

Big Switch Projects Pty Ltd  
ACN 092 703 672  
[www.bigswitchprojects.com.au](http://www.bigswitchprojects.com.au)

SYDNEY OFFICE  
**address** Level 3  
207 Clarence St,  
Sydney NSW 2000  
**tel** (02) 8270 7777  
**mail** PO Box Q877  
QVB Post Office 1230

ADELAIDE OFFICE  
**address** Level 1  
16 Vardon Av.  
Adelaide SA 5000  
**tel** (08) 8212 0466



Commercial Building Energy Efficiency Team  
DEWHA  
Canberra

By email only

Thursday, February 26, 2009

## **Comment on Mandatory Disclosure of Commercial Office Building Energy Efficiency Consultation Regulation Documents**

### **About Big Switch Projects**

---

Big Switch Projects is a nine-year old energy and carbon emissions consultancy whose core business has always been the delivery of improved environmental performance in existing buildings, particularly commercial buildings, and particularly office buildings and tenancies. We deliver the Business Energy Efficiency Program for both the Adelaide Solar City and the Blacktown Solar City, and have significant experience in NABERS ratings, energy efficiency reviews, working with tenants to cut their energy use, and broad advice to the property sector. Our Managing Director is chair of the new sustainability committee of the Australian Direct Property Investment Association, and he and our senior project manager Tom Belsham were in mid-2008 appointed to the Australian Government's Energy Efficiency Working Group. Our company is on the South Australian Government's panel of energy consultants. We have three NABERS assessors on staff.



This submission, therefore, comes from a leading player in the commercial building energy efficiency sector. Without doubt, this initiative has the potential to significantly build the energy efficiency sector across Australia, cutting Australia's carbon emissions in a highly cost-effective manner, creating new green jobs, and doing so at minimal cost to the Australian Government.

## **Our response in summary**

---

We strongly support this initiative. We believe it has a number of technical issues but see no reason why it should not be implemented on July 1, 2010.

We endorse the need for disclosure of energy and carbon emissions by office building owners. It is an indictment of governments past and present, state and federal, that this initiative has taken so long, given it was first flagged in *Securing Australia's Energy Future* in 2004.

We support having this scheme implemented by mid 2010 and then expanded to other commercial building types each year, starting with hotels, then including shopping centres and hospitals. It will overcome a major market barrier to Australia adopting more energy-efficient technologies and practices in the office building market.

We have reservations about the requirements on tenancies because a previous tenant's energy performance is not a strong indicator for the new tenant's. But some rating is better than none. A technically strong, market-experienced team of experts would be able to deliver a better reporting model.

We believe the initiative for base buildings needs significant strengthening. It is critical for the disclosure provisions to have maximum impact on transforming the market for energy efficient buildings that the certificates are publicly displayed as in Europe. This would be of major appeal to every business and government agency in Australia that leases office space.

The scheme offers owners of high NABERS-rating buildings a new government-endorsed platform to promote their high-performing assets.

We are happy for our submission to be disclosed on DEWHA's website.



## **Our submission on enhancing the Mandatory Disclosure initiative**

---

### **Recommendation 1. Public display of certificates**

It is disappointing that it is proposed that the BEECs will not be publicly displayed in building foyers, as they are with the EU energy display requirements. Having the certificates displayed will significantly lift the importance of the rating, and therefore lift the importance of energy efficiency, which is the point of the Mandatory Disclosure initiative. We suggest that when CEOs of companies leasing space in an office building walk past a certificate telling their visiting clients that the building rates, say, just two stars, then an office building's energy efficiency performance and greenhouse rating will really be taken seriously. And that, of course, is the point of the scheme. This would cost property owners and governments little extra but ensure the initiative is taken more seriously. For the same reason, we don't just have appliance energy ratings listed on the DEWHA energy rating website: we put them on the appliance as a label. Buildings should have labels too, and the information should also be publicly available on the NABERS website. It is in the public's interest to know how this significant industry sector is performing on energy and carbon emissions.

If this recommendation is somehow too difficult for government, a second, weaker option would be to ensure that any building that had government tenants – Federal, State or Local – must display the certificate. This should be a condition of leasing space to government.

A further option would be to ensure all recipients of Green Building Fund grants must display their certificates publicly.

