



**Australian Government**  
**Department of Industry,  
Innovation and Science**

# **The Commercial Building Disclosure Program**

## **Effectiveness Review**

Stanford Harrison

Manager Commercial Buildings, Energy Productivity

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# What is the CBD Program?

Legislative program requiring the mandatory disclosure of energy efficiency information

- applies when a large office building (2,000m<sup>2</sup> or more) is offered for sale or lease
- provides clear and credible information to office building market
- overcomes non-price barriers

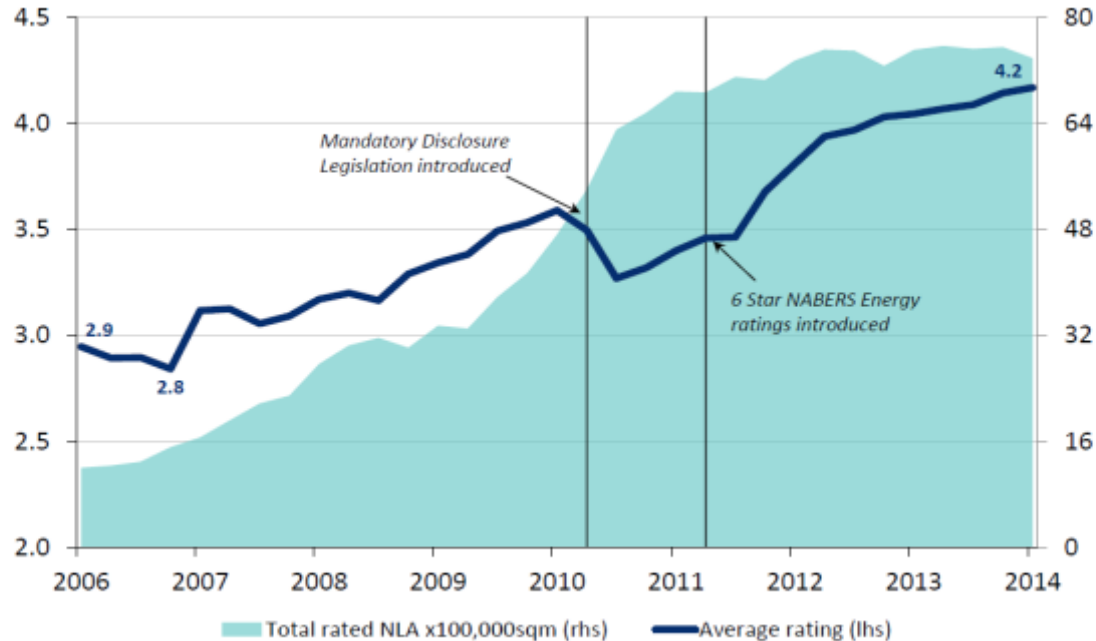
The Department administration of the the CBD Program includes

- training & accrediting CBD Assessors
- issuing Building Energy Efficiency Certificates (BEECs)
- monitoring compliance
- maintaining public register



# Average NABERS Ratings Over Time

## NLA-weighted average NABERS rating & total rated area



Source: IPD, NABERS.

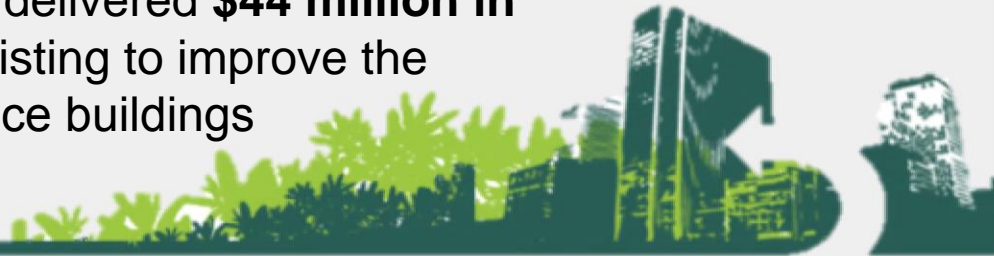
# Review of the Commercial Building Disclosure Program

In 2014, ACIL Allen Consulting were appointed to undertake an independent review of the program

