

Submission to the Building Electrification – Regulation Impact Statement Consultation

February 2025



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Recommendations

RACV supports Option 3: electrification of all new and existing residential buildings (excluding existing residential cooking) and all new commercial buildings. (*Government preferred option*).

Noting, whilst the Regulatory Impact Statement states that the electrification of new commercial buildings will offset residential cooking greenhouse gas emissions, existing homes should be encouraged to become fully electric. Delaying full disconnection from gas in the residential sector places additional costs on the consumer in the long term. Consumers may also not realise the full health and savings benefits. This will also impact the workforce required who will need to return to properties to complete the electrification journey.

Supporting consumers to live in safe, secure and energy-efficient homes	<ol style="list-style-type: none"> 1. Innovative technology solutions will assist consumers to understand and plan to replace end of life appliances where they live. This could include replacement timeline and costs coupled with available rebates/discounts. 2. Protect gas consumers from price rises during transition. Government should consider further price subsidies for low-income households. 3. RACV supports the introduction of mandatory disclosure of home energy performance ratings at point of sale and/or lease. 4. Build on Federal and Victorian Government programs and increase the quantum of incentives to help consumers and rental providers install energy efficiency measures like energy-efficient appliances, solar panels and batteries. Incentives should include direct-to-consumer and up-front cash rebates and extend to residential and commercial batteries. 5. Continue to fund education and awareness campaigns for consumers to improve energy literacy and strengthen consumer protections. 6. More support for renters and rental providers to understand and navigate the Victorian Residential Tenancy laws. This should include providing clear definitions and guidance about legal entitlements or obligations. 7. Improve the effectiveness of the Residential Tenancies Regulations by updating the regulations to require rental providers to make a signed declaration at every change of tenant that acknowledges that the property meets the minimum standards, including such standards as ventilation, structural soundness and electrical safety. To help rental providers comply with their obligations, the standard format Condition Report should also be updated to include minimum standards. This will be critical if energy efficiency is added to the minimum standards and gas appliances are required to be replaced with electric appliances in residential rental properties. 8. Introduce an appropriate audit and enforcement regime by expanding and resourcing Consumer Affairs Victoria (or other Government agency) to determine if minimum and/or building electrification standards have been met and the disclosure is accurate.
Cut red tape to support electrification	<ol style="list-style-type: none"> 9. Streamline the compliance and safety regulatory environment. RACV supports standards to protect the safety of installers and consumers however the complexity and pace of the energy transition can have unintended consequences on business costs and therefore impacts the cost to consumers. Defining clear roles and responsibilities of all Federal and State regulators and government bodies is essential. 10. Resolve the gas service abolishment fee issue by requiring Distribution Network Service Providers and retail energy businesses to provide this service at little or no cost. Alternatively, licensed gas plumbers should be able to provide this service on behalf of the customer as part of the decommissioning process. 11. Introduce/review policies to ease the burden of warranty on gas heating manufacturers and support long term spare parts supply for gas appliances.
Growing a clean energy workforce	<ol style="list-style-type: none"> 12. Support for existing State and Federal Government workforce strategies on increasing the clean energy workforce. Governments should consider more direct and targeted employer and employee incentives.

13. Develop a workforce transition plan for gas plumbers. This could include a six-month training course for experienced plumbers to upskill to install and service refrigeration appliances in the residential sector. Consider introducing a special license class for gas plumbers through ARCTick.
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About RACV

RACV welcomes the opportunity to respond to the Victorian Government's Building Electrification – Regulation Impact Statement consultation.

Representing over 2.3 million members and an additional 500,000 customers, RACV exists to improve lives in the areas of home, cleaner energy, motoring, mobility and leisure.

RACV is committed to helping members at key stages in life's journey in the home. These include moving, renting, buying and selling a home, keeping the home safe, renovations and energy efficiency.

In the home, RACV delivers exceptional services to members and customers through a range of products and services these include property and rental inspection reports, home and contents insurance, trades (for both emergencies and renovations), retail energy, solar, battery and EV charger installation solutions.

