

ITEM 4. 2015/16 ENVIRONMENTAL PERFORMANCE GRANT PROGRAMS – FOURTH ALLOCATION**FILE NO: S087106****SUMMARY**

The Grants and Sponsorship Program is an important mechanism to assist our residents and business communities to deliver against *Sustainable Sydney 2030* and environmental targets. On 15 September 2014, Council adopted a revised Grants and Sponsorship Policy that included three new Environmental Performance Grant Programs.

These grant programs have been designed to help address barriers to action and to help encourage the innovative solutions that will be required to deliver *Sustainable Sydney 2030*. The grant programs are:

- Environmental Performance - Innovation: in which funding is available for feasibility and demonstration projects that seek to prove the feasibility of new technologies and processes that are currently not implemented in the local market, but that have the potential to achieve greenhouse gas emission reductions and resource efficiencies at scale within the City of Sydney Local Government Area (LGA);
- Environmental Performance - Building Operations: in which funding is available to help lower the costs of implementing building operation efficiency measures, such as water retrofits in apartment buildings; and
- Environmental Performance - Ratings and Assessment: in which funding is available to undertake building performance ratings, such as a National Australian Built Environment Rating System (NABERS), and assessments that will enable a building or facility owner to understand their opportunities to improve environmental performance.

Applications for the Environmental Performance Grant Programs are open year round. The City recently received four applications for the Environmental Performance - Innovation Grant Program.

All grants in this report were assessed against criteria and guidelines set out in the Grants and Sponsorship Policy. This report recommends that Council approve a total of three grants, which includes a total value of \$120,000 in cash. No requests for revenue forgone / value-in-kind (VIK) were received in these applications.

All grant recipients will be required to sign a contract, meet specific performance outcomes, and acquit their grant.

RECOMMENDATION

It is resolved that:

- (A) Council approve the following cash grant recommendations for 2015/16 under the Environmental Performance - Innovation Grant Program – Fourth Allocation:

Applicant	Project Name	Project Description	\$ Amount Recommended	VIK Recommended	Conditions
Stucco Co-operative	Solar energy with battery storage in multi-unit buildings: the first Australian demonstration	A demonstration project for incorporating battery storage into solar photovoltaic systems in domestic multi-unit complexes.	\$80,000 (exclusive of GST)	Nil	Nil
The University Of Wollongong	Impact of air tightness on commercial building environmental performance	A feasibility study investigating enhancing building air tightness to improve environmental performance in commercial buildings.	\$20,000 (exclusive of GST)	Nil	Nil
World Wide Fund For Nature Australia	Support to Implement the WWF Renewable Energy Buyers Forum in Sydney	Development of a guide for businesses in the City of Sydney on how to participate in group renewable energy purchases and procuring renewable energy.	\$20,000 (exclusive of GST)	Nil	Nil

- (B) authority be delegated to the Chief Executive Officer to negotiate, execute and administer agreements with the applicants approved for grants in clause (A) on terms consistent with this resolution and in accordance with the Grants and Sponsorship Policy.

ATTACHMENTS

Attachment A: Recommended 2015/2016 Environmental Performance - Innovation Grant Program – Fourth Allocation

Attachment B: Not Recommended 2015/2016 Environmental Performance - Innovation Grant Program

BACKGROUND

1. Three Environmental Performance Grant Programs have been established that aim to build capacity and address barriers to the implementation of environmental actions within key customer sectors. The grant programs are:
 - (a) Environmental Performance - Innovation
 - (i) This program aims to support the development or implementation of new technologies or processes that are currently not implemented in the local market, but have potential to achieve greenhouse gas emission reductions and resource efficiencies that could be rolled out at scale within the City LGA.
 - (ii) Funding is available for feasibility studies and for demonstration projects.
 - (b) Environmental Performance - Building Operations
 - (i) This program aims to improve the environmental performance of buildings by lowering the costs and mitigating the barriers of implementing building operations efficiency measures, such as water retrofits in apartment buildings.
 - (ii) Funding provides support for environmental measures that reduce energy and water consumption, or reduce waste in buildings and facilities.
 - (c) Environmental Performance - Ratings and Assessment
 - (i) This program aims to address barriers to the uptake of building performance ratings and assessments across energy, water, waste and other sustainability aspects. The ratings and assessments enable the building owner to understand their opportunities to improve environmental performance.
 - (ii) Funding is available for credible industry accepted environmental performance ratings such as NABERS and energy audits. Applicants are expected to implement all cost-effective opportunities identified.
2. Four applications for Environmental Performance - Innovation Grants have been assessed, three of which are recommended for funding in this report and one of which is not recommended for funding (details are included in Attachments A and B). City staff will offer feedback to the applicant not awarded funding at this time.
3. It is expected that all successful applicants will work co-operatively with relevant City staff throughout the project for which they have received funding. Contact details for the relevant City staff are provided to all successful grant recipients.
4. All grants and sponsorships are recommended on the condition that any required approvals, permits and development consents are obtained by the applicant.
5. All grant applications received were assessed against the program assessment criteria as set out in the publicly available Grants and Sponsorship Guidelines. The assessment panel for the Environmental Performance - Innovation Grant Program comprised the Manager Carbon Strategy, Sustainability Program Leader, Sustainability Engagement Coordinator, Grants Officer and Sustainability Officer.

