



Consultation Summary

Expanding the Nationwide House Energy Rating Scheme to existing homes in Australia

2024



Australian Government

Department of Climate Change, Energy,
the Environment and Water

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Acknowledgement of Country

We acknowledge the Traditional Owners of Country throughout Australia and recognise their continuing connection to land, waters and culture. We pay our respects to their Elders past and present.

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Introduction

Building on decades of success in providing an evidence-based and data-driven way to assess the energy performance of new homes, the Nationwide House Energy Rating Scheme (NatHERS) is expanding to include energy performance assessments and ratings for existing homes.

NatHERS for existing homes will provide critical information to households to reduce barriers in improving the energy performance of Australian homes, helping to lower greenhouse gas emissions, improve the comfort and resilience of households, reduce energy costs and lower pressures on the energy system.

Improving the energy performance of homes is integral to Australia reaching net zero emissions by 2050. Residential buildings are responsible for approximately a quarter of electricity use and more than 10% of emissions in Australia.

Public consultation on the proposed approach to delivering ratings for existing homes in Australia was held from 29 July to 30 August 2024. The consultation provided an opportunity to hear directly from stakeholders. The feedback is being used to help us better understand industry and consumer needs, shape the final design and contribute to the successful launch of a national energy rating scheme for existing homes.

The proposed actions outlined in this document are subject to decisions by Australian and state and territory governments.

Approach to consultation

We sought your views on the proposed approach to delivering energy performance assessments and ratings for existing homes across Australia. Our goals were to:

- Understand if stakeholders supported the proposed procurement and licensing model for delivering the expanded scheme.
- Understand risks and concerns with the proposed procurement and licensing model.
- Gather feedback on other key elements of the scheme such as the objectives and principles, draft Home Energy Rating Certificate, upgrade advice, communication strategy, and data management and governance arrangements.
- Refine the delivery model to ensure that it will deliver an effective scheme.

The consultation included:

- A discussion paper and questions.
- A series of public webinars covering the consumer experience, assessor services and energy rating tools.

Who we heard from

We received 41 submissions during the consultation period (29 July to 30 August 2024) and there were 750 attendees across the 3 webinars, reflecting the interest in expansion of the scheme to existing homes.

Submissions were received from a wide range of stakeholders including advocacy groups, Assessor Accrediting Organisations for NatHERS assessments of new homes, banking and finance sector institutions, industry associations, product suppliers, real estate sector institutions, social housing sector institutions, software developers and individuals. We also received a large number of submissions from NatHERS and Residential Efficiency Scorecard assessors (30%).

All responses were included in the analysis of the consultation. You can read submissions on the Department of Climate Change, Energy, the Environment and Water Consultation Hub website, however, in accordance with respondents' wishes, not all were published.

What we heard and proposed actions

Feedback generally supported the proposed procurement and licensing model and overwhelmingly favoured NatHERS expansion to existing homes, highlighting areas for improvement in the workforce capacity, governance structure and consumer experience. The feedback is being used to refine the delivery model and inform future development of the scheme.

Delivery model

The consultation asked stakeholders if they were supportive of the procurement and licensing delivery model. Feedback received in submissions was affirming of the proposed delivery model. Thirteen submissions were explicit in support of the proposed delivery model. Six submissions stated they did not support the proposed delivery model.

Those in support of the procurement and licensing model noted that the approach will:

- Ensure reliable, consistent and comparable ratings while managing risk and balancing administrative burden and complexity.
- Avoid the delays and inefficiencies that occurred during the implementation of NatHERS Whole of Home for the National Construction Code (NCC) 2022 by having a centralised calculation engine and third-party front ends.
- Allow for central control of the tool while opening data collection and customer interaction components to the competitive market.

Those who were not supportive of the proposed model cited various reasons, including:

- Concern that use of a single tool will limit the amount of feedback on software improvements. This was raised by 2 submissions.
- Desire to have alternative tool accreditation pathways, such as those currently used under NatHERS for new home assessments.
- Support for the expansion of Residential Efficiency Scorecard program, with state and territories providing auditing and accreditation services and reporting to the Australian Government as the central controlling authority.

Proposed action

The NatHERS Administrator will progress work on the procurement and licensing model with a focus on continuing to engage closely with the Residential Efficiency Scorecard to develop a comprehensive and complete industry transition plan. Action will be taken to stimulate the market including active consultation with the existing workforce prior to launch and the implementation of workforce transition strategies. Targeted industry and consumer education and communication to promote the benefits of the scheme's expansion will be a priority once the scheme is operational.

