionality. This means that absolute energy and emissions reductions possible in near-term timeframes should be prioritised. Responses must not rely on emissions offsets or potential future technologies and developments to deliver outcomes
- Competition, choice and effective markets are important tools to be employed where they optimise outcomes for Australian households but only when they do not compromise outcomes for other Australian households.
- Measures that enable beneficial systemic outcomes should not be contingent on the choice or actions of individual consumers or households.
- Fair, efficient, and affordable access to essential energy and housing services should not be contingent upon consumer information, choice, or specific action or decisions.

Robust governance and targets

A central aspect of the Strategy, and the key role the Commonwealth Government can play, is the creation a robust governance framework and a suite of outcome-based targets to drive and monitor progress against the objectives. The Governance framework should be capable of co-ordinating action, progressing the objective and embedding key principles in decision making.

Governance

A robust framework of Governance is required to effectively develop, co-ordinate, and consistently implement and monitor the progress of the Strategy across the community and all levels of Government. The Paper notes that Commonwealth, State and Territory jurisdictions alongside industry already have some existing energy performance measures in place. These measures are not fit for purpose because:

- They are inconsistent
- They are not adequate and in most cases do not have sufficient funding support
- There are significant gaps in what they apply to
- They are not informed by the best contemporary evidence
- They are not centred on a framework of clear, long-term, outcome-based targets
- There is no single entity responsible for implementing or monitoring and reviewing them
- They are not shaped by principles, such as equity

To address these existing issues and drive energy performance improvements on the scale required necessitates co-ordination and consistency at a national level on an ongoing basis. The Strategy needs to be delivered through a Governance framework that can develop measures:

- That are able to be consistently agreed and applied across all jurisdictions, at relevant levels of Government action.
- That are resilient to differences and changes in jurisdictional and Commonwealth government funding and political priorities.
- Which enable and facilitate policies leveraging complementary investment and expanding the accrued benefits of the energy performance strategy. For example, implanting minimum standards and mandatory ratings schemes supported by tax incentives and other incentives that encourage investment to achieve health, energy system, and climate and environmental benefits.

A National Energy Performance Commission

Leveraging the success and cross jurisdiction co-operation of the National Energy Transformation Partnership², the governance framework developed by the Strategy should be centred on the creation of an overarching entity (such as a National Energy Performance Commission) This body should have legislated responsibility and authority to develop, implement and monitor the strategy. It should have a remit to embed consideration of energy demand and performance into all aspects of Government(s) action, with the scope to integrate objectives, targets and policy measures of the strategy across climate, energy, housing, industry, building and transport policy and regulation.

PIAC strongly supports the Governance recommendations detailed in ACOSS's joint submission in response to the Paper.

² Energy Ministers 'National Energy Transformation Partnership' 2022
<https://www.energy.gov.au/sites/default/files/2022-08/National%20Energy%20Transformation%20Partnership.pdf>

An audit of government

The Strategy, and its creation of a National Energy Performance Commission, should involve an active audit of all Commonwealth and state government policies, departments, and agencies. This process should seek to identify areas relevant to energy performance strategy and areas where integration and alignment will be required to deliver the objectives of the strategy. After this audit, all government departments, and agencies at all levels (Commonwealth, State and Local) should have the objectives, principles, objectives and relevant targets embedded into their work. An active consideration of 'contribution to the objectives of the energy performance strategy' should be an integral part of processes, policies or other departmental or agency decisions that impact the strategy. The Commonwealth Government should implement this measure even if it is not immediately possible at jurisdictional and local level.

Targets

The strategy must be driven by a comprehensive set of robust, long-term targets with transparent measures to implement, monitor and 'enforce' them.

These targets should:

- Link to Australia's climate change mitigation responsibilities and goals in keeping to 1.5 degrees of warming (and no more than 2 degrees)
- Be derived from the objective of the strategy and relate to the key principles outlined
- Involve long-term, end-point-targets which are legislated at the outset. These may also have interim targets to track performance and transition, but cost-benefit analysis should be based on the conditions related to end targets.
- Include a mix of relative and absolute targets (some examples include, targets for measured reductions in energy use and emissions intensity, targets for numbers of retrofits or replacements undertaken in a period, proportion of existing dwellings zero-carbon ready, proportion of rental properties above 6 or 7 stars)
- Have comprehensive mechanisms for tracking, measuring and review by a single responsible entity empowered to undertake the role. This should include a range of designated progress markers and indicators set at the outset, with pre-determined review points and triggers for re-evaluation where not met.
- Include interim targets set at 2030 and end-point targets set at 2040 (linked to evidence - based climate change response requirements)
- Involve interim targets which prioritise people and communities experiencing disadvantage and vulnerability in responses (for instance, targets related to contribution to closing the gap for first nations communities and targets for upgrading social housing by 2030 and 2035).
- Incorporate clear communication across governments and their agencies of what action is required, how much and by when.

