

PCA Victorian Sustainability Committee - Accelerating Zero-Carbon Sub-Committee

(Note, this is not a formal response on behalf of the PCA – it's a response of one of its subcommittees)

The Subcommittee was formed to investigate and accelerate the uptake of zero-carbon goals, initiatives and projects in the built environment.

Subcommittee Members:

Response to CBD expansion and mandatory climate reporting

This letter forms our response to the *Commercial Building Disclosure (CBD) Expansion Consultation* paper. It also touches upon items within mandatory climate-related reporting standards.

Both of these initiatives will undoubtedly accelerate change and reduce carbon emissions; however, we believe they could be slightly expanded to maximise their impact.

Central to our thoughts is the need to increase tenant responsibility for the buildings they choose to occupy. Many tenants have scope 1 and 2 net-zero targets, but these targets don't include the emissions of the base building systems which fall under their scope 3 emissions, even though air conditioning, ventilation, and common services are provided directly to their tenancies and the facilities they use. We therefore recommend that apportioned emissions of a base building's energy usage be assessed on a comparable level as scope 1 and 2 emissions, particularly for commercial assets, and that companies with scope 1 and 2 targets should include these emissions in any net zero targets.

We feel that these types of emissions are too well known and in their control to be bucketed in with emissions offsite and far up and down a company's supply chain.

Expansion of the Commercial Building Disclosure

Overview of document: This consultation document sets out the proposed expansion of the existing Commercial Building Disclosure scheme that requires most commercial buildings to disclose their base building NABERS rating when selling or leasing spaces larger than 1,000 sqm. The document proposes expanding the disclosure to non-commercial buildings, reducing trigger points, and adding minimum performance requirements over time.

Overall, we support this document and its recommendations, and believe it will deliver great environmental benefits. But, we add the following suggested amendments:

- **Refrigerants to be included in building disclosure** – Refrigerants are now a major source of scope 1 emissions from buildings, but they are not included in NABERS ratings. Many building owners are still installing R134a and R410a systems on-site because they are cheaper than R32, R513a, R-1234ze, and R-577 low GWP alternatives.
- **Reduction in minimum floor-plate area requirements** – Many commercial floor plates are less than 1,000 sqm. Reducing this to 500 sqm would widen the net, as many large CBD buildings have floorplate areas less than 1000sqm.
- **Periodic disclosure requirements** – Periodic disclosures (**we propose every 2 years**) would allow better visibility into the commercial building stock, and Tenants and Asset Owners would be able to better understand the performance of their buildings.
- **Water disclosure** – we'd propose to disclose a water rating alongside the energy rating.

- **Tenancy energy usage disclosure** – Base building owners should engage in green leases to obtain tenant energy data and then disclose a total tenant energy usage as part of the NABERS rating (this could alternatively be shown via a separate Whole Building Rating).
- **Minimum NABERS ratings which progressively get higher** – Nearly every commercial building can achieve a 4 Star rating if metered and run with a reasonable degree of care and attention, regardless of the façade. We’d therefore suggest that a minimum NABERS rating of 3 Stars would be an easy first target to achieve, with progression upwards towards 4 and perhaps 5 Stars over time. There should also be exemptions for heritage buildings (if appropriate and approved by NABERS).
- **Electrification disclosure** – A statement of whether the building is electrified to be provided alongside the renewable energy indicator (REI).
- **Embodied carbon** – We’d eventually like to see an embodied carbon disclosure added to the CBD program by 2030, noting that NABERS is still finalising this tool
- **Base building emissions should be shared with tenants, who should then be required to disclose it as scope 3 emissions** – Commercial building owners should release their base building emissions to tenants with an apportionment based on leased area (or other approved split). These emissions should then be stated on any tenant mandatory disclosure of carbon emissions alongside the scope 1&2 emissions. These actions will hopefully encourage the establishment of informed tenants, greater consideration of emissions when extending or choosing a new lease, higher uptake of green leases, and possible split incentives between landlords and tenants.

We trust the above is helpful and look forward to seeing the final *Commercial Building Disclosure (CBD) Expansion*.

Kind regards,

PCA Victorian Sustainability Committee – Accelerating zero-carbon subcommittee.