Field trials will test and identify issues with training and assessor workforce, data and workflows, energy rating tools and processes, and assurance and compliance elements of NatHERS for existing homes. A comprehensive evaluation will inform any changes needed to launch and enhance the Scheme beyond launch.

Objectives and principles

The objectives and principles were broadly supported by stakeholders. Many stakeholders made suggestions for additional objectives including referring directly to the Australia's climate targets, and NatHERS role in providing critical information on residential building energy performance and upgrades. Most suggestions affirmed the proposed objectives and principles, for example requiring consistent and comparable ratings between new and existing homes, and improved indoor temperatures, certificates that build trust in disclosure ratings, and software, processes and accredited assessors are regularly audited. There was one comment made about the lack of measurable outcomes for the objectives, while another noted the criteria as measurable.

Most stakeholders support the design principles with many suggesting the inclusion of additional details on the assessments being carried out by trained, qualified and accredited assessors, the comparability of certificates across new and existing homes, the approach to including new technology, and protections to avoid unintended outcomes. Additional principles on equity and accessibility, continuous improvement and educational support for households were also suggested by some stakeholders.

There were some mixed views on the importance of accuracy and comparability of ratings for new and existing homes. Another stakeholder raised potential conflicts between principles, for example consistency between new and existing homes while minimising assessment time and cost of assessments.

Proposed action

The NatHERS Administrator will review the objectives and principles based on stakeholder feedback, including NatHERS' fundamental role in improving access to information on home energy performance and emissions targets. Some suggestions are covered by the existing objectives and principles. Others are outside the scope of the existing homes project and could be considered as part of the NatHERS strategic plan or the Home Energy Ratings Disclosure Framework, such as incorporating future technology and assessor awareness of the property market. Continuous improvement will be addressed through the Monitoring, Evaluation, Reporting and Improvement (MERI) plan.

Certificate

Stakeholder feedback on the certificate designs and content was broadly positive. Of the 17 who commented, three preferred Option 1, one liked both equally and none favoured Option 2. Submissions were split on the combined presentation of the thermal and Whole of Home rating graphic, but there was an emphasis on the importance of including both ratings to provide a comprehensive overview of homes as well as to support communication on upgrades.

Stakeholders referenced the ratings, home comfort, and energy use breakdown as the most effective elements of the certificate for communicating with households. The pie charts and icons from Option 2 were the preferred communication of the energy use breakdown.

Stakeholders made a range of suggestions for changes to elements of the certificate design, including to elements which had been commonly mentioned as 'most effective'. These suggestions ranged from minor adjustments in appearance to including new elements and information. Stakeholders also provided suggestions about the need for guidance information to help households understand their rating. This included suggestions for plain English, comparative information, embedded links to further information, and alternative formats (e.g. YouTube videos).

Multiple submissions recommended NatHERS goes further to highlight the presence of fossil gas use in homes and provide clearer guidance on emissions, including the addition of lifecycle emissions and embodied carbon to support the delivery of zero carbon homes.

Proposed action

Feedback received will inform a revised certificate design that will be used at launch. Key actions proposed to be taken include adding an indicator of all electric or fossil fuel presence in buildings, providing more information on heating and cooling loads for better comparison between homes, and reviewing readability and accessibility to ensure clarity.

Other suggestions are to be included as supporting resources or included in the workplan for post launch improvements such as developing guidance to help consumers understand their certificates. Lifecycle and embodied emissions will be considered post launch as part of the NatHERS strategic plan.

Upgrade advice

Overall, stakeholders gave positive feedback on the upgrade advice approach. They emphasised providing upgrade advice that improves energy efficiency literacy and drives meaningful upgrade action, while recognising the challenges of making this advice effective, cost-efficient and free from unintended outcomes.

Support for an electrification focus was expressed in some submissions, with several stakeholders recommending the Australian Sustainable Built Environment Council's (ASBEC's) [Unlocking the Pathway report](#) as evidence that electrification is the lowest-cost, fastest emissions reduction pathways for homes.

There was strong support for the use of the ClimateWorks [Renovation Pathways](#) framework to guide upgrade settings. While the tool informed upgrade advice was recognised as important in a mandatory disclosure context, existing assessors agreed that one-on-one conversations and detailed planning are essential to drive meaningful upgrades.

