31 May 2026

NSW Department of Climate Change,
Energy, the Environment and Water
4 Parramatta Square
12 Darcy Street
Parramatta NSW 2150

Dear MEERS team,

The Smart Energy Council (SEC) welcomes the opportunity to provide a submission to the NSW Department of Climate Change, Energy, the Environment and Water regarding the *Investigation into minimum energy efficiency rental standards* Consultation Paper. Introducing a robust regulatory framework for rental properties represents a monumental opportunity to drive energy equity, provide vital cost-of-living relief and accelerate the deployment of distributed clean energy technologies across New South Wales.

The SEC is Australia's peak independent body for the renewable energy, energy storage and smart transport industries, representing over 700 residential, commercial and large-scale clean energy member companies across the nation. Our membership spans technology manufacturers, installers, retailers, financiers and policy advocates, all committed to accelerating Australia's transition to clean, affordable energy.

The Smart Energy Council generally supports the introduction of mandatory minimum energy efficiency rental standards (MEERS) in New South Wales. Voluntary and purely incentive-driven schemes have historically failed to improve the rental housing stock due to the pervasive barrier of split incentives, leaving a third of NSW households disproportionately exposed to extreme weather and volatile energy costs. Establishing a mandatory regulatory floor is an essential mechanism to eliminate energy hardship, suppress peak electricity grid demand, lower carbon emissions and ensure that renters are not left stranded in a two-speed energy transition.

1. **Market disparities and information gaps:** In response to the specific structural challenges in the NSW market, the primary issues confronting landlords and renters centre heavily on the split incentive, where upfront retrofit costs by landlords benefit tenant utility bills. A severe bottleneck also exists around supply chain readiness and the availability of certified installer networks to execute structural upgrades at scale. An unlisted problem is the emerging two-speed energy transition that locks renters out of the direct benefits of distributed energy investments.

   Recommendation: To resolve the severe pre-lease information asymmetry where renters lack visibility over hidden thermal features, the NSW Government should implement mandatory disclosure at the point of advertisement and lease. This disclosure could require clear information regarding insulation presence, nominal R-values as well as heating and cooling efficiency ratings.

2. **Health and economic dividends:** By addressing these disparities, thermal upgrades create healthier, more stable living environments, breaking the cycle of poverty and improving wellbeing.

    - The Victorian Healthy Homes Program assessed the impact of energy efficiency and thermal comfort upgrades with elderly occupants, finding that every $1 saved on energy bills, over $10 was saved in healthcare costs, with almost $900 in healthcare savings per person during winter.[1]
    - An insulation program for vulnerable homes in New Zealand delivered NZD $7 in benefits for every dollar spent, reducing hospitalisations, medical visits and missed work or school days.[2] The NZ Healthy Homes Initiative achieved similar success, ensuring children lived in warm, dry, healthy homes with access to thermal upgrades. Over five years, every dollar spent by Health NZ returned NZD $5.07 in health savings, a 507% return on investment.[3]
    - Overseas, a study of insulation retrofits in social housing in the United Kingdom found that tenants reported improved social and emotional benefits.[4]

    Recommendation: The overarching objectives of the proposed MEERS framework should prioritise renter energy affordability and the reduction of severe financial hardship first, closely followed by protecting public health through improved indoor thermal safety, upgrading housing stock quality and reducing grid-wide emissions.

3. **Structural and regional application:** The practical rollout of MEERS demands accounting for structural and geographic differences. Free-standing dwellings face unique physical barriers related to legacy building degradation and wiring safety, whereas apartments and strata properties face restrictive legal and physical boundaries over common property upgrades. Sub-market arrangements, including social, community and affordable housing, face severe funding constraints and should be actively supported by targeted public allocations such as the Social Housing Energy Performance Initiative (SHEPI) rather than being subject to punitive penalties. Conversely, commercial short-term holiday rentals should be fully subject to the same compliance floor to prevent a regulatory loophole that would further diminish long-term housing supply. Additionally, standard requirements could dynamically vary across NSW climate zones.

    Recommendation: To address this, clear compliance pathways and specific exemptions should protect individual owners in strata schemes while maximising access via targeted solar and electrification programs like the Solar for Apartment Residents initiative. Hot, humid northern regions should focus on high-efficiency cooling and shading, while colder alpine and southern highland zones should prioritise strict draught sealing and higher R-value ceiling insulation to preserve indoor thermal integrity.

4. **Statutory integration:** Rather than maintaining isolated, parallel compliance silos that create unnecessary administrative friction for landlords, agents and tenants, energy performance should be treated as an essential, foundational element of general property habitability alongside structural soundness and adequate ventilation.

    Recommendation: Regarding regulatory interaction, the SEC recommends that energy efficiency and thermal safety requirements be progressively absorbed directly

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1 _The Victorian Healthy Homes Program Research findings,_ Sustainability Victoria, 2022.

2 _Cost Benefit Analysis of the Warm Up New Zealand: Heat Smart Programme,_ Grimes et al., 2012.

3 _Healthy Homes Initiative: Five year outcomes evaluation,_ Pierse et al., 2024.

4 _Home is where the hearth is: Grant recipients' views of England's Home Energy Efficiency Scheme (Warm Front),_ Gilbertson et al., 2006.

into the broader statutory minimum rental standards outlined under Section 52 of the *Residential Tenancies Act 2010 (NSW)*.

5. **Phased enforcement and monitoring:** Enforcement and monitoring should follow a balanced, phased timeline that prioritises landlord education and technical assistance during an initial 2-year transitional window. Following this transition window, strict enforcement mechanisms and escalating financial penalties could be applied to persistent non-compliance to ensure the standards retain systemic integrity.

   Recommendation: We support a compliance monitoring system built on landlord self-certification completed at lease renewal or advertising, verified by qualified tradespeople during existing statutory safety checks to eliminate redundant property inspections. During the implementation phase, the NSW could deploy a centralised advisory entity, modelled on the successful "SmartRegs" framework in Boulder, Colorado, to act as a technical one-stop-shop that connects property owners directly to discounted supply networks, certified installers and streamlined financial schemes.

6. **Evaluation of architecture pathways:** When choosing an overarching architecture, the Smart Energy Council endorses *Option 3: Multiple pathways* as the most practical, workable and effective implementation model. This option effectively eliminates red tape by automatically exempting and fast-tracking modern properties that already possess superior sustainability certifications through BASIX, NatHERS or Passive House frameworks. This helps alleviate workforce bottlenecks among accredited assessors while providing maximum flexibility for older properties via a clear features checklist.

   Recommendation: To guarantee long-term success, this model should be structurally backed by robust financial, technical and workforce support. This could include expanding the Home Energy Saver Program to include small-scale residential landlords and actively upscaling the certified clean energy installer workforce in collaboration with industry peak bodies.

The SEC notes that comprehensive analysis and consultation should occur with Victoria and ACT to work through implementation successes and challenges of rental standards frameworks. The Smart Energy Council remains available to provide further evidence, technical input or stakeholder connections to support the Department. Should you wish to discuss this submission further, please do not hesitate to contact:

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