

Knowledge Exchange Sponsorship - Developing a Risk Managed Approach to Incorporating Battery Storage and Electric Vehicles into Office Buildings

File No: X026299

Summary

An application has been received under the Knowledge Exchange sponsorship program from GPT RE Limited (GPT) to undertake a comprehensive review of the risk and safety requirements of installing large scale batteries and electric vehicle charging stations in office buildings.

It is expected that batteries will become an important part of the transition to renewable energy sources and a net zero future. However, the industry needs more understanding of the risks and mitigating solutions associated with the installation of large batteries in buildings.

GPT owns and manages a portfolio of retail, office and logistics property assets across Australia and has reduced its carbon emission intensity by 57 per cent from a 2005 baseline. As a member of the Better Buildings Partnership, GPT is committed to a Net Zero future and is exploring how to accelerate its transition to renewable energy.

GPT is planning to run a detailed risk assessment process to examine the risks of implementing batteries and electric vehicle charging within buildings. Whilst the risk assessment will have a strong focus on safety, fire and structural requirements, it will also consider costs, connection, regulation and broader building impacts.

As a recognised leader in the property sector, GPT will disseminate the knowledge acquired through this project to other building owners and stakeholders using the Better Buildings Partnership and other relevant industry forums. The knowledge will also have relevance to other sectors of the built environment, such as accommodation buildings and residential apartment buildings. The City will incorporate relevant insights into its broader engagement related to the uptake of batteries and electric vehicles.

The sponsorship will directly support the City's goal to create a green, global and connected City and aligns with the City's Environmental Action 2016-2021 Strategy and Action Plan, and Sydney's Sustainable Office Building Plan.

The request for sponsorship has been evaluated against the City's Knowledge Exchange Sponsorship program and it is recommended that the application be funded with \$25,000 cash (excluding GST).

Recommendation

It is resolved that:

- (A) Council approve a Knowledge Exchange cash sponsorship for \$25,000 (excluding GST) to GPT RE Limited for developing a risk managed approach to incorporating battery storage and electrical vehicle charging stations into office buildings; and
- (B) authority be delegated to the Chief Executive Officer to negotiate, execute and administer a sponsorship agreement with GPT RE Limited in accordance with the Grants and Sponsorship policy.

Attachments

Nil.

Background

1. GPT is one of Australia's largest diversified property groups and is consistently ranked as one of the best performing property and real estate companies in international sustainability benchmarks. With its demonstrated sustainability leadership and capability, GPT is well-positioned to both undertake and disseminate the findings from this innovative risk assessment project.
2. GPT's application for sponsorship included work on identifying how battery storage and electric vehicle charging stations would impact on the risk profile of an office building and a shopping centre. For the risk assessment GPT proposed to study in detail an office building within the local area and a NSW-based shopping centre.
3. The evaluation panel considered the office building assessment to be highly aligned with the City's environmental strategy and recommended that this element of the proposal be undertaken first. A study of the battery installation risks for a shopping centre could be considered as a separate application. Considering the reduced scope, the evaluation panel recommended the applicant be awarded \$25,000 cash rather than the \$38,500 requested. GPT estimates the total cost of project at \$77,000.
4. Installation of large scale batteries in office buildings have the potential to address some of the reliability challenges associated with a significant uptake of renewable energy in the national energy market. Batteries are seen as an enabler to the uptake of renewable energy by the office sector and could also increase resilience against extreme events.
5. The sponsorship of GPT will help fund a risk assessment to understand the risks associated with the installation of batteries in office buildings. The risk assessment will also look at ways to manage these risks so that the business case for investing in battery infrastructure is improved. Findings from this assessment will be shared by GPT through the Better Buildings Partnership and industry bodies such as the Property Council of Australia.

Strategic Alignment - Sustainable Sydney 2030

6. Sustainable Sydney 2030 is a vision for the sustainable development of the City to 2030 and beyond. It includes 10 strategic directions to guide the future of the City, as well as 10 targets against which to measure progress. This sponsorship is aligned with the following strategic directions and objectives:
 - (a) Direction 1 - A Globally Competitive and Innovative City - the sponsorship supports innovation within the building office sector.
 - (b) Direction 2 provides a road map for the City to become A Leading Environmental Performer - the sponsorship empowers the community to uptake renewable energy and reduce greenhouse gas emissions. It also supports the office building sector in making sure that the city's buildings are resilient to the likely impacts of climate change.
 - (c) Direction 9 - Sustainable Development, Renewal and Design - the sponsorship has the potential to better inform the City's planning and design policies.
 - (d) Direction 10 - Implementation through Effective Governance and Partnerships - the sponsorship empowers the office building sector to deliver on the targets set out by Sustainable Sydney 2030.

Organisational Impact

7. The sponsorship complements and enhances programs delivered by the City, such as the Better Buildings Partnership.

Social / Cultural / Community

8. Successful installation and use of batteries will provide an additional mechanism for building owners to manage their electrical demand and reduce their peak demand on the electrical grid. This increases the resilience of office buildings and the broader community who are dependent on a reliable grid for their power, in the case of peak demand challenges and other shock events in the grid.

Environmental

9. To meet Sydney's Net Zero target building owners will need to rapidly transition from their procurement of coal fired power to 100 per cent renewable electricity. The successful installation of batteries is seen as an enabler to a thriving renewable energy market.
10. Findings from this report will help lower the risks associated with the installation of batteries in office buildings, facilitating the uptake of renewable energy by the sector and increasing the resilience of these buildings.

Economic

11. Findings from this project will facilitate the uptake of renewable energy and increase the resilience of the office building sector. This will lead to an improved Environmental, Social and Governance performance and can increase the attractiveness of these asset portfolios for sustainable investment.

Budget Implications

12. Funding for \$25,000 sponsorship (excluding GST) is available in the 2019/20 Knowledge Exchange Sponsorship budget.

Relevant Legislation

13. Section 356 of the Local Government Act 1993 provides that a council may, in accordance with a resolution of the council, contribute money or otherwise grant financial assistance to persons for the purpose of exercising its functions.
14. Section 356(3)(a) - (d) is satisfied for the purpose of providing grant funding to for profit organisations because:
 - (a) the funding is part of the Knowledge Exchange program;
 - (b) the details of the program have been included in Council's draft operation plan for financial year 2019-2020;
 - (c) the program's proposed budget does not exceed 5% of Council's proposed income from ordinary rates for financial year 2019-2020; and
 - (d) the program applies to a significant group of persons within the local government area.

Critical Dates / Time Frames

15. The project is planned to run from December 2019 to May 2020.

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Director City Life

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