The process of 'incrementalism' such as that seen in updating of the National Construction Code (NCC), has impacted the conclusions of cost-benefit assessments and prevented required action. Assessing small incremental improvements (rather than the end point intent of efficiency improvements) has artificially manipulated the balance of cost and benefit. The incremental cost of Code improvements is relatively small (that is moving immediately to the highest standards is not substantially more expensive than any single incremental increase). However, the benefit of each incremental improvement in the Code is relatively small. This issue must be avoided in setting targets for the Strategy and assessing their benefit.

Long-term end-point targets should be set at the outset with a clear and unequivocal trajectory of steps and markers along the way. Any cost-benefit assessment of measures in the Strategy should relate to the end point targets only, and should incorporate the full benefits involved – for instance, in housing performance, the assessment should consider whole-of-life cost (housing and energy) v whole-of-life benefit, including health and household and energy system benefits.

PIAC strongly supports the targets recommendations detailed in ACROSS's joint submission in response to the Paper.

Residential

PIAC supports the recommendations for improving residential energy performance contained the ACROSS's joint submission in response to the paper.

Improving residential energy performance represents the greatest opportunity to rapidly impact households and communities and deliver multiple benefits in health, housing affordability, social participation, community resilience, social equity, employment, domestic industry development and overall economic productivity.

There is also an important role for residential energy performance initiatives to contribute towards earning and maintaining a social licence for the low carbon energy transition. By helping to protect households and communities from some of the impacts of energy system transition costs, residential energy performance initiatives help to ensure durability of changes and sustained commitment to other (potentially more difficult) aspects of transition.

While there are some existing state and Commonwealth programs that seek to improve energy performance, and all Governments are committed to the Trajectory for low energy homes, these measures and commitments need to be upgraded, better co-ordinated and given substantially greater force and support. For example, this must include upgrading and co-ordinating these commitments to:

- Move straight to mandate zero-carbon ready new residential buildings now
- Implement mandatory disclosure of residential energy performance at point of sale and lease now,
- Legislating to implement a robust, zero-carbon ready energy efficiency standards for rentals now – with a transition strategy and supports in line with the Community Sector Blueprint³
- Implementing upgraded education and training, with support and funding, to develop workforce and skills required to build and upgrade housing to the required standards.
- Developing and implementing framework(s) to require and support energy performance standards for all residential buildings – linking to housing finance, local council rating, insurance and negative gearing. This should include consideration of limiting negative gearing (and other property tax measures) to costs of improving energy performance to meet zero-carbon-ready standard and/or for costs related to properties above 6 stars

³ Details on the Community Sector Blueprint are provided in a later section of this submission on Renters

Leveraging previous experience

Over recent decades there have been many examples of successful pilots, projects and programs to provide access to improved efficiency information, products and technology to low income and disadvantaged households. These have been limited in scope, disconnected from objectives, short-term and piecemeal in nature.

PIAC recommends the Strategy include a process to identify and assess previous and existing programs (such as appliance replacement programs, home energy audit programs, rebates, subsidies and other efficiency upgrade programs) with a view to leveraging their success, avoiding previous failings and scaling up and expanding effective models for national implementation on an ongoing basis as part of measures implemented by the strategy.

Electrification, metering and Gas reform measures

Electrification of households must be at the centre of measures to improve energy performance. Accordingly, the strategy must include a range of measures to reform regulation of gas networks, reform planning, energy and connection policies, and implement support for gas decommissioning and appliance replacement for households.

