

EUA Case Study



10 Valentine Avenue



- **1st EUA in NSW**
- Lighting upgrade ~ 16,000 sq.m
- T8 to T5 fittings
- 70% energy reduction
- **First EUA in Australia - tenant contributions**
- Tenant contributes 43% of cost
- No cost to tenant during EUA
- Tenant saves ~ \$200,000 p.a at end of EUA

10 Valentine Avenue



- **Initiated by NSW Government (tenant)**
- **COSTS NOTHING**
- **Lights provided by building owner**
- **Energy cost savings – short / long term**
- **EPC – savings guaranteed**
- **Maintenance cost savings**
- **Carbon emission reduction**
- **Improves office environment**

10 Valentine Avenue



- **Building owned by Australian Unity**
- **Tenant contributions**
- **Longer term finance**
- **Diversification of finance**
- **Own the lights – depreciation opportunity**
- **Building value uplift**
- **Improves competitiveness in market**

- **Improves tenant relationships**

Costs and Benefits



BUILDING OWNER

TENANT (3.5 year lease)

Loan – 5 year fixed

Zero cost

Energy Savings: \$130,000 p.a

Maintenance Saving: ~ \$ 30,000 p.a

Contributions: ~ \$ 385,000 - (43%)

Contributions: \$110,000 p.a

TAX (Depreciation + Deductions)

Net benefit (yr1): \$ 50,000 p.a

End of EUA

BETTER BUILDING &
tenant relationships

Energy Savings \$ 200,000 p.a

It's a business decision

EUA Environmental Upgrade Agreements
The easy way to increase building energy

EUA CASE STUDY
10 VALENTINE AVENUE

Building Details

Building address: 10 Valentine Avenue
 Building area: ~16,000 m²
 Building owner: Australian Unity Investments
 Tenant: Government Property NSW acting on behalf of 13 NSW Government agencies

EUA Details

Date signed: December 2012
 EUA details: First EUA in NSW
 Scope of upgrade works: Replacement of all original tenancy light fittings with energy efficient E11 lighting, LED lighting for corridors
 Motion sensors installed to all single offices, meeting rooms and closed spaces
 Guaranteed energy savings from installer under an energy performance contract
 6 week installation period

Energy Saving Certificates reduced cost of upgrades reduced by \$156,000
 Term of EUA finance: 5 years

Tenant Benefits

Tenant energy savings: Tenant saves \$130,000 in Year 1 (70% energy reduction)
 Tenant EUA contributions: Tenant contributes \$110,000 per annum (\$6.90 per m² per annum)
 Tenant financial benefit during existing lease term: Tenant better off by \$20,000 in Year 1 increasing to \$80,000 in Year 3
 The tenant additionally enjoys reduced maintenance costs for the three year warranty period of the light fittings
 Tenant financial benefit at end of EUA term: At the end of the EUA term the tenant will enjoy the full savings of 70% lowered lighting electricity costs without any contributions.
 This is projected to save the tenants \$200,000 a year at this point.
 Additional benefits: Improved office environment
 Reduce operating costs. No capital outlay
 No disruption to office operation as allwork was carried out after hours

For more information about EUAs contact:
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Building Owner Benefits

Capital costs reduced by tenant EUA contributions: Tenants will contribute 43% of upgrade costs (over the 3.5 year lease term)
 Additional benefits: Access to EUA finance (accessible, competitive cost, fixed interest rate, longer term)
 Ownership of lighting fixtures provides the potential for tax benefits.
 Positive tenant engagement with potential for improved tenant retention
 Improved building amenity
 Reduced building heat load. Potential for improved NABERS rating
 Diversification of finance

Environmental and Social Benefits

Environmental benefit: 550 tonnes CO₂-e mitigated per annum
 Contributes to lower peak demand
 Recycling of all 19 tonnes of materials removed from site
 Social benefit: Local Sydney manufactured E11 lighting, lowering transport impact and creating local employment

- **EUA Finance**
- **Attractive funding source**
- **Highly secured loan for bank**
- **Longer term (10 yrs.), fixed rate, accessible**
- **Improved business case**
- **Especially with tenant contributions**
- **Lighting retrofits**
- **Very good business case**
- **Very easily to implement**
- **Beneficial for both owner and tenant**

EUA Advice

Victoria



NSW