Commonly suggested features include:

- Ability to discuss a preview certificate with households after in-home assessment.
- Providing information on the cost and benefits of upgrades.
- Offering clear warnings and detailed information to help households avoid unintended negative outcomes, like moisture buildup from draught sealing.

Proposed action

At launch upgrade advice will, at a minimum, be generic to the 8 NCC climate zones and will include thermal and Whole of Home upgrades based on climate zone. The NatHERS Administrator will continue work on developing tailored upgrade advice based on assessment inputs.

The 8 competency units required for a NatHERS existing homes assessors will equip assessors to deliver comprehensive upgrade advice when needed. Improvements or additions to training and the development of upgrade specific continuing professional development training will be considered following launch.

Options will be explored to provide immediate access to upgrade advice for assessors, enhancing their on-site conversations with households.

Communications

Submissions focused on strong, clear communication to consumers and industry with many concentrating on the opportunities that a NatHERS expansion brings. Submissions suggested traditional media to prompt the expansion including paid advertising (TV, industry magazines as well as Choice magazine) website updates, social media promotion and guidance videos. Several submissions referenced tailoring communications to various audiences.

Most submissions referenced face-to-face professional advice as a credible source of information. This links strongly with feedback on upgrade advice and training from submissions. Word-of-mouth information from neighbours, community and local tradespeople was also considered a reliable source of information. In addition, government websites were referenced by many submissions as a trusted point of reference.

Proposed action

The NatHERS Administrator will continue the development and implementation of a communications strategy and accompanying communication implementation plan in line with the launch timeline. The approach outlined in these documents has incorporated some suggestions from submissions on how to engage and communicate effectively with various industry stakeholders as well as consumers. It includes upskilling nominated sectors to communicate effectively with households about home energy ratings and the benefits of improved residential energy efficiency.

The communications strategy includes plans to engage households through local and hyper-local engagement activities and leveraging third parties to disseminate education information and build awareness.

Work will also continue to redevelopment the NatHERS website to support consumer and industry needs.

The NatHERS Administrator will not develop direct communications for jurisdictions however the communications strategy and implementation plan provide a framework for communication and engagement with consumers that can be leveraged for jurisdictions local needs.

Data

Feedback was generally supportive of the data approach, largely acknowledging that a centralised platform and approach to data collection is needed to standardise any data collection approach that may be taken by states and territories. Several submissions raised there would be benefit in providing a benchmark or average of the thermal performance star rating or Whole of Home rating for comparisons by suburb. It was also suggested that energy bill data could be collected to provide insights into consumption patterns to inform future policy making. A cost metric is also raised in the certificate and upgrades work to inform bill savings for consumers.

Proposed action

The NatHERS Administrator will continue to consider a benchmark rating for post launch implementation – dependant on methodology development and data availability.

Energy bill data will not be collected at this stage, however a cost metric for potential upgrades may be considered beyond launch – including whether this service might best be provided by third-party businesses.

The [Australian Housing Data portal](#) currently provides a central repository of summarised housing energy efficiency information aggregated from each official NatHERS certificate from May 2016. The portal provides a range of average energy rating data, including data at the state, local government area, postcode, and climate zone level. It also includes summary information on building design, construction and appliances. Work continues to expand, enhance and make more available NatHERS data, in particular for existing homes. The proposed model for NatHERS for existing homes will facilitate more efficient data collection and allow enhanced public data availability.

Governance

Some submissions recommended planning for future features like demand flexibility, embodied emissions, climate resilience and updated climate files. These features will be considered in the next NatHERS Strategic Plan in 2025, which will outline the forward path for development of NatHERS.

Stakeholders had mixed feedback on the current NatHERS governance arrangements to manage the expansion of NatHERS to existing homes. About half felt the governance arrangements were adequate while the other half disagreed. Common suggestions for improvement included better processes for collecting stakeholder views. There were several suggestions on ways to facilitate this including: the Administrator conduct an annual survey to gauge satisfaction and creating principles-based governance providing a clear framework for decision making, review cycles and change management.

Proposed action

The NatHERS Administrator will investigate establishing new or additional governance arrangements for NatHERS for existing homes, following initial launch in mid-2025. This will include an assessment of possible arrangements for engagement with stakeholders, such as an annual stakeholder survey.

