Energy Efficiency in Social Housing – Community Housing Upgrades Stream: Upgrades Guidelines

Contents

1. Purpose of these guidelines

This document has been prepared by the Department of Energy, Environment and Climate Action (DEECA) to define the scope and principles of upgrades funded under the Energy Efficiency in Social Housing Program Community Housing Upgrades Stream (EESHP, or the Program). The Program will improve the energy efficiency of social housing properties by replacing eligible appliances and delivering energy efficiency upgrades that improve the thermal performance of eligible homes across Victoria's community housing portfolio.

Property and renter eligibility are detailed separately in the *Energy Efficiency in Social Housing Program: Community Housing Upgrades Stream Application Guidelines*.

Note: definitions of terms are contained in the Section 6 Glossary.

2. Upgrade principles

These principles provide a general guide to the choice of eligible upgrades under the Energy Efficiency in Social Housing Program Community Housing Upgrades Stream.

Area	Guidelines
Upgrade principles	The upgrades should satisfy one or more of the following outcomes: a) A reduction in energy consumption (and associated overall energy bill costs), that could consist of either: • A reduction in electricity consumption at the property (Note that a predicted increase in electricity consumption is acceptable where it can be demonstrated that there would be a corresponding reduction in gas consumption), or • A reduction in gas consumption at the property, through fuel switching to efficient electric appliances, AND / OR b) Improved thermal comfort for renters, as expressed in the potential for a more comfortable indoor temperature in cold and/or hot weather, subject to renter behaviour. c) Improved climate resilience • Improved household resilience to climate change, including the ability to maintain safe indoor conditions during heatwaves and cold weather events and reduce exposure to energy price volatility. d) Reduced greenhouse gas emissions • A reduction in greenhouse gas emissions associated with household energy use, including through electrification and improved appliance efficiency. These improvements will be achieved in at least one of the following ways: **i. Upgrade an appliance to improve energy efficiency** Replacement appliances **must** consume less energy to operate and be less greenhouse intensive than the previous appliance, by satisfying one of the following criteria according to available performance specifications: • a higher star rating. • estimated to require less energy to perform the same function. • and/or estimated to produce fewer greenhouse gas emissions for the same function.

Area	Guidelines
	ii. If the appliance being replaced uses gas, replace with an energy efficient electric appliance Installation of gas appliances will only be approved if an exemption is granted by DEECA based on a review of a submission detailing the rationale for retention of gas in the specific household. The default energy source for installed appliances is electricity, unless there are mitigating circumstances to install gas such as significant technical constraints in power supply, an existing gas debt, renter withholds consent to abolish gas (unless removal of gas appliance is a regulatory requirement) or prohibitive additional costs which would be incurred in transitioning to an electric appliance. The package of upgrades includes electric cooktops. Induction cooktops are the preferred upgrade option, unless the renter requests an electric resistance cooktop, there are site specific factors that prohibit installation, or a cost competitive induction product cannot be sourced. Replacement appliances must also meet performance specifications and eligibility criteria outlined in the relevant Upgrades section of these Guidelines. **iii. Add an additional appliance to improve thermal comfort** This may be achieved through the addition of an appliance (i.e. where not replacing an existing product). In this case, the additional appliance must directly contribute to improved comfort for renter such as air conditioning or ceiling fans. **iv. Improve efficiency through appliance-using behaviour change** Renters will be supported to change their behaviours (via incorporation of behaviour change methodologies) so that they learn and adapt to new technologies and practices and obtain the full range of benefits. **v. Improve the thermal performance of the property** Installed thermal products (such as ceiling insulation and draught seals) must be chosen to reduce heat gains into the property in summer and/or heat losses out of the property and cold air entering the building in winter. **vi. Electrification of the home and gas abolishment** Deliver full electrification and climate adaption upgrades to social housing homes in line with the updated Victorian Gas Substitution Roadmap, addressing energy affordability for those most disadvantaged. **vii. Installation of solar photovoltaic (PV)** The benefits to renters of electrification are maximised with the installation of solar panels (in suitable properties). This delivers on the Victorian government's commitment to rapidly electrify the housing stock and deliver cost of living relief to low-income households.
Quality and safety	In addition, all improvements must

