



DEWHA

Your Reference: Comments on “Mandatory Disclosure of Commercial Office Building Energy Efficiency”

27th February 2009

Sirs,

Kingspan Insulated Panels Pty Ltd wholeheartedly supports the proposed legislation and welcomes an opportunity to offer comments on the consultation regulation document.

By way of introduction, Kingspan Insulated Panels Pty Ltd is part of the global Kingspan Group. Worldwide Kingspan manufactures in excess of 20 million square metres of insulated wall and roof panels for non-domestic market applications. As a leading global producer, striving for sustainability in all our business products and operations is our corporate responsibility and as part of our commitment we participate in the Global Reporting Initiative. Globally Kingspan have an active involvement in educating and advising all industry sectors on legislation obligations and have facilitated the adoption of regulations which demand high thermal efficiency in buildings. To aid the adoption of Section J in Australia, Kingspan produced a guide to compliance offered to industry stakeholders free of charge and commissioned a series of Seminars around Australia.

The proposed legislation shares similar attributes to those implemented in Europe through the Energy Performance Building Directive (EPBD). Kingspan have been heavily involved in promoting EPBD across Europe where we work with all parties involved in construction. Kingspan offer a complimentary advisory service to assist with the design, building modelling and where appropriate the refurbishment of existing stock to achieve high performing, thermally efficient buildings.

In Australia we welcome the potential for a similar directive here. Our comments on the proposal are outlined below.

## 1. Limiting the scheme to sale or lease of BCA Class 5 offices is not ambitious enough

Kingspan believe that to have genuine effect the regulation should be introduced for all non-domestic buildings at completion of construction, sale or rent. This would align the regulation with EPBD.

The reasons for this include:

a) Commercial buildings account for only a proportion of the existing building stock (which this regulation is attempting to address.) To be truly effective in addressing energy efficiency, Kingspan believe the regulation should be extended to include all building classifications, including industrial, with the regulation remaining consistent across all sectors. Energy demand in the existing building stock must be tackled now if we are to meet any of the government targets.

b) It would appear that existing schemes currently in place such as EEO and NGERS already mandate that certain categories of businesses must identify, evaluate and report publicly on cost effective energy savings opportunities and report corporate greenhouse gas emissions, energy production and consumption (this goes beyond the proposed mandatory disclosure.) Some of the businesses anticipated to be involved in EEO and NGERS operate in Class 5 Buildings and would have to go through similar motions to fulfill the proposed scheme. Therefore it seems limited to be targeting a group who may already be seeking opportunities to improve performance when there is an opportunity to be targeting a wider breadth of poor performing building stock.

c) New buildings today will become the stock of tomorrow - Class 5 buildings are required to meet Section J compliance for new build, which suggests that finished buildings will eventually fall under this proposed legislation. In theory, provided buildings were built to compliance (see note 2a below), the operational energy efficiency would be of a satisfactory standard so mandatory disclosure could potentially be worthless with little incentive to make improvements. This highlights that the scope needs to be broader to include all building classes so as not to limit the true impact this legislation could potentially have.

Additionally, by extending the proposal across all classifications of buildings, additional energy efficiency benefits could be derived immediately, and it would obviate the need to introduce further RIS statements and Acts of Parliament later.

## 2. Implementation – Effective enforcement

This initiative is unlikely to succeed without strong government enforcement. A major impact of building energy labelling in the UK has been that it has highlighted just how bad the existing building stock is.

To this end, Kingspan has commissioned independent research into just how the refurbishment of existing building stock might be promoted. This was recently presented in Westminster, and the UK Secretary of State for Energy and Climate Change (Ed Milliband) spoke at the event. This report is attached. A key point is that the existence of Energy Performance Certificates and Display Energy Certificates (similar to BEEC) creates the opportunity of measuring and incentivising the improvement of existing buildings. This is a win-win for all parties, in that refurbishment is cost effective, saves carbon emissions, contributes to energy security and creates jobs.

For consideration:

a) Although Section J has been introduced to reduce greenhouse gas emissions by increasing the energy efficiency of structures, the effectiveness of the regulation has been hampered by the

absence of a clear allocation of responsibility to sign off on compliance – in essence the regulation is largely left unpoliced. It is further clear that loop holes have been actively sought in regulations to bypass minimum requirements. Therefore we are keen to understand how this proposed scheme will be implemented at a federal government level so that the same mistakes do not occur. It is imperative that it is made clear who is responsible for ensuring and verifying compliance.

Because there are existing loop holes in Section J requirements and its implementation for new build, these will need to be addressed to ensure that buildings meet the proposed energy conservations as existing stock.

b) Kingspan believe the property industry will resist such innovation in the commercial sector, and therefore the emphasis on policy development and implementation should take this into account with the introduction of mandatory measures rather than provide flexible or voluntary options.

### 3. Cost – Benefit Analysis is only part on the decision making

We encourage the government to be forward thinking and resist the negative comments of sceptics concerned about costs. The reality is that building energy labelling opens the door to cost savings for all.

There will always be arguments about the cost-benefit analysis, since there are too many parameters that need to be taken into account. In particular this will include how the market will respond, and what the building owner will do when faced with issues of costs for energy assessment.

Therefore the decision should not be solely based on the cost benefit analysis but also consider long term building sustainability issues.

### 4. Labelling beyond the point of sale or lease

Energy labels should be prominently displayed, and be readily available, regardless of whether it is the point of sale or lease of a property. This will help in the promotion of the scheme, highlight poor performing buildings, or buildings where such ratings have not been assessed.

### 5. Government should consider funding or part funding the certificates

Fully funding buildings that are not going to be sold or rented out in the short term may be a way of incentivising companies to establish the energy performance of their existing buildings in preparation for legislation.

### 6. A minimum floor area of 2,000 m<sup>2</sup> is far too large

A significant proportion of offices will fall through the net with the proposed minimum floor area. The current limit in EPBD is 1,000 m<sup>2</sup>. Since its implementation in 2008 this minimum area has been recognised as too large, and is likely to be reduced to well below this figure in the near future.

### 7. The use of NABERS or alternatives is actively encouraged

The government should be actively encouraged to provide alternative software suppliers, possibly through grants. This will open up the market more for energy assessment and reduce the risk of 'price-gauging' or leveraging by energy assessors.

## 8. Where is the money coming from?

As discussed, we anticipate that the market will resist these changes for reasons outlined above, and particularly so in the current economic environment. Recognising that it is unrealistic to expect the market to adopt policies to upgrade if they don't have to, Kingspan encourage the government to provide some real, tangible (financial) incentives to encourage the refurbishment of existing building stock. An idea that Kingspan is pursuing in the UK is the concept of up-front grants provided by government to pay for the necessary works – with the grant being paid back through energy savings, typically over 5 years. The net effect is that there is no cost to the taxpayer, the building owner pays nothing, and saves costs in the long term. Additionally CO<sub>2</sub> is saved, primary energy is saved, and jobs are created.

In summary, the Caleb report research we have attached demonstrates the value of BEECs and how they can be used to address key issues facing the government. Kingspan would be pleased to provide any further assistance that it can in the promotion and roll-out of this government initiative.

Best regards

Dr Mark G. Tatam  
Technical Manager  
Accredited Greenstar Professional  
**Attach**

Caleb Research report  
Caleb Summary  
Kingspan EPBD brochure

