

NABERS Energy
Built Environment Section
Office of Environment and Heritage
PO Box A2449
SYDNEY SOUTH NSW 1235

29 August 2012

Re: Submission - Review of the NABERS ruling 'Proportioning of Energy used by Cogeneration or Trigeration Systems'

Dear Ms Yma ten Hoedt

The Office of Environment and Heritage NSW (OEH) has sought comment on the Consultation Position Paper 'Review of the NABERS ruling 'Proportioning of Energy used by Cogeneration or Trigeration Systems', hereafter referred to as the "NABERS Position Paper". This submission provides the Energy Efficiency Council's response to the NABERS Position Paper

The Energy Efficiency Council is the peak body for energy efficiency, demand response and cogeneration, and brings together Australia's top expertise in demand-side to support the development of policy and programs. Incorporating expert advice into the design of demand-side programs significantly improves their effectiveness.

The Energy Efficiency Council's positions are based on the following premises:

- The main purpose of both the NABERS and the Commercial Building Disclosure (CBD) schemes should be to provide a benchmark of the overall energy and carbon intensity of a building. This provides guidance for building owners and tenants to improve the performance of their buildings and enables prospective buyers and renters to understand the performance of a building or building area before they buy or lease it.
- NABERS and the CBD scheme should focus on robust, accurate and transparent measures of a building's performance and allow for display of options for imported low-carbon energy sources. The integrity and transparency of NABERS is absolutely critical.
- Prospective buyers and leasers have bounded rationality and do not simply use NABERS and CBD ratings as one of many sources of information on a building's efficiency. For example, some buyers have policies that they will only lease buildings that achieve a NABERS rating of four stars and above, and will not compromise on this policy even if additional information is provided that indicates that external energy from co/trigeration is available at that site.
- Appropriately designed co/trigeration systems can reduce the energy and carbon intensity of a building. The best way to ensure that systems are well-designed and appropriately sited is to ensure that their performance is accurately disclosed. This would put NABERS in line with major international ratings schemes like BREEAM.
- NABERS and the CBD scheme must not create artificial distortions, such as encouraging on-site co/trigeration but discouraging precinct co/trigeration.

The Energy Efficiency Council supports the majority of the positions set out in the NABERS Position Paper, specifically:

- There is no double counting occurring when electricity generated by co/trigeration systems is delivered to other buildings via the grid.
- Where on-site co/trigeration of electricity and thermal energy does not cross the boundary of a building, it should continue to be counted in NABERS Energy ratings and the carbon content of the fuel should be allocated to the electricity generated for the building/and its tenants (where applicable). We note that some clarification on this issue may be required, and that specific Council members may write to you on this issue.
- For situations where co/trigeration energy crosses the boundary of a building, the carbon content of the generation energy inputs should be allocated between the electrical and thermal energy outputs. The council endorses that there should be zero allocation of the carbon content of the input energies to either thermal energy that is not recovered (non-

usable energy). OEH will need to work rapidly with industry to develop a protocol that allocates the carbon content of the generation energy inputs between the system's exported or useful outputs.

- Externally supplied lower-carbon energy (electrical and thermal) should be recognised in NABERS and CBD ratings through two separate ratings, with one rating displaying a building's performance as if all inputs used grid electricity (an 'unadjusted rating') and another rating displaying a building's performance to account for imports of lower-carbon energy (referred to as a 'blue power' rating). However, there are critical caveats to this.

The first of these caveats is that the NABERS Energy scheme should not move to a position where buildings can *only* get unadjusted ratings. If the NABERS Energy scheme adopts the position that NABERS ratings must be provided in an unadjusted and 'blue power' form before 'blue power' accreditation is developed, it will mean that buildings cannot get any recognition for externally supplied lower-carbon energy.

If buildings cannot get any recognition for externally supplied lower-carbon energy it will artificially distort the market by encouraging on-site co/trigeneration whilst discouraging off-site and precinct co/trigeneration.

This will cause immense damage to the fledgling market for off-site and precinct co/trigeneration and thermal systems, and is particularly important given that businesses have invested significant sums in ventures based on the NABERS ruling of 7 July 2010 '*Proportioning of Energy used by Cogeneration and Trigeneration Systems*'. Moving from the July 2010 ruling to a situation just two years later where buildings cannot get any recognition for externally supplied lower-carbon energy is unacceptable.

Therefore, the Energy Efficiency Council strongly argues that OEH should either:

- Delay the move to a ratings system which has separate unadjusted NABERS ratings and 'blue power' NABERS ratings until the 'blue power' system is established; or
- Move to a system which has separate unadjusted NABERS ratings and 'blue power' NABERS ratings, but allow for the use of interim 'blue power' ratings prior to the finalisation of an accredited 'blue power' system.

The second critical caveat is that, while the CBD scheme should continue to mandate that building owners disclose unadjusted NABERS ratings, it should also allow building owners to disclose and display 'blue power' NABERS ratings in Building Energy Efficiency Certificates (BEECs) and adverts. We believe that there is no justification for preventing building owners from disclosing unadjusted NABERS ratings and 'blue power' NABERS ratings, as this simply increases the information that is available to tenants and prospective buyers. If NABERS adopts the option to introduce interim 'blue power' ratings, the CBD scheme must also agree to allow the display of interim ratings.

While the Council does not object to companies also being able to disclose NABERS ratings adjusted for GreenPower in BEECs and adverts, we note that all building owners can purchase GreenPower to improve their NABERS rating, and there is therefore little value in advertising that a building can get a higher rating with GreenPower. In contrast, buildings can only access thermal and other forms of energy from a co/trigeneration system if there is one physically connected to the building. Therefore, advertising 'blue power' ratings would be critical.

The Energy Efficiency Council believes that it is critical that NABERS remains robust and transparent, whilst encouraging cogeneration and looks forward to working with the OEH to ensure that the NEM meets the needs of the community. Please contact me on 03 8327 8422 should you require further information on any of the issues raised in this submission.

Yours sincerely



Rob Murray-Leach
Chief Executive Officer