



EXPANSION OF MANDATORY DISCLOSURE SCHEME MAY HAVE A SILVER LINING FOR SMALL BUILDING OWNERS

The 1st of July 2017 is looming as an important date for owners of small commercial office buildings as the threshold for mandatory disclosure of energy ratings reduces from 2000m² to 1000m².

So what does this mean for owners and managers of these smaller buildings? Mandatory Commercial Building Disclosure (CBD) was introduced in November 2011 and imposes mandatory obligations on building owners to disclose energy performance information at the time that a property is offered for sale or lease.

The information required to be provided to potential purchasers and lessees of commercial offices is in the form of Building Energy Efficiency Certificate (BEEC). A BEEC consists of the following:

- ◆ **A NABERS Energy rating for the base building.**
- ◆ **An assessment of tenancy lighting in the area of the building that is being sold or leased.**
- ◆ **General energy efficiency guidance for owners and tenants.**

It is therefore extremely important that property owners and managers understand what is involved and prepare so that they can at least be ready when CBD affects them and preferably they leverage the benefits of undertaking the BEEC.

BEEC's must be applied for by an accredited CBD assessor and as previously noted consists of both a NABERS Energy Rating and a Tenancy Lighting Assessment (TLA).

NABERS Office Energy Ratings

The NABERS energy rating system has now been in operation for almost twenty years and in simple terms provides a means to fairly compare across Australia the energy performance in operation of office buildings, accounting for differences in climate, size, occupancy and the like. The NABERS Star rating, ranges from 0 Stars representing very poor performance to 6 Stars representing market leading performance.

While the NABERS rating is a relatively simple process to undertake for most office buildings there are a few potential stumbling blocks to getting a rating that you don't want to be trying to fix under the pressure of potential sale or lease deal falling through! So while there is still time I would strongly recommend early in the new year a few housekeeping issues to address:

Utility Bills Ensure that your electricity, gas and water bills are scanned, accessible and particularly a check that there are no missing bills and that there are no estimated bills. Estimated bills can be a problem for manually read gas and water bills if the meter reader cannot access the meter. Estimated bills can be corrected by doing the meter reading yourself and ringing through to the retailer.

Surveys Plans The net lettable area of the building needs to be confirmed with up to date survey plans that have been undertaken in accordance with the PCA Method of Measurement 1997. Check that the surveys are up to date and arrange for them to be updated if required.

Leases The NABER's assessor will need to check the leases to confirm periods of occupancy and they will also be specifically looking for a contractual commitment to hours of service within the lease. That is the lease typically will have a defined period, say 8am – 6pm Mon – Fri, where the building is suitable for occupation. If a clause along these lines is not included in the lease or by some other written agreement an occupancy survey may be required which may have time and cost implications for the rating.

Tenancy Lighting Assessment

The tenancy lighting assessment once again should be relatively simple however some time taken to review the requirements would be well rewarded. The TLA requires the assessor to identify the general tenancy lighting system and calculating a lighting energy efficiency for the tenanted areas.

The assessor will require access to the tenanted floors to determine the general area light fixtures. If lighting layout plans are available this will make the process easier so it is important to make sure as installed documentation is available to the assessor.

Making the most of your ratings

The BEEC process can reveal some useful insights into the energy performance of your building and its relative attractiveness to tenants from this perspective.

As the assessor is required to undertake a site visit as a mandatory requirement of the ratings it may be beneficial to request the assessor to provide a preliminary review of the fundamental energy consuming parts of the building, depending on the skills and experience of the assessor.

At the very minimum the rating will provide you with a benchmark to which you understand where your building compares to its peers. The good news is that if you have a rating of 2.5 stars or lower there are likely to be no or very low cost opportunities for improvement!

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Further Reading:

Commercial Building Disclosure Website

<http://cbd.gov.au/>

NABERS Website

<https://www.nabers.gov.au/>