Area	Guidelines
	• **Meet relevant technical specifications** Where relevant, meet the technical specifications for upgrade activities documented through the Victorian Energy Upgrades program and the Solar Homes program. • **Meet relevant quality requirements and standards** All upgrade activities must comply with relevant electrical and gas safety, residential tenancies, building and plumbing standards DEECA will review these guidelines should there be changes to product availability or industry practices. Grant recipients must conduct appropriate quality assurance to ensure quality and safety standards are met.
Victorian Energy Upgrades and Small-scale Technology Certificates	**Claiming incentives under Victorian Energy Upgrades** The Program will generate Victorian Energy Efficiency Certificates (VEECs) for eligible activities. The Program intends to claim these certificates where logistically possible. These subsidies will reduce the cost of the upgrades to the Program and will be managed by Grant recipients through the course of delivery. Where upgrade activities attract incentives through the VEU, product specifications should comply with all VEU requirements to enable the claiming of VEECs. Similarly, where upgrade activities attract Small-scale Technology Certificates (STC), grant recipients must ensure all requirements are met to claim the STC. A list of VEU eligible products can be found on Products eligible for use in the VEU program | Essential Services Commission.

Area	Guidelines
Prioritising upgrades	**Prioritising upgrades** Properties should be selected based on their suitability for electrification, gas abolishment (which would require consent from the renter), poor energy performance and to improve thermal comfort for the renter. Homes that do not meet these principles may be considered if there is merit. **Priority upgrades:** • Heater and air conditioner upgrades • Hot water service upgrades • Insulation installation: ceiling • Draught and gap sealing • Electric ovens and cooktops • Solar photovoltaic panels • Disconnection from gas distribution network

3. Ineligible upgrades

The following upgrades are out of scope and ineligible under the Energy Efficiency in Social Housing Program:

a) Contrary to the upgrade principles:

Upgrades that do not deliver energy efficiency improvements or improvements to thermal comfort (see Upgrade Principles above).

b) Where there is no improvement in efficiency

Appliances and equipment that have the same level of energy performance (same star rating / energy consumption for a similar function) as the one replaced.

c) Routine maintenance costs

Maintenance such as servicing gas heaters will not be covered under the program.

d) Non-fixed appliances

Upgrades to non-fixed appliances such as televisions and computer monitors will not be covered under the program.

4. Priority upgrades

4.1. Heater and air conditioner

Upgrade	Guidelines
Heater and air conditioner removals and upgrades	**ELIGIBLE** Installation of a single or multi-split Reverse Cycle Air Conditioner (RCAC) where: • No heater is installed OR an inefficient electric heater is being replaced OR an existing inefficient air conditioner is being replaced; AND • An existing gas heater (space or ducted) or electric space heater is removed and/or decommissioned and capped; AND • RCAC is servicing habitable spaces, including the main living area; AND • RCAC is a Victorian Energy Upgrades approved product; AND • RCAC meets or exceeds EESHP energy efficiency standards of single or multi-split: 2-star heating / 3-star cooling AND • RCAC utilises a refrigerant with Global Warming Potential of less than 700 GWP. **ELIGIBLE BY EXCEPTION ONLY** Upgrade of a gas ducted heating and/or cooling system to ducted RCAC is eligible where: • An existing ducted system is being replaced; AND • The installation of space heating could be reasonably considered as significantly reducing amenity for renter; AND/OR • The heating is servicing multiple tenancies, such as a rooming house. • It meets or exceeds the EESHP requirements of an energy efficient fixed cooler or heater, which for ducted systems is 1.5-star heating / 2-star cooling Upgrade or replacement of existing ductwork is eligible where: • The upgrade or replacement is not repair and maintenance (Note: activity deemed repair and maintenance includes when the ductwork is being replaced as it has deteriorated beyond repair); AND • The energy efficiency of the upgraded or replacement ductwork is significantly increased, through activities such as installation or upgrade of collars, increasing duct insulation thickness, installation of self-closing ceiling vents and reducing measured air leakage. **INELIGIBLE** • Heating systems that exclusively serve non-habitable rooms, such as foyers and hallways **Note 1:** The 'default' heating system for installation/upgrade through the program is room space heating, but ducted heating can be considered by exception.

