



Future of NABERS Energy

Consultation response form

Thank you for responding to the [Future of NABERS Energy consultation](#).

Please provide your feedback in this document, and return in word (.docx) format to nabers@environment.nsw.gov.au.

Please return your responses by COB Friday 12th June 2020.

Organisation: Property Council of Australia

Section	Question	Comments
<p>Section 2 Update to emissions factors used in NABERS</p>	<p>1. Do you have any comments on the planned update to the emissions factors (section 2.3)?</p>	<ul style="list-style-type: none"> • The Property Council supports updating the NGA Factors to current figures by 1 July 2021 • One of the most significant issues our members have faced in recent years is the bias towards use of natural gas in new builds to achieve the desired NABERS Energy rating in the modelling for Commitment Agreements. While this bias will be lessened by updating the NGA factors to current figures, we urge NABERS to work with our members on other measures that will assist in creating a push towards fossil fuel-free buildings running on renewable energy at the design stage for Commitment Agreements. This could include recognition of commitments towards the building running on “100% renewable energy” and/or predictions of the future NABERS ratings possible as the grid decarbonises.
	<p>2. Do you have any feedback on the proposed implementation and update timelines (section 2.4)?</p>	<ul style="list-style-type: none"> • The Property Council supports a required update to the current NGA factors every 10 years, with the next confirmed update scheduled for 2030, then 2040 and so on • We also support an interim review every 5 years, to take account of the impacts of faster decarbonisation of the grid. We suggest NABERS sets an agreed threshold or percentage change (either decarbonisation of the grid or average impact to ratings) that would trigger an earlier update to the NGA factors at the 5-year review interval in between the already scheduled 10-year updates • Grandfathering of the existing rating tool that uses 1998 NGA factors for ratings referenced or required in other Government policies before the change is made is a reasonable measure, particularly where it relates to compliance with legislation.
	<p>3. Do you think that the prediction tool will be of value to industry? Do you have any other feedback on the prediction tool?</p>	<ul style="list-style-type: none"> • The Property Council strongly supports the creation of a prediction tool and suggests that this is given prominence in ratings generated after the scheduled update in 2021. The predicted rating using projected NGA figures for the next update (e.g. 2030) could be included by default with all ratings completed for the building owner’s information

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		<ul style="list-style-type: none"> NABERS should consider other applications for predicted rating tool at critical decision points in the building’s life cycle. In particular, there is need to ensure building designers can forecast the impact of decisions on façade and equipment choice at DA approval stage and when modelling for NABERS Commitment Agreements takes place. Equally, this tool should be promoted to forecast impacts of equipment replacement at the point of failure or end of life replacement. For example, when gas boilers are coming to the end of their useful life, it will be important that capex for replacement equipment factors in the longer-term impacts to NABERS ratings that choice will have.
	<p>4. Do you have any other suggestions of how we can prepare industry for this change?</p>	<ul style="list-style-type: none"> The Property Council suggests a concerted focus from NABERS to communicate the impacts of these changes to decisions at the design stage, their impact on Commitment Agreements and how future NABERS ratings will look based on projections for a decarbonising grid We support a market engagement campaign that includes webinars or sessions with stakeholders by jurisdiction, so the NABERS team can present the project impacts of changing the NGA factors to NABERS ratings in different jurisdictions, and explicitly tackle the question of how gas vs fully electric buildings fare Jurisdictional briefings should combine the impacts of NGA factor updates with NABERS’ alignment to market-based accounting in the NABERS with GreenPower tool. This is important to dispel some of the misconceptions about winners and losers under market-based accounting The Property Council would be happy to partner with NABERS to deliver briefings or consultation sessions across the country on these topics The NABERS/CBD conference is an important opportunity to engage NABERS’ key stakeholders on these changes early We suggest NABERS starts an FAQ page to respond to common queries for assessors and for building owners

