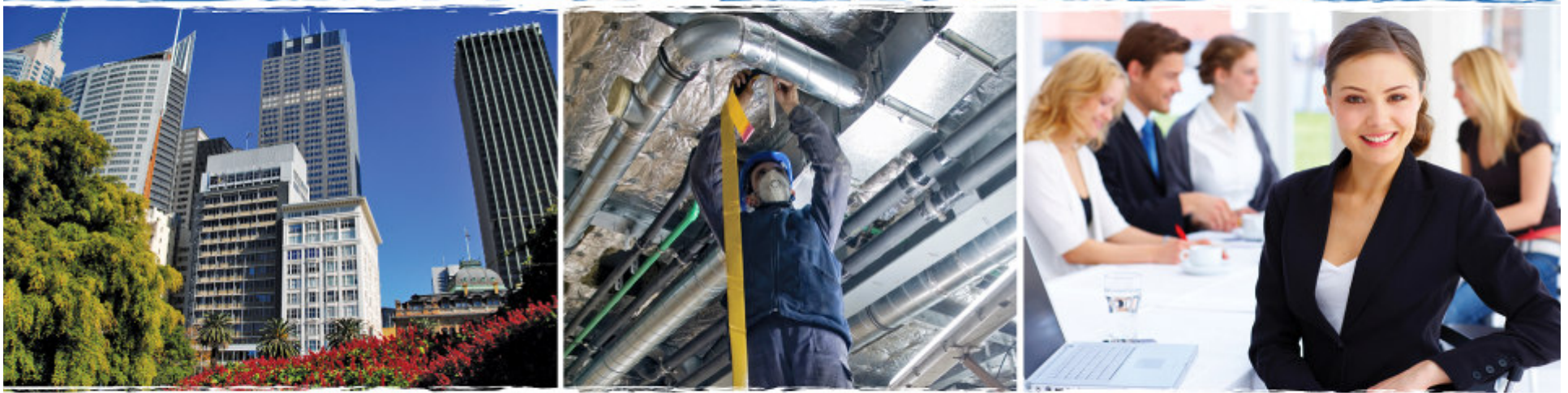




Environmental Upgrade Agreements



New financial drivers for commercial upgrades

A2SE Summer Study - 27 Feb 2013
Glenn May - Office of Environment & Heritage



Overview

- What is an EUA?
- How EUAs assist Govt energy efficiency goals
- Case study - 10 Valentine Ave
- What is the potential in NSW?
- 10 easy steps to sourcing EUA finance



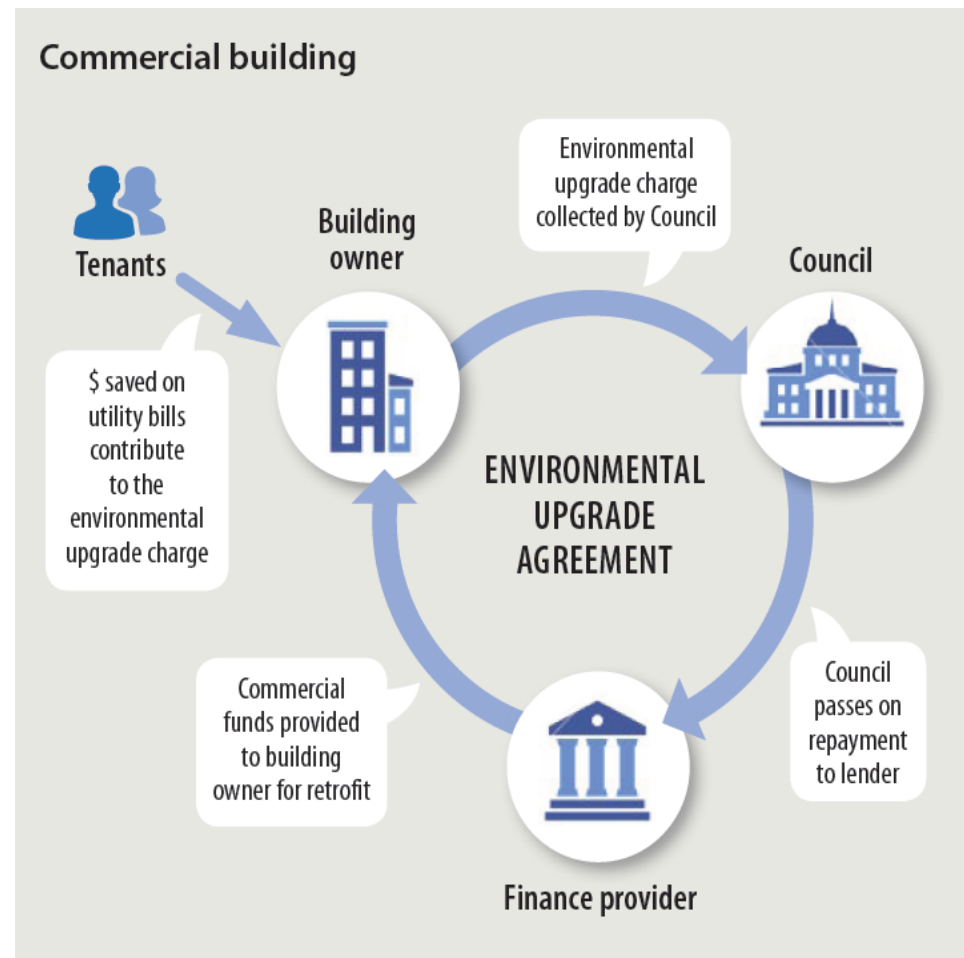
What is an EUA?