Gas Reform

Electrification and gas reform measures implemented through the strategy must include and enable:

- The cessation of new residential gas connections
- Reform of the National Gas Laws and Rules to facilitate rapid electrification and the orderly decommissioning of residential gas connections
- A plan for the staged decommissioning of residential gas connections which prioritises households and communities experiencing disadvantage
- Alignment of existing rebate, concession, appliance replacement, and other Government support and efficiency programs to support electrification. This should support prioritisation of households and communities experiencing disadvantage (such as social housing residents)

In addition to incurring significant health and climate emissions impacts, Australian households that continue to use gas are spending more on their energy bills than their all-electric counterparts. Annual energy bills for new residential builds in Sydney were modelled at \$2216 for 7 star dual fuel homes compared to 7 star all-electric homes **at \$699**.⁴ Where the average existing home does not exceed 2 stars, the potential energy and bills savings for efficiently electrifying homes presents an opportunity to materially improve the ongoing financial wellbeing of households.

Similarly, recent research by the Climate Council found that it would be cheaper for households in all Australian capital cities to be fully electric, rather than combined gas and electric. According to their figures continuing to encourage solar in homes with gas is costing people at least \$800 per year.⁵ These figures demonstrate the ongoing cost households are being required to pay for 'technological neutrality' and maintaining an expensive and inefficient second network for gas.

⁴ Renew Households Better Off: lowering energy bills with the 2022 National Construction Code, 2021, p.23

⁵ Climate Council Switch and Save: How Gas is Costing Households 2022, p.11

Metering

Key enabling infrastructure, such as appropriately capable advanced (smart) metering should be included in the Strategies measures to address energy performance, particularly in households. Among other things, capable advanced metering enables:

- Real-time, granular information regarding energy usage to be accessed by households. This helps inform their use and underpin flexibility and demand management that will be crucial to maximising energy efficiency benefits for households.
- A wide range of real-time energy, voltage and other data to be accessed by network service providers, aggregators, retailers and others. Access to this information will be crucial to enabling the integration of solar, battery and electric vehicle assets, and ensuring these can be managed flexibly and efficiently to maximise the energy performance of the system (and the economy)
- Access to timely billing and other services and products which can help support energy use affordability and enable more effective support for households experiencing payment difficulty.

The Strategy should assess the capability of metering and the regulatory and industry framework governing metering, and identify measures to support an accelerated, equitable, universal rollout of metering Nationally. There is currently a reform process considering the metering framework being undertaken by the Australian Energy Market Commission. The Strategy should seek to provide direction, support added urgency to this process to help ensure metering can play its part in achieving energy performance improvement targets for 2030. PIAC recommends this include measures to restore responsibility for metering to network service providers.

Prioritising communities experiencing disadvantage

In line with the recommended principles for the Strategy, households and communities experiencing disadvantage should be prioritised in all measures implementing the strategy. While the strategy must have the objective to improve the performance of all residential buildings, prioritising households and communities experiencing disadvantage ensures multiple health, climate, energy, social equity and industry benefits are maximised and realised sooner.

Support improvement of energy performance of social housing

The Strategy must include programs developed in coordination with States to increase the energy efficiency of social housing stock. Improving the energy efficiency of social housing stock:

- efficiently targets low-income households, first nations households, renters, and some of the worse performing (and most emissions intensive) housing stock
- can be delivered efficiently and at scale through large, professional property managers
- has significant benefits in addressing retail energy debt accumulation, reducing ongoing health issues and costs for households more likely to be experiencing disadvantage
- creates market signals and builds the capacity of supply chains and the workforce
- it is labour intensive and creates local jobs throughout all regions.

Almost all social housing tenants have low incomes,⁶ making it very difficult for them to compensate for poor dwelling thermal performance by increasing energy use. They will often ration energy to save money. This rationing increases the risks of health impacts related to cold and heat. Alternatively, people in poor housing stock who attempt to heat and cool their home adequately often face financial hardship and/or build debt as a result, which impacts other areas of their lives and has ongoing impacts on energy system costs.

Improving the energy efficiency of social housing stock efficiently targets households who are both renters and living on low incomes. It would positively impact their health and wellbeing, and increasing disposable income.

Delivery of energy efficiency upgrades through social housing landlords helps establish best practice, build the capacity of the workforce (e.g. insulation installers) and develop efficient supply chains (e.g. for efficient delivery and installation of ceiling insulation) which can have ongoing benefits for wider application in private rental and ownership upgrades.

Public housing landlords have experience commissioning and delivering large construction and upgrade programs, such as the \$23 billion housing redevelopment and urban renewal *Communities Plus* program in NSW. With direct financial support from the federal and state governments, social housing landlords can deliver significant energy efficiency improvements to their stock rapidly and efficiently for the ongoing benefit of their tenants.

