



Penny Sirault
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Department of Climate Change, Energy, the Environment and Water
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Re: National Framework for Disclosure of Residential Energy Efficiency Information

Dear Penny,

The Energy Efficiency Council (EEC) welcomes the opportunity to comment on the National Framework for Disclosure of Residential Energy Efficiency Information (hereafter referred to as the '*National Framework*').

The EEC congratulates governments for working together to develop a cogent National Framework, and strongly supports governments mandating the disclosure of residential energy efficiency information when buildings are sold. Mandatory disclosure is critical to:

- Enable households to compare and consider the thermal performance, comfort and energy efficiency of homes before they buy them, resulting in these features being valued in the market;
- Foster social norms around better-performing homes;
- Enable the finance sector to create products that support home upgrades, and
- Enable governments to support better-performing homes through complementary measures and increase their understanding of the current housing stock.

The EEC supports the broad directions of the National Framework, in particular:

- The use of the Nationwide House Energy Rating Scheme (NatHERS) whole-of-home tool to underpin disclosure. The EEC notes that the Residential Efficiency Scorecard (RES) will need to be aligned with NatHERS whole-of-home if it is going to be used as one of the accredited tools under NatHERS;
- The initial focus on National Construction Code (NCC) Class 1a buildings (e.g. detached dwellings, row houses, maisonettes and townhouses) and later expansion to apartments and other types of building. Staging the introduction of disclosure and starting with buildings where rating is most mature will deliver both the most effective and rapid roll-out of disclosure; and
- A compliance regime that includes a two-tier system including spot-audits of around 5 per cent of building ratings. Experience with similar programs, such as NABERS and Commercial Building Disclosure, has shown that spot audits are an essential component of an effective disclosure regime. While there are costs associated with audits, they are more than offset by the benefits of increased quality control, trust and ongoing improvement of disclosure tools and the regime.

The EEC recommends amendments so that the National Framework:

- Sets a pathway to improve governance, including enhanced input from industry and other non-government experts. The Residential Energy Efficiency Disclosure Initiative (REEDI) has value as a forum to engage with a broad group of stakeholders, and the EEC recommends that it is complemented with a small forum of well-informed

stakeholders that can provide high-level strategic advice to all governments on both NatHERS and disclosure;

- Clearly states that the initial focus will be on disclosure when homes are sold. Disclosure at the point of lease and major renovations should be considered for subsequent phases of the National Framework. The EEC believes that a more urgent focus for rental homes is minimum rental standards, and a more urgent focus for renovations is the design and enforcement of building and planning regulations;
- Cites the evidence and theory that mandatory disclosure is far more effective than voluntary disclosure. While voluntary disclosure could have a role during trials, under a voluntary regime homes with lower ratings would be less likely to disclose, making it hard to distinguish between below-average homes;
- Notes that any building rating scheme should be refined on an ongoing basis. Within this context, the National Administrator should conduct a review to understand if refinements should be brought in over time to ensure that NatHERS whole-of-home is aligned with likely future cost-structures and emission-intensities of electricity and fossil gas. However it is important that this review does not cause significant delays to the introduction of mandatory disclosure;
- Considers the wider context of the ecosystem required to improve the performance of Australia's homes as it finalises the design of rating tools and disclosure regimes. The rating tool itself will only ever provide high-level advice, and a suite of policies and skilled assessors and other service providers will be needed to provide households with detailed advice and install measures; and
- Focus on nationally consistent implementation of residential energy efficiency ratings and disclosure. While each state and territory government will likely need to introduce legislation to mandate disclosure within its jurisdiction, the EEC strongly prefers a nationally consistent approach to residential energy efficiency rating and disclosure. The EEC congratulates governments on working together to develop the National Framework and urges them to continue working on a nationally consistent approach.

In summary, the EEC strongly supports the National Framework and mandatory disclosure and looks forward to continuing to work closely with all governments as these measures are enhanced. If you have any questions on the points raised on this submission, please contact me or jeremy.sung@eec.org.au or 0411 934 701.

Yours sincerely,

A handwritten signature in black ink, appearing to read 'Jeremy Sung', with a stylized flourish at the end.

Jeremy Sung
Head of Policy
Energy Efficiency Council