Assessor Accreditation

Responses were generally supportive of assessor accreditation services being delivered through contracts with a third-party delivery partner. Some respondents felt that these services should be delivered by the Australian Government, or failing that, by a single contracted provider.

Other responses provided suggestions and feedback about specific accreditation requirements or processes. This feedback is considered as part of the development of the NatHERS for existing homes assurance strategy and NatHERS for existing homes accreditation requirements.

Proposed action

No changes are recommended to the procurement and licencing delivery model for assessor accreditation service providers. Feedback on details about the accreditation process are considered as part of the NatHERS for existing homes assurance strategy and NatHERS for existing homes accreditation requirements.

Audit Services

Stakeholders were largely supportive of auditing responsibilities being separated from the Assessor Accreditation Service Provider, although there were some dissenting views. One submission supported leaving responsibility for auditing with the assessor accreditation service provider.

There was support from most stakeholders to require the assessor to collect evidence for auditing purposes, to verify assessment inputs. The collection of evidence is required for all Residential Efficiency Scorecard ratings, and this was noted by numerous stakeholders as a valuable process, albeit time consuming.

Most feedback supported the storage of evidence in a secure, central portal. Some views recommended that assessors should not collect or store any evidence on their personal devices. Other stakeholders noted the location for storing evidence should be secure and only centrally located, while others noted they do not trust that the software tools or a centrally located evidence portal would be secure.

Proposed action

No changes will be made to the procurement and licencing delivery model for audit services because of this consultation feedback. An evidence collection and storage policy will be developed to further establish the proposed approach to evidence collection and storage, which will further consider the development of a central evidence-storage portal.

Assessor Training and Guidance

The different challenges and risks for assessors between new and existing homes is highlighted across many submissions. Across all areas in training and guidance there is a suggestion that mentoring is already occurring in some way and that it is important to continue mentoring in the existing homes space to develop and maintain the skillset of assessors.

Submissions identified several potential gaps in support that assessors may require including: an ability to receive timely feedback and guidance in the field; and an understanding of the property market and the transaction pathways in the real-estate industry. Additionally, it was suggested assessors be given access to conveyancer portals that contain contract of sale documentation.

Specific upgrade advice training was suggested in several submissions. Training included in the 8 competency units required for a NatHERS existing homes assessor addresses upgrades and equips assessors with the skills to advise clients on appropriate upgrades for their homes. The 8th unit of competency is currently under development and will also address upgrade advice and provide additional guidance for assessors.

Proposed action

No changes will be made to the minimum training requirements as a result of this consultation feedback. Improvements or additions to training and the development of upgrade specific continuing professional development training and possible mentoring needs will be considered following launch. Field trials will review the adequacy of the training resources and appropriate enhancements will be made prior to launch. An independent trial evaluation will be undertaken at the completion of the trial.

Workforce transition and achieving scale

A key theme from the consultation was workforce transition and scale up. Several stakeholders highlighted the practicalities of renovating Australia's housing stock, including the need to train the existing workforce to undertake energy efficiency upgrades.

Many expressed concerns about the availability of assessors to handle a potential increase in assessments with the scheme's launch. The proposed 'grandfathering' of assessors from existing schemes to NatHERS was generally supported however concern was raised that the initial and potential ongoing reliance on assessors already in the market posed a risk to the new home assessment workforce and pressure on a building and construction workforce that is already facing shortages.

Identifying, training and making best use of workforces that are already skilled or who might use energy assessments as a value add (e.g. valuers, electricians) was also raised in submissions. Training requirements for valuers were raised, questioning if a more streamlined accreditation process should be adopted for this potential cohort to achieve scale.

Proposed action

Workforce transition and scale up is being actively pursued by the NatHERS Administrator. The communications strategy will include early warning and active and targeted consultation with relevant industry partners. This will create awareness, publicly and with industry of the demand that is likely once disclosure comes into play.

The NatHERS Administrator will develop a clear strategy for training and accrediting assessors in expanding the workforce in time for any shift from the voluntary scheme to a larger-scale mandatory scheme.

The NatHERS Administrator is working closely with the Victorian Government to develop a transition plan for the Residential Efficiency Scorecard program and workforce. The plan will ensure industry stability, market readiness and a suitably qualified workforce for voluntary ratings and address many stakeholder concerns around workforce capacity.