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<p>Section 3 NABERS Net Zero Emissions</p>	<p>5. Are you in favour of the development of a NABERS Net Zero Emissions certification? Would you use it or recommend it?</p>	<ul style="list-style-type: none"> • Our members see enormous value in aligning their commitment to ongoing benchmarking through NABERS ratings with their commitments for net zero emissions. However, as the boundary proposed is limited to stationary energy use (scope 1 and 2) using the language ‘Net Zero Emissions’ could be confused with other frameworks that include a larger boundary that includes scope 3 • The Property Council supports NABERS recognising buildings which run on 100% renewable energy and strongly encourage NABERS to carefully consider the best mechanism for such a recognition. Our members support a much stronger distinction between the energy efficiency performance of a building (shown in the NABERS Energy rating) and the procurement of renewable energy for the building and suggest a more fundamental shift in the approach of communicating these aspects. Rather than extending the existing rating scale of the current ‘NABERS with GreenPower’ rating to 7 stars, we support the idea of communicating the procurement of renewable energy through a bar that demonstrates the percentage of renewable energy procured for the building. In this scenario, it doesn’t make sense for the starting point of such a performance scale to be the NABERS Energy rating, however a bar showing the percentage of renewable energy could be communicated alongside the stars of the NABERS Energy rating, as part of one, combined rating. This would preserve the use of stars to communicate energy efficiency performance (ensuring its ongoing primacy and importance) and provide a point of distinction for the importance of renewable energy procurement, ensuring both these desirable aspects are always communicated together. There are several important issues and scenarios to work through in contemplating a combined NABERS Energy and Renewable Energy rating: <ul style="list-style-type: none"> ○ careful consideration should be given to any additional wording for buildings which achieve the maximum possible performance on the scale for renewable energy e.g. ‘100% Renewable Energy’ or ‘Net Zero Energy Emissions’ ○ careful consideration must be given to whether the rating scale for the existing NABERS Energy rating should be extended and how behind the meter consumption of onsite renewable energy should be recognised and treated. Specific scenarios that contemplate extremes should be considered here e.g. how would a shopping centre with a large rooftop solar array be recognised if all the building’s energy consumption were met by onsite solar behind the meter?

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		<ul style="list-style-type: none"> • The Property Council strongly suggests NABERS commits to developing a communications and branding strategy for its recognition of renewable energy procurement through its own ratings and NABERS’ recognition of aligned certifications such as Climate Active certification through its ratings. The current certificates presented to buildings achieving carbon neutral certification with Climate Active through NABERS are confusing and do not highlight the achievement of buildings that take the extra commitment to procure renewable energy (through GreenPower) and achieve carbon neutral certification • NABERS should work closely with the GBCA and ClimateActive to align the communication of the different certifications for buildings seeking to reduce emissions, clearly showing the equivalence and differences between them. NABERS should feel confident that a ‘NABERS with Renewable Energy’ product can coexist with Climate Active and Green Star and we also want to avoid confusion on what tenants and clients should be asking for to drive a market for sustainable buildings. Consider that over the coming months and years the following certifications could be available in the market: <ul style="list-style-type: none"> • Climate Active certification (carbon neutral, includes scopes 1,2 and some 3) • Climate Active certification with 100% renewable electricity (as above with all scope 2 emissions from electricity cancelled with LGCs/GreenPower) • ‘NABERS Renewable Energy’ certification, perhaps combined with ‘NABERS Energy’ certification (proposed as only scopes 1 and 2) • Green Star Performance Carbon Positive Badge (scopes 1,2 and only available to fully electric buildings with 100% renewable electricity) • International Living Future Institute’s Net Zero Energy and Net Zero Carbon certifications <p>It is imperative that we create a simple brief for tenants and clients to clearly understand the value of different certifications and drive demand for best practice and incentivising our industry towards fully decarbonised buildings.</p>

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	<p>6. Do you think that the name NABERS Net Zero emissions is suitable for the certification?</p>	<ul style="list-style-type: none"> As noted above, ‘NABERS Net Zero Emissions’ could be confusing as other frameworks or definitions of ‘Net Zero’ have broader boundaries and include scope 3 emissions. A more accurate description of the boundary proposed which is limited to stationary energy use (scope 1 and 2) would be ‘Net Zero Energy Emissions’ or ‘100% Renewable Energy’. As previously noted, NABERS should take time to consider how it recognises this achievement alongside a redesign of a combined NABERS Energy rating that communicates energy efficiency in stars (NABERS Energy) and renewable energy as a percentage on a bar (NABERS Renewable Energy).
	<p>7. Do you agree that the proposed boundary for net zero recognition should be identical to NABERS Energy with GreenPower (stationary energy)?</p>	<ul style="list-style-type: none"> Yes, we agree that the proposed scope makes the most sense for the NABERS program at this stage. While there is benefit in looking at emissions beyond scopes 1 and 2, the Climate Active certification already covers an expanded boundary including some aspects scope 3, for which recognition of offsets are required NABERS should take some time to consider how other NABERS ratings, namely Water and Waste could be leveraged to provide recognition of emission reduction in those areas that comprise the dominant aspects of scope 3 emissions.
	<p>8. Do you support NABERS’ proposal to expand its offset mechanisms from recognising renewable electricity only, to also include certified zero-carbon fuels?</p>	<ul style="list-style-type: none"> The term “offset” is applied loosely in NABERS’ consultation paper and a distinction must be made between renewable energy (that can cancel emissions from scope 2 electricity and scope 1 gas uses) and the way land based offsets are used in carbon accounting under the GHG protocol. The Property Council supports NABERS using a broader definition of renewable energy that includes certified ‘zero-carbon fuels’ in future but note there is currently no product available at scale that could be deemed equivalent to renewable electricity LGCs/GreenPower We recommend NABERS takes some time to develop criteria for ‘zero emissions fuel’ that would need to be met in order to cancel scope 1 emissions for gas use. At an absolute minimum this should be restricted to projects that can demonstrate credible claims via certificates surrendered to the Clean Energy Regulator in a manner that is considered equivalent to LGCs and GreenPower. Additional criteria should be considered that examine the broader environmental, social and financial sustainability of such projects NABERS has no track record of experience with land-based offsets. Given NABERS’ long held position to restrict cancelling of scope 2 emissions to use and