Helping Victorians is at the heart of RACV. In 2023-2024, RACV:

- provided 898,000 members with home insurance policies; and
- assisted with 52,000 home emergencies through Emergency Home Assist.

This means RACV is in a Victorian home every six minutes.

RACV Trades gives customers access to accredited, licensed tradies, providing quality work in an emergency and for everyday repairs and general maintenance around the home. RACV's workforce and extensive partner network ensure that we can reliably meet the needs of both metropolitan and regional members and customers.

Home Trades Hub Australia (HTHA) is RACV's 100%-owned subsidiary and home service delivery business which delivers a comprehensive range of repairs, maintenance, inspections and security services around the home through a national network of qualified tradespeople and professionals. HTHA has also established working relationships with social and community housing providers. HTHA proudly partnered with wayss, a community housing provider in Victoria, to transform a family violence refuge by electrifying the property to make it more energy and cost-efficient for tenants. HTHA plumbers and electricians decommissioned gas heaters and cooktops and installed energy-efficient alternatives free of charge.

Through a series of recent investments RACV is now one of the largest inspection businesses in Australia. This gives us a unique opportunity to influence Australian homeowners and renters on their energy journey and electrification of the home. We are a major shareholder in PropTech Labs (<https://www.proptechlabs.com/>) and Before You Buy (<https://www.beforeyoubuy.com.au/>).

PropTech Labs has established innovative solutions that streamlines workflow, automated and 'paperless' processes and tracks maintenance service delivery for property managers, real estate professionals, and landlords. It is the largest maintenance platform for property managers in Australia.

Before You Buy is a one-stop shop for potential property buyers to get all their property reports completed by independent, qualified inspectors.

RACV plays its part in a cleaner energy future

RACV is committed to helping Australians transition to a cleaner energy future. Through several investments RACV now can help all Australians make this transition and save on energy costs. We offer cleaner energy products and services including solar panels and batteries through RACV Solar and a home retail energy offering in Victoria through Arcline by RACV.

RACV Solar is now one of the largest installers of solar power, both commercial and residential, on the east coast of Australia and is one of the largest installers of home batteries in Victoria. RACV is an electric vehicle charger network operator with locations at RACV Clubs and resorts and public locations across Victoria. RACV has also invested in electric vehicle charging companies JET Charge and Chargefox. Our team of electricians, engineers and project managers design, install and support commercial and residential EV charging infrastructure and provide integrated energy solutions for homeowners, fleet operators and businesses.

RACV has been working on reducing our own greenhouse gas emissions for many years.

- Since 2019, RACV has invested ~\$10.5 million in Energy Efficiency initiatives which have delivered a reduction in our energy usage of approximately 25 per cent and \$1.5 million cost savings annually against the FY19 benchmark.
- Solar installations have generated over 8.7 million kWh of solar power and reduced RACV's emissions footprint by approximately 9,000 tCO₂ from FY19 to FY24.
- GreenPower® purchasing has abated more than 99 per cent of all the remaining Scope 2 emissions from electricity usage.
- RACV has embedded a 10-year capital plan, at an estimated cost of \$50 million, to reduce a significant proportion of the remaining scope 1 gas emissions.

RACV delivers expert and tailored commercial energy solutions to help businesses save on energy costs, improve energy resiliency and reliability, reach renewable energy goals, unlock additional revenue streams and maximise return on assets through the energy markets.

Key services include commercial solar, battery storage, EV chargers, renewable energy roadmaps and system operation and maintenance.

Australian businesses are shifting to cleaner energy.

