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Presented by Emily Yip, NSW Office of Environment and Heritage

## **National Energy Efficiency Conference 2016**

# **NSW Proposed Home Energy Rating System**

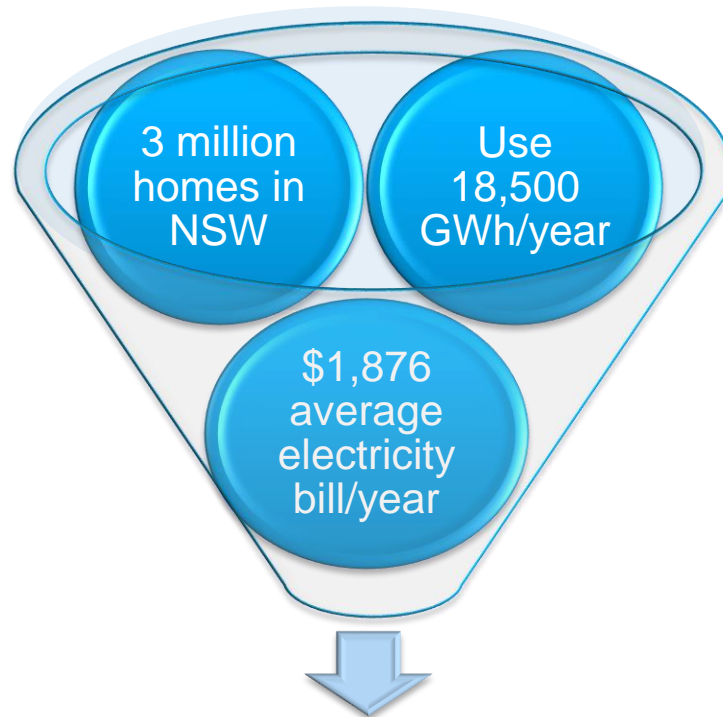
16 November 2016



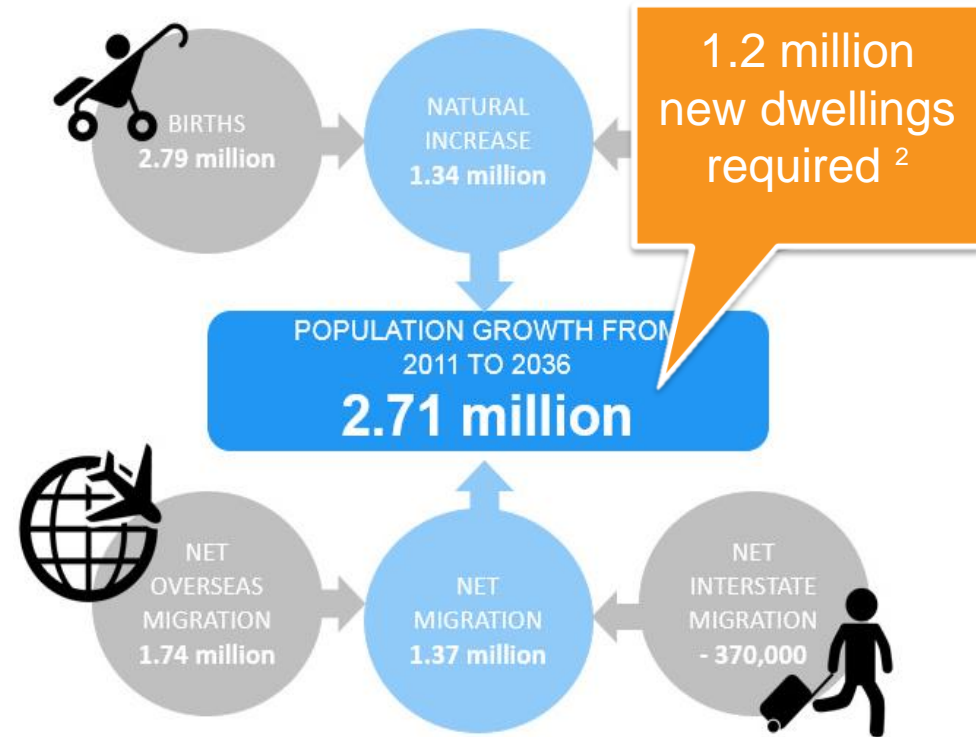
## Overview

- Rationale for government action
- Success story in commercial building sector - NABERS
- Policy context and process
  - Consumer research
  - Stakeholder consultation
  - Implications for scheme design
- Next steps

## Energy efficiency opportunities in residential sector



27% of total NSW use<sup>1</sup>



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## Barriers prevent cost-effective savings