The review found the program to be:

- a **successful and effective** way to deliver significant benefits at a minimal cost to industry and government
- effective in inducing **positive behaviour change** in relation to commercial building energy efficiency in affected buildings

The review concluded the program has delivered **\$44 million in benefits** over the last four years by assisting to improve the energy efficiency of Australia's large office buildings

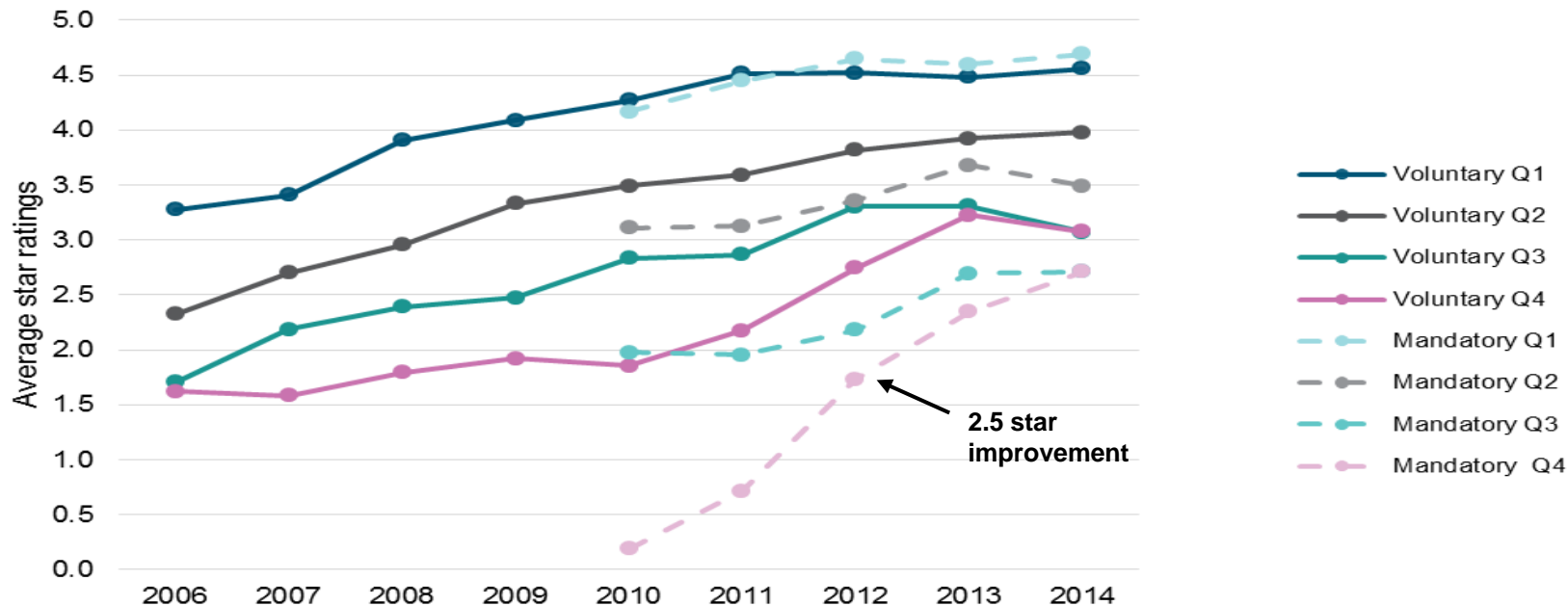


# Measuring the Programs Success

Analysis conducted	Estimated economic benefit excluding GHG reductions (NPV \$m)	Estimated economic benefit including GHG reductions (NPV \$m)	Reduction in end use energy consumption (cumulative TJ)	Reduction in GHG emissions (cumulative ktCO <sub>2</sub> e)
<b>Backward-looking</b>				
Net benefits to date (2010 to 2014)	\$15.4	\$44.0	10,020	2,051
<b>Forward-looking</b>				
Net benefits of continuing NABERS component of the program (2015 to 2019)	\$53.3	\$76.0	12,122	2,504
Net benefits of continuing TLA component of the program (2015 to 2019)	-\$3.9	\$6.9	2,444	612