6. All applicants in the Environmental Performance - Innovation Grant Program are required to demonstrate that their request for funding for the proposed activity meets the grant program matched funding assessment criteria appropriate to the category of Innovation Grant that they are applying for (either Demonstration or Feasibility). The panel assessed each applicant's proposed funding model and cash grant recommendations have been made which are in-line with the assessment criteria as set out in the Grants and Sponsorship Guidelines. In all cases, applicants either met, or exceeded, the matched funding condition.

ENVIRONMENTAL PERFORMANCE - INNOVATION

7. This report recommends three grants under the Environmental Performance - Innovation Grant Program for a total value of \$120,000 (exclusive of GST) in cash. Below is a summary of the projects and the benefits to the City.

Stucco Cooperative

8. Stucco, a student housing cooperative, will demonstrate how a student body can purchase and install technology on a multi residential building using power purchase agreements to enable energy consumption within the building's residential tenancies.
9. A solar and battery storage system will be installed and owned by Stucco Cooperative on the Stucco Cooperative Limited building, a single multi residential building owned by the Cooperative, University of Sydney and Department of Housing. The energy will be sold through a power purchase agreement between the residential tenants and the Cooperative. Both the University and Department of Housing have provided the City with consent for the installation of the system.
10. Reducing energy use in residential apartments is a key objective of the City's Residential Apartments Sustainability Plan. The City is also committed to increasing renewable energy in the LGA. This project will provide a key case study demonstrating the feasibility, viability, scalability and financial advantage through the ownership and sale of solar power through a power purchase agreement.
11. The biggest limitation is not the technology, but rather the existence of proven local case studies that provide a scalable base model for the strata sector. Currently, battery storage safety, split incentives and long-pay back periods are limiting investment in renewables in the residential sector.
12. A comprehensive communication plan prepared by the applicant will communicate the project lessons, benefits and the approach to overcome barriers for medium to high density residential renewable energy supply, installation and securing future energy for low-income student housing. This new installation of battery storage plus solar panels and smart metering will be included as a new unit in the Master degree course - Sustainable Energy Systems at the University of Sydney.
13. Grant funds will be used to support the installation of the solar panels and battery storage. The Cooperative will provide significant VIK for the project, including legal services to support the establishment of the Cooperative and technical consultants and local suppliers for implementation of the system.

University of Wollongong – Sustainable Buildings Research Centre

14. This feasibility study will explore the potential benefits and methods of improving the air-tightness of commercial buildings. Benefits are generally considered to be improved energy efficiency through reduced thermal loss, and occupant thermal and acoustic comfort.
15. The University of Wollongong will conduct a literature review and produce design guidelines and case studies relevant for a range of building stock including residential, commercial, retail and industrial.
16. This study aligns with the City's Energy Efficiency Master Plan and the University will partner with City programs including the Better Buildings Partnership.
17. Relevant case studies and the design guidelines will increase the awareness of the importance of air tightness to relevant stakeholders and provide direction to encourage industry uptake. Findings will be communicated in academic literature and to industry and regulatory bodies.
18. Grant funds will be used to support delivery of the research, guideline development and communications. The University will contribute VIK for each of these project components.

World Wide Fund For Nature (WWF) Australia

19. This feasibility study will explore how large-scale group renewable energy can be procured by businesses in the City LGA.
20. WWF, a not-for-profit organisation, will develop guidelines to enable businesses unable to install onsite renewable sources to become carbon neutral at a lower cost through participating in aggregated purchasing of renewable energy.
21. Bulk purchase options for our community are a key action in the Renewable Energy Master Plan, which the City needs to further explore.
22. These guidelines will be communicated to industry and broader community stakeholders to encourage uptake.
23. Grant funding will be used to support guidelines development and communication materials. WWF will contribute VIK for project management.

KEY IMPLICATIONS**Strategic Alignment - Sustainable Sydney 2030**

24. This report complies with the Grants and Sponsorship Policy adopted by Council on 15 September 2014. The provision of grants and sponsorships is a mechanism for the City to further the aims identified in its social, economic, environmental and cultural policies. The City of Sydney's Grants and Sponsorship Program is a key element in the delivery of *Sustainable Sydney 2030*. All grants in this report were assessed against criteria and guidelines set in the Grants and Sponsorship Policy and how they can directly contributing to the following City of Sydney strategic targets:
 - (a) reduce greenhouse gas emissions by 70 per cent by 2030 based on 2006 levels;

- (b) deliver 30 per cent of electricity consumption through renewable energy by 2030;
- (c) reduce mains water consumption by 10 per cent by 2030 based on 2006 levels; and
- (d) divert waste from landfill by 66 per cent.

Organisational Impact

25. The grants and sponsorships contract management process will involve key staff across the City of Sydney. Identified staff set contract conditions and performance measures for each approved project and review project acquittals, which include both narrative and financial reports.

Environmental

26. The recommended innovation projects should provide a catalyst for the adoption of new solutions that improve environmental performance across several key customer sectors.

BUDGET IMPLICATIONS

27. The Environmental Performance Grants has a budget allocation of \$500,000 for 2015/16 with a current commitment of \$144,480. With a recommendation of \$120,000 grant funding for these three projects, the remaining budget for 2015/16 will be \$235,520

RELEVANT LEGISLATION

28. Section 356 of the Local Government Act 1993. Section 356(3) (a) to (d) is satisfied for the purpose of providing grant funding to for-profit organisations.

PUBLIC CONSULTATION

29. The Environmental Performance Grant Programs are advertised on the City's website, Green Villages website, City of Sydney Facebook page and through the City's social media networks. Information is also emailed to interested parties.

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