

# Briefing: 2023 Climate and Energy Policy Priorities for NSW Parliament

**NSW is progressing toward powering our communities and our economy with cleaner, more affordable renewable energy – but there is still much work to be done.** Even as our communities have been devastated by fires, floods and other climate change-exacerbated disasters, carbon emissions are still rising in many parts of our economy. Further ideas, reforms and actions are required to ensure that NSW plays its part in addressing the climate crisis and reaches zero emissions quickly and fairly.

**An important job for the next NSW State Parliament is to set in place lasting policy frameworks that will rapidly reduce carbon emissions this decade and beyond.** The ideas and policies below detail some of the priorities to deliver on this urgent, necessary aim, and have been identified and compiled by organisations that are deeply engaged in climate and energy policy in NSW. Together the policies will help ensure:

1. NSW's emissions reductions targets are grounded in climate science.
2. More equitable access to clean, affordable energy among communities.
3. NSW is positioned to seize the manufacturing and export opportunities enabled by large-scale renewable energy.
4. Regions and communities facing transition are supported by the state government to diversify their economies and reap the benefits of transition.
5. Sustainable transport and planning policies create cleaner environments and healthier communities.

**If you would like to discuss these policies in greater detail, please contact Dr Brad Smith at Nature Conservation Council of NSW on [ncc@nature.org.au](mailto:ncc@nature.org.au), 02 9516 1488.**

**We look forward to working closely with you.** If we can deliver these transformational changes, we can power NSW into a future where clean, affordable energy powers a vibrant economy, and the benefits of the transition are shared amongst our communities across the state.



## 1. Ensure NSW emissions reduction targets are grounded in climate science.

Policy detail	Rationale
<b>A) Legislate climate targets and an independent, science-based review process for NSW's climate targets to ensure targets and actions are assessed against the temperature goals of the Paris Agreement.</b>	<p>If climate targets aren't up to scratch, bushfires and floods will continue to get more intense. Yet current NSW targets are not consistent with the Paris Agreement goal of limiting warming to 1.5 degrees.<sup>1</sup></p> <p>An independent review process is needed to provide a true report card on whether NSW is on track toward climate goals and identify opportunities to do better, free from political spin.</p> <p>We also need to legislate climate targets so that all government decisions contribute to better climate outcomes.</p> <p>NSW Labor has drafted a climate bill<sup>2</sup>, which would be strengthened by including the goal of limiting warming to agreed temperature thresholds (1.5 degrees) in clause 5, and adding reviews of progress and targets against this science-based goal in clause 10.</p>

## 2. Upgrade NSW homes so every family can enjoy an affordable and healthy home.

Policy detail	Rationale
<b>A) Implement minimum energy efficiency standards for rental properties by 2025.</b>	<p>More than 30% of Australians live in rental properties, however less than half of rental homes are insulated, compared with 80% of owner-occupied homes.<sup>3</sup> This means that renters are forced to live in homes that are unhealthy, uncomfortable, and expensive to heat in winter and cool in summer.</p> <p>As temperatures and power prices continue to rise, it's essential that rental properties are at a decent standard so that the people in them can afford to maintain a healthy indoor environment. This could be achieved through specifying a minimum energy efficiency rating that a property must achieve, or by requiring specific features such as ceiling insulation or reverse-cycle air conditioning. Requirements could be combined with financial support such as low or no-interest finance to help property investors to spread out upfront compliance costs.</p> <p>More detail is included in the Community Sector Blueprint for Minimum Energy Efficiency Requirements.<sup>4</sup></p>

1. Climate Resource, [Comparison between Australia's 2030 and 2050 emission reduction targets and 1.5°C pathways](#), 2022

2. NSW Parliament, Climate Change (Emissions Targets) Bill (Sharpe), 2021

3. Choice, Renters left to freeze in poorly insulated homes, 2021

4. Healthy Homes, Community Sector Blueprint: a National Framework for Minimum Energy Efficiency Rental Requirements, 2022