- In 2020 and 2021, RACV Solar worked with family-owned McKenzie Aged Care to map the roll out of 1.8 megawatts of solar across the business's 11 aged care facilities in New South Wales and Queensland.
- Installed one of the country's most advanced renewable energy training facilities at Holmesglen Institute including solar, solar car park installation, commercial batteries and electric vehicle charging in 2021.
- Designed and installed one of the largest solar panel installations in Victoria for the Australian Nuclear Science and Technology Organisation (ANSTO) within the Monash University precinct in 2024.
- Installation of a 50kw floating solar array at Lardner Park, Gippsland to demonstrate the benefits of technology for Australia's agribusiness sector.
- Delivered Australia's largest privately-owned behind-the-meter solar and battery solution for Narellan shopping centre.

In 2025, RACV has launched a new product for commercial and industrial customers following our successful installation of one of Australia's first VPPs of its kind at RACV's Torquay and Inverloch resorts.

RACV's own VPP is one of the first to participate in the very-fast Frequency Control Ancillary Services (FCAS) market managed by the energy market operator. This followed the ARENA-supported AEMO Virtual Power Plant Demonstration Project in 2022.

By installing a Virtual Power Plant at our resorts, we have been able to realise a range of commercial benefits such as managing energy costs and generating revenue, at the same time as contributing to grid stability by feeding energy back into the grid during periods of high demand.

Delivered in collaboration with PowerSync Technologies and aggregates over one megawatt of battery capacity from the Torquay and Inverloch resorts – the storage equivalent of approximately 20 average electric vehicle batteries.

Supporting consumers to live in safe, secure and more energy-efficient homes

What consumers tell us

Renters are increasingly facing housing affordability stress with rents increasing 10-12% p.a. over the past few years. Renters now spend an average of 33 per cent of their income on rent (52 per cent for low-income earners).¹ Around 50-55 per cent of renters in Melbourne live in an apartment.

Residential buildings are responsible for around 24 per cent of overall electricity use in Australia². Renters spend approximately eight per cent more on electricity than otherwise similar households.³

RACV sought to understand the experiences of renters and rental providers. According to 2024 RACV Research, competition for properties, low vacancy rates, rising rent and cost of living have left renters feeling disempowered when it comes to property choice.

The short standard tenancy (12 months) and concerns of needing to move (due to rent rises or notice being given) all drive the growing sense of insecurity. However, of those surveyed, renting is not short term. Two in three expect to be renting for at least the next five years.

Nearly two thirds of renters told us raising issues/repairs means the rent could go up and that they could be seen as difficult. This is confirmed by rental providers. Of those surveyed, 43 per cent of rental providers agreed they would increase rents if tenants raised a lot of issues/repairs. Almost two thirds of rental providers said they would increase the rent to keep up with what is required for the property to meet minimum standards.

Seventy-two per cent of renters surveyed stated they are connected to gas. Sixty-four per cent of renters indicated their property can be kept comfortably warm or cool in extreme temperatures. This contrasts with 88 per cent of rental providers. This shows the lived experience of renters in the home varies from the perception of rental providers.

Interestingly, RACV asked renters and rental providers to indicate how appealing energy efficiency upgrades were to current rental properties. Around half of rental providers (47%) surveyed said transitioning from gas to electricity was appealing (63% supported switching to a fixed reverse cycle air conditioning unit, 57% solar energy, 56% new hot water system).

According to 2024 RACV Sentiment Research, of those surveyed, cost remains the biggest motivator and barrier to energy efficient homes. Nearly one third of Victorians are not aware of any energy efficiency programs.

The Victorian Government's Solar Homes program is currently offering a \$1400 rebate and equivalent interest-free loan on solar photovoltaic (PV) systems to eligible landlords. Eligible landlords can also access additional rebates and discounts through the Victorian Energy Upgrade program for energy-efficient products like replacing old gas or electric cooling and heating systems.

Changes to rental laws in 2021 introduced minimum standards covering 14 aspects of a property including door locks, ventilation, vermin proof bins, toilets and bathroom facilities, kitchen and laundry facilities, structural soundness, mould and dampness, electrical safety, windows and window coverings, lighting, and heating. These standards describe basic, yet critical requirements of a rental property to ensure a basic level of housing consistent with societal expectations.