Energy efficiency upgrades, including audits and retrofitting homes, are labour intensive and create local jobs. This makes the proposed programs sensible economic stimulus and counter cyclical economic policy. Economic analysis of the proposed National Low Income Energy Productivity Program (NLEPP) developed by over fifty community, business, health and environment organisations found the measures contained in the NLEPP could create 23,800 full time equivalent jobs and deliver an additional 4.9 billion GDP.⁷ The Strategy could significantly expand on this through a larger, ongoing series of programs and measures.

Renters

PIAC supports the implementation of mandatory minimum energy efficiency standards for rental properties. We are a signatory to the Community Sector Blueprint: a National Framework for Minimum Energy Efficiency Rental Requirements.⁸ PIAC recommends the Strategy adopt the objectives, principles and outcomes contained in the Blueprint as part of a range of measures to improve energy performance in rental homes.

Today, one person in three rents their home, with this proportion rapidly increasing. This includes families with children and older people. A growing proportion of people will be renting all their lives. People on low incomes, and Aboriginal and Torres Strait Islander people are more likely to rent their home. Well performing, healthy homes should not be unavailable for these people.

⁶ Australian Government, Productivity Commission, *Report on Government Services 2020* (Report, 23 January 2020) Part G, 18, Housing.

⁷ Deloitte Access Economics, *The economic impacts of the National Low-income Energy Productivity Program* (Report, 2021).

⁸ Healthy Homes for Renters ' Community Sector Blueprint: a National Framework for Minimum Energy Efficiency Rental Requirements, Nov 2022, < <https://www.healthyhomes.org.au/news/community-sector-blueprint>>

Landlords are providing an essential service (housing). Like any other essential service provider, they have a responsibility to ensure it meets an acceptable standard of safety; and does not endanger the health of people paying for that service. This is a basic community expectation and polling regularly indicates 70% of Australians support the introduction of minimum energy efficiency rental standards⁹. The Strategy should support implementing minimum standards which are proactively enforced by government to ensure compliance and ensure the intended benefits to health, climate, cost of living and the economy are delivered to households and communities.

Reviewing appliance standards and removing non-compliant appliances from circulation.

The energy performance of household fixtures and appliances must be addressed as part of the Strategy, with priority given to improving performance of fixtures and appliances for renters. Measures adopted by the Strategy should include:

- Review of energy performance standards for household fixtures (such as water heaters, air-conditioners) and appliances should be conducted with significant upgrades of minimum standards adopted. Fixtures and appliances which do not meet standards should be removed from the market.
- Programs to facilitate and subsidise ‘trade-in’ and replacement of household fixtures and appliances should be implemented, prioritising those with high-energy or emissions intensity. This must include water heaters, heating and cooling systems and fridges as a minimum, and prioritise support for electrification.
- Ensuring programmes to replace fixtures support implementation of minimum standards.
- Ensuring appliance replacement programs prioritise appliances which support household health and wellbeing – such as fridges, washing machines, and portable heating and cooling appliances.

Prioritising remote Indigenous communities

Many remote Indigenous communities are among the most disadvantaged, exacerbated by the poor standard of efficiency in their housing and the impact this has upon their health, and economic wellbeing. These communities are often at the end of network lines, resulting in poor levels of reliability, and experience significantly higher costs as a result of poor housing stock and appliances, and a lack of effective retail competition. The health, affordability and sustainability gains achievable through improved energy efficiency and access to renewable energy for these communities are significant, with enormous potential for ongoing impact.

Accordingly, PIAC recommends that measures to improve the energy efficiency of existing housing in remote Indigenous communities be made a priority and that access to renewable technology (including solar generation and battery storage) be included in any such expedited program.

⁹ Website <https://www.healthyhomes.org.au/news/essential-poll-shows-widespread-support-for-minimum-standards-for-rentals>

PIAC also recommends that community energy structures that seek to maximise the retention of financial benefits and build the economic and energy independence and resilience of the community be the preferred means of implementing this process.

We note that the Energy Ministers, through the National Energy Transformation Partnership, have committed to co-designing a First Nations Clean Energy Strategy with First Nations people, with the process to continue throughout 2023.¹⁰ We recommend that energy performance targets and initiatives for First Nations communities across the country – including in remote areas – be included in that co-design process.

PIAC supports the recommendations 38-40 contained in ACOSS's joint submission in response to the Paper.