Upgrade	Guidelines
	Note 2: Program funding may be used to: • remove and/or decommission gas heaters, including costs associated with removing of heaters, capping of gas line, and plastering. • upgrade switchboard and cabling if required • upgrade power supply to property to allow for electrification, if required. **Note 3:** The upgrade of heating and air conditioning is an eligible activity for the purposes of the Victorian Energy Upgrades program. A list of approved products is available at the VEU Registry https://www.veu-registry.vic.gov.au/. The Grant recipient is to report to DEECA on VEEC claims, and/or exceptions made, including where the claim is not able to be made due to property being damaged or stolen. **Note 4:** All appliances must meet VEU energy efficiency requirements.

4.2. Hot water service

Upgrade	Guidelines
Replacement of an inefficient hot water service (resistance electric or gas) with more energy efficient heat pump water heater or solar water heater	**ELIGIBLE** Detached and semi-detached dwellings – Class 1a properties[1] Installation of energy efficient heat pump hot water heater where: • There is an existing electric resistance, gas storage or gas instantaneous hot water heater, or an existing inefficient solar hot water heater (installed for more than three years) or an existing inefficient hot water heat pump with unreliable service • The heat pump hot water system is a Victorian Energy Upgrades approved product • The heat pump hot water system is deemed an energy efficient heat pump if it meets the minimum energy savings and small-scale technology certificates specified in the National Construction Code 2025 Volume Three - Plumbing Code of Australia (Section B Water Services). As of September May 2026, the Plumbing Code of Australia stated: Minimum energy savings (Plumbing Code of Australia Section B Part B2D2): •

Number of bedrooms	Minimum energy saving
1 or 2	40% for a 'small load' system
2 or 3	60% for a 'medium load' system
4 or more	60% for a 'large load' system

[1] https://www.vba.vic.gov.au/building/regulatory-framework/building-classes

Upgrade	Guidelines

- Minimum small-scale technology certificates (Plumbing Code of Australia Section B Part B2D2)

Number of bedrooms in the building	2025	2026	2027	2028
1 or 2	8	7	5	4
3 or 4	13	11	8	6
4 or more	16	14	11	8

Class 2 buildings, Class 3 and Class 9c buildings with sole-occupancy units:

Installation of either an energy efficient electric heat pump hot water heater (preferred), or efficient electric boosted solar hot water heater where:

- There is an existing electric resistance, gas storage or instantaneous hot water heater.
- The heat pump hot water system is deemed an energy efficient heat pump if it meets the minimum energy savings and small-scale technology certificates specified in the Plumbing Code of Australia shown above.

INELIGIBLE

- For detached and semi-detached dwellings – Class 1ai and Class 1aii properties, installation or upgrade of existing gas (storage or instantaneous) hot water system with a new gas hot water system
- For Class 2 buildings, Class 3 and Class 9c buildings with sole-occupancy units, upgrade of gas hot water system with new gas hot water system, where there are no substantial demonstrated technical barriers to installing heat pump.

Note 1: Program funding may be used to upgrade switchboard and cabling if required.

Note 2: Costs for removal and/or decommissioning of existing electric resistance or gas hot water service and associated remediation works are eligible to be funded as part of the upgrade.

Note 3: The upgrade of hot water heaters is an eligible activity for the purposes of the Victorian Energy Upgrades program. A list of approved products is available at the VEU Registry https://www.veu-registry.vic.gov.au/. The grant recipient is to report to DEECA on VEEC claims, and/or exceptions made, including where the claim is not able to be made due to property being damaged or stolen.