The responsibility for meeting the minimum standards resides with rental providers, and according to information provided by Consumer Affairs, they must disclose that the property meets minimum standards.

¹ See: [Housing Affordability Report, Nov 2024, ANZ-CoreLogic](#)

² See: [Department of Climate Change, Energy, the Environment and Water](#)

³ See: [Effects of renting on household energy expenditure: Evidence from Australia](#)

Since 2023, all rental property agreements must have an energy efficient fixed heater in the main living area with at least a 2-star energy rating. Proposed new standards include ceiling insulation, draught sealing, hot water, cooling and a revised heating standard.

Consumer Affairs guidance does not stipulate how information about minimum standards should be disclosed to potential renters. Legislation currently being considered by the Victorian Parliament will make it an offence to advertise or offer to rent or let a home that does not meet the minimum standards at the time the premises is advertised or let. It is unclear how this information will be shared. However, based on RACV's assessment of the standards, six of the existing minimum standards reflect technical requirements that would be difficult for an average person to assess and recognise if the standard was met. Particularly in a short property inspection window.

Renters have limited options for raising concerns about minimum standards at the start of a rental agreement. If a renter has not yet signed a rental agreement, they can request that the rental provider make the repairs. If a rental agreement has been signed, but the renter has not moved in, the renter can:

- terminate the rental agreement immediately, or
- move in anyway, then make a request for urgent repairs.

Where a property fails to meet the minimum standards (either at the commencement, or at any time during a rental agreement) a renter may request urgent repairs.

Urgent repairs, by definition, are anything that makes the property unsafe or difficult to live in and include the minimum standards. Rental providers are required to make urgent repairs immediately. If a renter has difficulty getting a rental provider to make an urgent repair, the following options are available:

- organise and pay themselves; up to \$2,500 if there has not been a prompt response, or
- if they are unable to pay \$2,500 or the repairs cost more than this amount, the renter can apply to VCAT for a repair order. VCAT will review the request within two business days and can order the rental provider to arrange and pay for the repairs.

While most jurisdictions have, or are introducing, minimum standards, NSW is currently the only jurisdiction in Australia to include the minimum standards in a condition report. No jurisdiction includes a declaration that the property meets minimum standards.

The Residential Rental Agreement could be strengthened in how it references the minimum standards, and RACV notes that the standard condition report is silent on the minimum standards. Strengthening the Residential Rental Agreement and the standard condition report to reflect the minimum standards will encourage greater dialogue between providers and renters at the start of a rental agreement with the aim to improve the quality of housing and minimise the need for urgent repairs. This benefits both rental providers and renters.

RACV supports the introduction of mandatory disclosure of home energy performance ratings at point of sale and/or lease. Noting this program has begun on a voluntary basis in New South Wales this year.

If the new energy efficiency and electrification standards and energy performance ratings are introduced, improving the communication between renters and rental providers and strengthening the Residential Rental Agreement will be critical. The *Victorian Government Response to the Legislative Council Environment and Planning Committee Inquiry into the 2022 flood event in Victoria January 2025* states the Victorian Government may also introduce a requirement for rental providers to provide information on flood risk and mandatory disclosure of previous flood to prospective renters (where known) as part of the rental application process.

In the current environment, there are significant gaps in enforcement of existing minimum standards and with the introduction of new mandatory requirements, Government will need to introduce an appropriate audit and enforcement regime by expanding and resourcing Consumer Affairs Victoria (or other Government agency) to determine if minimum and/or building electrification standards have been met and the disclosure is accurate.

Technology, transition, timing

Electric appliances offer long term savings but the initial investment required for consumers to transition to electric alternatives can be substantial, often two to three times higher, even after subsidies. Government subsidies and rebates will need to adjust to reflect this, particularly for low-income households. Incentive schemes should be direct-to-consumer and not involve intermediaries, so the full funding allocated is directed to reduce energy consumption and greenhouse gas emissions.

Government will also need to guarantee the quality of new electric appliances (eg. minimum standards).

