

Attachment A

**Summary of and Responses to Matters
Raised in Submissions**

Performance Standards for Net Zero Energy Buildings

Table of submissions

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| Office rooftops have limited opportunities for on-site renewables. The City should explain any assumptions regarding the use of on-site renewable energy generation in meeting the requirements for energy performance in office buildings. | Property Council of Australia (PCA), Investa and Ausgrid. | <p>The planning controls for office buildings do not rely upon or mandate any on-site renewable energy generation. This is in recognition of the limitations for on-site renewable energy generation with high-rise office buildings in particular.</p> <p>The performance standards can be achieved through a mix of energy efficiency measures and on-site renewables where practicable.</p> <p>As detailed in the Project Report – Planning for net zero energy buildings (Table 6), office buildings can feasibly reach the performance standards, without any on-site renewable generation.</p> <p>To aid in clarification, the relevant LEP control has been re-drafted to avoid any implication that on-site renewables must be used to meet the requirements.</p> |
| The City’s analysis did not consider that the cost of capital upgrades that fall to office building owners while the savings of energy efficiency benefit office tenants. | PCA | <p>This has been considered and additional analysis is not required.</p> <p>The Australian Government Commercial Building Disclosure scheme mandates Building Energy Efficiency Certificates (including a current NABERS rating) be included in all forms of advertising for sale, leases or subleases of offices. This allows building owners and prospective tenants to transparently negotiate rents to account for energy efficiency and likely utility costs.</p> <p>Building owners will factor the cost of energy efficiency investments into new rental agreements, and prospective tenants will balance this against expected utility costs.</p> <p>Existing rental agreements should not be affected by the new performance standards, as the standards are only triggered by either a new development or a major refurbishment of an existing building. Building owners plan for major refurbishments outside of lease periods and negotiate subsequent leases to reflect the investment in the building.</p> |

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| <p>The City needs to clarify when the performance standards apply to existing buildings undergoing refurbishment.</p> | <p>PCA and Investa</p> | <p>The proposed LEP and DCP controls for alterations to existing buildings have been re-drafted to provide additional clarity.</p> <p>As exhibited, the threshold for the new LEP and DCP controls to apply to existing office buildings and hotels was set at refurbishments involving 50 per cent of the building volume, accounting for all works over a three year period.</p> <p>As building volume is not a commonly used metric, and “refurbishment” is not a term commonly used in planning controls, this has been amended in the revised drafting. It now refers to alterations involving 50 per cent of the existing Net Lettable Area for offices, or 50 per cent of the gross floor area for hotels. This is consistent with industry terminology.</p> <p>The updated control does not account for works over a three year period. Submissions highlighted that this component can easily be avoided by delaying works and may have the unintended consequence of imposing building upgrade works on minor alteration works that occur within a three year period of other unrelated works in the building.</p> |
| <p>The proposed performance standards for existing buildings should not be the same as for new buildings.</p> <p>The proposed controls for office buildings set the same efficiency requirements for alterations and additions to existing buildings as required by new buildings.</p> <p>These performance standards will not be achievable for many older and poorly performing buildings, and so will discourage sustainability improvements.</p> <p>Further study is required to consider the impacts of this on the supply of lower-rent B and C grade office stock in the City. Expensive upgrades will require these buildings to raise their rent level and reduce the</p> | <p>PCA and Investa</p> | <p>The City recognises that different standards may be required to improve performance across existing buildings.</p> <p>The controls for alterations to existing office buildings have been amended to be compatible with the broad range of older and lower grade office buildings in the local area and deliver tangible reductions in greenhouse gas emissions.</p> <p>The amended controls provide alternative ways to demonstrate a transition to net zero emissions with both efficiency improvements and active emissions reduction. The alternatives to the performance standards require an increase in energy efficiency compared to existing performance or up to NABERS Energy 5 Star, combined with the removal of gas appliances and/or procurement of off-site renewable energy.</p> <p>By introducing the option for active measures to reduce greenhouse gas emissions, energy efficiency targets can be better matched to the ability of the building to achieve them. This will remove unintended disincentives to upgrade poorly-performing existing buildings. It will also</p> |