### **Recommendation 2. Review the tenancy requirements**

---

We strongly support the requirement that a tenancy NABERS rating should be provided for potential lessees but accept the view of a number of landlords that the current scheme design has problems. It must be remembered in designing such a scheme that tenants use

around half of the building's energy so simply removing them from the scheme is halving its effectiveness.

A problem exists in relation to how relevant the previous tenancy ratings will be for future tenants in that space. For example, the NABERS Energy rating of a tenant who ran a 24/7 financial trading floor with significant supplementary air conditioning loads is not going to be a strong guide for a potential new tenant who treads more lightly on the same floorplate. Big Switch Projects has, for example, reviewed a tenancy in Adelaide of 3900 sqm where 50% of the energy was consumed by a 100 sqm data centre. Remove that data centre, as the next tenant probably will, and the NABERS rating would have been exemplary. It would appear that the designers of this scheme have had insufficient technical input from those who understand who uses energy in an office building, where and why, and the relationships between owners and tenants.

We believe this issue needs further review. Some kind of tenancy rating for new tenants is better than none at all because, as stated, tenants typically use half the energy in an office building. We urge the Australian Government to convene a technical group representing owners, tenants and energy-efficiency firms to consider the options (see recommendation 6, below), which might include mandatory minimum NABERS ratings for all new tenancies, provision of energy modelling of proposed fitouts, and at the very least an indication of the efficiency of the base building lighting system – which, of course, may be the only thing the previous tenant leaves behind. Making Australia's office workplaces more energy efficient is fundamental to cutting the nation's power use and carbon emissions but it may be that such a goal needs its own program.

### **Recommendation 3. Include NABERS Water too**

---

For minimal additional cost to property owners, a NABERS Water rating could be included in the certificate. It should be. Australia is not a country where water should be wasted and a property's water use should be displayed for reasons as valid as energy.

### **Recommendation 4. Improve the certificates**

---

The mock certificates in the Consultation Regulation Document are not aesthetically attractive, although they are better than the European certificates which are almost impossible to understand.

DEWHA should commission a quality graphics design team to work with the proposed technical committee (our recommendation 6) to come up with certificates that clearly communicate their content while looking great. We need certificates that any property owner would be proud to place in their foyers and that lay people can understand easily.

### **Recommendation 5. A national scheme requires the national government to run it**

---

The excellent NABERS team within the NSW Department of Environment and Climate Change have for some years been starved of the financial and human resources required to efficiently manage and develop the NABERS scheme. We would not be alone in questioning whether the NSW Government is capable of managing its elements within the Mandatory Disclosure initiative. There is no doubt DECC has the technical skills and corporate history of the scheme; there is doubt the NSW Government is capable of delivering the volume of ratings that will be required under a mandatory disclosure scheme. It would be far better if the Australian Government took over administering NABERS and this mandatory disclosure scheme as a single body with clear responsibility and budget accountability.

### **Recommendation 6. Establish a broad-based representative technical advisory group**

---

At the Sydney stakeholder briefing on February 20, it appeared that the Property Council of Australia felt strongly it had not been adequately involved in the design of this scheme. Our industry feels the same. We are not aware of any firm from the energy efficiency sector that has been consulted in the design either, other than the consultants to DEWHA. The consultation documents are an excellent start: we recommend DEWHA now establish a technical group representing property owners, major tenants and our industry to fine-tune the initiative, covering all the issues we have listed above. This group should be told the initiative must be implemented by July 1, 2010, so all implementation issues must be resolved by mid-2009. A clear statement from the Australian Government that this initiative will proceed, as promised prior to the 2007 election, will ensure the group remains focussed not on *whether* the scheme should be proceed, but on *how*.

### **Recommendation 7. Better define exactly what the EEAR will provide**

---

We support the requirement that owners and tenants must provide an Energy Efficiency Assessment Report. However, from the DEWHA statements, it is not clear what level of detail will be provided in this report. Is this a Level 1 or Level 2 energy audit?

We also believe that the base-building and tenancy EEARs should be kept separate: they are entirely different reviews of different types of energy-consuming equipment, and neither party will have access to each other's data. A great deal more work is required on this issue but in principle is it sound. Having the requirement that the EEAR is only done at worst every seven years is sensible.

#### **Further information**

Gavin Gilchrist  
Managing Director  
(02) 8270 7700  
[gavin.gilchrist@bigswitchprojects.com.au](mailto:gavin.gilchrist@bigswitchprojects.com.au)