Greater incentives will also encourage consumers to switch earlier and will prevent consumers being forced to continue to use inefficient appliances for longer. As the number of customers reduce, there is a risk gas prices will

increase. Therefore, Government will need to protect gas consumers from price rises during this transition. Government should consider further price subsidies for low-income households.

Innovative technology solutions will assist consumers to understand and plan to replace end of life appliances where they live. This could include replacement timeline and costs coupled with available rebates/discounts.

Rapid technology improvements and an ongoing fall in costs will pave the way for smarter home charging and electrification solutions (including Vehicle-to-Home and Vehicle-to-Grid).

Many consumers are adding solar, batteries, smart hot water, EV charging in a non-integrated way, adding to the fluctuating supply/demand issue and placing further pressure on the electricity network.

Granular and real-time information on electricity consumption and generation is required to help consumers save money and shift demand.

Australia remains relatively immature and unsophisticated in implementing technical standards for electric vehicle charging hardware, particularly in areas like cybersecurity, interoperability, and communication protocols. Australian should formally adopt and regulate Combined Charging System Combo 2 (CCS2) as the default EV charging system specification and update Australian Design Rules so that any new electric vehicle capable of V2G follows the CCS2 standard and the corresponding communication protocol (ISO 15118).

Increasing education and awareness

The transition may present an opportunity for unscrupulous businesses to take advantage of consumers. Some businesses may engage in scare tactics, falsely claiming that existing gas appliances are unrepairable or unsafe much earlier than necessary, pushing consumers into premature replacements for financial gain. Strong consumer protections and education will be required to mitigate this risk.

Government should continue to fund education and awareness campaigns for consumers to improve energy literacy and strengthen consumer protections.

Recommendations

1. Innovative technology solutions will assist consumers to understand and plan to replace end of life appliances where they live. This could include replacement timeline and costs coupled with available rebates/discounts.
2. Protect gas consumers from price rises during transition. Government should consider further price subsidies for low-income households.
3. RACV supports the introduction of mandatory disclosure of home energy performance ratings at point of sale and/or lease.
4. Build on Federal and Victorian Government programs and increase the quantum of incentives to help consumers and rental providers install energy efficiency measures like energy-efficient appliances, solar panels and batteries. Incentives should include direct-to-consumer and up-front cash rebates and extend to residential and commercial batteries.
5. Continue to fund education and awareness campaigns for consumers to improve energy literacy and strengthen consumer protections.
6. More support for renters and rental providers to understand and navigate the Victorian Residential Tenancy laws. This should include providing clear definitions and guidance about legal entitlements or obligations.
7. Improve the effectiveness of the Residential Tenancies Regulations by updating the regulations to require rental providers to make a signed declaration at every change of tenant that acknowledges that the property meets the minimum standards, including such standards as ventilation, structural soundness and electrical safety. To help rental providers comply with their obligations, the standard format Condition Report should also be updated to include minimum standards. This will be critical if energy efficiency is added to the minimum standards and gas appliances are required to be replaced with electric appliances in residential rental properties.
8. Introduce an appropriate audit and enforcement regime by expanding and resourcing Consumer Affairs Victoria (or other Government agency) to determine if minimum and/or building electrification standards have been met and the disclosure is accurate.

Cut red tape to support electrification

Many large Australian businesses and financial institutions are now required to prepare annual sustainability reports containing mandatory climate-related financial disclosures. This significant financial reporting will intensify the need for businesses to implement cleaner energy solutions as part of their reporting obligations.

RACV supports standards to protect the safety of installers and consumers however the complexity and pace of the energy transition can have unintended consequences on business costs.

Compliance and safety regulations have played a significant role in shaping the cost of installations and therefore impacts the cost to the consumer. Further regulations and standards are proposed to improve battery storage safety and grid connectivity, as well as tighter accreditation requirements. Defining clear roles and responsibilities of all Federal and State regulators and government bodies is essential.

