



29 May 2026

**To: NSW Department of Climate Change, Energy, the Environment and Water (DCCEEW)**  
**Re: Energy Efficiency Rental Standards**

Thank you for the opportunity for the Institute for Energy Economics and Financial Analysis (IEEFA) to provide input to the NSW government's consultation on minimum energy efficiency rental standards.

IEEFA is an independent energy finance think tank that examines issues related to energy markets, trends and policies. The Institute's mission is to accelerate the transition to a diverse, sustainable and profitable energy economy.

IEEFA recently published a [report](#) analysing the potential impacts of implementing Minimum Energy Efficient Rental Standards (MEERS). Key findings relevant to NSW include:

- **MEERS could save NSW renters \$35 billion by 2050.**
- **Renters could be better-off from day one.**
- **Upgrading rental properties would benefit all energy consumers.**

Our submission elaborates on these findings and responds to selected consultation questions. A full copy of our report is included with this submission. Please do not hesitate to contact me to discuss this submission further.

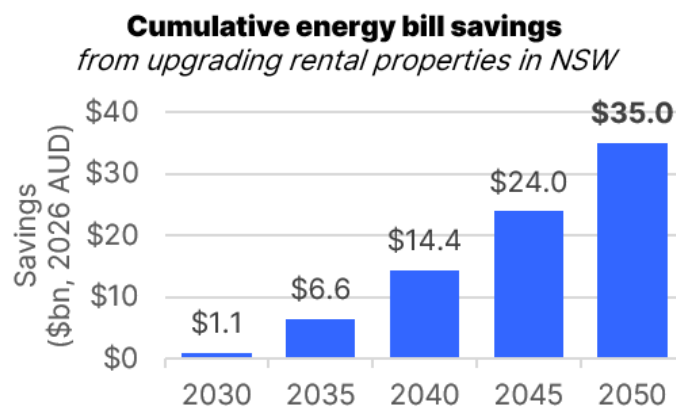
Kind regards,

Jay Gordon, Energy Finance Analyst, Australian Electricity

## MEERS could save NSW renters \$35 billion by 2050

An ambitious roll-out of MEERS, targeted at halving renters’ energy bills, could yield \$35 billion in cumulative gross energy bill savings for NSW renters by 2050. This ignores any impact of rising energy prices, which would increase the savings.

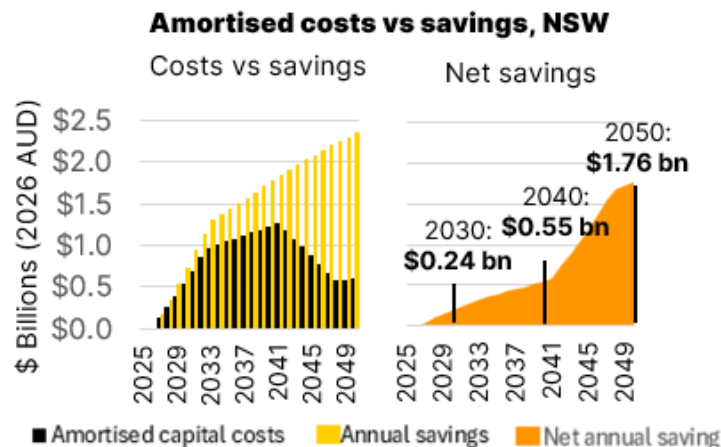
This was based on dwellings that underwent a combination of high-impact thermal efficiency upgrades, switching to efficient electric appliances, and installing small rooftop solar systems. When the upfront costs were factored in, the net present value (NPV) of the upgrades was \$7.5 billion to 2050, at a 5% discount rate.



Source: [IEEFA](#).

## Renters could be better-off from day one

If the upfront costs of the upgrade were amortised over 15 years at a mortgage interest rate, the annual energy bill savings would outweigh the costs from day one. This implies that minimum energy efficiency standards, backed by complementary financing schemes, could be implemented in a way to ensure renters always receive a net benefit – even if some costs are passed on by landlords.