Response to selected questions

Governance

- 1. How can demand considerations be better integrated into Australian energy governance and what are the priorities for change?**
- 2. What new or modified coordination mechanisms or institutional responsibilities would be appropriate to better drive energy performance action in the future?**

PIAC supports the Governance recommendations in ACOSS's joint submission in response to the Paper.

- 3. Would an energy efficiency target or targets be suitable for Australia?**
- 4. What is the most appropriate methodology for designing and implementing a target that effectively drives demand side action towards Australia's overall net zero target?**
- 5. How should progress towards an energy efficiency target be measured?**

PIAC supports the target recommendations in ACOSS's joint submission in response to the Paper

Residential

- 6. What are the key opportunities to improve the energy performance of new and existing residential buildings?**

PIAC supports the detailed recommendations on residential opportunities contained in ACOSS's joint submission in response to the paper. PIAC highlights the need to:

- Move straight to mandate zero-carbon ready new residential buildings now
- Implement mandatory disclosure of residential energy performance at point of sale and lease now,

¹⁰ Energy Ministers, 'Meeting Communiqué', August 12 2022 < <https://www.energy.gov.au/government-priorities/energy-ministers/meetings-and-communications> >

- Legislate to implement a robust, zero-carbon ready energy efficiency standards for rentals now – with a transition strategy and supports in line with the Blueprint¹¹
- Implement upgraded education and training, with support and funding, to develop workforce and skills required to build and upgrade housing to the required standards.
- Develop and implement framework(s) to require and support energy performance standards for all residential buildings – linking to housing finance, local council rating, insurance and negative gearing. This should include consideration of limiting negative gearing (and other property tax measures) to costs of improving energy performance to meet zero-carbon-ready standard and/or for costs related to properties above 6 stars

7. What opportunities are there to improve or streamline existing policies aimed at empowering consumers to undertake energy performance improvements in their homes?

PIAC supports the detailed recommendations on opportunities contained in ACOSS's joint submission in response to the paper. PIAC highlights the need to:

- Undertake an assessment of current and previous schemes aimed at supporting residential energy performance to identify effective measures, models and platforms (and those with flaws or issues)
- Ensure new or scaled-up measures implemented as part of the Strategy are rolled out consistently, with long-term commitments, and sufficiently supported with funding and enabling measures.
- Ensure all programs implemented by the Strategy support the objectives of the Strategy and reflect the principles which guide it (such as equity and support for health and wellbeing)

8. What are key financial and non-financial barriers to the uptake of energy performance improvement opportunities? How can these barriers be overcome?

PIAC supports the recommendations for addressing financial and non-financial barriers contained in ACOSS's joint submission in response to the Paper.

9. How can demand management and electrification support lowering energy bills and emissions?

Demand management and electrification support lower emissions and energy bills through:

- Electrification removes the ongoing fixed network costs associated with maintaining and augmenting the gas network.
- Electricity generation is being rapidly decarbonised and is capable of being near 100% renewable by 2035. It is not possible for the fossil gas network to be decarbonised on a similar timeframe (or at all). Any possibility of gas network decarbonisation comes with a hugely increased risk and cost to all consumers. Ongoing use of the fossil gas network will

¹¹ Healthy Homes for Renters ' Community Sector Blueprint: a National Framework for Minimum Energy Efficiency Rental Requirements, Nov 2022, < <https://www.healthyhomes.org.au/news/community-sector-blueprint>>

require the significant use of carbon offsets which will be required elsewhere in areas for which there is currently no viable decarbonised alternative.

- Electric household appliances are more efficient and capable of being held to a much higher level of efficiency in the future with robust performance standards. For instance heat pumps are more efficient than gas hot water and heaters by many multiples – reducing the overall energy required to heat water and homes.
- Electrification of households allows large, flexible loads (like water heating) to help balance renewable energy in the system and ensure all households and the system (including those without solar assets) can benefit from excess solar energy at peak generation times.
- Electrified household load offers the opportunity for households to sell their demand (and its flexibility) and benefit financially through demand response and demand management that ensures the system is more efficient
- Lower peak demand (through greater efficiency and greater demand flexibility) lowers peak network augmentation costs and lowers generation/wholesale energy costs for all households, energy users and the entire energy system.

10. How does poor energy performance impact on disadvantaged communities?

The impact of poor energy performance on disadvantaged communities is well established and consistently documented in energy, housing and social research over decades.

