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The Commercial Building Energy Efficiency Team
 Department of the Environment, Water, Heritage, and the Arts.
 GPO Box 787,
 CANBERRA ACT 2601

To whom it may concern,

RE: Mandatory Disclosure of Commercial Office Building Energy Efficiency Response to Consultation Regulation Impact Statement (RIS)

Northrop Consulting Engineers are a multi-disciplinary building engineering consultancy, with specialised expertise in building services and energy consulting, and conduct building energy audits, NABERS assessments, and energy efficiency upgrades for a range of commercial buildings in New South Wales and the Australian Capital Territory.

We have reviewed the Consultation RIS, and participated in the Sydney and Canberra Public Information Forums that were held over the past month. We have the following comments in relation to the Consultation RIS and they are as follows:

- 1) Cost of carbon. The estimated cost of carbon should be based on the estimated cost to society, not the initial anticipated cost of carbon under the proposed carbon trading scheme.
- 2) The minimum size of the tenancies and buildings excludes far too much of the commercial property market for the proposal to make a significant difference. The main objective of the carbon disclosure initiative is to improve energy efficiency, thus correcting market failure identified in the RIS. However, larger buildings and tenancies are, in the main, already well motivated in this regard, due to the demand from government tenants to provide this information and met minimum energy efficiency requirements.
- 3) Adequacy of metering in commercial office buildings. There are a substantial number of commercial office buildings that do not allow tenancy or base building NABERS office energy ratings to be produced, due to poor metering of the power supply.
- 4) NABERS Tenancy ratings are heavily influenced by the tenant's operation and management of the tenancy. The building owner has limited control over this. We believe there is an alternative that should be utilised.
- 5) In Europe, EU directive 2002/91/EC of the European Parliament requires systems for the energy certification of new and existing buildings and, for public buildings, prominent display of this certification and other relevant information. These certificates must be less than five years old.

Suggestions

We suggest the following measures be incorporated to address the comments outlined above:

- 1) We suggest the carbon cost used in the models more accurately reflect the cost to society, as indicated in the Stern Review. This may have a substantial impact on the minimum recommended sized outlined in Item 2.
- 2) Taking into account the true cost to society rather than an arbitrary carbon price, will have an impact on the recommended minimum property sizes recommended. A reduction in the minimum tenancy and building areas need to happen to have a significant impact in this regard.
- 3) The Building Code of Australia, or alternatively, an Australian Standard, needs to specify metering requirements for commercial buildings in Australia. We suggest the Department of the Environment, Water, Heritage, and the Arts liaise with the Australian Building Codes Board into the feasibility of this initiative.
- 4) NABERS Office Energy Tenancy Ratings are a rating for the tenant light and power energy use only, hence predicted NABERS Tenancy rating can be produced without expensive building performance simulations being carried out. There is a validation protocol available, "NABERS Energy Guide to Tenancy Energy Estimation – Version 2008-01" that can be used to estimate the potential performance of a tenancy at a relatively modest cost, which would be approximately twice the cost of a standard NABERS Office Energy Tenancy Rating. We believe the performance *potential* is what needs to be demonstrated, rather than the tenancy's past performance, as the past performance is so heavily influenced by the tenant's management and operation of the tenancy.
- 5) We suggest the display of the building's base building rating would be a minimal cost, and would provide a substantial benefit in terms of public awareness, and public recognition.

We trust the above information is satisfactory to you; however, should you require any further information, please contact the undersigned.

Yours sincerely,



Sean Rapley
 Manager, Sydney Building Services,
 On Behalf of Northrop Consulting Engineers Pty Ltd.