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		<p>purchase of renewable electricity, a consistent approach would allow for the prospect of ‘zero carbon fuels’ to cancel scope 1 emissions from existing fossil fuel use but not land based offsets</p> <ul style="list-style-type: none"> • Land based offsets are not considered part of the long-term solution to decarbonising fossil fuel usage within buildings and recognition of them within a ‘NABERS Renewable Energy’ rating scale does not provide an incentive towards decarbonisation.
	<p>9. Should a minimum NABERS Energy rating (without Greenpower) be required to achieve NABERS net zero certification (e.g. the star rating of the 50th percentile, such as 4 stars for offices)?</p>	<ul style="list-style-type: none"> • If NABERS pursues recognition of buildings which are ‘100% Renewable Energy’ through a percentage bar of renewable energy procurement this can be communicated alongside the NABERS Energy rating as part of one combined rating. In that case, we see no reason any building should be precluded from achieving recognition of running on 100% renewable energy and disagree with setting a minimum NABERS Energy rating. Both the energy efficiency performance and renewable energy procurement should always be communicated together. • NABERS’ strategic plan contains the best guidance for how NABERS should apply principles in this instance. The vision and mission of NABERS is centred on reducing environmental impact of buildings to a ‘net zero’ state across energy, water, waste and indoor environment. A core strength of NABERS is the promotion of energy efficiency as a key strategy to achieving the desired outcome: energy efficient buildings running on renewable energy. Buildings will be commercially incentivised to increase their energy efficiency if they are operating on 100% renewable energy as it will always be cheaper to run an efficient building on renewables than an inefficient one.
	<p>10. Are there any other fuel types that you expect to be used in buildings in the short to medium term future?</p>	<ul style="list-style-type: none"> • Changing the name of NABERS’ rating scale for renewable energy from NABERS with GreenPower to ‘NABERS Renewable Energy’ would allow for a broader definition of renewable energy over time, as different forms of renewable emerge and meet similar criteria across environmental, social and financial sustainability as GreenPower • As we’ve outlined previously, there is work underway to get a certification scheme for biomethane up and running within the next few years however there remain questions over the ability for this to deliver credible claims for sustainable ‘zero carbon fuels’ at scale. There is also the longer term prospect of green hydrogen,

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		<p>however the financial viability for this product through existing gas network distribution systems is also currently unclear and much more work is needed to determine its long-term viability in the built environment. The clear trend among our industry’s leaders suggests an intentional shift away from any form of gas for space and water heating to electrification and use of technology like heat pumps</p> <ul style="list-style-type: none"> • Although refrigerant fugitives are outside the scope of what NABERS is looking at this certification, consideration of how natural, zero ODP and low GWP refrigerants are recognised in future is worthwhile noting.
<p>Section 4 NABERS Energy with GreenPower</p>	<p>11. Do you agree that the NABERS Energy with GreenPower tool should be maintained, (option 1)?</p>	<ul style="list-style-type: none"> • No, our preference is for NABERS to communicate renewable energy procurement (underpinned by market based accounting) as a percentage bar alongside the stars of the NABERS Energy rating, as one combined rating • An alternative would be to rename NABERS Energy with GreenPower to ‘NABERS Renewable Energy’ but remove the NABERS Energy rating as the starting point and communicate performance differently to NABERS Energy.
	<p>12. If you agree with Option 1, should the name be changed (option 1b)? If so, what name would you suggest?</p>	<ul style="list-style-type: none"> • Our preference is for one combined rating with stars for energy efficiency and renewable energy recognise on a different scale as part of one NABERS Energy rating. If these aspects were to be maintained as separate ratings, the renewable energy aspect should be under the title ‘NABERS Renewable Energy’.
	<p>13. What other risks and issues should NABERS consider in making this decision?</p>	<ul style="list-style-type: none"> • If a separate NABERS Renewable Energy rating tool is kept, some extra thought needs to be given to the description of buildings which achieve the maximum performance possible on the rating scale. As currently suggested, this recognition would only be available to fully electric buildings initially, so once the bar reaches 100% renewable energy or a 7th star is achieved, is that building designated with a “Powered by 100% renewable energy” badge, or called ‘Net Zero Energy Emissions’? This deserves further consideration. • We strongly suggest the team works with Climate Active and GBCA to consider how best to communicate the rating in a way that ensures consistency and a clear understanding of how this tool is positioned related to other certifications.

