

Submission to the Minimum Energy Efficiency
Rental Standards (MEERS) Consultation

May 2026

Net Zero Commission

Minimum energy efficiency rental standards

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The Net Zero Commission is established under the *Climate Change (Net Zero Future) Act 2023* to review progress towards, and advise on, the NSW Government's actions to achieve the state's emissions reduction targets and adaptation objective. In response to the public consultation on potential proposed NSW minimum energy efficiency rental standards, the Net Zero Commission provides this submission to support the NSW Government's deliberations and broader public understanding of this issue.

The NSW Net Zero Commission (the Commission) welcomes the opportunity to contribute to the NSW Government's consultation on Minimum Energy Efficiency Rental Standards (MEERS). The Commission has been actively engaged with the evidence base on emissions from the built environment and the opportunities for emissions reductions through energy efficiency as part of its ongoing monitoring and advisory functions under the *Climate Change (Net Zero Future) Act 2023* (Climate Change Act). The Commission also explored the thermal safety of residential buildings in its Heat Stress Spotlight Report, released in April 2026. The Climate Change Act establishes legislated emissions reductions targets, and an adaptation objective for the state to be 'more resilient to a changing climate'. MEERS is one of the most direct instruments through which the adaptation objective can be given practical effect in the housing sector with rentals making up 30.6% of NSW residential dwellings, while also supporting progress towards the emissions reduction targets.

The Commission is encouraged that the NSW Government is consulting on minimum rental standards. The Commission's Heat Stress Spotlight Report (Commission's Heat Report) found that renters, social housing tenants and Aboriginal community housing residents face disproportionately high heat stress risk, largely because they are more likely to live in dwellings with poor thermal performance and have limited ability to improve the thermal conditions of their housing.

Introducing MEERS could fast-track electrification uptake and reductions in refrigerant emissions for the built environment sector in addition to improving energy efficiency across a sizeable portion of NSW's housing stock. Aligning this with minimum thermal safety and resilience requirements for rental housing through staged reforms to the *Residential Tenancies Act 2010* would offer NSW a way to protect those most exposed to heat stress, targeting approximately 30.6% of the state's housing stock. The Commission is supportive of NSW moving in this direction and offers the following observations to assist NSW Government in designing a MEERS scheme that is both effective and durable as NSW continues to experience the impacts of climate change.

The Commission acknowledges the depth of research in the consultation paper. Provided below are additional points for consideration in assessing the options for the proposed minimum energy efficiency standards, many of which support the research and findings in the consultation paper. The below is annotated to show which statements may provide responses to questions in the consultation paper. For additional detail, please see the Commission's Heat Report Chapter 5 on

An invitation to broaden the frame to include thermal safety

Responds to questions 8 and 27

The Commission supports the identified potential objectives and sees the first objective from the consultation paper, to 'improve the thermal safety of rental homes to protect renters' health', as being an essential inclusion to ensure that measures taken to drive energy efficiency are not inadvertently leading to adverse health outcomes. The Commission invites the NSW Government to consider whether the objective of MEERS might usefully encompass thermal safety alongside energy efficiency, and whether these two objectives, while related, may in some circumstances require different design responses in terms of the retrofits that may be incentivised or mandated through MEERS.

The Commission's Heat Report identifies three distinct concepts that it may be useful to consider in the design of MEERS:

Thermal efficiency refers to how well a building uses energy for heating and cooling.

Thermal resilience refers to how well a building's indoor temperatures maintain safe limits for occupants over time during an extreme heat or cold event.

Thermal safety is a threshold-based concept that identifies when indoor conditions are either safe or dangerous based on physiological responses to temperature.

The Commission's Heat Report notes, and the research literature confirms, that these concepts do not always move together. Measures that improve energy efficiency in one climate zone or season can in some circumstances reduce thermal resilience in another. Highly sealed, energy-efficient buildings that minimise heating energy in winter can perform poorly during heatwaves if not designed for summer resilience.¹ The Commission encourages the NSW Government to consider how MEERS might be designed to ensure that improvements sought through the scheme improve thermal safety outcomes for renters, and do not inadvertently introduce new risks from relying on modelled energy performance.

Implementation options

Responds to questions 23, 24, and 25

The Commission's view is that the strongest long-term approach to protecting renters from heat stress is to move from the current absence of standards to a mandatory, performance-based standards framework that embeds energy efficiency, thermal resilience and thermal safety into rental regulation.