Policy detail	Rationale
<p><b>B) Trial programs to enable renters to access solar.</b></p>	<p>One third of NSW households rent their home, but these homes almost never have solar panels installed. That means renters pay more than homeowners for electricity, because rooftop solar is the cheapest and cleanest way to generate electricity.</p> <p>Successfully enabling these households to access solar could see over half a million solar PV systems installed, out of just over 2 million houses in NSW.</p> <p>Victoria and Queensland have trialled providing grants to overcome landlords' cautious approach to solar, but with limited uptake. Research suggests trialling models where retailers or third-parties lease roof space off landlords, providing them with a direct benefit, and providing electricity to tenants at below retail prices.</p> <p>NSW should commit to running trial programs that build on these experiences and the latest academic research with the aim of maximising uptake of solar on rental properties.<sup>5 6</sup></p>
<p><b>C) Support NSW households to electrify and improve their energy efficiency by providing a package of rebates, no-interest loans, and education resources to replace inefficient appliances, install insulation and roll out solar and storage. Incentives should be targeted at low-income households.</b></p>	<p>Australia rates worst in the developed world when it comes to energy efficiency<sup>7</sup>. This means that when global energy price spikes occur, Australian households suffer most from unaffordable bills.</p> <p>It also means energy efficiency and electrification is a huge opportunity to cut bills and act on climate.</p> <p>The ACT government's Sustainable Household Scheme is a well-subscribed example where no-interest loans of up to \$15,000 are helping households switch to clean technology.<sup>8</sup></p> <p>Some programs already exist in NSW, such as the Energy Savings Scheme which provides rebates for upgrading hot water heaters, and Bills Buster, which has very limited eligibility.</p>
<p><b>D) Implement a gas decarbonisation roadmap, including ending gas connections to new housing developments by 2025 and providing support for low-income households to switch from polluting gas appliances to efficient electric ones.</b></p>	<p>Methane, or "natural gas", is a fossil fuel, as well as a serious source of indoor air pollution. Swapping to electric heating, cooking, and hot water systems save households hundreds of dollars, as well as benefiting the climate and health.</p> <p>Households that switch from gas to fully electric can save up to \$1,899 on their annual bills.<sup>9</sup> If households go fully electric and replace their petrol/diesel cars, by 2030 they will be saving over \$5,000 a year in energy bills.<sup>10</sup></p>

5. Tracey Dodd and Tim Nelson, [Australian household adoption of solar photovoltaics: A comparative study of hardship and non-hardship customers](#), Energy Policy, 160/112674, 2022

6. M. Hammerle, L.V. White, and B. Sturmberg, [Solar for renters: Investigating investor perspectives of barriers and policies](#), Energy Policy, 174/113417, 2023

7. S. Subramanian, et. al., [International Energy Efficiency Scorecard](#), American Council for an Energy-Efficient Economy, 2022

8. <https://www.climatechoices.act.gov.au/policy-programs/sustainable-household-scheme>

9. Climate Council, [Switch and Save, How Gas is Costing Households](#), 2022

10. Rewiring Australia, [Castle and Cars Discussion Paper](#), 2021



**E) Assist community and public housing tenants to slash their power bills by electrifying their homes beginning with rolling out solar and batteries for all 140,000 dwellings.**

**F) This could be in part achieved by rolling out a Virtual Power Plant (VPP) and electrifying an initial 10,000 dwellings.**

Installing solar and batteries on social housing would help tenants enjoy the benefits of clean energy, while contributing to electricity grid reliability.

A Virtual Power Plant is a network of smart batteries that can be coordinated to act together as a larger power plant. This will improve energy system reliability by providing grid services when needed, and they allow more households to access cheaper electricity even if their roof is not suitable for solar.

The South Australian Government is rolling out Australia's largest VPP, on an initial 4,100 social housing dwellings. Solar, storage or both are being installed in social housing dwellings at no upfront cost to the tenants and in exchange the tenants are offered the cheapest electricity in the market. Tenants are estimated to save \$423 per year by being part of the VPP.

**G) Implement a Community Energy Hubs program in ethnically and linguistically diverse communities.**

Community Energy Hubs would empower households to understand their electricity bills to fully engage with their energy supply as informed consumers.