**Information gap and asymmetry**



**Split incentives to invest when someone else pays the bill**

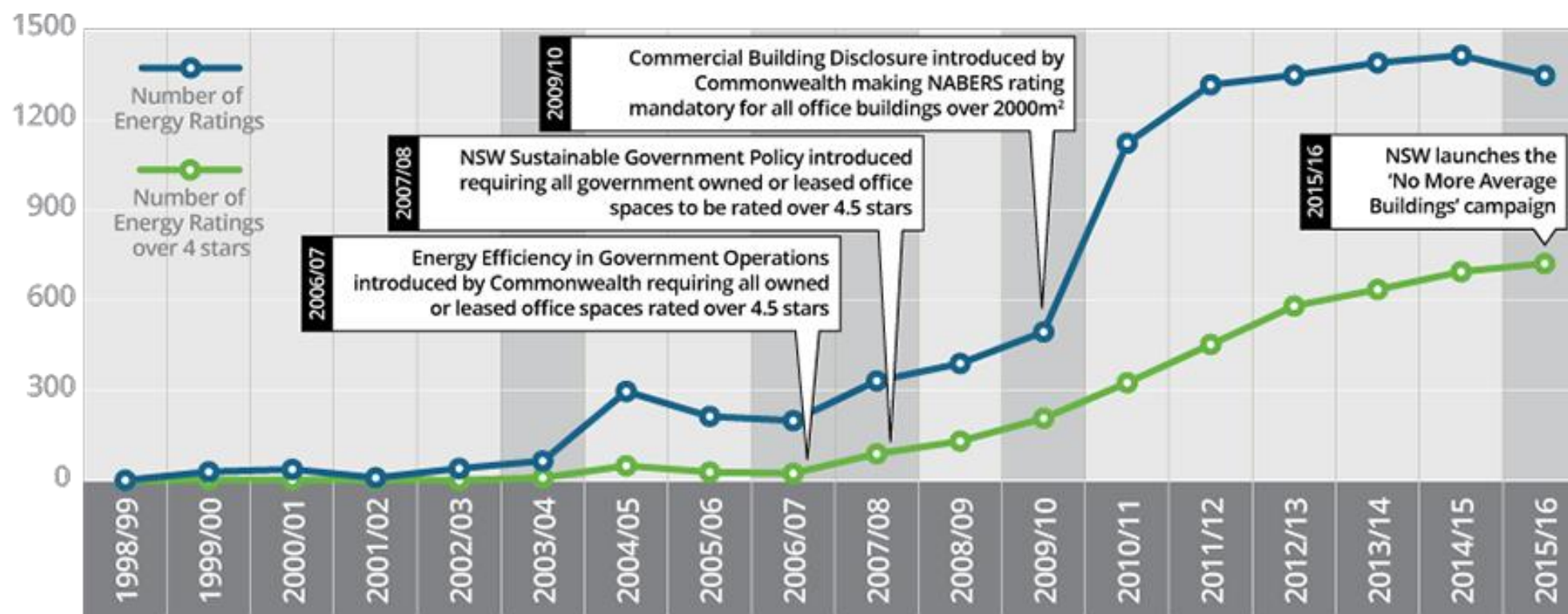


**Lack of skills & time to identify & implement EE measures**

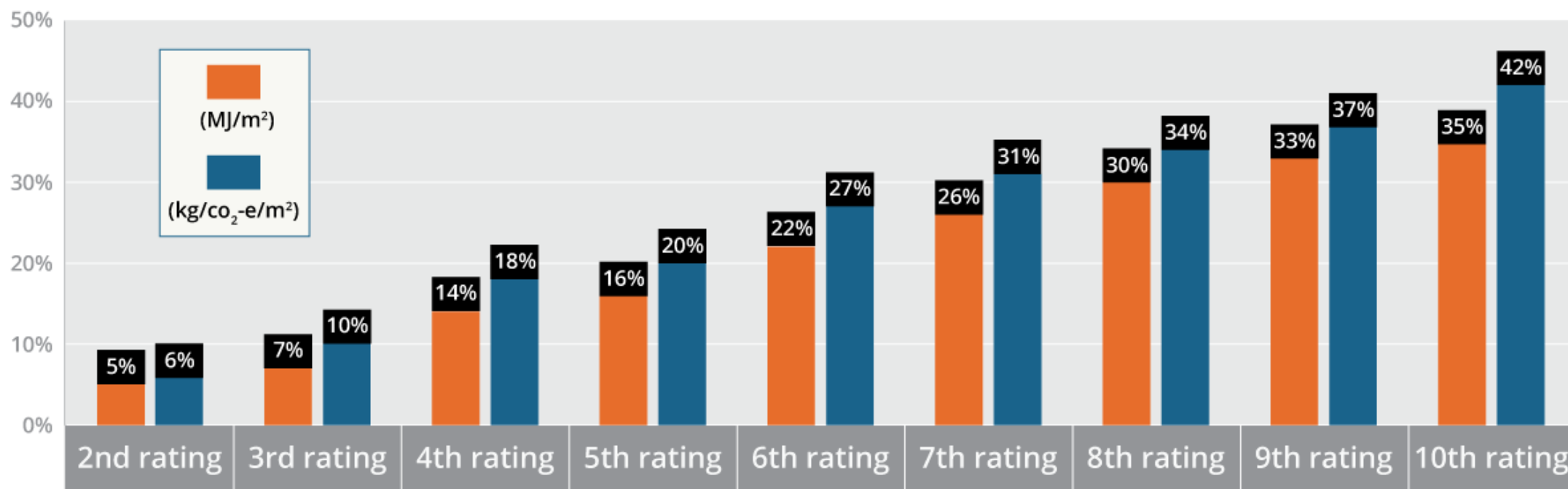


**Upfront costs, payback over a period of time, may not have any ROI when selling or leasing**

## Success story – NABERS in the commercial building sector



## Market transformation - average reduction in energy use after multiple NABERS ratings

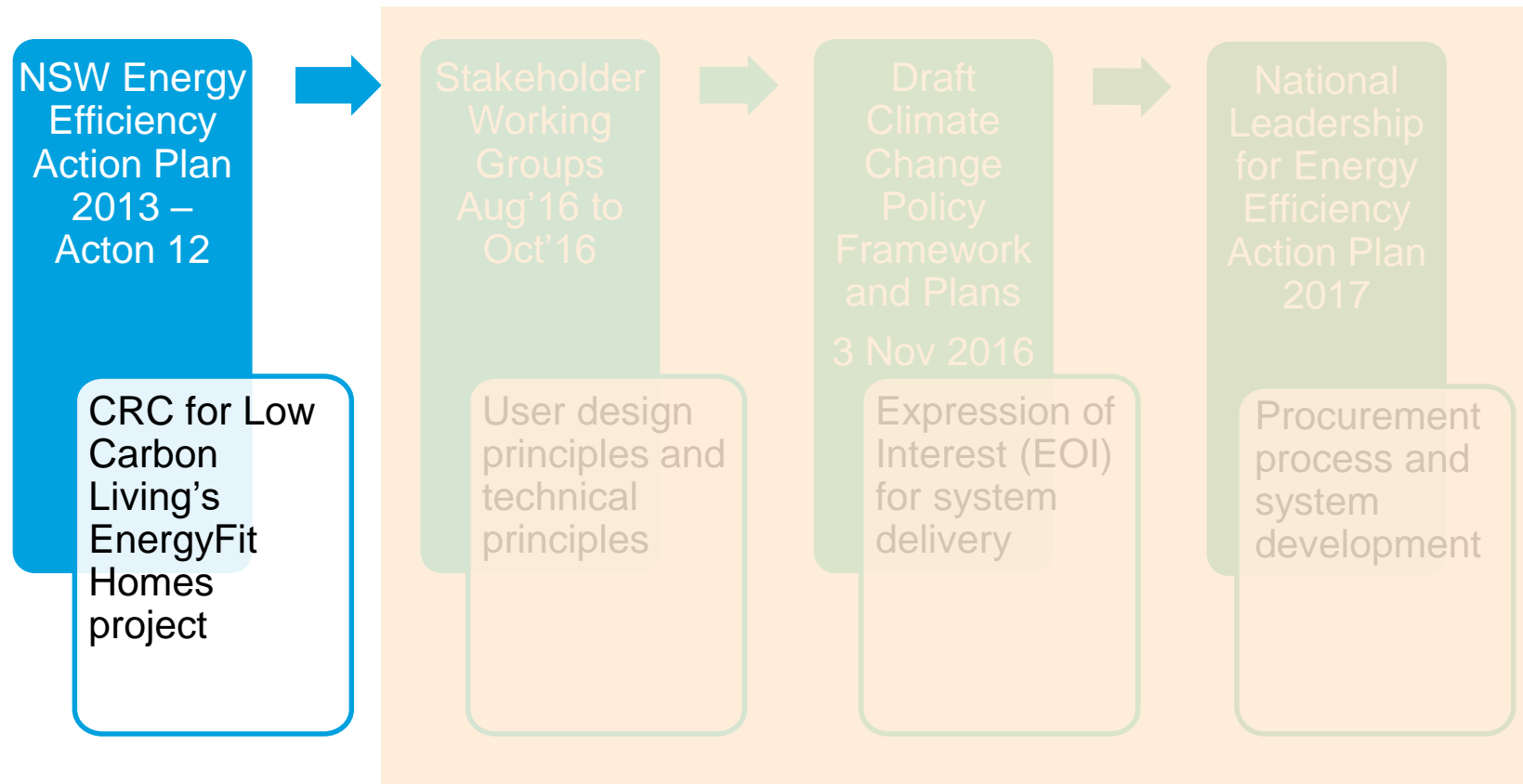


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## Key lessons learnt from NABERS success

- ✓ Benchmarks are fair, reasonably accurate and stable - absolute accuracy is neither possible nor necessary for a successful rating system
- ✓ Ratings are simple and easy to perform – uses existing data and externally validated data where possible, and relatively low cost
- ✓ Ratings are reliable, delivered by competent individuals and administered by trustworthy governance body
- ✓ Ratings are particularly effective in driving market transformation when used in procurement