Note 4: Electric-boosted solar hot water heater may be considered where it can be demonstrated that they are the most energy efficient, cost-effective and appropriate option.

Note 5: It is strongly preferred that all hot water service installations are accompanied by the installation of a water-efficient showerhead where an existing fixture is inefficient, as this supports optimal energy and water savings outcomes and helps ensure system performance and adequate hot water availability.

Upgrade	Guidelines
	Note 5: An energy efficient heat pump hot water heater or efficient electric boosted solar hot water heater is one that meets the above mentioned minimum energy savings and small-scale technology certificates requirements specified in the Plumbing Code of Australia, and is available on the Solar Victoria approved product list https://www.solar.vic.gov.au/approved-products

4.2.1. Supporting upgrade – efficient shower roses

Upgrade	Guidelines
Shower roses	**ELIGIBLE** All eligible properties where a hot water heat pump has also been installed as an activity under this Program: • Upgrade of an existing inefficient shower rose with a shower rose that has a minimum star rating of 4 stars (>6.0 but <=7.5 plus spray force coverage tests) under the Water Efficiency Labelling and Standards (WELS) scheme; AND • The upgrade shower rose complies with AS/NZS 3662. **INELIGIBLE** • Upgrade of tapware other than shower roses. **Note 1:** An existing inefficient shower rose is one that has a flow rate of above 9L/min. **Note 2:**It is strongly preferred that all hot water service installations are accompanied by the installation of a water-efficient showerhead where an existing fixture is inefficient, as this supports optimal energy and water savings outcomes and helps ensure system performance and adequate hot water availability. **Note 3:** The upgrade of shower roses is an eligible activity for the purposes of the Victorian Energy Upgrades program. A list of approved products is available at the VEU Registry https://www.veu-registry.vic.gov.au/ The grant recipient is to report to DEECA on VEEC claims, and/or exceptions made, including where the claim is not able to be made due to property being damaged or stolen.

4.3. Ceiling insulation

Upgrade	Guidelines
Insulation upgrades	**ELIGIBLE** Where there is a ceiling space: • Installing a minimum R5.0 where there is no existing insulation; OR • Adding insulation so there is a minimum R5.0 where existing insulation is less than R2.0.

Upgrade	Guidelines
	Training and accreditation All installers undertaking insulation work must hold Energy Efficiency Council Certified Insulation Installer (CII) accreditation. **Safety and quality assurance** For EESHP ceiling insulation must be installed to the equivalent of *Residential Tenancies Amendment (Minimum Energy Efficiency Standards) Regulations 2025* including (but not limited to): • Completion of a pre-insulation installation electrical safety checklist by a licensed electrician or registered electrical contractor within 30 days prior to insulation installation. Completion of pre-installation forms that meets VEU requirements. • Completion of any work recommended in the pre-insulation installation electrical safety checklist by a licensed electrician or registered electrical contractor prior to insulation installation work commencing • Compliance with current version of "AS/NZS 4859.1 Materials for the thermal insulation of buildings". Loose fill insulation, cellulose fibre insulation, electrically conductive materials of any type (such as reflective foil laminates, and metal staples) must not be used. Installation by a suitably qualified person (defined as a person holding Energy Efficiency Council CII certification) in compliance with AS3999:2015, "Bulk thermal insulation – Installation" as published from time to time • Documentation of completed insulation work, including date and location stamped imaging and signing off by a certified insulation installer. **Note 1:** Program funding may be used to upgrade lighting where it is required to address safety risks and enable the installation of ceiling insulation. **Note 2:** The upgrade of ceiling insulation is an eligible activity for the purposes of the Victorian Energy Upgrades program. A list of approved products is available at the VEU Registry https://www.veu-registry.vic.gov.au/ The grant recipient is to report to DEECA on VEEC claims, and/or exceptions made, including where the claim is not able to be made due to property being damaged or stolen.