Energy hubs would provide in-person advice on how to read and understand power bills, how to reduce energy consumption, and access programs for clean energy such as solar and energy efficiency programs.

### 3. Make NSW a renewable energy superpower

Policy detail	Rationale
<b>A) Establish an offshore wind power strategy. This should include targets of at least 2GW by 2030 and 15 GW by 2040, and grants to kick-start feasibility studies.</b>	<p>While offshore wind is more expensive than onshore, it has many benefits such as being jobs-rich, minimising the need for transmission lines across the state, and providing more constant power output. Companies have expressed interest in building offshore wind farms in the Hunter and Illawarra, but the industry is unlikely to get established in NSW without a strategy and targets.</p> <p>Coal mining has been a big part of the Hunter Valley and Illawarra economies, and Government should support new opportunities like offshore wind to diversify the Hunter and Illawarra regions' economies.</p>

#### 4. Support regions facing transition to diversify their economies and reap the economic, health and environmental benefits of transition.

Policy detail	Rationale
A) Establish a funded Hunter Valley Authority to plan, coordinate, and resource economic diversification and ensure the interests of investors, workers, and communities are met.	<p>The Hunter region is facing significant economic change as coal power and eventually coal exports wind down. Governments have a clear role in ensuring communities are supported through this change, and the region enjoys a bright future.</p> <p>This Statutory Authority can serve as a model for other regions such as the Illawarra and Lithgow.<sup>11</sup></p>

#### 5. Fix planning rules to create sustainable cities and healthier communities.

Policy detail	Rationale
A) Implement the proposed 2022 Design and Place SEPP.	<p>The current government spent years identifying improvements to planning laws before abruptly abandoning these changes at the behest of property developers.</p> <p>Those changes would have meant more trees and gardens in new developments, and a pathway to net-zero emissions buildings.</p> <p>The Design and Place SEPP was a comprehensive policy to support more sustainable and liveable design across the state. Improvements to the planning system such as canopy and deep soil requirements, as well as ventilation and energy efficiency standards are ready to be rolled out now.</p>

11. Hunter Jobs Alliance, Building for the Future, 2021

## 6. Make NSW a leader in active and clean public transport

Policy detail	Rationale
<b>A) Accelerate electric bus roll out across Greater Sydney, the Central Coast, Newcastle region and Illawarra by 2030.</b>	<p>Electric busses are better for our environment and our community. By reducing fumes from idling busses at schools and in shopping zones we can improve air quality. Local depots can be upgraded for solar energy.</p> <p>The previous government initially had a plan to convert to a fully electric bus fleet by 2030, although its timeline later blew out to 2042. With a renewed effort to accelerate the timeline, neighbourhoods will breathe easy, sooner.</p>
<b>B) Encourage the uptake of electric bikes</b>	<p>A 30% rebate (capped at \$1500) for the purchase of an e-bike (including e-cargo bikes) for personal use, applied at the point of purchase would enable e-bikes to be accessible to more people.</p> <p>Recent modelling shows a return on investment of \$3.11 for each dollar invested in a \$500 e-bike rebate.<sup>12</sup></p> <p>For lower income groups, e-bike uptake could be increased via an e-bike library scheme or borrowing programs, partnering with Local Government. By shifting more trips to e-bikes, especially short trips, congestion can be reduced.</p>

12. Asia-Pacific Society for Physical Activity, 'Three Transport Priorities', 2022



## 7. NSW Renewables Materials and Components fund

Policy detail	Rationale
<p><b>A) Establish a NSW Renewables Materials and Components fund - a \$250m program to enable “making materials or components” in NSW where the material or component produced</b></p> <p><b>(a) is used by other local industries;</b></p> <p><b>(b) create jobs and skills in regional centres; and/or</b></p> <p><b>(c) facilitates the new electrification of products or services delivered in NSW.</b></p>	<p>There are government concessions for larger projects that use imported materials. Smaller operations that can be scaled up are often overlooked in the NSW grants space and should be an important input into the larger projects that are happening over the next 10 years.</p> <p>A grants program that brings these projects to life is desperately needed.</p>

