



SolarCitizens

A community voice for cleaner energy and transport

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The Treasury

Australian Government

Solar Citizens' 2026-27 Pre-Budget Submission

Thank you for the opportunity to make a submission to the 2026-27 Federal Budget.

Solar Citizens is an independent charity working to bring down bills and reduce carbon emissions by growing renewable energy and clean transport. Established in 2013, we have grown to have more than 200,000 active supporters, and we represent the 10 million Australians living in homes powered by rooftop solar, or who have adopted clean transport; and the many more who remain locked out of rooftop solar and clean transport.

Summary of recommendations:

- **Unlock Solar for Renters:** Solar Citizens recommends the Federal Government introduce a tax incentive that allows landlords to claim accelerated depreciation on energy and sustainability upgrades made to rental properties - to unlock rooftop solar on 30% of rented houses by 2030. We also recommend that minimum energy efficiency standards (MEES) for rental properties be introduced alongside tax concessions, so that landlords can claim accelerated depreciation on upgrades that comply with these standards.
- **Solar and Batteries for Social Housing:** Solar Citizens is calling for a commitment to fund delivery of rooftop solar and batteries on 30% of social housing properties nationally by 2030. This target reflects the practical reality that other energy efficiency upgrades will often need to be prioritised first, especially in older social housing stock. Solar Citizens recommends that these batteries be connected to a Virtual Power Plant (VPP) to maximise benefit to the grid and bill savings to residents.
- **Unlock Solar on Big Roofs:** Solar Citizens recommends that the Federal Government commit funding to model and pilot Urban Renewable Energy Zone (UREZ) models that provide a scalable, consumer-centric, system-wide solutions to unlock solar on large commercial, industrial and public rooftops to share with renters and apartment residents.

- **Battery empowered homes:** Solar Citizens recommend that the Federal Government expands the Small-scale Renewable Energy Scheme (SRES) to offer households and businesses a rebate on the purchase of bidirectional chargers, to accelerate uptake and create market demand for electric vehicles (EVs) with vehicle-to-grid (V2G) capabilities.
- **Better Governance Structures:** Solar Citizens recommends that the Federal Government establish a standing Technical Authority on Distributed Energy Resources (DER) within the National Energy Market (NEM) governance framework to deliver consumer protections for solar and battery owners, and ensure better integration of DER within the NEM.
- **'Raise the Roof' Global Leadership:** Solar Citizens recommend that the Federal Government triple climate finance contributions by 2030, to accelerate climate mitigation and adaptation efforts in less developed countries (LDCs) – including supporting Australia's Pacific Island neighbours' goal to be powered by 100% renewable energy by 2035.

Together, these recommended measures will: ensure more Australians can access the cost of living benefits of CER; bring down carbon emissions in line with international commitments; and strengthen and stabilise the electricity grid. Consumer energy resources (CER) are **good for bills, good for emissions** and **good for the grid**.

Continued government investment and supportive policies are required to enable CER to fulfil their potential to secure an affordable, reliable and equitable clean energy system for Australia, and showcase this leadership to the rest of the world.



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1. Unlock Solar for Renters

Recommended Measure: *Tax concessions to enable accelerated depreciation*

Solar Citizens recommends the Federal Government introduce a tax incentive that allows landlords to claim **accelerated depreciation over five years** on eligible energy efficiency and sustainability upgrades made to rental properties. This will provide longer term cost of living relief and lower household emissions for the one-third of Australians who currently rent.

Solar Citizens recommends that mandatory **minimum energy efficiency standards** for rental properties be introduced alongside these proposed tax concessions – so that landlords can claim accelerated tax depreciation on upgrades made to rental properties to comply with these new standards. Eligible upgrades should include: CER (such as solar panels, home batteries, EV chargers); efficient electric appliances (such as heat pumps, induction stoves, air conditioning units); and energy efficiency measures (such as double glazing, insulation, draughtproofing).

The solar potential of Australia's freestanding rental homes is 12 gigawatts (GW). Solar Citizens advocates for the adoption of policies to support solar for renters, and a national target of 30% freestanding rental homes with rooftop solar by 2030. This would unlock 4 GW of clean energy and avoid approximately 2.6 megatonnes (MT) of carbon (CO₂) emissions every year.

By 2050, a solar for renters policy package could unlock rooftop solar on 100% of the nation's privately rented freestanding homes, resulting in 12 GW of generation capacity and 7.7 MT CO₂ avoided annually.

The policy would be implemented by the Federal Government through targeted changes to tax and depreciation rules **administered by the Australian Taxation Office (ATO)**. Its primary fiscal impact is foregone tax revenue rather than upfront public expenditure, as it brings forward existing depreciation deductions rather than increasing their total value. As a result, the measure is **revenue-neutral over the long term** and does not require significant on-budget allocation, representing a more economical and fiscally responsible approach than direct 'solar for renters' rebate programs, which would typically require ongoing taxpayer funding each year.