- ✓ Voluntary operation can be successful when adequate market drivers are present, i.e. government procurement and corporate sustainability investments
- ✓ Mandatory operation was rolled-out successfully with very little objection from industry because of the credibility of the scheme in voluntary operation
- ✓ The value of mandatory operation comes in application to market sectors that do not have an adequate voluntary uptake i.e. mid and lower end of the market.

## Policy context and process





## EnergyFit Homes Investigation

- Over 2014-2015, OEH contributed to a Cooperative Research Centre for Low Carbon Living (CRC LCL) project called “EnergyFit Homes Initiative” in partnership with 11 other industry and research partners.
- This project took a consumer and industry led approach to understand consumer and industry needs and develop a potential pathway for a voluntary rating system for homes.

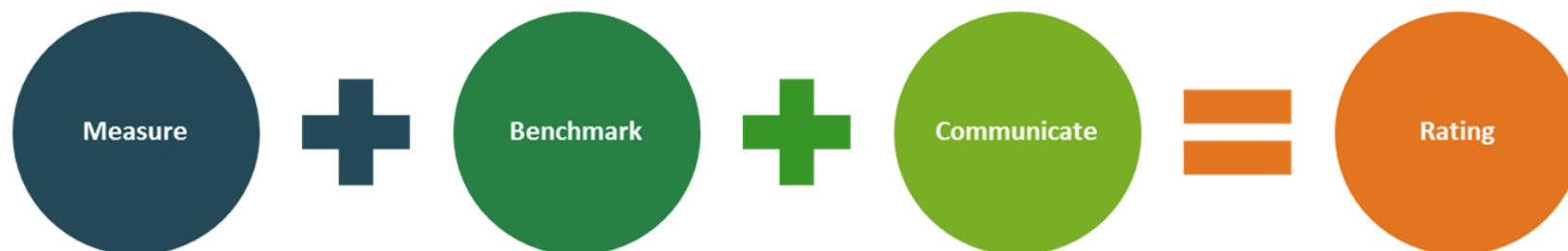


## An industry-led, multi-pronged investigation



## What is a rating?

- A rating involves 3 key functions:





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## Consumers want to know the about efficiency of a home