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| <p>supply of affordable office spaces.</p> <p>Additional pathways are required to ensure the controls can fairly apply to different building classes, ages and locations.</p> <p>More detail is required for the energy intensity metric as existing buildings operating at NABERS 5.5 Star may not meet that metric.</p> | | <p>ensure that the City’s supply of lower cost B and C grade office buildings can be maintained.</p> <p>By amending the controls to provide an alternative pathway for existing buildings, there is no need to do further analysis on the proposed energy intensity metric or on the impacts on the stock of B and C grade buildings.</p> <p>The controls for existing office buildings only apply when over 50 per cent of the Net Lettable Area is the subject of a development application. This will ensure the requirements only apply when the tenantable office space is being improved, and not when an existing office building is undergoing routine or necessary maintenance.</p> |
| <p>The City should encourage renewable energy procurement and electrification and allow this to balance against energy efficiency in existing buildings.</p> | <p>PCA and Investa</p> | <p>The planning controls for applying the performance standard to existing buildings have been amended to allow procurement of renewable energy as a way to demonstrate active emissions reduction.</p> <p>Renewable energy procurement is a cost that is passed on to occupants and tenants, so energy efficiency improvements are still encouraged to reduce total energy costs and improve climate resilience.</p> |
| <p>The City should undertake active consultation and engagement with the Better Buildings Partnership Executive and members.</p> | <p>PCA and Investa</p> | <p>Early consultation in the pathways to net zero buildings project involved a wide range of companies in the property industry, including members of the Better Buildings Partnership. This consultation emphasised involvement from all parts of these organisations, rather than just the sustainability-focused roles which are represented on the BBP.</p> |
| <p>For existing buildings, clarification is required about whether the proposed controls consider existing on-site renewable generation and existing renewable energy procurement.</p> | <p>PCA and Investa</p> | <p>Existing arrangements can be included towards the performance targets.</p> <p>The proposed controls allow for a mix of energy efficiency and on-site renewables to meet the energy performance targets. Existing on-site renewables would be included in the assessment of the energy performance rating.</p> <p>The controls involving procurement of renewable energy from off-site sources are based on total energy demand of the building, they make no distinction between existing agreements and new agreements.</p> |

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| <p>The City’s analysis did not consider the difference in cost for procuring off-site renewable energy between large real estate investment trusts and smaller operators and single building owners.</p> | <p>PCA</p> | <p>The City acknowledges the cost of renewable energy procurement will differ depending on the arrangements property owners can negotiate, and that large property owners may be able to negotiate more favourable terms. Such differences exist in other areas development, such as financing and materials procurement.</p> <p>The controls are focused on reducing energy usage through improving energy efficiency and on-site renewable generation, reducing the cost of energy procurement overall.</p> <p>Planning controls cannot account for the relative advantages and disadvantages of business size or scale of operations.</p> |
| <p>The City should work with the Department of Planning and Environment to ensure the controls align with the Draft State Environmental Planning Policy for Design and Place.</p> | <p>PCA, Department of Planning and Environment – Environment, Energy and Science</p> | <p>The planning controls were developed in consultation with the Department of Planning and Environment, and the NSW Government Architect, in their work on the net zero component of the draft Design and Place SEPP. The draft SEPP was not progressed by the incoming Minister for Planning and Homes Anthony Roberts on 5 April 2022.</p> |
| <p>Support alignment with Green Star Energy credit</p> | <p>Atelier Ten</p> | <p>Noted</p> |
| <p>The City should change the terminology to “net zero carbon” instead of “net zero energy”.</p> <p>“Net zero energy” describes meeting on-site energy demand with on-site generation. The controls allow for off-site energy procurement as long as it is renewable. Therefore, “net zero carbon” may be a more descriptive term.</p> | <p>Atelier Ten, Randwick Council</p> | <p>The controls have been amended to refer to “net zero emissions from energy use” which more clearly articulates the intent.</p> <p>“Net zero carbon” would not accurately describe the scope of the controls. The controls are focused on reducing greenhouse gas emissions from energy use in buildings, through a mix of energy efficiency, on-site renewable energy production, and off-site renewable energy procurement.</p> <p>The controls cannot be described as “net zero carbon” as they do not include carbon emissions from other sources such as construction materials, furniture and fittings, waste production, transport and food.</p> |
| <p>The Passive House standard should be included in the controls as one of the performance standards to demonstrate energy efficiency.</p> | <p>Australian Passive House Association</p> | <p>This is possible under the proposed controls without a specific mention of the Passive House standard being necessary.</p> <p>The controls include an option to demonstrate an equivalent performance standard, in lieu of energy intensity, NABERS or Green Star. A proponent seeking recognition of Passive House</p> |

