



\$90 million Green Building Fund open for submissions from office building owners

A Client Note from Big Switch Projects

Summary

The Australian Government's Green Building Fund is open for submissions from owners of office buildings, either for one building or as part of a consortium covering a number of buildings. Grants of up to \$500,000 are available to cover up to half the cost of upgrading an existing office building to lift its NABERS rating. Round 1 will close on January 15, 2009. Round 2 will close just over a month later, on February 27, 2009. Big Switch Projects has attended the AusIndustry briefings in Sydney and Adelaide and offers this guide to the new scheme.

1. Overall scheme goals

The Green Building Fund offers building owners access to a \$90 million fund over four years that is designed to cut energy use and carbon emissions in all grades of office building. The NABERS Energy rating scheme (formerly the Australian Building Greenhouse Rating scheme) is its assessment tool.

2. How much is available for each building?

Grants range from \$50,000 to \$500,000 and are for up to 50% of the project cost. Eligible project costs must be directly related to the project and must include the newly installed energy saving plant and equipment, an audit of the project costs, and the post-upgrade NABERS review.

As well, owners with B, C and D-grade (as defined by the PCA) buildings can apply in a consortium for a total grant of no more than \$5 million, with each grant no more than \$500,000.

3. What sort of projects will the Green Building Fund support?

The scheme is for office buildings, although owners of industrial sites where there's an administration building are eligible to apply for the building only. That building will require an initial NABERS rating so, in our experience, installing a separate utility-grade electricity meter to measure the building's base-building energy, to create the NABERS Energy rating, will be required first.

Projects eligible include installation of improved air conditioning systems; re-commissioning of the building management system and controls; common area lighting; controls upgrades; and building fabric upgrades. At the Sydney briefing on November 14, the AusIndustry official was unclear about whether cogeneration would be supported. If it lifted the NABERS rating – as of course it would – then she felt it could be supported. Similarly, if building-integrated PV were installed, she said, it might be supported as it would also lift the rating. No definitive answer was provided.

At the Adelaide briefing, also on November 14, the response was similar. The AusIndustry official said that the overall aim of the funding scheme was to fund projects which would deliver the most greenhouse gas savings per m² of building at the most cost effective rate (\$/CO₂-e saved). Hence if cogeneration or PV showed good potential for a particular site, then it would be assessed accordingly. She said there were no special bonus points for renewables. Clients with such projects in mind should let Big Switch Projects know and we'll pursue a clearer response from AusIndustry.

4. Where do we start?

Building owners must have the existing NABERS Energy rating done as the baseline energy and greenhouse rating. But AusIndustry is not expecting this to be an up-to-the-minute rating. As only projects commencing after July 1, 2008 may be funded, the baseline NABERS rating must be before or close to this date, probably no later than for the 12 months to April 2008. A recent rating would do, the Sydney briefing was informed.

5. What are the AusIndustry criteria for success?

As with the NSW Climate Change Fund's Green Business Program, there is no definitive answer to guide applicants prior to submission. Generally, it would appear the NSW Government has supported projects down to a two-year payback. No such guidance is offered by AusIndustry for investment hurdles, or on Fund support for every tonne of carbon emissions saved. We can offer no guidance on the likelihood of success for any applicant but the impression given by AusIndustry is that the Government is keen for the fund to generate projects.

The merit criteria are potential greenhouse gas reductions, demonstration potential, and demonstrated capability to deliver the project design and management. Given the lack of guidance on funding hurdles, it would appear that AusIndustry is particularly keen for owners to demonstrate how they will promote the project, and report publicly on all lessons learnt, good and bad.

It seems the Government is seeking lots of good stories about the potential to save energy in office buildings. It also wants to understand better what works and what does not work when buildings are retrofitted for energy savings.

6. How to apply

The application form requires 12 pages of detail and, compared to other such schemes, is not too onerous. However, it will require the NABERS assessor to review the savings estimates, predict the post-implementation rating, and sign-off on the form. Contact Big Switch Projects for details on accessing the application form.

7. What are the timeframes for the first few rounds?

Round 1 closes January 15. Round 2 closes February 27. Round 3 will be about three months later. AusIndustry says the criteria may change after Round 2 and they will inform our industry when that occurs. There will be three or four rounds a year.

8. How long will it take to get a decision?

AusIndustry has committed to providing a decision on each application within 90 days, but typically less than that, 8-9 weeks. Building owners must execute the agreement within 30 days of the offer.

9. Commitment to deliver not required

While the aim of the Fund is to assist office building owners to improve the NABERS Energy ratings, there is no commitment required in the funding agreement for a given improvement. To Big Switch Projects, this is noteworthy: the NABERS Scheme does include the potential for office building owners to sign a Commitment Agreement, but at the both the Sydney and Adelaide briefings AusIndustry said this had been considered and rejected. Owners, we heard, will not be required to make a commitment so if the anticipated rating is not met, a report will be required about the problems encountered. "We won't penalise failure," AusIndustry said in Sydney.

10. Fund schedule

This is rigid and may be an issue for some applicants as the final payment will not be made for at least a year after project completion. Twenty per cent will be paid on execution of the agreement, 60 per cent on project completion, and the final 20 per cent 12 months after completion, upon provision of a post-implementation NABERS assessment.

Further information:

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