**92%** of consumers think it is important to have energy efficiency information of a home when buying or renting

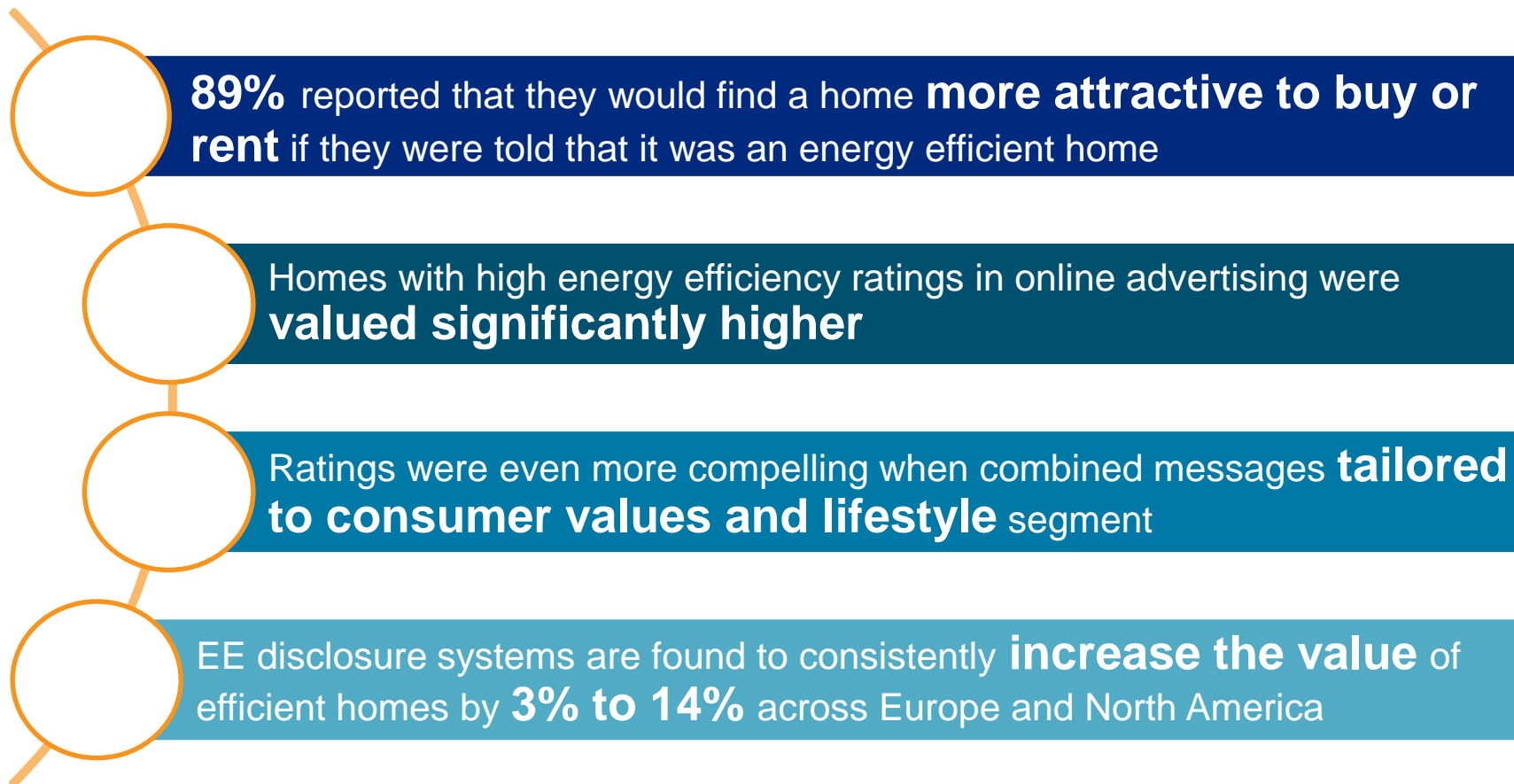
..with building inspection reports (92%), at open house inspections (83%) and home sale/rental advertising (72%)

**57%** would be willing to pay for energy efficiency information, with **45%** would pay up to \$250

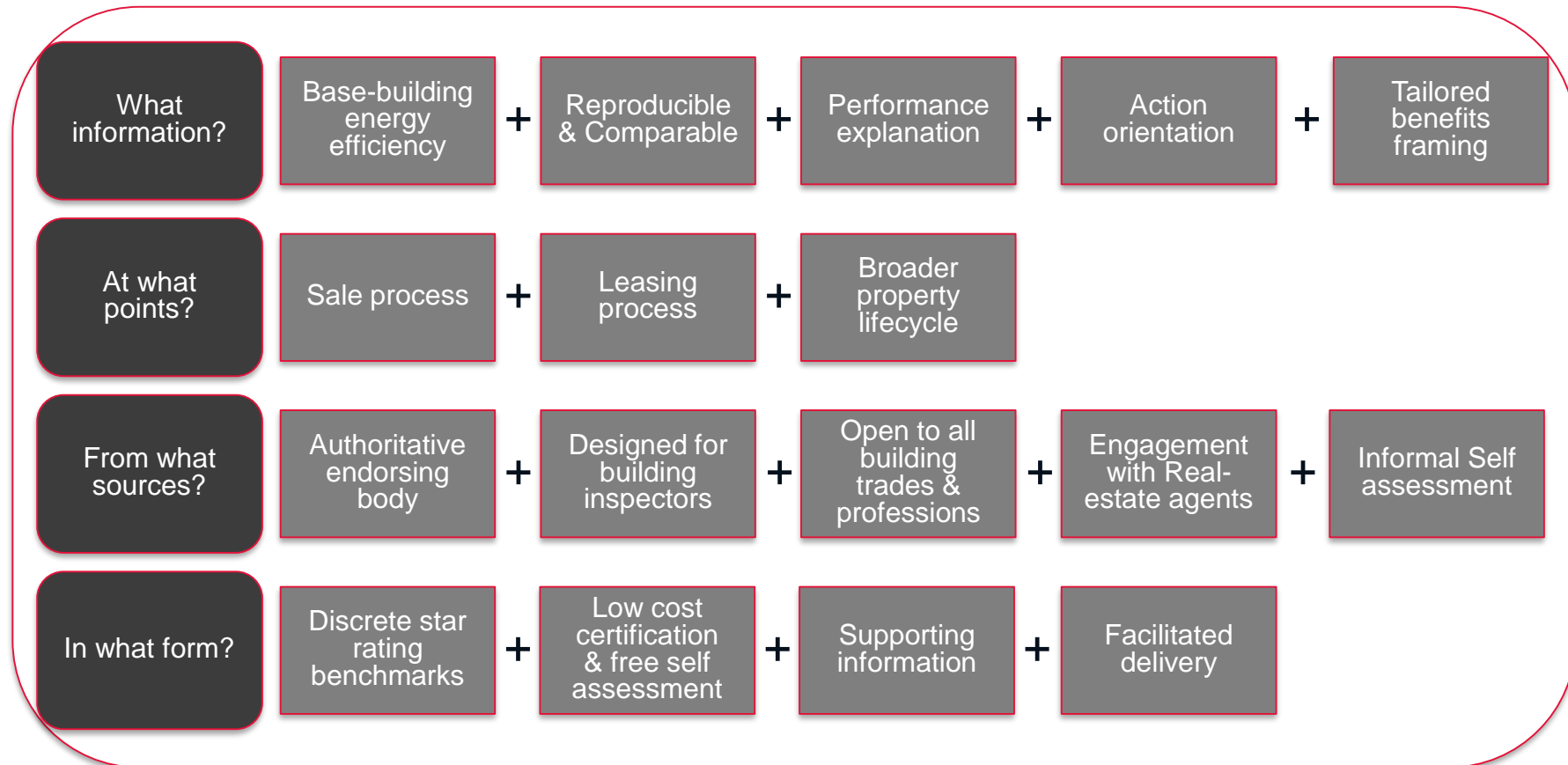
**90%** would also like energy efficiency information during renovation planning