Voluntary finance agreement

Covers 'environmental performance of existing buildings'

Lender + owner + council

Re-paid via council rates & tenants can contribute

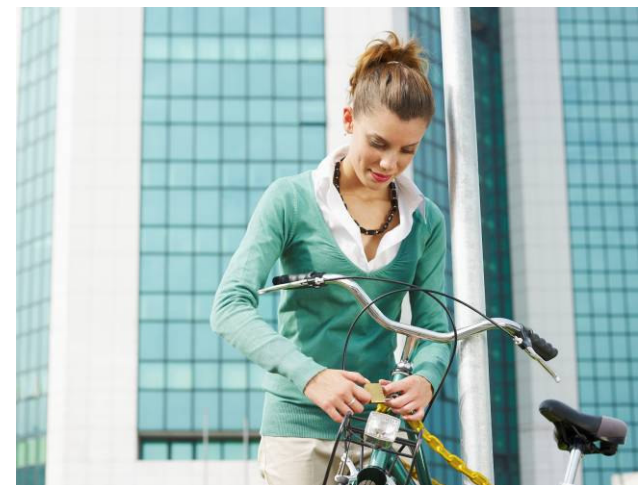




Eligible works

“Works to improve the energy, water or environmental efficiency or sustainability of the building”....

- Energy or water consumption
- Waste & GHG reductions
- Recovery or recycling of materials
- Pollution prevention/reduction
- Renewable energy
- Reducing car use





Common drivers/barriers for firms*

Common drivers:**

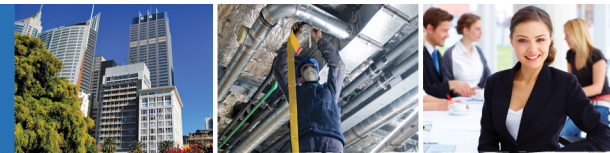
- Cost savings
- Env'tl impact
- Reputation

Common barriers:

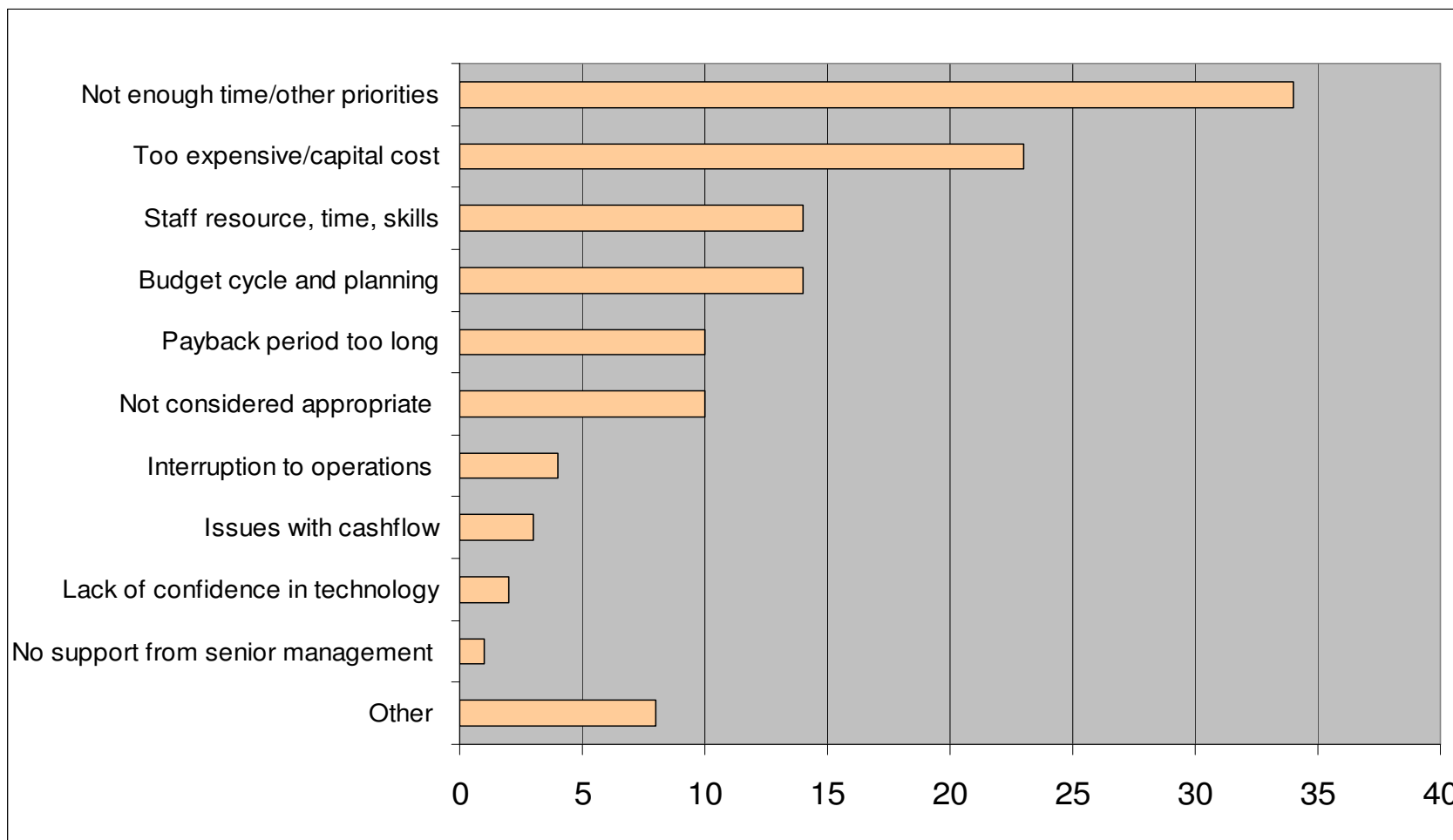
- Too costly/capital cost
- Payback period too long
- Staff resource/time/skills
- Interruption to operations/risk to BAU

*'Energy Saver' Evaluation – Databuild 2011

** response of 39 of 57 businesses surveyed



Common barriers to higher cost EE



*'Energy Saver' Evaluation – Databuild 2011



Local govt building stock research

Common drivers:

- Operational and maintenance cost savings
- Increase building value
- Anticipated price increases

Common barriers:

- Capital constraints
- Competing priorities
- Not having enough information



How EUAs help with the barriers



Access to finance

Minimal upfront outlay

Attractive interest rate

Possible tenant involvement
in repayments



Case study - 10 Valentine Ave

- Full tenancy lighting upgrade in a 13 floor office building
- Australian Unity (owner)
- State Govt depts (tenant)
- Outcome - 70% reduction in lighting consumption
- Savings expected - \$130,000/yr
- 3mth negotiation/tender process





The business case

Tenant -

- 70% reduction in lighting demand
- Improve office envt
- Reduce maintenance costs

Owner -

- Min capital outlay
- Nearly half upgrade paid by tenant
- \$156,000 ESCs
- Reduced heat load
- Tenant stays

Financier -

- Further business (existing and new clients)

