Environmental Upgrade Agreements

New financial drivers for commercial upgrades

A2SE Summer Study - 27 Feb 2013
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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
- Envtl impact
- Reputation

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

** response of 39 of 57 businesses surveyed
Common barriers to higher cost EE

- Not enough time/other priorities
- Too expensive/capital cost
- Staff resource, time, skills
- Budget cycle and planning
- Payback period too long
- Not considered appropriate
- Interruption to operations
- Issues with cashflow
- Lack of confidence in technology
- No support from senior management
- Other

*‘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

Source: OEH 2013
Medium to large company potential

ENERGY SAVER Electricity efficiency opportunity identified by technology

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
Environmental Upgrade Agreements

Current availability

Currently offering:
• Sydney
• Parramatta
• North Sydney
• Lake Macquarie
• City of Melbourne

Currently considering:
• Newcastle
• Wollongong
• Penrith
• South Aust
Find out more


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