To ensure public benefit and renter protection, access to the incentive should be conditional on:

- tenants receiving the energy bill savings from installed rooftop solar
- limits on passing on upgrade costs to tenants through rent increases
- compliance with existing tenancy protections and minimum energy efficiency standards

This measure would unlock a substantial amount of private CER investment in rental housing, delivering tangible economic benefits to landlords and cost-of-living relief for renters, without increasing pressure on the Federal Budget.

Estimated expense: \$5 million per year

Annual funding allocations would be required to cover initial policy design, ATO systems updates, stakeholder communication, and compliance and integrity arrangements to ensure renters receive the intended bill-saving benefits of installed upgrades and are protected from any risk of adverse outcomes such as rent increases linked to the improvements. This budget estimate has been made after reviewing examples of administration costs on similar tax reform programs.

Recommended Measure: *Solar and Batteries for Social Housing*

In 2024 the government announced an additional \$500 million for the Social Housing Energy Performance Initiative (SHEPI), which took total federal investment in the program to \$800 million. However, the majority of this funding is confirmed as likely to be allocated to energy efficiency and electrification upgrades¹, leaving the vast majority of social housing residents missing out on the cost-of-living savings available from rooftop solar, batteries, and VPPs.

Solar Citizens is calling for a commitment to fund installation of rooftop solar and VPP-connected batteries on 30% of all social, public and community housing properties nationally by 2030. This is a sensible and achievable target that reflects the practical reality that other energy efficiency upgrades will often need to be prioritised first, especially in older social housing stock.

By installing rooftop solar and batteries, the Commonwealth Government can assist economically vulnerable social housing tenants to slash their power bills. Assets would be owned by a government landlord, providing an economic opportunity to build State-managed reserves of clean energy generation and storage available to support the energy grid at critical peak moments, to the benefit of all households.

Estimated expense: \$225 million over four years.

This expense has been estimated based on the Federal Government's recent \$12.9 million investment to install solar and batteries on 7,500 social housing properties in the ACT², calculated at just \$1,720 per household. While this seems low, a key consideration is that installations may be on multi-dwelling properties and therefore will provide shared solar, batteries and VPPs rather than individual assets for every household.

By this logic, to provide 30% of all social housing residents with access to solar and VPP-connected batteries would cost the Federal Government \$225 million (without co-funding from states). Australia's total stock of social, public and community housing is 452,000³. Taking away the 7,500 ACT properties and 10,000 NSW properties expected to benefit from solar and battery upgrades under the existing SHEPI, this leaves approximately 435,000 still locked out.

¹ See [1] on page 8

² [Social housing residents across ACT to receive energy upgrades](#) (2025) DCCEEW

³ [Housing assistance in Australia. Summary](#) (2025) Australian Institute of Health and Welfare

2. Unlock Solar on Big Roofs

Recommended Measure: *Fund Urban Renewable Energy Zones*

Solar Citizens recommends that the Federal Government, through the Australian Renewable Energy Agency (ARENA), commit funding to develop and test new Urban Renewable Energy Zone models that provide a scalable, consumer-centric, system-wide solution to unlock solar on large commercial, industrial and public rooftops to share with renters and apartment residents.

A UREZ is generally defined as a designated urban area that supports high levels of small and medium-scale renewable energy. UREZs focus on coordinating generation, storage and demand within existing suburbs and town centres, rather than relying on large, remote renewable energy infrastructure that deliver electricity to towns and cities via transmission lines. For example a UREZ would enable the installation of upscaled rooftop solar and batteries on large commercial, industrial and public buildings, and enable their excess energy production to be shared locally to nearby homes and apartments through the distribution network. This is especially beneficial for high-rise buildings, which may only be able to meet 5% of their energy needs through rooftop solar, due to a lack of roof space⁴.

The rooftop solar potential of Australia's commercial and industrial (C&I) rooftops is estimated at 28 GW, and the majority of this is currently untapped⁵. Establishing Urban Renewable Energy Zones would help to unlock this capacity and share the benefits with consumers - a win for the grid, and a win for residential and commercial consumers.

By 2030, we suggest a goal of rooftop solar on 40% of all C&I buildings nationally, resulting in 11.2 GW installed capacity and 7.2 MT CO₂ avoided annually. This could reach 100% of C&I buildings by 2050, contributing 28 GW capacity and 18 MT CO₂ avoided annually.

