



COMMISSIONER  
for RESIDENTIAL  
TENANCIES

10 March 2026

Environment and Planning Committee  
Legislative Assembly  
Parliament of Victoria

By email to: [raea@parliament.vic.gov.au](mailto:raea@parliament.vic.gov.au)

Dear Committee members,

### **SUBMISSION IN RESPONSE TO THE EPC INQUIRY INTO RENEWABLE AND AFFORDABLE ENERGY FOR APARTMENTS**

I am pleased to provide this submission in response to the Committee's Inquiry into renewable and affordable energy for apartments.

I have limited my comments to matters within the remit of residential tenancies rather than broader issues which other submissions may address.

#### **Context**

At the 2021 Census, there were more than 680,000 households that rented their homes in Victoria. This represented **28.5%** of all Victorian households. Nearly 89% of all renters rent their house from a private landlord, while about 11% live in the social housing sector (renting from Homes VIC or a community housing provider).

Of the households that rent, 26.5%, or about **180,000** households, live in apartments. Apartment residents represent a significant cohort of renters who may be missing out on the benefits of renewable and affordable energy.

#### **Response to Terms of Reference**

##### **1. Recent developments in energy supply and technology options for these dwellings over the last four years**

Here are some technological developments that I am aware of renters may benefit from:

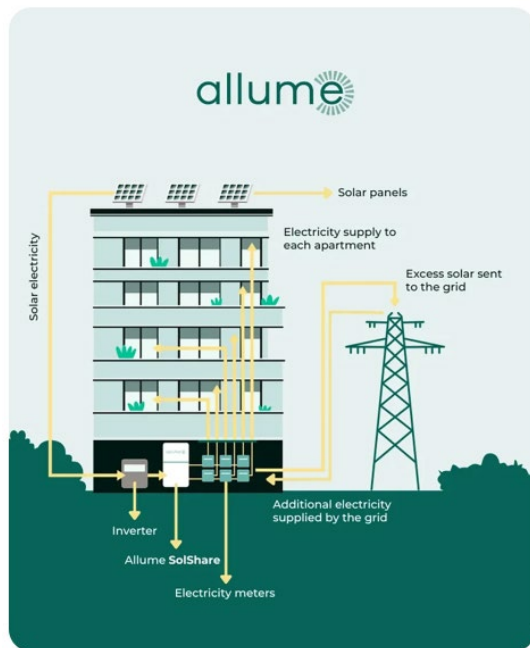
##### **Smart Solar Sharing Technology**

Smart solar sharing technology allows a single rooftop solar array to be connected to multiple, individually metered apartments.

For example, Allume Energy SolShare program (diagram below). A "smart" unit splits solar power in real-time, delivering it to residents when they need it most. Residents can choose their own electricity retailer, and not every tenant in the building needs to participate.

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Allume promotes the program as ideal for existing, high-density buildings with limited rooftop space.



### Microgrids and Embedded Networks

Embedded networks have existed for some time in high-rise apartment buildings and are continuing to develop. These systems create a private electrical grid for a building or group of buildings, incorporating solar, battery storage, and sometimes EV charging.

Microgrids allow buildings to generate, store, and distribute their own renewable energy, often allowing them to operate independently of the main grid during outages ("islanding"). Microgrids can be used to aggregate the rooftop solar output and share it among tenants, often reducing peak demand charges for the entire building.

### Integrated Battery Storage

Instead of, or in addition to, individual tenant batteries, "neighbourhood" or building-wide

batteries enable excess solar energy generated during the day to be stored in a communal battery to be used at night, increasing the overall percentage of renewable energy used by the building.

### Advanced Solar Components

New, more efficient, and flexible solar technologies are improving renewable options for limited roof space. These include:

- **Bifacial Solar Panels:** These panels capture sunlight from both sides, increasing energy production, particularly if installed over reflective rooftop surfaces.
- **Perovskite Solar Cells:** These next-generation cells are flexible and lightweight, enabling their future integration into building surfaces, windows, and balconies.
- **Solar Skins:** Customizable, aesthetic, and functional panels that allow solar to blend into the building's design.