Total net benefits of continuing program in its present form (2015 to 2019)	\$43.3 (after deducting \$6.2m in program administrative costs)	\$76.8 (after deducting \$6.2m in program administrative costs)	14,565	3,116
Additional net benefits from reducing threshold to include office space between 1,000 – 2,000 m <sup>2</sup>	\$23.9 (additional)	\$34.9 (additional)	3,684 (additional)	707 (additional)
Additional net benefits from extending validity period of TLA to 5 years	\$2.0 (additional)	Change would not affect energy or GHG emissions reductions	Change would not affect energy or GHG emissions reductions	Change would not affect energy or GHG emissions reductions
Total net benefits of continuing program with reduced threshold and extension of TLA validity period	\$69.2	\$111.7	18,250	3,824
Indicative further net benefits through improved TLA visibility	\$4.2 minus costs of improving visibility (additional)	\$8.5 minus costs of improving visibility (additional)	1,222 (additional)	918 (additional)

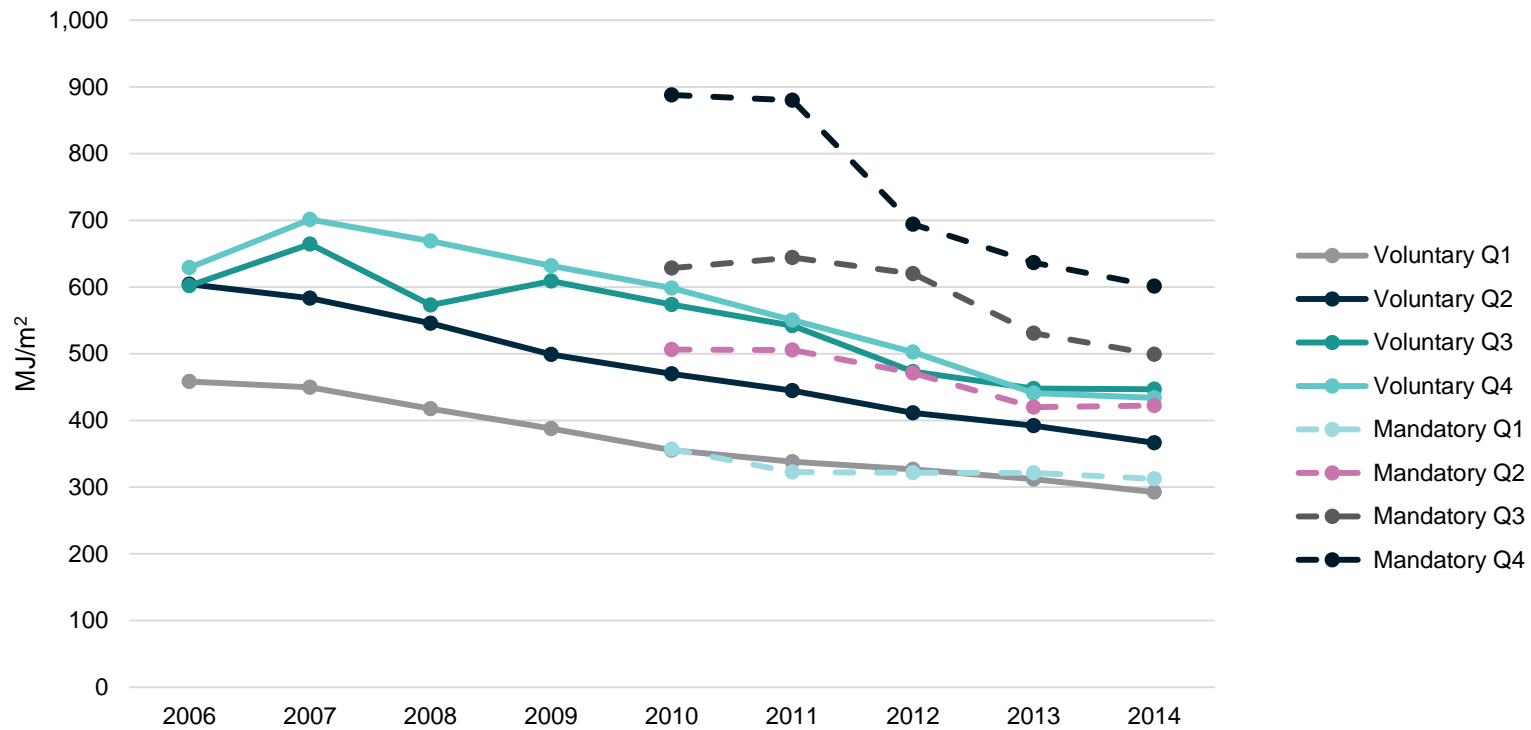
# The CBD Program has Been Effective in Inducing Positive Behaviour Change