**90%** of building professionals and tradespeople agreed that this information should be provided

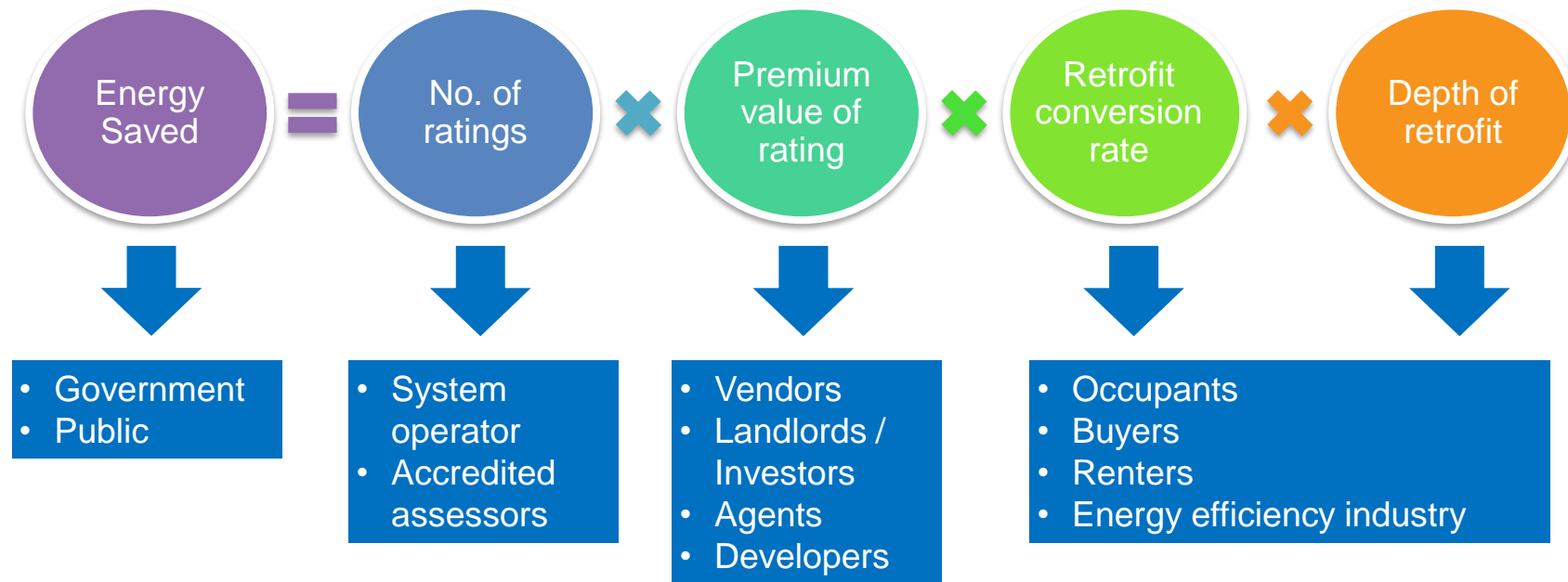
## Consumers are ready to link efficiency with value