### AI-Powered energy management

Some energy management systems (EMS) now use artificial intelligence (AI) to optimize energy usage in real-time. AI analyses weather patterns and occupant consumption data to determine when to store energy, when to use it, and when to send it back to the grid, maximizing cost savings.<sup>1</sup>

### "Plug-and-Play" balcony solar

For renters, smaller, portable solar solutions are now available such as balcony solar panels that can be directly installed on railings and connected to a wall outlet.<sup>2</sup>

<sup>1</sup> c.f. *How smart buildings use AI to cut energy use and improve health*, Freihaut and Pavlak. Published by Institute of Energy and the Environment, Penn State University. Available at <https://iee.psu.edu/news/blog/how-smart-buildings-use-ai-cut-energy-use-and-improve-health>

<sup>2</sup> c.f. *No Roof? No Problem! How Apartment Dwellers Can Go Solar*. Published by EcoGreen Australia. Available at <https://ecogreenaustralia.com.au/no-roof-no-problem-how-apartment-dwellers-can-go-solar/>

## **New funding and business models**

New financial models may reduce the upfront cost barrier for apartment building managers and owners corporations. These include:

- **Energy-as-a-Service:** Companies like Energy Locals, available in Victoria and several other states, pay for the upfront installation of solar and batteries, taking on maintenance and management, while charging residents for the renewable energy they use.
- **Government Grants:** Victoria and NSW are already providing grants specifically for retrofitting apartment buildings with shared solar but there may be opportunities for further enhancements.

## **2. Barriers and inequities experienced by Victorians in such dwellings, including renters and social housing tenants, when accessing renewable and affordable electricity compared with other households.**

The most formidable barrier to ensuring access to new technologies in the **private rental market** remains the **split incentive**. While apartment renters may get the benefit from lower energy prices and greater access to renewable energy the cost will largely be borne by apartment owners. This is further complicated by the diverse (and not always compatible) interests of owner occupiers and rental providers in many owners corporations.

For many rental providers unless they can recover the cost of any investments directly or through increased rents, they will be unwilling to adopt new technologies even as the price of these technologies decreases over time. Recovery of costs may also prove to be problematic for renters as increasing rents may offset the benefits of any savings for them.

There are also significant **intermediaries** in the rented sector, including real estate agents and owners corporations managers, who are points of advice for rental providers and apartment owners. It isn't clear that either of these two professions have sufficiently well-developed skills in the area of renewable technologies and upgrading to provide competent advice to their clients. In the absence of better skills, these intermediaries favour inaction for anything other than mandated requirements. Such intermediaries may also benefit from accessible professional advice rather than maintain these skills internally.

For the technologies that apartment renters may be able to access directly, **affordability** for low-income renters will be a key barrier. This problem will not necessarily be overcome even if there is demonstrable savings over time for the initial outlay. Affordability problems and insecurity in the private rental market will also prevent the initial outlay. For example, were a renter to invest in plug and play balcony solar they could not be assured that they would be able to use the technology effectively if they were required to move to a different type of rented housing or to an apartment which wasn't suitable. For context, the average length of tenancies in Victoria is **24 months** and **more than 50 percent** of low-income renters in Australia pay more than 30% of their income in rent, indicating a likely difficulty affording other necessities.<sup>3</sup>

In combination these barriers create a basic inequity between **owner occupiers** and **renters** in apartments and a further inequity between **higher-income renters** and **lower-income renters**. The net effect of this is that the renter households that would most benefit from adopting new energy technologies are the least likely to access them.

The barriers for renters in the **social housing** sector should be less; however, social housing providers also face cost pressures that may limit their ability to invest in these technologies and cannot generally recover their investment through energy savings or rent increases. Put simply,

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<sup>3</sup> *State of the Housing System 2025*, National Housing Supply and Affordability Council; *Rental Report (June Quarter 2025)*, Homes Victoria

access to new technologies and renewable energy for apartments in the social housing sector will require investment by Government in one way or the other. There are examples in Victoria where this has been done but the transition may benefit from a more focussed and consistent programmatic approach.