ARENA funding would support: UREZ program design and modelling; business case development; regulatory enablement, stakeholder engagement; on-the-ground delivery; limited, place-based deployment of shared renewable energy, storage and enabling infrastructure; and monitoring and evaluation.

The goal of this initial work should be to determine how to deliver the strongest consumer and grid benefits simultaneously. Once effective UREZ models are identified, ARENA and Federal, State and Local Governments can partner to support pilots before scaling up to full implementation - with the objective of establishing one UREZ pilot in a major city, town or local government area in each state and territory.

Local governments could play a key role in place-based delivery, working with network

⁴ [Sydney as a Renewable Energy Zone](#) (2025) Committee for Sydney

⁵ [Untapped Potential of Commercial & Industrial Energy Resources in the NEM](#) (2025) Nexa Advisory

businesses. To support effective delivery and minimise the impact on existing council resources, ARENA funding should also include resourcing for dedicated council staff in each UREZ pilot location to provide on-the-ground coordination, stakeholder engagement and technical support throughout the pilot period.

By generating real-world evidence on governance models, consumer participation, network impacts and cost-effectiveness, UREZ models and pilots would inform future national rollout, and integration with broader energy market and CER reforms.

Estimated expense: \$100 million over four years

This expense has been estimated based on previous and existing ARENA pilots and programs. We recommend that this investment could cover monitoring, evaluation and some implementation costs with the goal of unlocking private investment in solar and storage assets from commercial, industrial, and consumer stakeholders.

3. Battery Empowered Homes

Recommended Measure: *Incentivise Batteries-on-Wheels*

The Small-scale Renewable Energy Scheme has been central to Australia’s world-leading uptake of rooftop solar, and remains one of the most effective and efficient mechanisms for supporting household and small business investment in clean energy globally.

As Australia’s energy system electrifies and reduces its reliance on fossil fuels, the SRES can continue to drive CER uptake and underpin investment certainty for households and the solar industry alike. This requires updates to the program to ensure its impact. Solar Citizens has welcomed recent changes to the scheme such as expanding eligibility to include VPP-enabled behind-the-meter batteries from 1 July 2025.

We recommend that the Federal Government expands the SRES to provide a rebate on the purchase of bidirectional chargers to accelerate uptake and create market demand for more electric vehicles (EVs) with vehicle-to-grid (V2G) capabilities.

The Australian Energy Market Operator (AEMO)’s latest ‘accelerated transition’ scenario forecasts that 0.21 GW of V2G storage will be required by 2030, increasing to 1.64 GW by 2035 and 19.04 GW by 2050⁶. CER coordinated as VPPs and V2G would avoid up to \$7.2 billion being spent on additional grid-scale storage through to 2050⁷. However there is currently no policy in place to ensure this potential is unlocked.

In 2025 ARENA announced funding to install 50 V2G-capable chargers in a residential setting. A

⁶ [2025-26 IASR](#) (2025) AEMO

⁷ [2026 Draft Integrated System Plan](#) (2025) AEMO

national incentive program for V2G charger is the next logical step following this program, to drive initial uptake and meet AEMO's forecasted capacity in the next four years.

This measure is timely for the coming financial year as it is directly relevant to the upcoming 2026 review of the New Vehicle Efficiency Standards (NVES). Currently very few EVs sold in Australia are capable of V2G⁸ and further issues such as warranty limitations present barriers to adoption⁹. With government incentives, demand for V2G-ready EVs would increase, providing the necessary impetus to provide signals and certainty to the market, thus accelerating V2G enabled vehicle supply and bringing down prices within the market.

Supporting V2G capability would help integrate electric vehicles into the energy system, improve grid flexibility and resilience, and maximise the value of consumer investments in EVs.

Estimated expense: \$300 million over four years.

Solar Citizens recommends that bidirectional chargers be eligible under the SRES for at least the next four years from 2026 to 2030, funded by an on-budget allocation. \$300 million over four years would help to accelerate initial uptake and create the market demand required to incentivise greater supply of V2G-enabled EVs. We recommend that the SRES be continued past 2030, and that this extension should be informed by a full program review to determine whether to continue including bidirectional chargers in the SRES past 2030.

Recommended Measure: *Better Governance Structures*

Solar Citizens recommends that the Federal Government establish a standing Technical Authority on Distributed Energy Resources within the National Energy Market governance framework by expanding the role of the Clean Energy Regulator to act as a national DER technical regulator.

Australia's NEM governance arrangements were established before the rapid growth and increasing system importance of DER including rooftop solar, behind-the-meter batteries, VPPs and flexible loads (including residential, commercial and industrial).

The absence of a clearly mandated technical authority now presents a risk to grid reliability, integration and utilisation of DER, and fair outcomes for residential and commercial consumers, including solar and battery owners.