## Consumers need the right kind and level of information

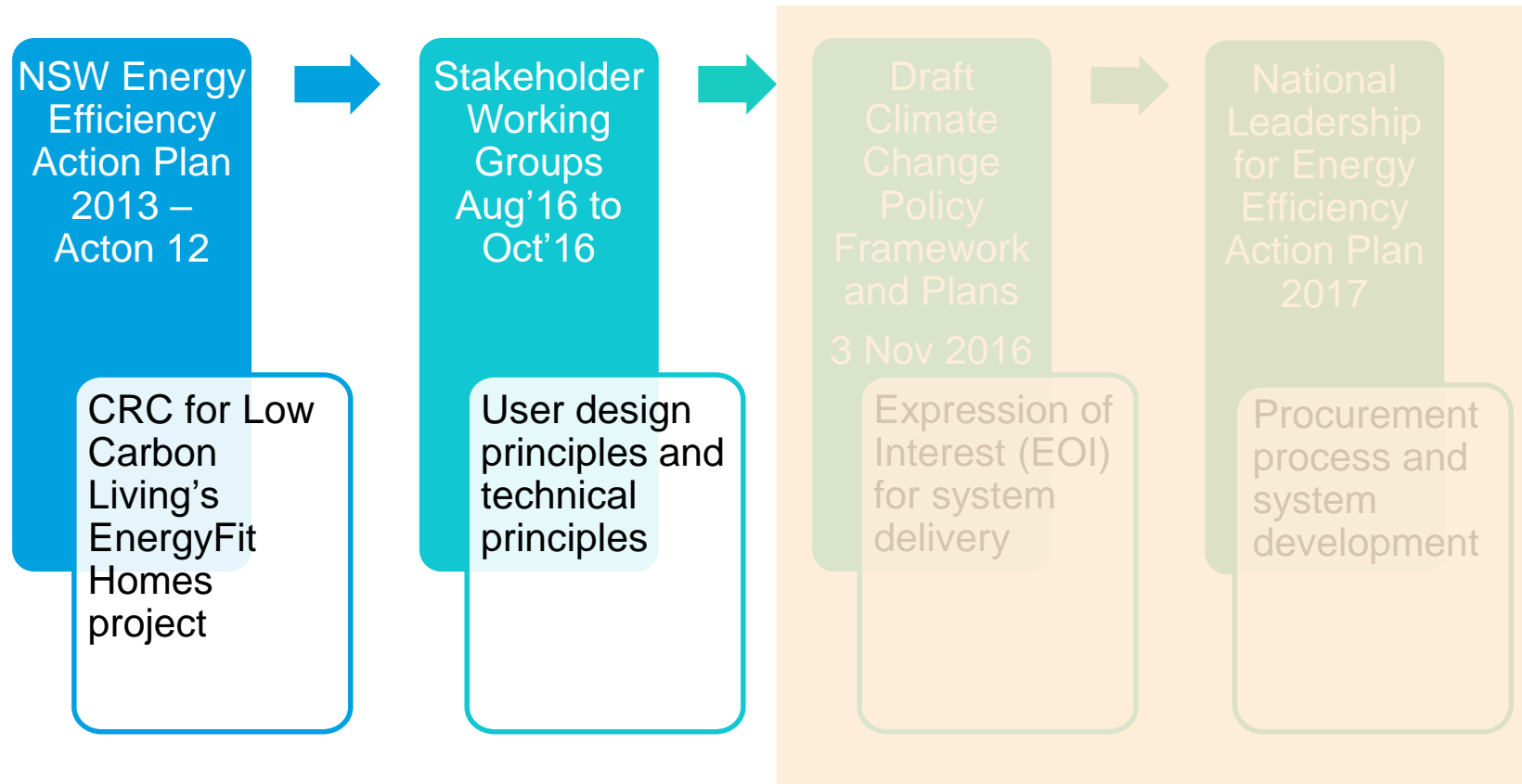


## What would success look like?



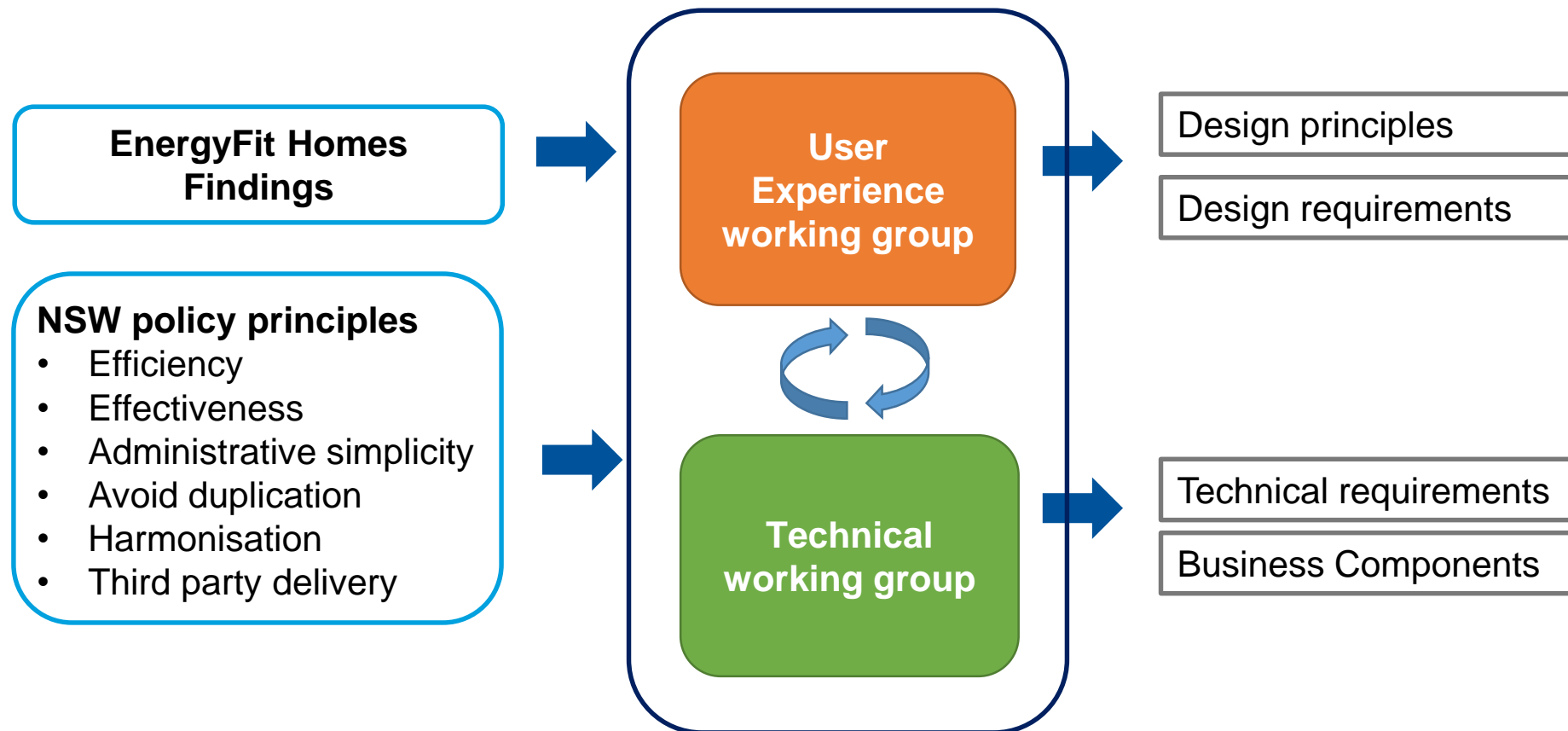
Source: Common Capital