¹ Referencing the Commission's Heat Report (Law, 2023; New Zealand Green Building Council, 2024)

The Commission considered similar implementation pathways in the Commission’s Heat Report, finding a hybrid approach would offer a strong path for NSW to address heat stress risk in rental housing. This involves:

- interim disclosure requirements to build market readiness and transparency
- a clear transition pathway to performance-based standards that embed thermal safety and resilience as minimum requirements.

As outlined in the Commission’s Heat Report, any updated rental standards should consider:

- prioritising thermal safety and thermal resilience alongside energy efficiency
- embedding standards within the *Residential Tenancies Act 2010*, with clear compliance and enforcement mechanisms
- including a ratcheting timeline to allow landlords time to retrofit and plan investment
- minimising unintended consequences, such as rent increases or evictions linked to upgrade costs
- being supported by financing mechanisms
- reflecting NSW’s climate variability, including urban heat island effects, changing humidity and increasing heat risk.

While the Commission does not have a definitive view on the best mechanism to implement MEERS, additional considerations and evidence are outlined below to inform the NSW Government’s assessment of these issues.

Additional considerations to inform development of MEERS

Responds to questions 2, 6, 8, 14, 23, 24, 26, and 27

The additional considerations outlined below would inform development of MEERS ensuring MEERS increases thermal safety while facilitating improvements in NSW’s housing to reduce greenhouse gas emissions and adapt to our changing climate.

Supporting frameworks need to assess thermal safety, not only thermal efficiency

The Commission’s Heat Report provides the position that existing rating frameworks provide a foundation for moving toward performance-based rental standards but would require expansion and reform to capture thermal safety and resilience outcomes. The Commission points to this work and encourages the NSW Government to consider what additional measures might be needed to ensure MEERS addresses thermal safety rather than only energy demand.

The main challenges for the MEERS in implementing a thermal safety informed standard are establishing evidence-based and pragmatic thermal-safety thresholds, and the complexities of developing robust assessment of thermal safety. While there are thresholds in development internationally and WHO guidelines for thermal safety threshold establishment, a NSW threshold will need to account for the state’s climate variability, population adaptability to heat, as well as assessment approaches. The Commission is aware that developing evidence-based thresholds will require careful stakeholder engagement and expert analysis. The Commission would encourage the NSW Government to initiate that work in parallel with the development of MEERS.

International examples of thermal resilience thresholds

The Commission explored international developments where minimum thermal safety standards for rental housing have been set, many of which are referenced in the consultation paper. The introduction in some areas of the United States of thermal safety thresholds for rentals may be another useful example for the NSW Government to explore as an example of where minimum standards have been set to encourage thermal safety explicitly.

In August 2025, the Los Angeles County Board of Supervisors voted unanimously to adopt an ordinance establishing a maximum indoor temperature threshold for all rental housing in unincorporated areas of the county. The ordinance requires rental units to be capable of maintaining indoor temperatures of no more than 82°F (approximately 28°C) in all habitable rooms, enforceable from January 2027. Landlords may use any combination of passive and active cooling methods to achieve compliance, including shading, portable cooling devices, improved natural ventilation and other non-mechanical measures. The ordinance does not mandate air conditioning. Tenants are given the right to install their own cooling devices without landlord permission and without risk of retaliation. The cost of landlord compliance measures is not treated as a capital improvement and cannot be passed through to tenants under rent stabilisation provisions. While this is an emerging approach, Palm Springs adopted a similar ordinance, and comparable indoor temperature thresholds are applied in other US cities including Dallas and Phoenix.

The Commission draws on this model not as a direct template, but as an example of an outcome-based approach to minimum thermal performance of homes, specifying what indoor temperature limits must be maintained rather than how it must be achieved, that gives landlords flexibility, creates a legally clear and simple standard, and frames cooling for thermal safety as a habitability requirement on the same footing as heating comfort and energy efficiency. The Commission invites the NSW Government to examine these models and consider whether an outcome-based approach of this kind might inform the longer-term direction of MEERS in NSW.

Care should be taken to account for humidity, natural ventilation and climate change

As outlined above, the MEERS framework should take the opportunity to embed heat and improved climate resilience, alongside energy efficiency. This may include mechanisms to drive climate-resilient design features into requirements or ensuring that any measures do not compromise heat or climate resilience. This should extend to any potential ratings tools that may be used to enforce the standards. Considering this, potential issues that have been identified for existing ratings tools should be addressed and considered in the design of MEERS.