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| | | <p>certification can submit details as part of their development application and demonstrate the certification as equivalent or better than the standards in the controls.</p> |
| <p>The term “equivalent” should not be included in the controls as an option along with a NABERS rating, Green Star Energy credit or energy intensity metric, as it introduces a risk that the outcomes will not be achieved. More details should be included as to what the City would consider “equivalent”.</p> | <p>GBCA</p> | <p>The controls include an option to demonstrate an equivalent performance standard to account for other sustainability ratings frameworks and certifications that may arise in the time the controls are in place.</p> <p>It is not possible to predetermine and define equivalency further than equivalent to the energy intensity, NABERS and Green Star performance standards included in the controls.</p> <p>Development assessment will include assessment of equivalency of any alternative sustainability ratings, certification or performance metrics provided by a proponent.</p> <p>All applications will be required to submit an Energy Assessment Report prepared by a suitably-qualified professional to demonstrate that an equivalent performance will be met.</p> |
| <p>The controls should include resilience benchmarks such as those included in Green Star ratings.</p> | <p>GBCA</p> | <p>Resilience to the effects of climate change is an objective of the controls but assessing resilience to all climate impacts is beyond the scope of this project.</p> <p>The scope of the project is focused on reducing carbon emissions from energy use through improvements to energy efficiency, use of on-site renewables and procurement of off-site renewable energy.</p> <p>Reduced energy use aids in resilience to the extent that more efficient buildings can withstand the impacts of climate change without relying on excessive energy use and can better withstand interruptions to energy supply.</p> <p>Other aspects of climate change resilience, such as canopy cover, urban heat island effect, flooding and stormwater management, drought tolerance, etc. are dealt with in other parts of the planning controls.</p> |
| <p>The controls should include embodied carbon, which are the carbon emissions associated with construction and materials.</p> | <p>GBCA, Caroline Pidcock, Nigel Howard</p> | <p>Emissions from materials and construction are not within the scope of this project.</p> <p>The intent of the controls is to reduce carbon emissions associated with energy use.</p> |

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| <p>The controls should make new gas connections and appliances not permissible.</p> | <p>GBCA, Caroline Pidcock, Nigel Howard, Randwick Council</p> | <p>In order to be focused on the desired outcome of net zero energy from non-renewable sources, the controls set performance standards to be reached in development, but intentionally do not prescribe specific initiatives or design outcomes. This is to allow industry and regulators to respond to changes in design and technology in achieving the performance standards.</p> <p>The stage two (2026) controls for net zero emissions from energy use requires any gas be accounted for in procuring off-site renewable energy. In practice this will strongly discourage the use of gas in base building services.</p> <p>For the amended controls that apply to alterations to existing development, removal of gas appliances and connections is included as an option to demonstrate active reduction of greenhouse gas emissions, along with improved energy efficiency and procurement of renewable energy.</p> |
| <p>The second target (2026) controls for higher energy efficiency targets and renewable energy procurement should be brought forward to apply immediately.</p> | <p>Caroline Pidcock, Nigel Howard</p> | <p>The timeframe for introduction of the controls is appropriate and is not proposed to change.</p> <p>Consultation with industry made it clear a stepped approach to net zero energy was vital. The 2026 timeframe gives industry a signal to begin preparing and working towards a new expectation, including adapting their own targets and innovating where required, and to set expectations for commercial tenants in advance of their introduction.</p> <p>The energy efficiency requirements in the first target (2023) provide a positive rate of return, and feedback from industry was that they can be implemented immediately. Given the timing for development of planning controls and public exhibition, 2023 is the soonest reasonable time to implement the new controls.</p> |
| <p>It is appropriate for the controls to exceed the sustainability requirements of the National Construction Code. Local controls can reflect their local context and should not be bound by national standards.</p> | <p>Department of Planning and Environment – Environment, Energy and Science</p> | <p>Noted.</p> <p>These controls intentionally exceed the sustainability benchmarks in the National Construction Code to set new standards for development appropriate to the local area.</p> |
| <p>Certain changes should be made to existing, unrelated DCP controls.</p> | <p>Randwick Council</p> | <p>These sections are being reviewed and amended as part of a separate project and are not in the scope of this planning proposal.</p> |

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| Refrigerants should not be excluded from emissions calculations as their global warming potential is very high. | Strathfield Council | The feedback has been noted. The scope of the controls is limited to reducing carbon emissions from energy use in buildings. Regulating greenhouse gas emissions from other sources is beyond the scope of the project. |