Greener Government Buildings

The Victorian Government’s Greener Government Buildings program will reduce greenhouse gas emissions, energy costs and water use across the majority of existing government buildings including:

- schools;
- TAFEs;
- universities;
- hospitals;
- offices;
- courts;
- prisons;
- arts facilities;
- sporting facilities; and
- water infrastructure.

Developed and managed by the Department of Treasury and Finance’s (DTF) Government Services Division (GSD), Greener Government Buildings projects are required to follow an Energy Performance Contracting process (EPC – see further detail below) whereby Energy Services Providers identify and install cost-effective energy and water efficiency solutions and provide a guarantee on project savings.

Solutions commonly include lighting upgrades and controls, heating and cooling efficiency improvements, building automation, water conservation measures and on-site electricity generation i.e. co-generation and tri-generation.

As of June 2011, 13 Greener Government Buildings projects were under implementation. Early results indicate the potential to deliver savings (energy, greenhouse gas and water) of over 30 per cent, with some as high as 60 per cent, whilst still delivering a cost-effective return on investment of at least 12 per cent (IRR).

Over the longer term, the Greener Government Buildings program is projected to reduce Government’s greenhouse gas emissions by at least 20 per cent by 2020 and deliver over $1 billion in accumulated cost savings.

On Thursday 9 June DTF was awarded the Premier’s Sustainability Award for its Greener Government Buildings program. DTF’s success in the State Government Category recognised not only the considerable benefits being delivered by the program regarding greenhouse gas emissions but also that sustainable solutions can be cost effective investments.

To find out more about the awards go to http://sustainabilityawards.vic.gov.au

What is Greener Government Buildings?
The Greener Government Buildings program consists of four key elements:

1. A requirement for departments to implement a process known as Energy Performance Contracting (EPC – refer to description below) and meet the following milestones:
   - by 2012, departments must have committed to implement EPC or equivalent processes at sites accounting for at least 20 per cent of their total energy consumption; and
   - by 2018, departments must have committed to implement EPC or equivalent processes at sites accounting for at least 90 per cent of their total energy consumption.

2. A source of repayable funding for EPC projects. Greener Government Buildings projects are required to ‘pay for themselves’ within a seven year period using energy and water cost savings delivered by the project.

3. A facilitation service provided by DTF’s GSD to assist departments to deliver projects in a consistent and effective manner.

4. A procurement pathway. DTF manages a panel of pre-qualified EPC service providers and has developed standard templates for planning, tendering and contracting projects.

Energy Performance Contracting
Greener Government Buildings projects are delivered using a market based instrument known as Energy Performance Contracting (EPC).

This approach requires service providers to not only design and install energy and water saving solutions, but to
guarantee annual cost savings.

The presence of this guarantee not only provides greater certainty that energy and water savings will be achieved, but enables the project costs to be financed, with annual cost savings used to repay the loan over the life of the investment.

Under the Greener Government Buildings program’s competitive EPC tender process, contracts are awarded to the provider that identifies the greatest savings over a seven year payback period.

Projects underway
As of June 2011, the Greener Government Buildings program has facilitated 13 large-scale building upgrade projects, including:

- Melbourne Sports and Aquatic Centre and State Netball and Hockey Centre;
- Federation Square;
- entire portfolio of RMIT;
- 16 owned office buildings totalling 83,000 square metres;
- Kangan TAFE institute (all campuses);
- South West TAFE institute (all campuses);
- 71 primary and secondary schools in the Grampians and Loddon Mallee regions;
- 30 major parks managed by Parks Victoria; and
- upgrade of traffic lights around the state from incandescent to LED technology.

Contact us
For further details on the Greener Government Buildings program contact Sam Burke on 03 8683 2783 or visit www.procurement.vic.gov.au/epc-services