



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

Consultation on the Home Energy Ratings Disclosure Framework – Version 2

August 2024

Renew is a national, not-for-profit organisation that inspires, enables and advocates for people to live sustainably in their homes and communities. Established in 1980, Renew advocates in government and industry arenas for policies that promote renewable energy and cut emissions, make our homes healthier, more affordable and climate resilient, and protect consumer rights in our rapidly changing energy markets.

Renew has helped thousands of households save money and reduce their environmental footprint with information on energy efficiency, solar power, rainwater tanks, materials reuse and waste. Our community of climate change action includes readers of our two market-leading sustainability magazines *Renew* and *Sanctuary*, attendants at our Sustainable House Day and other events, users of our online information and calculators, people contacting our advice service, and our research and advocacy partners.

Renew acknowledges the First Nations people as the Traditional Custodians of the lands on which we live and work, and recognise their deep and continuing connection to the land, sea and culture, and their rich contribution to society. We pay our respects to Elders, past and present, and acknowledge that Sovereignty of these lands was never ceded.

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Introduction

Renew is heartened to see the release of the Version 2 of the Home Energy Ratings Framework by Australia's Energy Ministers and glad to provide feedback on the current draft.

Renew acknowledges the extensive work that has been done by DEECCW and the REEDI Forum to develop the proposed Framework and is excited to see the possibility of a nationally consistent and robust rating disclosure scheme being adopted across the country. This can be a very effective tool to empower homeowners and landlords to improve the thermal comfort and energy efficiency of their homes whilst allowing home buyers and renters to be better informed when comparing properties. In addition it creates significant opportunities to encourage reduction of emissions from the built environment.

The overall proposed framework and the development of NatHERS for existing homes as outlined in Version 2 of the Framework appears to be workable and well thought through and Renew is supportive of its adoption as soon as possible. We support key amendments contained in version 2 of the Framework, notably the removal of simplified assessments and the inclusion of apartment buildings. However there are aspects of the proposal that we would like to provide feedback on.

1. National Implementation

We note that the Framework has been developed with a national perspective as a guide for a consistent approach for jurisdictions to implement the scheme. The document states that state and territory governments are primarily responsible for energy performance disclosure requirements for residential buildings and as a result the framework will be implemented by each jurisdiction under their own different schemes. At the same time, the report also stresses that consistency across the scheme is important.

Consideration could be given to a residential disclosure scheme being implemented in a similar fashion to the Commercial Building Disclosure Scheme which comes under federal legislation utilising the NABERS scheme for assessment and verification. Industry easily adapted to this legislation and the NABERS Scheme has become well respected for its governance and the concept has even been exported.

Implementing one single legislative approach across the nation has the potential to :

- be straightforward, quicker and simpler implementation,
- provide consistency
- reduce the load on states and territories re: implementation
- allow centralised administration to build better confidence in the scheme. This could include assessor services (e.g. training, accreditation, and audit) within the NatHERS

Administrator, or the establishment of a single provider, similar to the NABERS scheme.

- ensure full and consistent accreditation of assessors across the nation which is currently not the case with NatHERS.

The current complex situation with eight different approaches to NCC 2022 7 Star and Whole of Home provisions that is still evolving two years after it was introduced has created confusion and resulted in delays.

One reason for having individual schemes for each jurisdiction is to enable implementation in an appropriate time scale, however, a nationally-governed scheme could still be phased in to allow industry and the community to prepare, while ensuring that there is consistent implementation across the nation.

2. Framework Purpose and Objectives

Renew strongly endorses the 2 primary functions of the Framework: to set out national parameters for disclosure; and to guide the creation of a supportive market environment for disclosure and upgrades. We strongly endorse these key objectives.

We would be keen to see more work done to further encourage the development and promotion of value-add services that facilitate genuine evidence-based performance upgrades – particularly of thermal envelopes rather than just minimal mandatory requirements.

3. Framework parameters

The following feedback refers to specific detail in the Framework parameters.

2.2.5 Application and future exemptions

The proposed exclusion of social housing from disclosure triggers does raise concern especially for any resident responsible for their own energy bills. They should be entitled to the same information about their dwelling, even if they are renting and they have limited capacity to upgrade. At least it may help them manage their energy use. More than that, the information may help to understand how the whole building or developments performance can be enhanced. We would argue that the exemption for social housing should only apply when energy bills are covered by the social housing provider.

2.3.5 What is disclosed?

It is proposed for the advertising of NatHERS assessment to only disclose the Whole of Home Energy rating out of 100 and not disclose the Thermal Performance rating as a star rating. This will result in incomplete information. It is important for NatHERS Thermal Performance Star rating is available because:

- It enables potential purchasers or renters to get some idea of how comfortable the house is thermally

- It provides more rounded information to cover situations where a dwelling may have a very large PV system but a very poorly performing thermal envelope
- The information is calculated as part of the assessment and so should be available
- There is an interaction between the thermal performance rating and the Whole of Home score and so having both results helps to communicate that interaction better.

2.7 Validity Periods

The report states ‘In Ireland, the energy rating tool is updated in the 10--year period to allow changes to electricity emissions factors, building codes and the methodology for heat pump efficiency changes,’. It is important that the scheme allows for updates to be easily implemented especially over the next 10 – 15 years whilst the energy grid is in a state of constant flux.

The changing mix of energy in the grid does directly impact on the Whole of Home Score and ratings could vary significantly if the tool is updated regularly to reflect the changing mix. Procedures need to be developed to ensure that when a rating is done it is clearly communicated when it was done and what the current electricity emission factors were in play at the time of the rating.

2.8 Phasing

Of concern with the introduction of the scheme is the capacity of the industry to provide enough qualified and experienced assessors to conduct the thousands of assessments required. This will require a large increase in the number of both NatHERS and NABERS assessors. It is not noted in the report that for apartment assessments, which may require the engagement of both a separate NatHERS and NABERS consultant as there are very few in the industry who have both qualifications.

A staged introduction would assist with this and allow industry to build up their capacity. One phasing option not considered in the report is to start with rental properties first as this:

- Addresses the inequity of the occupants who have the lowest ability to improve their accommodation and it is likely that rental properties perform poorly compared to owner-occupied properties as most owners are motivated to improve the performance of their homes. This means the overall increase in performance is likely to be greater.
- Reduces the demand for assessors by nearly 20% initially. A percentage of new rental properties would be new homes bought by investors so you capture a proportion of both categories.
- Allows landlords scope to off-set some of the expense for the rating and any upgrades as part of the business expense of having a rental property.
- May alleviate the challenge of ensuring rental properties are not only expensive to rent but also expensive to run. The high cost of rental properties and the poor quality of a certain percentage is a pertinent concern for the community.

- Complement the implementation of mandatory rental standards relating to energy efficiency, by providing renters with a stronger information base from which to review whether minimum standards have been met.

The final phasing could be a hybrid approach staggered as follows:

1. Detached houses that are rental properties for lease
2. Detached houses that are properties for sale
3. Apartments that are rental properties for lease
4. Apartments that are properties for sale.