## Policy context and process





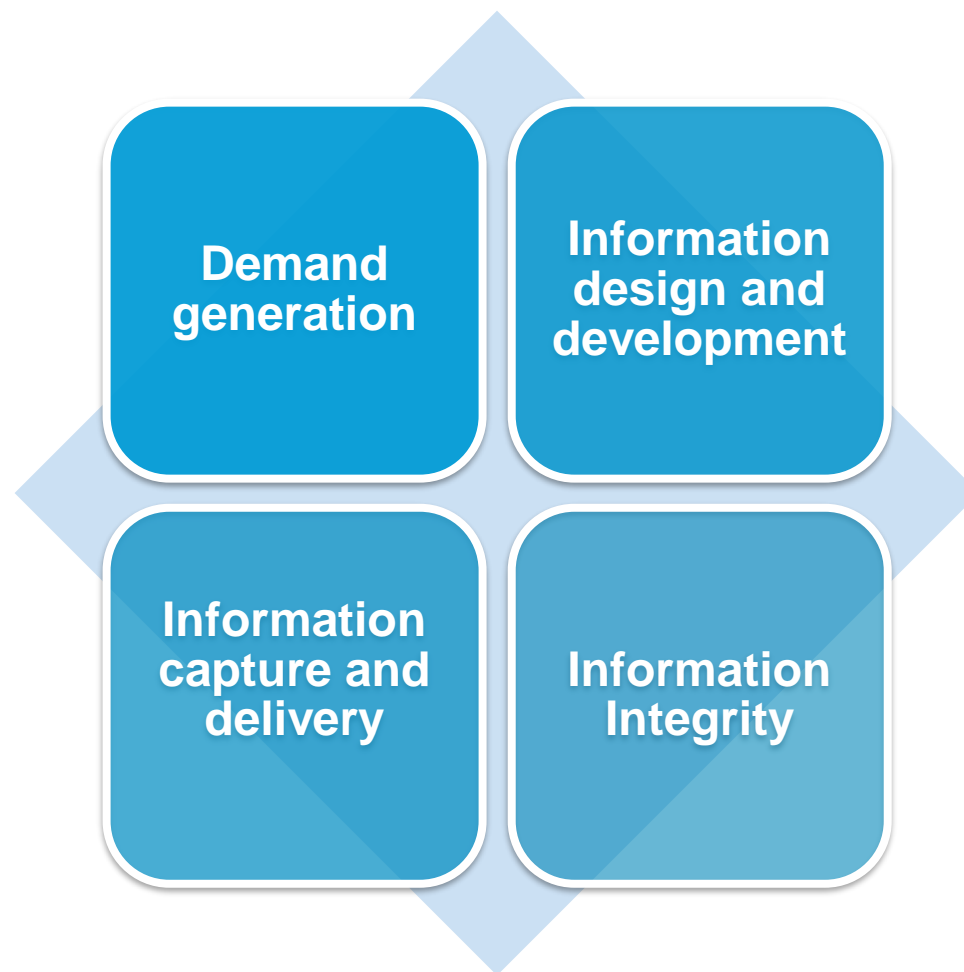
## Consultation through the Working Groups – Aug'16 to Oct'16



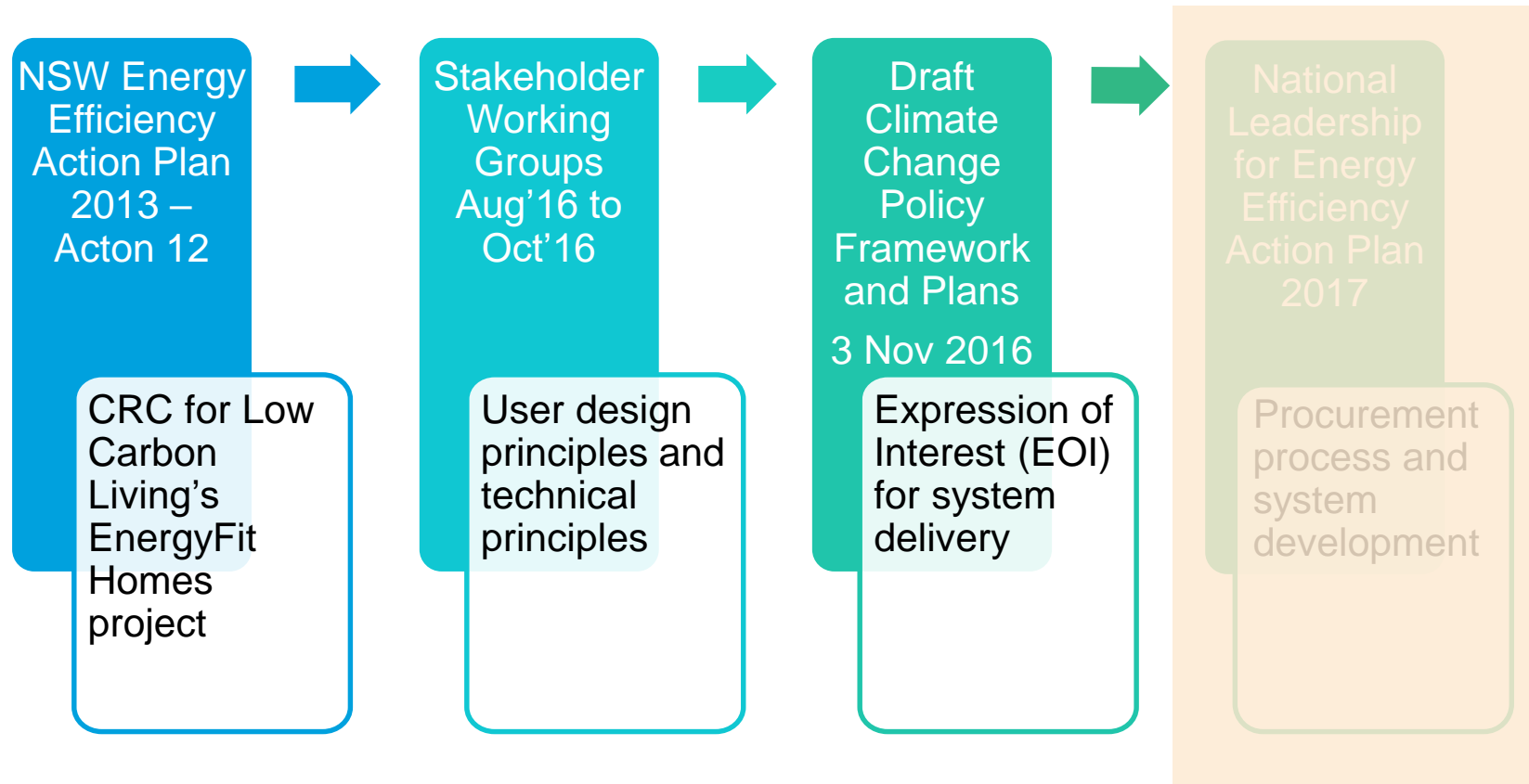
## Design principles from user experience working group



