

16 August 2018

The Secretariat
Trajectory for Low Energy Homes
Department of the Environment and Energy
PO Box 787
Canberra ACT 2601

Via email NEPPSecretariat@environment.gov.au

Dear Secretariat,

Trajectory for Low Energy Homes: Draft cost benefit analysis – August 2018.

The Public Interest Advocacy Centre (PIAC) is an independent, non-profit legal centre based in New South Wales. Established in 1982, PIAC tackles systemic issues that have a significant impact upon people who are marginalised and facing disadvantage. PIAC welcomes the opportunity to comment on the Trajectory for Low Energy Homes: Draft cost benefit analysis – August 2018.

Q1. Do you think the scenarios should be adjusted:

The Trajectory is a crucial opportunity to improve the energy performance of new builds and major renovations in housing, delivering significant improvements for consumers in both energy savings and thermal performance. It is therefore in consumers' interest that the timeframes either be brought forward or remain as they are, so that the benefits of reduced running costs, and the health benefits of improved thermal comfort, can be realised as soon as possible. The earliest possible implementation also minimises the substantial costs related to future retrofitting of existing, inefficient housing stock.

Minimum standards, once introduced, should be increased over time to keep up with technological advances and community expectations.

Include other changes?

The identified scenarios still only capture new builds and major renovations. This limitation leaves the majority of homes (and therefore people) unimpacted and not benefiting from the changes, and potentially entrenches long-term disadvantage on the basis of housing stock. As outlined below, the Secretariat should look for ways to increase penetration, that would enable improvements for the majority of housing stock.

Consideration needs to be given to circumstances where upfront costs of energy efficiency standards prove to be a barrier to accessing a home that is cheaper to run in the long run. Carefully designed finance schemes, use of tax concessions for properties with energy

efficiency at or above minimum standards, as well as mandatory disclosure of long term running costs could help remedy this.

Q2. Are there implementation issues that need to be considered with the scenarios?

Are there lead-times that would not work within these timelines?

No comment.

Are there issues with including renewable energy requirements in the Code?

Renewable energy should be included because of the benefits for households (and often the energy system as a whole). The installation of renewable energy systems should only occur where there is appropriate orientation and minimal shading.

However, the inclusion of renewable energy should not come as a trade off with energy efficiency, particularly thermal performance. Given the difficulty in retroactively altering building orientation and retrofitting building fabric, and the fact that these structural fundamentals are substantially longer lived than appliances, efficient appliances and renewable energy systems should be considered as additions after the building thermal design minimum standards are met. Passive thermal performance should be prioritised so that it is not cheaper to build a home that is overly reliant on active heating and cooling systems.

Q3. Do you have any additional data that should be used in the modelling?

Is there better data for cost reductions over time, eg windows?

Improving the energy efficiency of homes will have overall energy system benefits through lower wholesale, transmission and distribution network costs. Reductions in peak demand that flow from energy efficiency improvements will lead to significant system-wide savings. In addition, increased solar up take can help contribute further to the alleviation of system constraints, particularly in certain network areas. These significant costs savings should be factored into the cost benefit analysis.

Q4. Do you have any other comments or suggestions?

People should be well informed about how to maximise the benefits of passive solar design and any renewable system.

Whilst consistency of design and implementation should be a goal of the Trajectory, best practice should be implemented wherever possible and the program's consistency should not result in an overall lowering of standards. Best practice design in efficiency and performance should be incorporated into the program to provide a strong incentive to go beyond minimum standards.

As commented on in the teleconference on 7 August, the need to improve the energy efficiency of existing housing stock is still on the agenda, even though it is not covered by the cost benefit analysis. Major renovations and knockdowns should be included in NCC (ie scenarios 4 and 5), but even then, as noted in the analysis, this leaves 8-10 million dwellings that will be unimpacted by the NCC requirements by 2050. It is likely that the homes left out will disproportionately include the dwellings of low income and disadvantaged households. The Trajectory must include measures that aim to increase standards of existing housing stock over time to minimise market distortions and potential perverse incentives, as well as address equity

concerns. The Trajectory should include existing dwellings by implementing the following measures:

- Minimum energy efficiency standards for rental properties – private and social. These should be identified and implemented in stages that increase over time to eventually harmonise with the long-term targets identified in the Trajectory. Signalling the targets well in advance will help facilitate earlier and more efficient adoption of higher standards
- Mandatory disclosure of the energy efficiency of a dwelling at the point of lease or sale. This should be presented in a standardised format, through a national accredited and monitored scheme and accompanied by an education component. This should also be staged to give the industry a clear understanding of future inclusions and be an incentive to reward owners who have gone beyond the minimum. A voluntary scheme is not only unlikely to be effective, but would also create market distortions and perverse incentives ensuring that low value homes will remain less efficient and more costly to run
- Minimum energy efficiency standards for minor renovations
- Continued ratcheting up of appliance energy efficiency standards, with stages and an identified long-term target that allows certainty
- Continuation and expansion of programs to help low income households replace their old inefficient appliances with new, efficient appliances (such as the NSW Government's Appliance Replacement Offer)
- Improvements to urban planning and green canopies to decrease urban heat island effects (particularly in outer suburbs), to make cities more resilient during hot weather
- Programs to assist low income households to access solar PV (such as the Darebin Solar Saver program)
- Behaviour change programs
- Helping low income households improve the thermal performance of their homes

Further engagement

PIAC would welcome the opportunity for further engagement with the AEMC and other stakeholders to discuss these issues in more depth. Please do not hesitate to contact Thea Bray on 8898 6520 or tbray@piac.asn.au.

Yours sincerely,



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