Agenda: Energy Efficiency & Green Buildings

Industry Drivers

Trends

Policy Environment & Regulatory Framework

Green Building Regulations & Rating Standards

State & Local Government Initiatives

Opportunities
Energy Efficiency solutions are being adopted across Australia due to rising energy costs and the Government’s commitment to support energy efficiency

Drivers:

• Australian retail electricity prices have risen by 50 per cent on average over the last 5 years to 2012, primarily driven by network costs.

• Rising peak energy demand, coupled with the need for infrastructure investment and declining base load demand, is driving interest and investment in smart networks and demand management solutions.
High electricity prices drive energy efficiency

- Key driver – rising power costs
- Retail electricity prices historically low
- Rapid increase over the past few years

Real electricity prices (inflation adjusted) – Australian Capital cities

Source: AER, 2012
Trend: Drive to Retrofit in Green Buildings

• Buildings huge part of Australian economy
  – A$70+ bn/ year spent on construction
  – A$25+ bn/ year spent on renovations & maintenance
  – More than 700 000 people employed

• Energy Efficiency drive in Retrofit
  – Driven by shared interest between Government and business in improving energy efficiency in commercial buildings
  – Longstanding reporting and rating system (NABERS) and more recent GreenStar, and
  – Government-led action: green leases
Trend: Earning GREEN PREMIUMs

- Increased asset values
- Higher Rents
- Higher Tenant retention

The Pixel in Melbourne achieved a 6 Star GreenStar
Growing commitment by private sector and residential sector

• 2012 Global Real Estate Sustainability Benchmark (GRESB).
  – Highest rating for Australian property companies and funds who continue to lead global ratings in implementing sustainability in real estate portfolios

• Marked engagement between landlords and tenants

• New legal vehicles:
  – Environment User Agreement
  – Green leases  public and private
Government Procurement in Green Building

32% commercial office market

- Energy Efficiency in Government Operations – Green Lease Schedules (National)
- Victorian Greener Government Buildings Program
- NSW Office Building Strategy
- Queensland Strategic Energy Efficiency Policy for Government Buildings
- South Australia Strategic Plan
Regulatory Framework

- Australian and State Governments’ agreement to energy market reform
  - AEMO reforms
  - White Certificate Schemes, National Energy Savings Initiative

- Australian and State Governments’ policies and programs:
  - National Greenhouse and Energy Reporting Act
  - Energy Efficiency Opportunities Act
  - Commercial Building Disclosure Act
  - Environmental Upgrade Agreements (EUAs)
  - Energy Performance Contracts
Policy Update

- **Australian Renewable Energy Agency (July 2012)**
  - ARENA currently has the support of the Coalition Government

- **Clean Energy Finance Corporation (July 2013)**
  - Coalition propose legislation to shut-down the Clean Energy Finance Corporation

- **Direct Action Plan on climate change and carbon emissions will replace the Clean Energy Futures**
  - Legislation to repeal the Carbon Tax will be introduced on the first sitting day of Parliament, followed by
  - Legislation to enact the Coalition's Direct Action Plan
  - Abolished organizations will merge into the proposed Climate Change and Environment Department

- **Mandatory Renewable Energy Target**
  - Target will be reviewed in 2014
Pledge to reduce emissions to 5% below 2000 levels by 2020

Green Building Regulations & Rating Standards

• **National Buildings Framework**
  – Minimum performance standards

• **Building Code of Australia**
  – Strengthening building standards

• **Commercial Building Disclosure Program**
  – Mandatory public disclosure of ‘green rating’ when selling/leasing commercial space

• **Rating Standards**
State and local government initiatives

- **CitySwitch Green Office** [www.cityswitch.net.au](http://www.cityswitch.net.au)
  - tenant energy efficiency program (NSW, SA, VIC, WA)

- **Environmental Upgrade Agreements**
  - innovative finance mechanism (VIC, NSW)

- **Precinct Renewal & Planning**
  Examples include
  - Tonsley Park Redevelopment (SA)
  - Dandenong Precinct Energy Project (VIC)
  - City of Melbourne 1200 Buildings Program (VIC)
  - City of Sydney (NSW)
  - The Loop (ACT)
Opportunities in Green Buildings

• Vertical solutions, e.g. for data centres, healthcare, retail
• Enabling service providers
  – Emergence of green only energy utilities and energy performance contracting
  – Certification and optimization
• Enabling technologies
  – Sensor technologies
  – Energy management systems
  – Lighting
  – Heating, ventilation and air-conditioning (HVAC)
  – Cogeneration systems
  – Energy storage and renewable energy
  – Envelope technologies, building materials and interior
Conclusion

• How can investors participate in this landscape:
  – One size does not fit all
  – Develop solutions with local players and decision makers
  – Participate in pilot projects and climb the learning curve

• Austrade there to guide you should you have a true investment project (productive, job-creating, technology developing)

• Tailor-made information developed together with our partners in the State & Territory Governments

• Coordination of individual company visits throughout the country
Want to learn more?

Simone Greulich
Australian Trade Commission (Austrade)

Neue Mainzer Str. 52-58,
60311 Frankfurt am Main, Germany

Simone.Greulich@austrade.gov.au
www.austrade.gov.au