## Average annual NABERS star rating by segment



Source: ACIL Allen Analysis of NABERS data

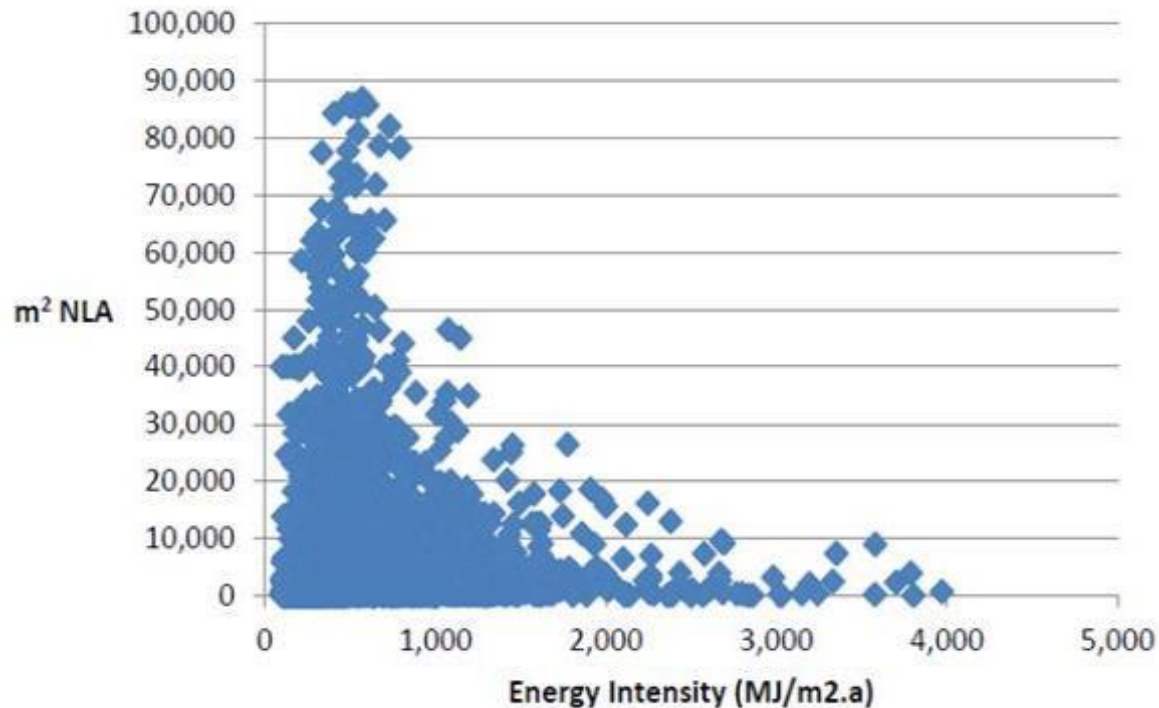
# Average annual energy intensity by segment