4.4. Draught and gap sealing

Upgrade	Guidelines
Draught and gap sealing	**ELIGIBLE** Properties without internal gas heating including open flued gas heating, internal instantaneous gas water heating, and portable gas heaters. (refer to FAQs – Open-flued gas heaters and ventilation – Energy Safe Victoria (esv.vic.gov.au)). Draught and gap sealing that effectively reduces the transfer of air between an unconditioned space and a conditioned space – for example between the exterior, roof-space and wall-space of the building and the heated or conditioned rooms.

Upgrade	Guidelines

The scope of draught and gap sealing to be undertaken **must** include the installation, where possible, of:

- Sealing or weather-stripping products to the entire perimeter of external doors, such that they do not impair the normal operation of the door
- Sealing or weather-stripping products to the entire perimeter of external windows, such that they do not impair the normal operation of the window
- A robust non-shrinking sealing material which seals or closes all unsealed wall vents

In addition, the scope of draught and gap sealing to be undertaken **may also** include the installation of:

- Self-closing dampers, flaps, filter or other sealing products to a ceiling or wall exhaust fan, that allow airflow when the fan is operating and restrict airflow when the fan is not operating.
- Caulking or expandable sealing products which seal gaps or holes in the building's thermal envelope – including around door and window frames, construction joints and wall linings, skirting and floorboards, or wall penetrations from services and appliances (noting these are commonly concealed behind or within joinery, e.g. plumbing penetrations).
- A product that covers the ceiling outlet of a ducted evaporative cooling system and which restricts airflow from the premises into the evaporative cooling ductwork when the system is not operating.

Safety and quality assurance

For EESHP draught sealing must be installed to the equivalent of *Residential Tenancies Amendment (Minimum Energy Efficiency Standards) Regulations 2025* and the *Consumer Legislation Amendment Act 2025* including (but not limited to):

- In properties which use or supply gas, a pre-draughtproofing gas check has been conducted by a licensed or registered gasfitter within the last 6 months, identifying:
  - the presence of any flueless space heaters or open-flued gas appliances;
  - the areas in the rented premises that require adequate ventilation for appliances to operate safely;
  - the areas where draughtproofing work should not be undertaken.

INELIGIBLE

- Draught and gap sealing is not to be undertaken where a flueless or open-flued gas space heater, or a flueless gas cooking appliance without a rangehood is installed (refer to FAQs – Open-flued gas heaters and ventilation – Energy Safe Victoria (esv.vic.gov.au))

Note 1: The upgrade of premises by installing draughtproofing (weather sealing) products is an eligible activity for the purposes of the Victorian Energy Upgrades program. A list of approved products is available at the VEU Registry https://www.veu-registry.vic.gov.au/. Grant recipient to report to DEECA on VEEC claims, or exceptions made, including where the claim is not able to be made due to property being damaged or stolen.

Upgrade	Guidelines
	Note 2: Regard should be given to the durability and effectiveness of draught and gap sealing materials and avoid the use of perishable materials such as foam adhesive weather stripping. **Note 3:** Doors and windows between conditioned areas of the home and garages or carports are to be treated as external doors and windows. **Note 4:** Where existing seals are present on external doors or windows, these may be retained where they are of an appropriate material and mechanism, and are no more than 25% damaged, missing or ineffectual.