Australian homeowners have invested \$25 billion of their own private money in rooftop solar and CER¹⁰. These private, domestic investments are increasingly powering the nation's energy grid, and helping to deliver cleaner, cheaper energy for all. The Federal Government now has a responsibility to ensure that DER are properly integrated into the grid, to maximise the full

⁸ [Batteries On Wheels' How we Accelerate Vehicle-to-Grid in Australia](#) (2024) Solar Citizens

⁹ [Australian EV Owners Need Clarity: Will V2G Use Impact Battery Warranty?](#) (2025) Zecar

¹⁰ See [2] on page 8

potential of these domestic assets, and to enable more DER to come online, encouraging further private investment from households and businesses in decades to come.

We recommend that the role of the Clean Energy Regulator be expanded to include development of technical standards and consumer protections; data and interoperability requirements, and coordination with market operators, network businesses and State regulators. This would enable DER to provide essential system services such as demand management, voltage support and distributed storage, and would help address any regulatory and technical barriers that would otherwise constrain further uptake of DER.

For example, there is a lack of consumer protections in place for VPP products which means solar and battery owners are not guaranteed transparency, autonomy, and fair profit from their VPP provider. This presents a risk to the long and short term social license of VPPs, and is leading to lower uptake of this technology. We recommend that the Clean Energy Regulator be funded to oversee the introduction and implementation of consumer protections for CER products, with VPPs as a priority.

While Australia leads the world in rooftop solar uptake per capita, adoption of other innovative CER is lagging behind other nations. For example, balcony solar systems and plug-in batteries have government and consumer support in Germany, with 1 million registered systems to date¹¹. Together, these technologies could provide some Australian apartment residents and renters with a simple and low-cost clean energy solution, however Australia currently lacks the technical standards to make this possible. We recommend that the Clean Energy Regulator implement technical standards to capitalise on new technologies, in line with other nations.

Estimated expense: \$13 million per year

We recommend a ~10% increase to the Clean Energy Regulator's annual Budget to cover the additional staffing, administrative and operational costs associated with the set up and ongoing management of a DER Technical Regulator.

4. Raise the Roof: Global Leadership

Recommended Measure: *Triple Global Climate Finance Contributions*

Solar Citizens recommends that the Federal Government significantly increase Australia's international climate finance contributions in line with the global commitment to triple climate finance by 2030.

Scaling up climate finance is critical to accelerating climate mitigation and adaptation efforts in developing countries – including Australia's Pacific Island neighbours, supporting their goal to be

¹¹ [Germany's balcony solar systems to reach 1 million in June](#) (2025) Renewables Now

powered by 100% renewable energy by 2035. Projects should include the deployment of renewable energy and emissions reduction projects alongside initiatives that strengthen climate resilience in vulnerable communities.

Increasing Australia's climate finance commitments would also position Australia to lead credibly in international climate negotiations ahead of COP31, demonstrating practical commitment to global climate goals as Australia takes on a leadership role in shaping outcomes.

Estimated expense: \$11 billion over four years

Solar Citizens mirrors the recommendation proposed by Oxfam Australia that the proportion of Australia's Official Development Assistance (ODA) directed to development projects with a principal focus on climate change be increased to at least 30 per cent by 2030 - totalling \$11 billion. All climate finance contributions should be new and additional to Australia's existing aid budget, ensuring that climate commitments do not displace other development priorities.

References:

[1] State-based adoption of SHEPI varies - with some jurisdictions (New South Wales, Australian Capital Territory) including limited rollout of solar and VPP-connected battery installations as part of the program, and others (South Australia, Tasmania, Victoria, Western Australia, Northern Territory) making no mention of solar, batteries or VPPs in their list of available upgrades under the SHEPI program. Queensland has announced plans to install solar panels on crisis accommodation only. Social housing properties are some of the most energy inefficient in Australia, with most built more than 20 years ago before minimum build standards, hence the more urgent need for thermal efficiency upgrades before solar and batteries.

- [NSW Consumer Energy Strategy](#)
- [Social housing residents across ACT to receive energy upgrades](#)
- [QLD Social housing energy upgrades](#)
- [SA Energy Efficiency Programs](#)
- [Energy upgrades to ease cost of living for Tasmania's social housing residents](#)
- [VIC Energy Efficiency in Social Housing Program](#)
- [The NT Social Housing Energy Performance Initiative](#)

[2] According to the Clean Energy Regulator's installation data (as reported by the Clean Energy Council), Australia now has over 4.2 million rooftop solar systems installed with a total capacity of around 26.8 GW. Applying typical industry cost figures suggests that Australian households and small businesses have invested well over \$25 billion of private capital in these systems — showcasing the scale of grassroots commitment to clean energy.