

Department of Climate Change, Energy,
the Environment and Water

By online form

October 27, 2025

Re: E3 Heat Pump Water Heaters - public consultation on proposed regulation

The Energy Efficiency Council (EEC) welcomes the opportunity to provide brief comment on the public consultation on E3 Heat Pump Water Heaters.

As the peak body for energy management and energy efficiency in Australia, the EEC's membership includes technology suppliers, energy service providers, major energy users, governments, education providers, and NGOs. Efficient electric products and services are vital to achieving a cost-effective, equitable, and orderly transition to net zero as demonstrated by the success of the E3 program in driving widescale cost-effective energy savings and emissions reductions since its introduction.

The Roadmap for Heat Pump Hot Water Systems in Australia

In July 2024, the EEC, funded by the New South Wales Department of Climate Change, Energy, the Environment and Water and Solar Victoria within the Department of Energy, Environment and Climate Action (DEECA), launched the [Roadmap for Heat Pump Hot Water Systems in Australia](#) (HPHWS Roadmap). The Roadmap was endorsed by twenty-five organisations. A core recommendation (Recommended Action 1.1) of the Roadmap was to:

“Prioritise a Greenhouse and Energy Minimum Standards Determination under the Greenhouse and Energy Minimum Standards Act 2012 (GEMS) for HPHWS, including minimum energy performance standards and labelling requirements, and leverage existing high-integrity standards in the interim.”

Another key recommendation of the HPHWS Roadmap (Recommended Action 0) was to establish an industry consultative group to build sector leadership, monitor roadmap progress, and create opportunities for governments to implement recommended actions. In line with this, the EEC established the [HPHWS Industry Consultative Group](#) (HPHWS ICG) Steering Group in September 2024. The Steering Group currently includes sixteen members, supported by three working groups comprising over thirty member organisations – including importers, local manufacturers, trade representatives, and administrators of state-based incentive schemes. The governments of Victoria and New South Wales are financially supporting the EEC to administer the ICG until September 2026.

Response to the CRIS

The EEC's members will provide feedback on specific technical parameters of the modelling, proposed test methods, and potential market impacts. We offer the following general comments:

- **The EEC supports the CRIS recommendation** to implement Option 3 – MEPS with mandatory information provision.
- **HPHWS currently lack MEPS and energy rating labelling requirements**, unlike their gas and electric resistive counterparts. This represents both a missed opportunity to drive higher energy performance and emissions reductions, and a risk. Without MEPS and other high-quality standards, Australia risks becoming a dumping ground for lower-quality appliances that can no longer be sold in Europe or North America, undermining consumer outcomes and disadvantaging reputable manufacturers.¹
- **The absence of MEPS prevents consumers from comparing performance across different HPHWS models**, or from assessing running costs and emissions across technologies. GEMS determinations can also specify labelling requirements (such as energy rating labels) that improve transparency for consumers at the point of sale.
- The EEC encourages the Department to **prioritise the development of energy rating labelling** as a key component of future information provision requirements. This aligns with the recommendations of the [HPHWS Roadmap](#), already endorsed by a broad cross-section of industry stakeholders.
- **Labels should be implemented both physically and digitally**, with online retailers required to display labels on web materials, given the growing influence of online shopping and comparison platforms on consumer decisions.
- **Labelling provisions should be co-designed with industry** and may need to include additional information relevant to product performance, such as climate zone and system sizing. The Zoned Energy Rating Label (ZERL) for air conditioners, which shows efficiency in hot, average, and cold zones with up to 10 stars, provides a useful model that could be adapted for the HPHWS product.
- We encourage the Department to **continue engaging with the HPHWS Industry Consultative Group (ICG)**, which provides balanced representation across the sector. The EEC and its partners would welcome opportunities for the GEMS team to build on this established collaboration.

As the HPHWS market continues to expand, robust MEPS and clear energy performance labelling will be increasingly important to maintain confidence and ensure quality outcomes at scale. Driven by growing consumer demand for low-emissions technologies, electrification mandates, and supported by government incentives, installations of HPHWS increased from a 2017–2019 low of around 20,000 units per year² to an estimated 117,000 units in 2022 (CER 2023; DCCEEW 2023c; industry sources).³ The EEC expects this trend to continue and is highly supportive of the intent

¹ The Energy Efficiency Council, [Heat pump hot water systems in Australia: Building quality, confidence, and the market – roadmap report](#), 2024.

² Department of Climate Change, Energy, the Environment and Water, [Heat Pumps – Emerging trends in the Australian Market](#), 2023.

³ Ibid.

of this work: to ensure the best outcomes possible for consumers and the energy system in the rollout of this important technology. We look forward to continued engagement with the Department on the successful implementation of MEPS and related initiatives.

Please contact our Senior Advisor, Rachael Wilkinson at Rachael.Wilkinson@eec.org.au should you wish to discuss further.

Sincerely,

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