Council -

- Attracts business
- Sustainability goals

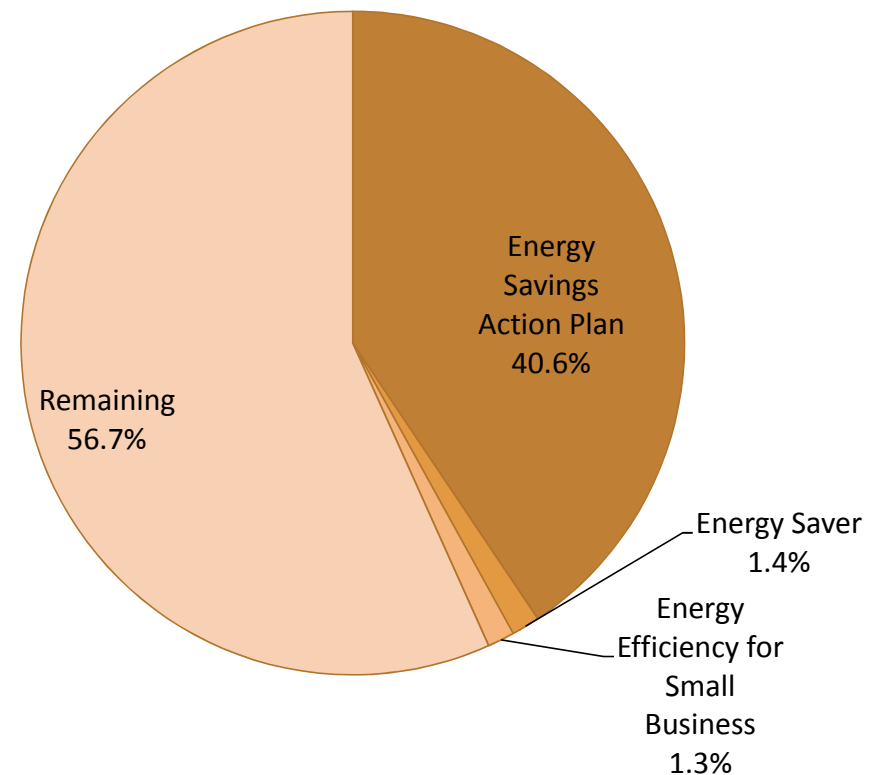




Big picture potential in NSW

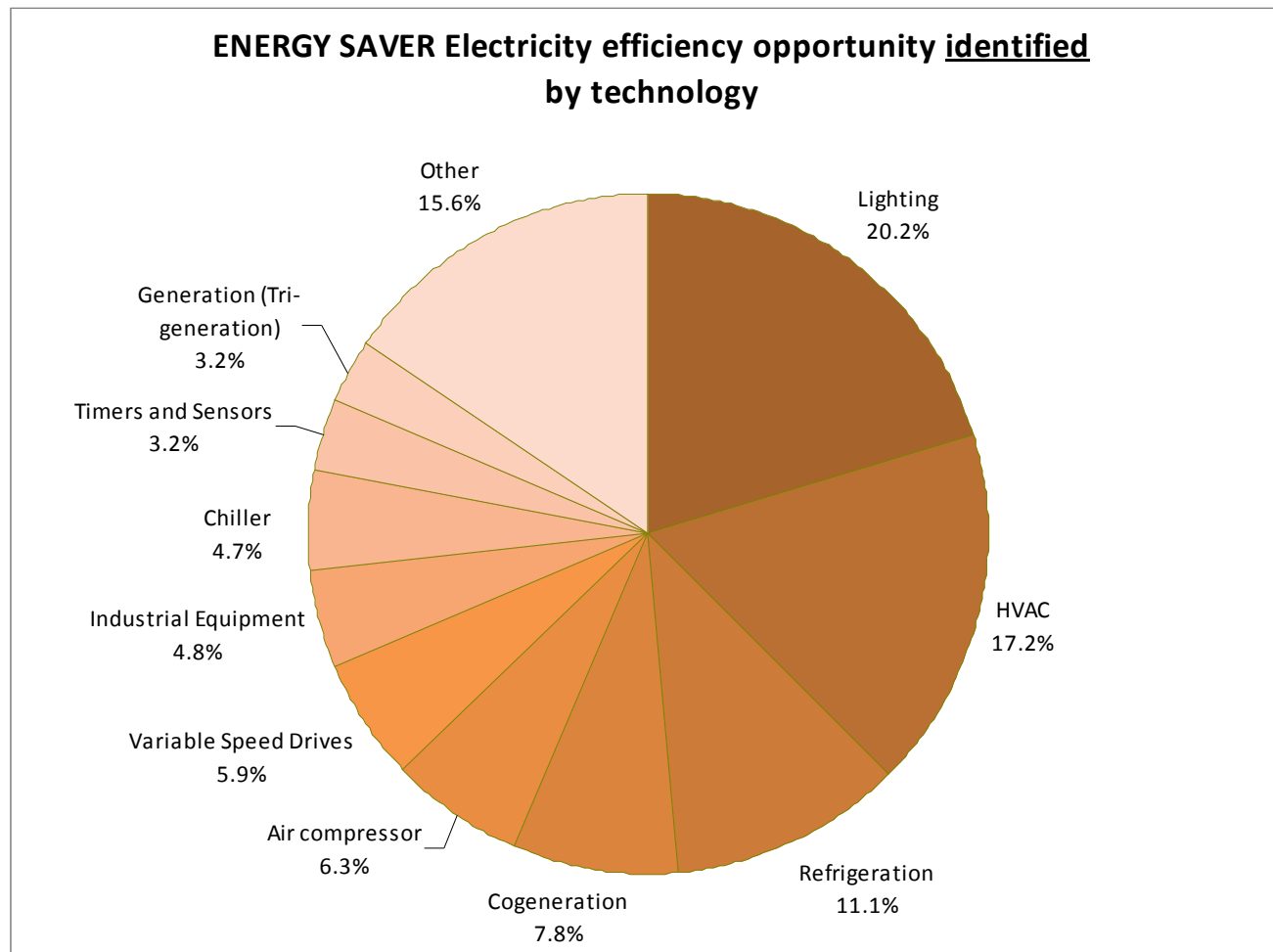
- NSW businesses - 340,000
- Commercial sector consumes 60,000 GWh/yr
- Govt assisted audits identified nearly half the opportunity