## 4 Key Business Components

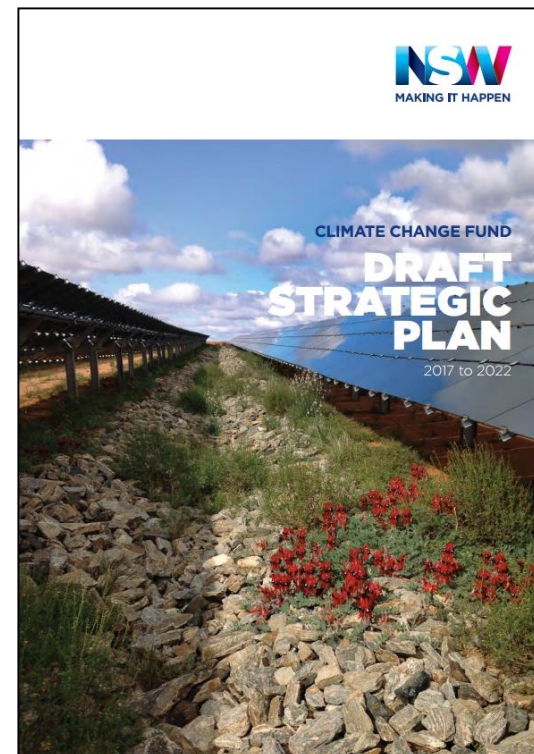


## Policy context and process



## NSW Climate Change Policy Framework

- On 3 November 2016, the NSW Government announced a \$500 million funding package and released two plans for public feedback:



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## *A Draft Plan To Save NSW Energy and Money*

- Action 2.1:
  - introduce a program to enable home owners and investors to assess energy efficiency performance ratings and display a rating at the point of sale; and
  - transition the program from a voluntary program in 2018 to a required program in 2020 if it is demonstrated to be efficient and effective.
- Action 2.2:
  - provide an energy efficiency rating scheme for rented homes in conjunction with the ratings scheme for homes at point of sale.



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## Have your say

- The submission form and information on how the community can have a say is available on <https://engage.environment.nsw.gov.au/Environmental-Future-Consultation>
- Public submissions are due by **16 December 2016**.
- **Information briefings**
- The NSW Government will run webinar briefings to provide more information. You can register for a webinar briefing on our website:
  - 23 November, 11am – 12:30pm
  - 1 December 2016, 11am – 12:30pm

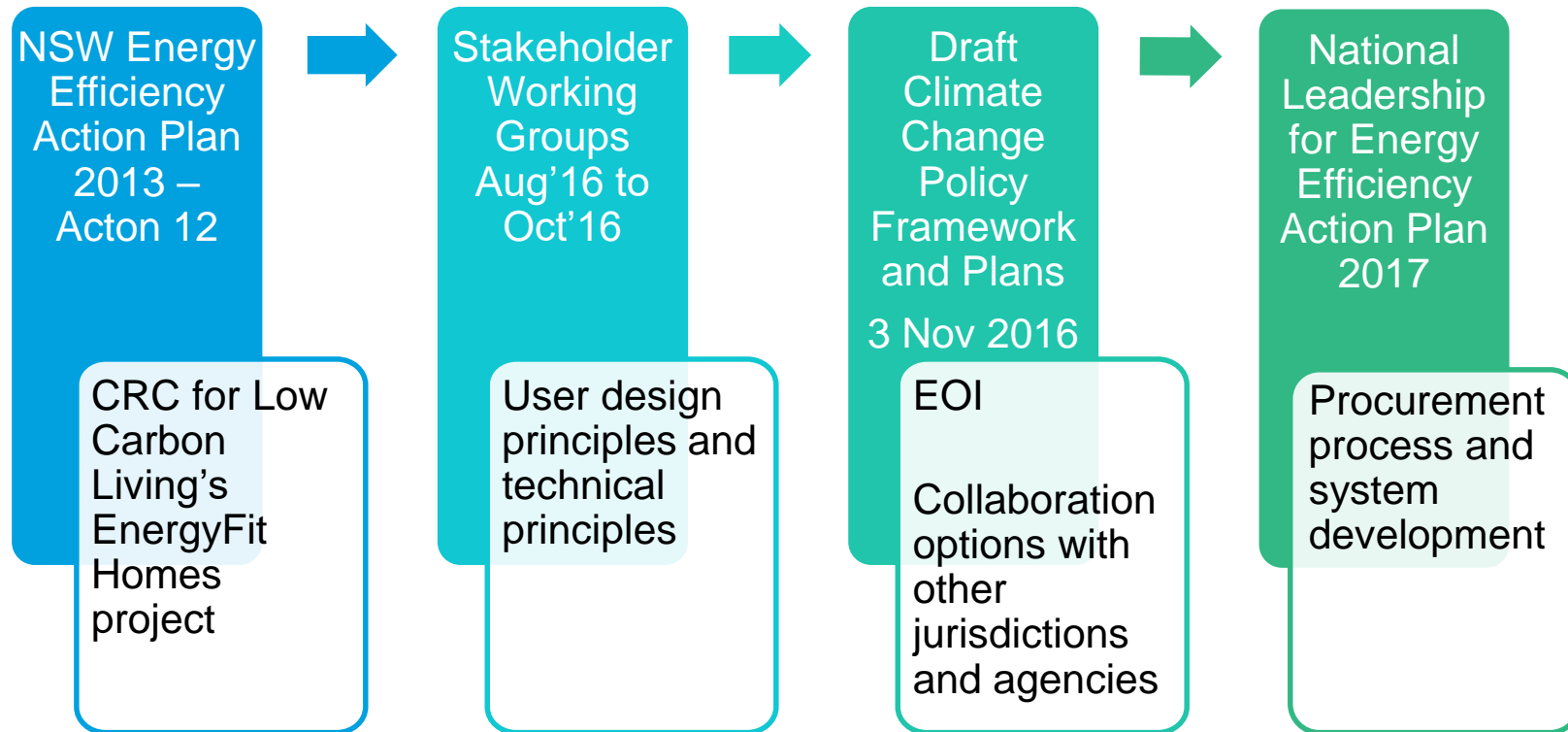
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## Testing the market – Expression of Interest (EOI)

- An Expression of Interest (EOI) was released on the NSW eTendering website on 8 November 2016 – tender reference no. EOI\_565
- To seek interest from organisations with the capabilities and interest to develop and operate a voluntary system to rate the energy performance of residential properties in NSW
- Responses to this EOI will be used to inform the delivery and procurement strategy for the home energy rating system, should the NSW Government decide to proceed with the system
- EOI closing on 2 December 2016



## Policy context and process





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## Thank You

- For more information, please contact:

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