11. What are the opportunities to improve the energy performance of residential buildings for low- income households?

12. What are the financial and non-financial barriers to uptake of energy efficiency upgrades for low-income households, and what can be done to overcome them?

13. What actions should be prioritised to assist low-income households to improve energy efficiency in their homes?

14. What delivery mechanisms would be most effective to provide targeted support?

PIAC supports the recommendations for measures supporting low-income households contained in ACOSS's joint submission in response to the Paper.

15. What are the key opportunities to improve energy performance of residential buildings for renters?

16. What options are available to overcome the split incentive for renters and landlords?

PIAC supports the recommendations for renters contained in ACOSS's joint submission in response to the Paper and recommends the Strategy adopt the objectives, principles outcomes and measures contained in the 'Community Blueprint'¹²

17. What options are available to support public and community housing tenants?

PIAC recommend the Strategy involve measures to support public and community housing tenants by:

¹² Healthy Homes for Renters ' Community Sector Blueprint: a National Framework for Minimum Energy Efficiency Rental Requirements, Nov 2022, < <https://www.healthyhomes.org.au/news/community-sector-blueprint>>

- Designing, funding and delivering a comprehensive audit of energy efficiency of social housing portfolios in partnership with State and Territory governments. This will assist with targeting of properties and determining whether retrofitting or re-building to current NCC standards is most cost effective within the objectives and target timeframes of the Strategy.
- Supporting the delivery of energy efficiency upgrades to public housing dwellings. The Strategy should develop a program and provide matching funds with State/Territory governments to invest in energy efficiency upgrades for public housing dwellings, such as electrification, more efficient fixtures (reverse AC, more efficient water heating systems) and higher thermal performance (draught sealing, insulation).
- Delivering energy efficiency upgrades to community housing dwellings. The strategy should develop a program and provide matching funds with State/Territory governments to invest in energy efficiency upgrades for community housing dwellings, such as electrification, more efficient fixtures (reverse AC, more efficient water heating systems) and higher thermal performance (draught sealing, insulation). There should be some funding available without requiring a contribution from the CHP or other social housing operator, with additional funding available in the event the CHP is able to secure matching funds from revenue or borrowing.

18. How can the energy performance of rental homes be made more transparent to prospective tenants?

19. How can governments and private sector support renters to improve energy performance?

PIAC supports the recommendations for renters contained in ACOSS's joint submission in response to the Paper and recommends the Strategy adopt the objectives, principles outcomes and measures contained in the 'Community Blueprint'¹³

20. How can governments support better energy performance in apartments and similar dwellings?

PIAC supports the recommendations for apartments contained in ACOSS's joint submission in response to the Paper.

21. How are communities in different geographic locations impacted by poor energy performance and what needs to be done to ensure access to improvements?

22. What are the key opportunities to ensure the benefits of improved energy performance are available to First Nations Australians, and Australians located in remote communities?

¹³ Healthy Homes for Renters ' Community Sector Blueprint: a National Framework for Minimum Energy Efficiency Rental Requirements, Nov 2022, < <https://www.healthyhomes.org.au/news/community-sector-blueprint>>

PIAC supports the recommendations for remote, regional and first nations communities contained in ACOSS's submission in response to the Paper. Key considerations of the Strategy should include:

- The need to prioritise remote and first nations communities with any funded measures supported by the strategy.
- Ensuring measures employed in the strategy prioritise building community independence and capacity, employ and support solutions derived from engagement with the community, seek to reap holistic benefits by developing community workforce, skills and capacity to build, maintain and benefit from projects in the community.
- Enabling Stand-alone-power-systems microgrids and other community centred energy measures alongside measures to improve housing energy performance in remote, regional and first nations communities.

Supply Chains and Workforce

- 1. What support is needed for Australian manufacturing or other supply focused businesses to improve energy performance?**
- 2. What are the most critical supply issues hindering energy efficiency action?**
- 3. What is needed in the finance sector to help accelerate the uptake of energy performance investments?**

PIAC supports the supply chain and workforce recommendations contained in ACOSS's joint submission in response to the Paper. Key considerations for the Strategy should include:

- Robust, long-term targets provide industry with the certainty required to scale up and develop the capacity required to meet the needs of the community. Incrementalism has, in the past undermined the ability to develop industry skills, employment pathways, supply chains and other key domestic industry capacities.
- Long-term targets are necessary to underpin ongoing processes to upgrade technical training, education and professional capacity through universities, vocational training institutions, commencing with the upskilling of existing workers and trainers.