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Section 5 Market-based carbon accounting	14. Are you in favour of the proposed changes?	<ul style="list-style-type: none"> • Yes, the Property Council strongly supports adoption of market based accounting in accordance with the GHG Protocol and is pleased to see NABERS adopt international best practice carbon accounting as proposed. • We also note recent moves by Climate Active and Green Power to align with the GHG Protocol and market based accounting and are strongly supportive of all relevant government and industry benchmarks aligning to the GHG Protocol
	15. Do you have any other feedback on the proposed changes?	
Section 6 Renewable Energy purchasing	16. Would you be likely to use non-GreenPower LGCs for a NABERS Energy with GreenPower rating or to achieve the NABERS Net Zero Emissions badge if it became possible?	<ul style="list-style-type: none"> • Yes. Currently, members question the value of GreenPower products as they come at a not-insignificant premium. At a principle level, there needs to be an accountable, transparent way for members to demonstrate that the LGCs they have purchased have in fact been voluntarily surrendered. Provided this can be done outside GreenPower, then building owners should be able to make a claim for the purchase of renewable energy against their scope 2 emissions.
	17. What are your views on NABERS' suggestion to accept only Wind and Solar LGCs?	<ul style="list-style-type: none"> • Given NABERS already recognises LGCs accredited through GreenPower that may include LGCs generated from other energy sources, it is premature for NABERS to restrict LGCs to solar and wind at this stage. It would make sense for NABERS to firstly: <ul style="list-style-type: none"> ○ Determine what sources of renewable energy are currently certified under GreenPower and accepted by NABERS ○ Establish more clearly what differences there are between accreditation of projects under GreenPower and registration of LGCs with the CER • We suggest NABERS works through the above points before deciding what types of LGCs it will accept. This decision should relate back to established principles, whether these can be drawn from the current approach of the CER or GreenPower (preferred), or whether NABERS develops its own criteria. Please also refer to our comments on Question 8 regarding recognition of other forms of renewable energy

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		such as biomethane over time.
	<p>18. Do you have any feedback on the proposed process for verifying and auditing LGCs? Would the additional costs of this process be acceptable?</p>	<ul style="list-style-type: none"> • The Property Council’s members would see value in being able to clearly demonstrate the provenance of LGCs voluntarily surrendered to communicate the origin and type of renewable energy used for the building. Note this is something our members have also requested GreenPower provide • We would like to see further detail of the estimated additional cost of an ‘LGC auditor’ in order to properly weigh up the advantages of this option compared to GreenPower.
	<p>19. Do you have any other feedback on this issue?</p>	

If you have any other feedback or context related to this consultation that you would like to provide, please add it here:

1. The Future of the NABERS Energy tool should be reviewed in connection to a refreshed ‘NABERS Renewable Energy’ rating scale

This project presents a rare opportunity to consider the future of the NABERS Energy rating as well as the NABERS Renewable Energy scale together. Over time, as the grid decarbonises, the incentive to undertake and distinction provided by a separate NABERS Renewable Energy rating will decline. This project should then consider the ongoing importance of the NABERS Energy tool and the role (and multiple benefits) of energy efficiency. Here are several issues to consider in relation to this:

- If we create a stronger distinction between the presentation of performance in the NABERS Renewable Energy rating scale (e.g. % renewables bar instead of stars) and the NABERS Energy rating, does it make sense to maintain them as separate ratings altogether, especially as the starting point in the current NABERS with GreenPower rating is the NABERS Energy rating? One possibility and the option we have supported is to integrate the two into one rating, with NABERS Energy presented as stars, and the NABERS with Renewable Energy presented as a bar with % renewable energy, communicated side by side
- What is the future of the NABERS Energy rating tool in the context of a decarbonised energy grid? If we extended the current NABERS Energy rating scale to 7 stars today, this would constitute a fully electric building, running on 100% on-site renewable energy behind the meter. This prompts an important question for NABERS on what the NABERS Energy rating should seek to drive, especially the role of onsite vs offsite renewable energy into the future. In this context, NABERS should consider how the Energy rating tool can incentivise buildings towards full decarbonisation over time.