The consultation paper identifies that poorly specified insulation and draught sealing requirements could worsen mould in many regions if they fail to ensure adequate ventilation. Supporting the consultation paper's analysis, a study undertaken by CSIRO and funded by Commonwealth DCCEEW, found that while poor air tightness can cause draughts and increase energy bills by up to 20%, overly airtight homes, without controlled ventilation can lead to condensation and mould.² Research cited in the Commission's Heat Report found that monitoring of NSW rental homes found renters spending half of their time at home with humidity above 65%, with some households reaching over 95% humidity on occasion, and indoor temperatures exceeding outdoor temperatures

² CSIRO. (2024). Sealing the comfort of our new homes. CSIRO.

over 40% of the time.³ Prolonged exposure to high humidity accelerates mould growth, and mould exposure is linked to respiratory disease, allergies and neurological symptoms. As the climate warms, humidity in NSW's coastal and northern climate zones is also projected to increase, compounding these risks.

Ventilation is an important determinant of passive thermal resilience during extreme heat. This can be difficult to balance with aims to increase air tightness and insulation, which are often desired characteristics to improve energy efficiency and reduce heating demand. Lack of proper ventilation, as well as encouraging mould growth, can also exacerbate the indoor overheating risk.⁴ A case study was undertaken in South Australia that demonstrated that simulated star ratings under different conditions for a standard single-storey home in Adelaide performed differently under heating and cooling scenarios, and that a higher star rating did not necessarily coincide with a decrease in cooling consumption, energy demand and overheating.⁵ Considering the difficulties in balancing air tightness and ventilation features to achieve energy efficiency for both heating and cooling needs, care should be taken in development of MEERS that the standards and any tools used to enforce the standards are able to account for these trade-offs effectively and drive climate resilient housing upgrades.

The Nationwide House Energy Rating Scheme (NatHERS) is the primary national home design assessment tool and was recently adapted to produce a NatHERS Existing Homes rating. Both tools were designed primarily to assess annual heating and cooling energy loads and may have limitations in their application to existing buildings, including uncertainty in predicting cooling demand reductions for individual properties, reliance on historical rather than projected future climate data, and an absence of assessment of thermal safety.

The Commission is aware that work is underway to incorporate future climate files into the NatHERS tools, presenting a critical opportunity to ensure the tool's ability to assess thermal resilience and, over time, support the introduction of thermal safety thresholds. The Commission encourages the NSW Government to consider what mechanism might ensure that BASIX and NatHERS continue to be updated and used consistently in line with up-to-date climate data - including projected climate conditions, actual performance data of new and retrofitted homes, and to be able to better account for the risks of heat stress by effectively assessing passive survivability features⁶, natural ventilation and building sealing requirements.

³ Referencing the Commission's Heat Stress Spotlight Report (Better Renting, 2026).

⁴ Wang, R., Lu, S., Feng, W., & Xu, B. (2020). "Tradeoff between heating energy demand in winter and indoor overheating risk in summer constrained by building standards." *Building Simulation*, 14, 987-1009

⁵ Hatvani-Kovacs, G., Belusko, M., Pockett, J., & Boland, J. (2016). "Overheating risk in the Australian Nationwide House Energy Rating Scheme: A case study of Adelaide in J. Zuo, L. Daniel, V. Soebarto (eds.), *Fifty years later: Revisiting the role of architectural science in design and practice: 50th International Conference of the Architectural Science Association 2016*, pp. 437–446. 2016, The Architectural Science Association and The University of Adelaide

⁶ Passive survivability refers to a building's ability to maintain critical life-support conditions in the event of extended outages of essential utilities.

Disproportionate effects of poor energy efficiency on vulnerable groups

The consultation paper outlines several of the key groups that may be particularly impacted by thermally inefficient housing. The Commission would also suggest recent migrants as another group that was identified through our consultation activities as being disproportionately impacted by poor energy and thermal efficiency. The Commission visited Dubbo in February 2026 and found that extreme heat is already reshaping daily life in Central West NSW. Participants described widespread impacts across regional communities, including extreme heat events exacerbated by power outages, high energy costs during heatwaves, impacts on children such as reduced concentration in school – with arbitrary geographic boundaries between schools determining which schools receive additional holidays for heat, and housing stock unable to cope with rising temperatures. Participants in the Commission’s Heat Roundtable in Dubbo noted that, during periods of extreme heat, they often served as a key point of contact and support for vulnerable community members, including recent migrants. Stakeholders shared experiences of recent migrants not understanding local weather and housing conditions, and who were unable to afford quality rental housing, often resulting in overcrowded households with limited access to cooling. The Commission therefore recommends that recent migrants should be another group that is considered in the design of policy and accompanying communications.

The Commission is aware that minimum standards without accompanying financial support are unlikely to reach the most vulnerable properties. The Commission therefore encourages the consideration of complementary financial mechanisms to ensure MEERS delivers its intended outcomes for the renters most at risk, rather than only for those in well-maintained properties where compliance is easiest and most affordable.