Source: ACIL Allen Analysis of NABERS data

# Opportunities for Further Improvement Still Exist

## Total energy intensity versus area, all offices

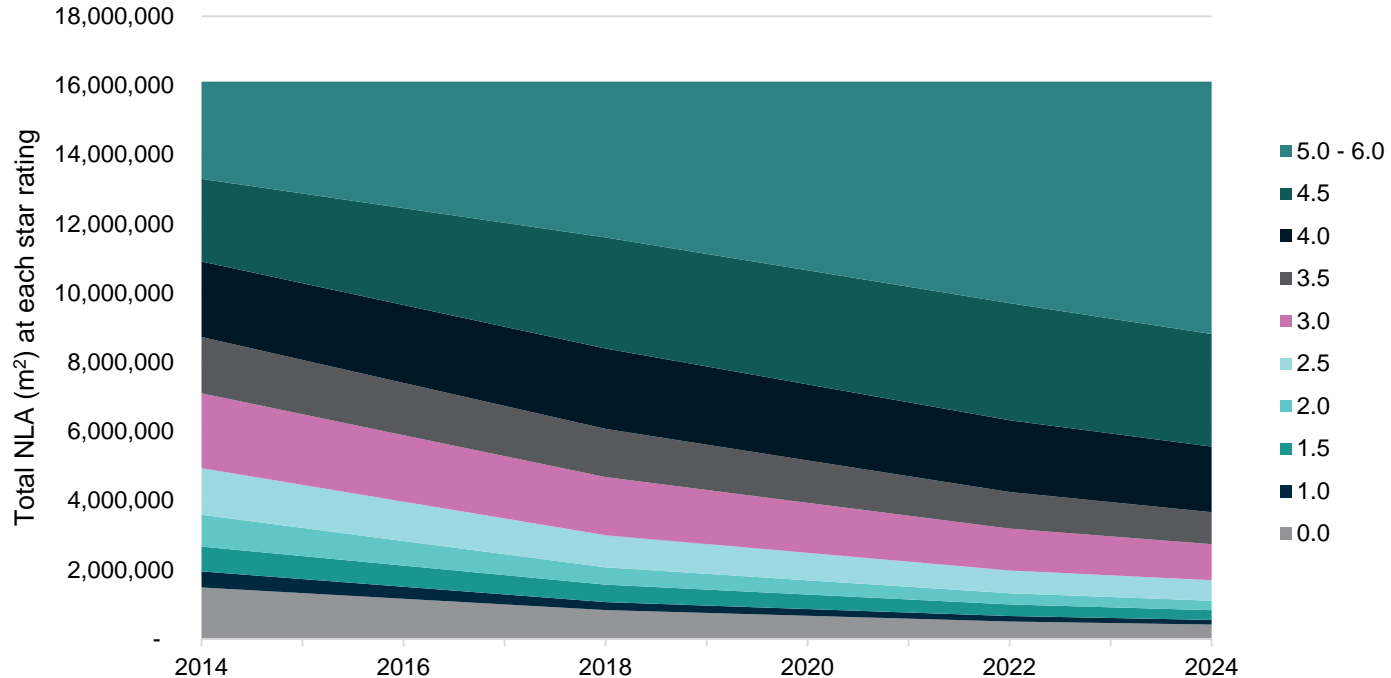


“ The over all distribution shows a “skewed tail” of smaller and more energy intensive offices ”



# Ongoing Benefits if Scheme is Retained

## Projected evolution of star rating



# The Australian Government is Considering a Suite of Improvements for the CBD Program

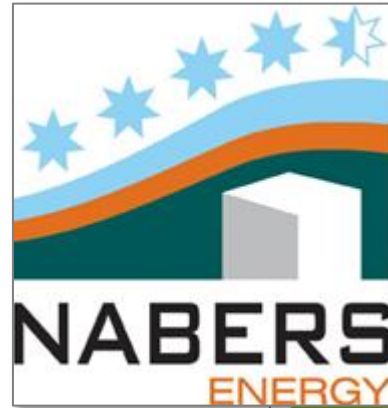
Review recommendations:

- CBD program should continue
- extend the program to more buildings, by lowering the disclosure threshold to 1,000m<sup>2</sup>
- extend the validity of lighting assessments from one to five years



# Policy Implications

- mandatory disclosure works in the office market
- simple comparative star rating is effective in making energy efficiency market visible
- low rated buildings are the most responsive
- market barriers of information, asymmetry and tenant/landlord split incentive addressed
- ratings having a normative impact





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## **Department of Industry, Innovation and Science**

Industry House  
10 Binara Street  
Canberra City, ACT 2601, Australia  
Telephone +61 2 6213 6000