

4 September 2023

Hon Andrea Michaels MP
Minister for Consumer and Business Affairs
By Email: CBSReforms@sa.gov.au

Dear Minister,

Residential Tenancies (Miscellaneous) Amendment Bill 2023: SA Power Networks'
submission

South Australia is moving toward a future where energy is clean, reliable and abundant. However, it is critical that every member of our community can share in its benefits. As South Australia's electricity distributor, we want to ensure that our State's journey to net zero is equitable and that vulnerable South Australians benefit from that transition, rather than being further disadvantaged by it.

Throughout State-wide consultation on SA Power Networks' 2025-30 Regulatory Proposal, it was evident that poor energy efficiency (for rental properties in particular) is one of the biggest barriers to a more equitable and affordable energy transition. It is also an issue which has significant whole-of-energy-system implications, including influencing the level of investment required both on the supply side of the industry, and also to ensure that our electricity distribution network can support anticipated growing demand for electricity to power households, businesses and transport.

Our submission to the SA Government's recent *Green Paper on the Energy Transition*, addresses 'efficiency in the built environment' (and rental accommodation in particular) as a key issue. While many submissions to that consultation (and to this one) will justifiably focus on the health, well-being and immediate energy bill benefits of energy efficiency, we aim to also highlight the longer-term energy cost implications.

We strongly urge Government to consider this Bill in the broader context of our State's energy transition.

Distribution energy volumes are forecast to at least double between now and 2050. The electricity network could ultimately supply up to 80% of the State's end-use energy. Without smart interventions, this could double the peak demand on the network and drive billions of dollars of unnecessary investment. Therefore, a key pillar of our Future Network Strategy is to improve energy efficiency and shift energy demand to non-peak periods.

Leaky and inefficient housing stock is a big contributor to South Australia's 'peaky' residential load; addressing the basic thermal efficiency of homes would have a material impact on peak summer and winter demand, and a subsequent impact on the need to invest in network capacity, energy generation, its storage and firming capacity. To some extent, efficiency, particularly thermal efficiency, can also help improve the flexibility of customer energy use by increasing buildings' ability to 'ride-through' particularly hot or cold weather conditions.

We understand that there are approximately 190,000 rental households in South Australia. The introduction of minimum energy efficiency requirements for those residences would have a material impact on the need to invest in supply-side infrastructure – costs which will be borne by all households and businesses through future energy bills.

SA Power Networks supports the proposed introduction of *Section 68A – Minimum efficiency standards*, which provides for associated regulations to prescribe minimum energy efficiency requirements for appliances, fittings or fixtures.

However, we believe that the Bill should go further.

It should aim to maximise the thermal efficiency of these buildings as the first order of intervention (with a strong focus on thermal insulation, which is not currently addressed in the Draft Bill). The Government should also reconsider whether it is a sufficient requirement to have landlords upgrade appliances only when they stop working (which is the implication of the Draft Bill).

Energy Consumers Australia has funded the Healthy Homes initiative, which in late 2022 launched a *Community Sector Blueprint* to create a *National Framework for Minimum Energy Efficiency Rental Requirements*. The Framework is supported by 75 consumer, industry and social sector organisations. Currently, only Victoria and the ACT have taken public action to implement such standards.

In many respects, South Australia has continued to demonstrate its leadership in a consumer-led energy transition. The Draft Bill covers an area integral to energy policy, with direct and obvious impact on South Australian households and businesses. South Australia should continue to demonstrate our Nation-leading approach and we encourage the Government to consider the *Community Sector Blueprint* and how the Draft Bill can more closely align with its aspirations.

Depending on the minimum standards (and timeframes/triggers) set by governments, for rental properties (and broader existing housing stock), it may be appropriate to incentivise landlords to invest. This is something which the *Blueprint* considers and where Government should consider the policy investment in terms of its capacity to save South Australians money on "supply-side" investments. This is a matter which we discuss in greater length in our submission to the Government's *Green Paper on the Energy Transition*.



We commend the SA Government's commitment to improving the energy efficiency of SA rental properties and we encourage consideration of stronger measures as part of the Draft Bill. The Government should consider these measures as an important component of achieving, and maximising the community benefits of, an energy system that is efficient and delivered at the lowest long-term cost possible for customers.

Should you wish to discuss this submission, please contact our Manager Policy and Advocacy, Cecilia Schutz on 0433 606 473 or at Cecilia.schutz@sapowernetworks.com.au.

Thank you for taking the time to consider our submission.

Yours sincerely

A handwritten signature in black ink, appearing to read 'A. Bills', written in a cursive style.

Andrew Bills
Chief Executive Officer