**3. Options to increase access to renewable and affordable electricity for these dwellings, including shared rooftop solar, balcony or façade solar, community batteries and virtual power plants.**

All the technologies noted above may have a role to play in expanding access to renewable energy for apartments. It would be unwise to pick preferred technologies as the effectiveness and cost of the technologies may change over time and other options may emerge.

**4. The likely impacts of those options on different groups of Victorians, including by tenure type, income, housing type and location, on the type, affordability and reliability of energy they receive.**

See above.

**5. Any legislative, regulatory, planning or market reforms that could support the implementation of options, consistent with Victoria's legislated emissions reduction and renewable energy targets.**

It is beyond the expertise of my office to any legislative, planning or market reforms and I expect that other submissions will address those. However, I would like to highlight the following constraints for adopting some options and some possible solutions.

**The tenancy law**

Reforms to the Victorian tenancy law over the last ten years have moved toward mandating minimum standards, rather than relying on market forces, to ensure that essential quality, facilities and services were available across the market. Reforms have also provided more authority for renters to undertake minor modifications for health, safety and amenity without the rental provider's consent. Similarly, renters may now request a pet by notice and the rental provider must satisfy VCAT that the request is unreasonable, reversing the onus of proof. These reforms illustrate a more direct means to overcome the split incentive in the private rental market. The roll out of the NBN also provides cautionary example. In the absence of an effective legislative requirement, many rental providers did not initially permit NBN installation to the residence even when the installation was free as part of the broader rollout.

For example, to improve access to battery storage for apartment renters, any restrictions on the installation and removal of suitable batteries could be addressed by prohibiting contract terms that forbid installation, including such installation in the range of permissible modifications, or mandating battery provision where there is rooftop solar available.

**Owners corporations rules**

Some owners corporations have restrictive rules in place that may frustrate the uptake of some of the above options. While many such rules have been struck out in the Courts they do persist. Further reform is required to minimise the extent to which owners corporations may pass restrictive rules to limit the roll-out new technologies and energy options.

For example, the ability for apartment renters to install balcony solar may be frustrated by an owners corporation rule about permissible uses of the balcony space or railings. This could be addressed by further limiting or clarifying the remit of owners corporations rules or expressly forbidding any rules restricting such uses.

**Planning and heritage controls**

While we do need to effectively preserve our built form heritage and the liveability of local areas, the blanket application of heritage controls is likely to frustrate the adoption of new

technologies and energy options, particularly in those areas of Victoria with older-style apartment buildings. I would encourage the Committee to engage with experts in this area and to seek examples in other jurisdictions where these competing priorities have been better addressed.

### **Grants**

If consideration is given to extending grants to enable some of the options outlined above, then I would recommend the following principles:

- Permanent installations should be at the cost of the building or unit owners and not recoverable through co-contributions from renters.
- Grants to building owners or owner's corporations should be based on clearly established eligibility criteria reflecting capacity to pay and mandate pass through of any savings to all building occupants.
- Give the affordability pressures in the private rental market, grants should be available to renters for temporary or portable installations to facilitate take-up by lower-income households.

### **Industry advice**

It would be beneficial to review what further actions could be undertaken by Solar Victoria or other government agencies to facilitate professional advisory services and assistance for rental providers, agents and owners corporations managers to improve the uptake of renewables in the rented sector.

I trust that this submission will assist the Committee in its work and would be pleased to attend a hearing to clarify any matters raised and to respond to any questions that the Committee may have.

Please don't hesitate to contact my Strategic Adviser, Mark O'Brien, on 0428 475 344 if you or any of your staff would like to discuss the above.

Yours faithfully,



Dr Heather Holst  
**Commissioner for Residential Tenancies**