4.5. Electric ovens and cooktops

Upgrade	Guidelines
Electric Ovens and Cooktops	**ELIGIBLE** All eligible properties: • Installation of induction cooktop (including associated electrical works) where there is an existing gas cooktop or electrical resistance (often called "ceramic cooktop"). The induction cooktop must provide an equivalent or greater level of cooking amenity than the cooktop being replaced. • Provide induction compatible cookware, if the renter does not have existing induction compatible cookware • Installation of an energy efficient electric oven to replace a gas oven, or to replace an electric oven where the oven replacement is required in order to replace the cooktop. **ELIGIBLE BY EXCEPTION ONLY** • Induction cooktops are the preferred upgrade option, unless the renter requests an electric resistance cooktop, there are site specific factors that prohibit installation, or a cost competitive induction product cannot be sourced. **INELIGIBLE** • Installation of gas cooktops or ovens. **Note 1:** The upgrade of induction cooktops is an eligible activity for the purposes of the Victorian Energy Upgrades program. A list of approved products is available at the VEU Registry https://www.veu-registry.vic.gov.au/. Grant recipient to report to DEECA on VEEC claims, or exceptions made, including where the claim is not able to be made due to property being damaged or stolen.

4.6. Solar PV

Upgrade	Guidelines
Installing PV solar panels	**ELIGIBLE** All eligible properties: • The solar panels and inverter must be an eligible product under Solar Victoria's Solar Homes program. **INELIGIBLE** • Battery energy storage systems **Note 1**: The Community Housing Organisation can opt to upgrade solar PV either under EESHP or under the solar rebates for community housing program with Solar Victoria, but not both programs. **Note 2:** Solar PV upgrades must meet the same requirements as the Solar Homes program including: • use of approved product lists • compliance with relevant standards and regulatory requirements • installation by appropriately accredited and licensed installers

4.7. Gas abolishment

Upgrade	Guidelines
Gas abolishment	**ELIGIBLE** All eligible properties: • Gas abolishment where full electrification has been achieved via other upgrade activities under this Program. **INELIGIBLE** • Households where the renter withholds consent to abolish gas. **Note 1:** The default energy source for installed appliances is electricity. The default upgrade scope is to include abolishment of the gas supply to the property upon the replacement of all gas appliances, unless this is unachievable due to prohibitive additional costs or technical constraints, or where the renter withholds consent to abolish the gas supply. **Note 2:** The Program will only undertake gas abolishment once the customer and retailer resolve gas debts.

5. Glossary

Sole-occupancy unit means a room or other part of a building for occupation by one or joint owner, lessee, renter, or other occupier to the exclusion of any other owner, lessee, renter, or other occupier and includes—

a) a dwelling in a Class 2 building; or

b) a room or suite of rooms in a Class 3 building which includes sleeping facilities; or

c) a room or suite of associated rooms in a Class 9c building, which includes sleeping facilities and any area for the exclusive use of a resident.

Tenancy agreement refers to the legal contract between tenants and landlords to occupy a property. For the purposes of these guidelines, it covers Specialist Disability Accommodation Residency Agreements and Residential Tenancy Agreements**.**

Habitable room means a room used for normal domestic activities, and—

a) includes a bedroom, living room, lounge room, music room, television room, kitchen, dining room, sewing room, study, playroom, family room, home theatre and sunroom; but

b) excludes a bathroom, laundry, water closet, pantry, walk-in wardrobe, corridor, hallway, lobby, photographic darkroom, clothes-drying room, and other spaces of a specialised nature occupied neither frequently nor for extended periods.

Fixed whitegood is a whitegood appliance that is fixed in place and requires expertise and/or qualified trades to remove or install. This includes cooktops, ovens and dishwashers. For the purposes of the program, it excludes fridges, washing machines, dryers and other “plug-in” appliances when covered under a tenancy agreement.

Comfortable indoor air temperature

World Health Organisation WHO Housing and Health guidelines (2018) recommend that “Indoor housing temperatures should be high enough to protect residents from the harmful health effects of cold. For countries with temperate or colder climates, 18˚C has been proposed as a safe and well-balanced indoor temperature to protect the health of general populations during cold seasons.” “In populations exposed to high ambient temperatures, strategies to protect populations from excess indoor heat should be developed and implemented.” The 2018 Guidelines did not recommend a safe maximum temperature, but previous WHO working group on indoor environment finding that “there is no demonstrable risk to human health of healthy sedentary people living in air temperature of between 18 and 24C.” *Link:* WHO Housing and health guidelines https://www.who.int/publications/i/item/9789241550376