

Department of Environment and Energy  
GPO Box 787  
Canberra ACT 2601

Via email: carbonneutral@environment.gov.au

10 February 2017

Dear Sir/ Madam,

**RE: CARBON NEUTRAL BUILDINGS AND PRECINCTS**

The Green Building Council of Australia (GBCA) commends the Government on the National Carbon Offset Standard for Buildings and Precincts (Standard).

The GBCA appreciates the opportunity to have worked closely with the Department of Environment and Energy and the National Australian Built Environment Rating System (NABERS) on developing the Standard, providing clear definitions and voluntary standards for carbon neutrality or 'net zero' emissions for buildings and precincts.

The GBCA supports the overarching vision and principles of the Standard and congratulates Government on its commitment to help place Australia on the trajectory towards a zero-carbon economy. This submission provides high level comments in response to the Buildings Standard and Precincts Standard respectively:

***Comments on the National Carbon Offset Standard for Buildings***

**1. Government should set carbon intensity conditions within the Standard.**

As section 2.4.1 notes, "scope 2 emissions from electricity consumed by the building can be reduced by generating renewable electricity on-site". Similar to the minimum energy efficiency requirements set in section 2.4, Government should place conditions on the carbon intensity of electricity generation for buildings. This can include a prescription to ensure that on-site renewable energy generation provides a substantial percentage of electricity generated for each building. The use of solar energy has considerable potential to cut emissions by displacing grid electricity. Effectively, placing conditions will help to reduce the carbon intensity of electricity generation for buildings, encourage investment in renewable energy and promote broader, more sustainable energy market reform.

**2. Government should allow for flexibility on the extent to which Large Generation Certificates can be accommodated within the Standard, to avoid the risk of disincentivising the uptake of large-scale renewables in buildings.**

The GBCA appreciates the rigour and logic underpinning the approach to LGCs set out in the Standard, however this must be balanced against more immediate needs to appropriately incentivise and prioritise the installation of renewable energy solutions. As noted in section 2.3.2, Green Star considers renewable energy to be zero emission electricity, regardless of the disposal of any LGCs created from the generated electricity. The need to preserve appropriate incentive structures for renewables is a unique characteristic that must be considered in the application of the National Carbon Offset Standard to buildings. Limits on the extent to which LGCs can be accommodated more flexibly within the Standard should be considered further through the pilot phase in consultation with industry, and in the longer term with reference to any future changes in energy policy.

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**3. On-site renewable energy generation should be the primary means of carbon reduction for Scope 2 emissions.**

The GBCA supports the carbon reduction hierarchy of energy efficiency, on-site renewable energy generation and off-site renewable energy generation, before undertaking carbon offsetting, as identified in the Standard. Accordingly, the GBCA proposes that on-site and off-site renewable energy generation should strictly be the primary means of carbon reduction for Scope 2 emissions, rather than Green Power and offsets. The GBCA recognises that for Scope 2 emissions specifically, there is a significant opportunity for the Government to direct and maximise investments in renewable energy as this is where it will make the most sizeable difference. On the other hand, the use of offsets will be more appropriate for Scope 1 and Scope 3 emissions where the emissions are a result of the activities occurring within the building and other relevant facilities. It will be important for the Government to differentiate the suitability of carbon reduction pathways under each emissions scope. In doing so, Government has the opportunity to achieve broader policy objectives including increasing the uptake of renewable energy in Australia.

**4. The GBCA encourages the Government to commit its own assets for carbon neutral certification and provide funding to support the implementation of the Standard.**

By committing its own building assets for carbon neutral certification under the Standard, the Government can demonstrate sustainability leadership, promote the uptake of carbon neutral buildings and encourage sustainable energy market reform. Furthermore, the Government should explore the prospects of offering incentives for eligible projects under the Standard, for example through public-private programs, which may present a suitable pathway for broad implementation. South Australia's 'Carbon Neutral Adelaide Partnerships' program is a good example of this, with the Government providing businesses with incentives to drive down carbon emissions. The program is ambitious, with the South Australian Government aiming to sign up 1000 city businesses, which will account for 1 million sqm of city floor space by 2020. Similarly, public-private programs or other forms of government funding can help support the implementation of the Standard.

***Comments on the National Carbon Offset Standard for Precincts***

**5. The GBCA encourages the Government to integrate minimum energy efficiency requirements within the Precincts Standard.**

While section 2.4 notes the various pathways for achieving emissions reduction, setting minimum energy efficiency requirements will be vital to increasing the rigour of the Standard and encouraging the implementation of the carbon reduction hierarchy identified in the Paper. The lack of an energy efficiency gateway within the Standard presents the risk of unintended consequences and thus, this will need to be considered and monitored during the pilot phase.

**6. The GBCA recommends that the pilot phase should be undertaken for longer than 12 months, enabling Government to take account of key issues regarding the effectiveness and applicability of the Standard.**

The Precincts Standard presents its own unique challenges especially as it will be more difficult to establish an emissions boundary that goes beyond buildings to incorporate public infrastructure and this will need to be considered further during the pilot phase. Moreover, Government and relevant stakeholders need to discuss and ascertain for whom the Precincts Standard is for, so that its implementation is better grounded in the long term. Monitoring the uptake during the pilot phase will indicate when a review is needed to improve effectiveness and applicability in the longer-term.

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We applaud the leadership demonstrated by the Government on developing the National Carbon Offset Standard. The Standard will provide invaluable guidance for industry as it works towards eliminating emissions from buildings, a vital step needed to accelerate Australia's efforts to limit global warming to well below 2°C as outlined in the Paris Agreement.

We look forward to continuing to collaborate with all levels of government and industry as this Standard is implemented in the months ahead.

Yours sincerely

A handwritten signature in black ink, appearing to read 'Jonathan Cartledge', written in a cursive style.

**Jonathan Cartledge**  
Senior Manager - Government and Industry