NSW business electricity use





Medium to large company potential



Source: OEH 2013



10 easy steps to EUA upgrades

1. Check with local council they participate
2. Undertake energy audit
3. Consider planned works, triggers, & bundling
4. Identify eligible EUA works*
5. Negotiate finance with a lender
6. Engage tenants
7. Apply to council & finalise agreement*
8. Commission the works*
9. Start savings/loan repayments (& cost sharing)
10. Undertake annual savings reporting*

* Engineering/legal advice maybe required



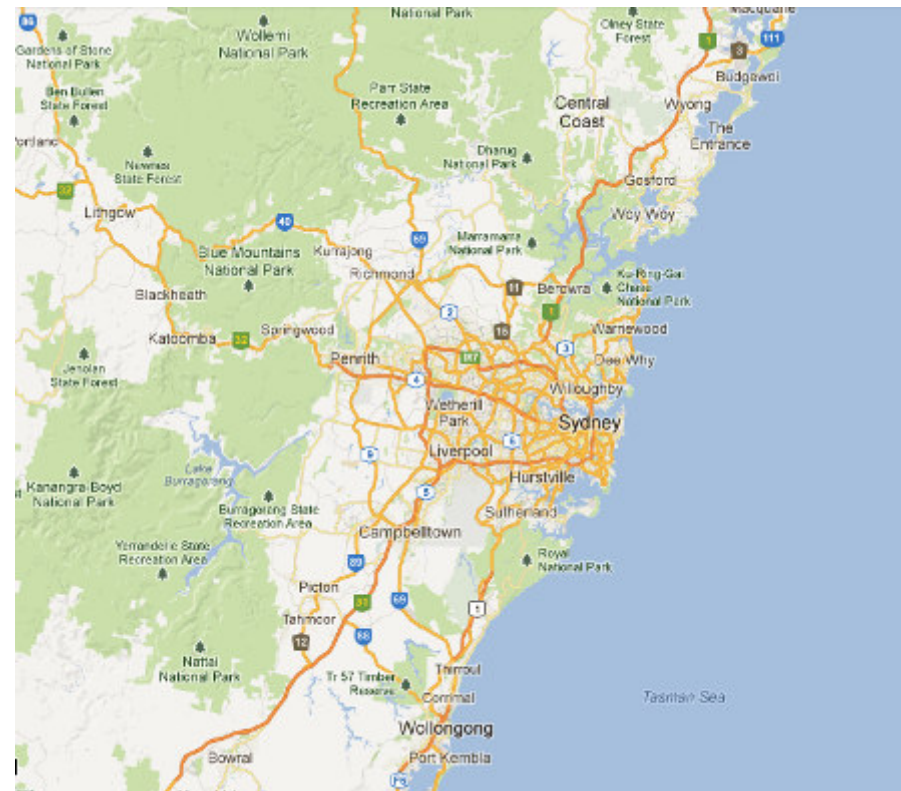
Current availability

Currently offering:

- Sydney
- Parramatta
- North Sydney
- Lake Macquarie
- City of Melbourne

Currently considering:

- Newcastle
- Wollongong
- Penrith
- South Aust





Find out more

www.environment.nsw.gov.au/sustainbus/eua.htm

Email: eua@environment.nsw.gov.au