



**Victoria
Energy Policy
Centre**



Victoria Energy Policy Centre

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Chairperson
Environment and Planning Committee
Legislative Assembly
Parliament of Victoria

By email: raea@parliament.vic.gov.au.

Dear Sir/Madam

Legislative Assembly Environment and Planning Committee's Inquiry into renewable and affordable energy for apartments

Thank you for inviting me to make a submission to your enquiry. I have responded to the five issues identified in your Terms of Reference in the rest of this letter.

a. recent developments in energy supply and technology options for these dwellings over the last four years;

I think the most significant development in recent years has been the availability of retail offers that provide electricity for no variable charge in the middle of the day, and offers that allow households to pay the 30 minute average spot price for electricity. Such offers are available to all households in Victoria but now they make available a large part of the benefit of rooftop solar (very low prices in the middle of day) to all households, without having to invest in rooftop solar.

b. 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 main barrier is building form. Specifically, the ratio of the area of roof-space able to accommodate rooftop solar relative to the electricity consumption of buildings occupants is such that in most apartments above a few stories high, rooftop solar is not likely to be a cost-effective source of electricity. A second limitation in multi-occupancy buildings is the additional cost



associated with installation and then distributing the shared rooftop solar amongst the building's occupants. Such additional cost can often exceed the cost of the solar system itself.

I have noticed, over the years, that some solar advocates (and also government officials) refer to the “split incentive” as the main barrier to rooftop solar uptake in rented properties. For example the current CEO of Solar Citizens has recently said that “split incentives” explain the absence of solar on rented properties.¹ This is not credible. While split incentives may be a factor in a small number of rented detached or semi-detached homes - and even there it is not obviously a factor - split incentives are irrelevant when the main obstacle is building form. No amount of attempting to fixing an irrelevant “split incentives” problem changes that physical reality.

c. 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;

Community batteries (presumably front of meter batteries) and “virtual power plants” are irrelevant to the consumption of electricity in apartment dwellings.

Balcony and façade solar seems to be becoming increasingly popular in some European countries. I am not expert on this but I would imagine it will only be able to play a small role in electricity production.

By far the most promising option is an information campaign to make apartment dwellers aware of retail offers that entail inexpensive or free electricity in the middle of the day. This will not be attractive to all apartment occupants but might be attractive to some. Such offers bring the benefits of rooftop solar to those households unable to install them.

d. 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; and

The extent to which households benefit from retail plans that entail free electricity in the middle of the day will depend on the extent to which they are able to move load into the middle of the day, and the prices charged outside of the “free” hours.

e. 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.

I encourage policy makers to avoid wasting public resources on economically wasteful populist attempts to overcome the intrinsic challenges of building form, through subsidies or wasteful obligations on tenants or landlords.

¹ <https://reneweconomy.com.au/australias-clean-energy-transition-has-been-powered-by-people-solar-for-renters-is-the-next-chapter/>



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The retail electricity market does already offer retail electricity plans that allow homes without solar to gain the benefits of solar without themselves needing to invest in panels. If policy makers wish to encourage the public to consider the possible advantage of these offers, then bringing the existence of such offers to their attention may be helpful. Whether public resources are well deployed in such pursuit might usefully be examined.

Yours faithfully,

Professor Bruce Mountain
Director