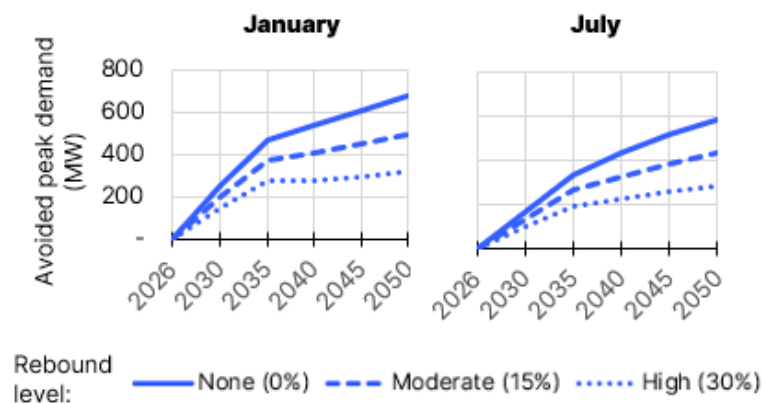


Source: [IEEFA](#).

## Upgrading rental properties would benefit all energy consumers

Our analysis also identified that upgrading rental properties would deliver peak demand benefits. This included a 321-676MW average-day peak demand saving in January by 2050, and 286-583MW in July.<sup>1</sup>

### Average-day peak demand savings, NSW



Source: [IEEFA](#).

## Responses to selected consultation questions

Question	Response
1-6	No response
<b>7 Observations of unintended consequences of MEERS in other jurisdictions</b>	<p><a href="#">Evidence from the UK</a> suggests no statistically significant impact on rents related to minimum energy efficiency standards, and minimal effects on overall supply.</p> <p>An <a href="#">evaluation of the ACT’s minimum ceiling insulation requirements</a> for rental properties found no observable impacts on rental property prices or volumes.</p>
<b>8-9 Objectives, benefits and impacts of MEERS</b>	<p>Our analysis identified two distinct benefits of MEERS:</p> <ul style="list-style-type: none"> <li>• Direct energy bill savings for renters (accumulating to \$35 billion in NSW by 2050 under the ambitious trajectory we modelled).</li> <li>• System-level benefits (321-676MW in average-day peak demand savings in summer by 2050, or 286-583MW in winter).</li> </ul> <p>While not modelled, these would likely also carry greenhouse gas emission savings.</p> <p>Our analysis focused on a target of halving energy bills for poorly performing rental properties. The NSW government could consider a combination of affordability, energy savings and greenhouse gas emissions objectives.</p>

<sup>1</sup> The upper range represents a case where energy consumption does not increase (i.e. rebound) in response to the measures; the lower end represents a high-rebound case (where 30% of savings are reinvested in added electricity consumption).



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**10 Do you support the introduction of MEERS?**

Yes. Our analysis found that the ambitious rollout of MEERS in NSW would deliver \$35 billion in energy bill savings by 2050 with a net present value (NPV) of \$7.5 billion, before any quantification of the system-wide benefits.

**11 Challenges of introducing MEERS in houses**

Detached houses typically face the fewest physical barriers to most types of household energy upgrades – particularly if a flexible approach is taken to allow landlords to use a range of upgrades to meet the standards (See Q23-25).

**12 Challenges of introducing MEERS in apartments and strata developments**

Some apartments face physical barriers to certain upgrades. Our modelling accounted for this via broad assumptions of exempt dwellings, and cost multipliers for apartments.

A flexible approach to minimum standards (see Q23-25) would benefit apartments, as landlords could swap out difficult or infeasible upgrades (e.g. ceiling insulation) with alternatives (e.g. draught proofing or updating window coverings).