Existing homes Benchmark Tool development

Stakeholders were asked if they had any concerns with the adoption of the cloud tool. The responses were generally positive, but concerns were raised by some about transitioning to a cloud-based tool, particularly regarding internet reliability, backup options, and provider security.

One stakeholder raised several concerns including:

- user interface (UI) limitations tied to specific hardware.
- the forced use of CSIRO servers, with a suggested preference for maintaining business-as-usual (BAU) for existing NatHERS tools.
- risks of rating discrepancies between new and existing homes.
- the proposed approach will require NatHERS new home tool providers to simplify their current models leading to limited ability to produce accurate, complex and detailed modelling.

Proposed action

NatHERS is currently developing a User Interface Protocol to address security, reliability and requirements for back up and data management for third-party UIs. Technical and guidance notes and other supporting documentation are being prepared to account for minor differences between new and existing ratings.

Software accreditation process for existing homes

There were mixed views on the proposed software accreditation process for NatHERS for existing homes. While most submissions supported the proposal of having front-end user interfaces delivered via third parties, others did not. Concerns were raised in 4 submissions. These included:

- The user interface should be government controlled, not delivered by third party commercial companies.
- The proposed approach does not recognise current NatHERS tool providers capabilities and disadvantages them — this submission proposed an alternative tool accreditation pathway more aligned with the current process should be allowed for current NatHERS tool providers.
- That software tools should be developed independently by software providers accredited against agreed standard methods. Software improvements can then be delivered based on user feedback.

Support of the proposed approach was noted in 8 submissions. Support included:

- The approach provides a more efficient model than the current new homes approach.
- Highlighting the benefits of third-party user interfaces, include presenting outputs to assessors, improved quality of service experienced by the assessor, and convenience and scalability of user-friendly applications.

Proposed action

No changes will be made to the procurement and licencing delivery model for software accreditation processes because of this consultation feedback. While there was mixed feedback on the proposed approach to software accreditation, only 4 submissions did not support the proposed approach.

Due to ongoing costs and identified skillset required to maintain a fully government-controlled tool, a centrally controlled UI method is not a sustainable solution for the delivery of NatHERS for existing homes. NatHERS needs to streamline its resourcing and the reduced time to check calculations in tools under the proposed model will be significant.

Having front-end user interfaces delivered via third parties will support a range of benefits for NatHERS stakeholders including: supporting disclosure by creating a centralised platform for home ratings across Australia; ensuring the latest science or policy settings can be incorporated into the tool efficiently; enhancing data provision to end users such as financial institutions or government grant programs; and facilitating market innovation to develop new data collection methods and offer enhanced client services for modelling.

User interface development and tool inclusions

Submissions provided feedback on potential additional inclusions and developments for the existing homes tool. These included: incorporating air tightness, recognising Passivehaus standards, accounting for real-world behaviour, accounting for internal thermal mass, clarifying the Whole of Home rating method and the method used for pools and spas, ensuring validation of tools, and planning for future improvements.

Proposed action

CSIRO and NatHERS are committed to continual improvement and validation of the tool. A study of occupant behaviour for apartments is underway and will be used to validate assumptions in the NatHERS benchmark tool and calculation method. NatHERS also publish the [Whole of Home National Calculations Method](#) and other supporting documentation to provide visibility on how ratings are calculated. These documents will also be provided for existing homes methods. Research on air tightness has recently been conducted and a method for incorporating airtightness into the Scheme is under development including the voluntary entry of blower door test results.

Pools and spas were included in NatHERS as part of the expansion of the scheme to Whole of Home assessments and ratings. These changes were designed to support the energy efficiency updates to the National Construction Code 2022. To ensure alignment between new and existing home ratings the Whole of Home calculation method is being adopted for existing home ratings, including for pools and spas.

An Expression of Interest for a workshop on the [User Interface Protocol](#) commenced in mid-November 2024 with over a dozen respondents made up of technical experts and public entities. This working group will contribute to a draft user interface and will be taken to public consultation before finalisation to be ready for the expansion launch.

Other issues raised

- Further government support to encourage update and upgrades including rebates and grant programs
- Simplified assessments
- MagicPlan preferential access

Next steps

The expansion of NatHERS to existing homes is taking a staged approach. The first and current stage of design, build and trial of the operational elements of NatHERS is well underway with this consultation being key to ensuring its success. Following consultation, a refined delivery model will be presented to Energy Ministers for endorsement in the first half of 2025. After that, the expanded NatHERS for existing homes will be launched.