Financial mechanisms to support landlords to implement the standards

The Commonwealth’s Clean Energy Finance Corporation provides investment pathways for the clean energy sector in collaboration with the private sector including through the Household Energy Upgrades Fund. To support the implementation of MEERS, these funds, or a similar fund structure could be established to support financial institutions to develop funding pathways that financially support landlords to meet the standards.

New Zealand is an example where focusing on homeowners made home energy efficiency upgrades accessible to households that cannot self-finance. The New Zealand Energy Efficiency and Conservation Authority’s Warmer Kiwi Homes program provides grants covering up to 80% of the cost of insulation and heat pump installations for eligible low-income homeowners. In addition, financial institutions in New Zealand offer green loans that can be used for low to no-interest loans to finance the upgrade costs. Australia has similar green loans that offer low-interest borrowing, however, none currently offer no-interest loans. Through the Westpac New Zealand’s Greater Choices home loan, households in New Zealand can access a zero-interest product allowing homeowners to borrow up to NZ\$50,000 over 5 years with no establishment fees and no interest charged for the full loan term. This loan is a commercial lending product that is not underwritten by the Government. The combination of accessing the grant and the loan together has resulted in minimal costs to the homeowner while also reducing the principal amount to a level the individual can cover affordably and that is commercially viable for the bank. While not a focused loan for investment properties, the availability of no-interest loans in Australia could help provide financing for upgrades, driving faster implementation of renovations. Where possible, this should be structured to prioritise rentals and poorer quality housing.

Avoiding refrigerant emissions

The Commission is aware that the choice of refrigerant in any heating and cooling appliance installed in buildings has implications for greenhouse gas emissions that extend well beyond the energy performance of an individual dwelling. The NSW Government could consider the Commission's previous advice on electrification and refrigerants including information provided in the Net Zero Plan to 2035 Advice which was provided to the Minister for Climate Change and consider the MEERS as a potential vehicle to support those outcomes. For example, through mandating replacement of gas appliances with electric at the end of life and specifying requirements for low- global warming potential (GWP) and non-persistent refrigerants when air conditioners or heat pumps are installed.⁷

Any government scheme that triggers or incentivises installing or replacement of heating and cooling appliances should aim to limit GWP to below 700 from the date of introduction and transitioning to GWP below 10 to as early as possible in line with recommendations from the Australian Sustainable Finance Taxonomy position⁸. Appliances with PFAS-forming refrigerants should be excluded from any appliance installed under MEERS from the date of introduction. If implemented, these should be applied consistently across any new government policies and programs where applicable.

The relationship between MEERS and mandatory disclosures

The Commission is aware of the relationship between MEERS and the home energy ratings disclosure framework currently being developed under the NSW Consumer Energy Strategy and supports consideration of how these two policy instruments intersect.

Combining policies such as minimum rental standards with mandatory energy efficiency disclosures can provide clarity for industry and drive private sector investment in energy performance improvements (Climateworks Centre, 2023).⁹ The Commission supports consideration of a range of approaches to disclosure. Where possible, dwelling-specific historical energy (electricity and gas) data and thermal resilience features should be incorporated into the disclosure. International examples where energy bill disclosures have been used as a method for divulging energy costs and efficiency include Chicago and Minneapolis in the United States, and Germany through its Energieausweis program. As outlined in the Commission's Heat Report, disclosures could be followed by the introduction of progressive standards over time. Any implementation model that draws on NABERS ratings for apartment buildings as a compliance pathway or proxy measure should explicitly account for its exclusion of gas-powered central domestic hot water systems.

⁷ See the [Commission's Advice for the Net Zero Plan to 2035](#)

⁸ Australian Sustainable Finance Institute. (2025). Australian Sustainable Finance Taxonomy Version 1 – 2025 (p. 99).

⁹ Climateworks Centre. (2023). *Climate-ready homes: Building the case for a renovation wave in Australia. National Report*. Climateworks Centre.

Closing Remarks

The Commission is conscious that the design of MEERS involves the careful balancing of several competing considerations: the urgency of protecting vulnerable renters; the practical capacity of landlords to respond; the current gaps and issues with available assessment tools; and the need for consistency with national frameworks. The Commission's observations in this submission are offered as additional considerations in the development of the MEERS framework to mitigate health risks facing NSW's renters, reduce the emissions from NSW's homes and contribute to a residential property sector that is resilient to extreme heat events.

The Commission looks forward to continuing to engage with the NSW Government on this important work and remains available to provide further input as the MEERS design develops.