Owners corporations can present administrative barriers, by not approving certain types of upgrades, either on common property or individual lots. However, [recent reforms](#) to Owners Corporation laws in NSW prohibit certain by-laws that could previously be used to reject some upgrades. These reforms should be monitored to determine whether further changes are needed.

Rooftop solar installations for apartments can be more complex, but this is not a hard physical barrier. Many apartment buildings have [adequate roofspace](#) to support solar installations for multiple lots, provided these can be wired to owners' switchboards.

Regulatory barriers to plug-in solar systems [should also be reviewed](#), as this technology could substantially increase access to solar for apartments.

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**13**

*No response*

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**14, 16 Application of MEERS by climate zone, building type or home type**

While MEERS could target a common objective across NSW, the steps required to meet that objective may vary by climate zone or building type.

There are policy options to address this with minimal administrative burden. Under a flexible, features-based approach (see Q23-25), landlords could choose from a set of options to meet the required minimum standards, where the weighting of each option varies based on the expected impact in each climate zone.

The NSW results in our attached modelling are based on a Sydney climate zone. However, IEEFA's model has the capability to explore several additional climate zones.

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**15 Managing potential impacts on rental and energy costs**

[Evidence from the UK](#) and [the ACT](#) suggest no statistically significant impact on rents related to the implementation of minimum energy efficiency standards.

In recent years, high rents in Australia have been driven by an [undersupply of housing](#).

However, controls on permissible rent increases in NSW tenancy laws are weak. It may be advisable to implement controls that prevent landlords from passing on rent increases that would leave renters worse off in response to upgrades.

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Our analysis found that if landlords could finance upgrades over a 15-year loan at a comparable mortgage interest rate, renters would be better off from day one, even if those costs were passed through in full. This also highlights the importance of making accessible financing mechanisms available to landlords.

**17, 26 Implementation challenges and supports for landlords**

Transitional incentives could be introduced to lessen the upfront cost burden of the upgrades. This could be achieved via introducing a [priority sub-target](#) for rental properties in the Energy Savings Scheme and/or Peak Demand Reduction Scheme. It could also be implemented via direct subsidies similar to Solar Victoria's [Solar rebates for rental properties](#) program. This should accompany financing mechanisms.

**18-22**

*No response*

**23-25 Potential implementation models**

A hybrid model should be considered, with appliance-related standards considered separately to non-appliance related standards.

**Appliance-related MEERS:**

Switching to efficient electric appliances is critical to reducing energy bills. It amplifies the savings from other upgrades (such as insulation or rooftop solar), and avoids significant cost lock-in from installing new gas or inefficient appliances. (We estimate this is increasing by [\\$1.1 billion a year](#) across all homes in NSW.)

IEEFA recommends that MEERS in NSW include a specific, **features-based** requirement that the following appliances be replaced with efficient electric alternatives once they reach end of life: all gas appliances, resistive electric fixed heaters, and resistive electric hot water systems.

**Non-appliance MEERS:**

Other upgrades could be combined in numerous ways to achieve a similar outcome. They are suited to a more flexible approach, which could be implemented in two ways:

- **Performance-based standards:** Landlords are required to reach a particular threshold under a ratings system (e.g. NatHERS for existing homes)
- **Flexible features-based standards:** Landlords can choose a combination of features to meet the required standards. Features could be assigned points based on the energy savings they are expected to deliver, and landlords could be required to achieve a certain number of points to meet the minimum standard. Weightings for each feature could vary by climate zone in NSW.

While both options should be considered, a flexible, features-based approach has several advantages – being simpler to implement, easily adaptable for different climate zones and building types, and not requiring a detailed energy assessment to validate.



## **27 Alternative or additional policies**

IEEFA is not aware of any viable policy alternatives that can deliver the same outcome as MEERS. As discussed in our report, due to the split incentive problem, approaches that focus only on financial incentives for landlords have very limited success.

Other policies can, however, be useful complements. This includes rental reforms that set expectations around permissible rent increases, and transitional targeted incentives to help overcome the initial cost burden of upgrading properties.