Disconnecting from the gas network can be an expensive and confusing process. The uncertainty of the gas service abolishment fee can act as a disincentive to electrification. Distribution Network Service Providers and retail energy businesses should provide this service at little or no cost. Alternatively, licensed gas plumbers should be able to provide this service on behalf of the customer as part of the decommissioning process.

Manufacturers of gas heating appliances will face increasing pressure to maintain spare parts availability for at least the next 10 years. With the production of new gas appliances ceasing, manufacturers may struggle to secure components for repairs, potentially leaving consumers without viable repair options for existing units. Worst case, these manufacturers may choose to exit the market.

Policies should be introduced/reviewed to ease the burden of warranty on gas heating manufacturers particularly those manufacturers who focus on the Victorian market for the distribution of heaters.

Recommendations

9. Streamline the compliance and safety regulatory environment. RACV supports standards to protect the safety of installers and consumers however the complexity and pace of the energy transition can have unintended consequences on business costs and therefore impacts the cost to consumers. Defining clear roles and responsibilities of all Federal and State regulators and government bodies is essential.
10. Resolve the gas service abolishment fee issue by requiring Distribution Network Service Providers and retail energy businesses to provide this service at little or no cost. Alternatively, licensed gas plumbers should be able to provide this service on behalf of the customer as part of the decommissioning process.
11. Introduce or review policies to ease the burden of warranty on gas heating manufacturers and support long term spare parts supply for gas appliances.

Growing a clean energy workforce

One of the most significant risks to electrification is a skilled workforce.

As outlined in Victoria's Clean Economy Workforce Development Strategy⁴ projections on the renewable energy transition estimate around 10,000 additional jobs per year until 2030. Occupations in high demand will include architectural, building and surveying technicians, building and plumbing labourers, civil engineering draftspersons and technicians, electricians, electrical engineers and mechanics. New specialist occupations will also be created in areas such as battery storage, energy auditing, home and business electrification and energy efficiency, resource recovery and sustainability.

The *Victorian Skills Plan*⁵ states many critical occupations that support the renewable energy transition, from generation to distribution and supply, are already in high demand in other sectors of the economy, particularly construction - for example, construction managers, electricians, and electrical engineers.

Further support is required for reskilling opportunities that respond to new regulatory requirements and shifts to skills demand such as:

- skills to retrofit existing buildings;
- knowledge of new building requirements; and
- experience in embedded energy and building for energy efficiency.

RACV supports the transition to cleaner energy however there will be several additional challenges that could negatively impact consumers.

The transition away from gas heating solutions will drive a substantial increase in demand for refrigeration-qualified installers. As households shift towards electric heating and cooling systems, the need for licensed and skilled professionals will surge, potentially leading to delays in installations and increased service costs due to labour shortages in the field of refrigeration.

With a predicted 4.8 million gas appliances needing to be replaced, demand for installation services will outpace supply. There is a risk that unqualified individuals may attempt to enter the market. This could lead to unsafe installations, non-compliance with regulations, and an overall decline in the quality of workmanship, potentially endangering consumers and increasing long-term maintenance issues.

In time, the phase-out of gas will leave many gas plumbers without sufficient work, creating an urgent need for workforce transition programs. A six-month training course for experienced gas plumbers (with over five years of experience) could enable them to gain the necessary skills to install and service refrigeration appliances up to 18kW in the residential sector.

The ARCTick licensing body should consider introducing a special license class for gas plumbers. This would help address the skills gap while ensuring job continuity for those affected by the transition.

Recommendations

12. Support for existing State and Federal Government workforce strategies on increasing the clean energy workforce. Governments should consider more direct and targeted employer and employee incentives.
13. Develop a workforce transition plan for Gas Plumbers. This could include a six-month training course for experienced plumbers to upskill to install and service refrigeration appliances in the residential sector. Consider introducing a special license class for gas plumbers through ARCTick.

⁴ See: [Clean Economy Workforce Development Strategy 2023-2033](#)

⁵ See: [2024 Victorian Skills Plan](#)