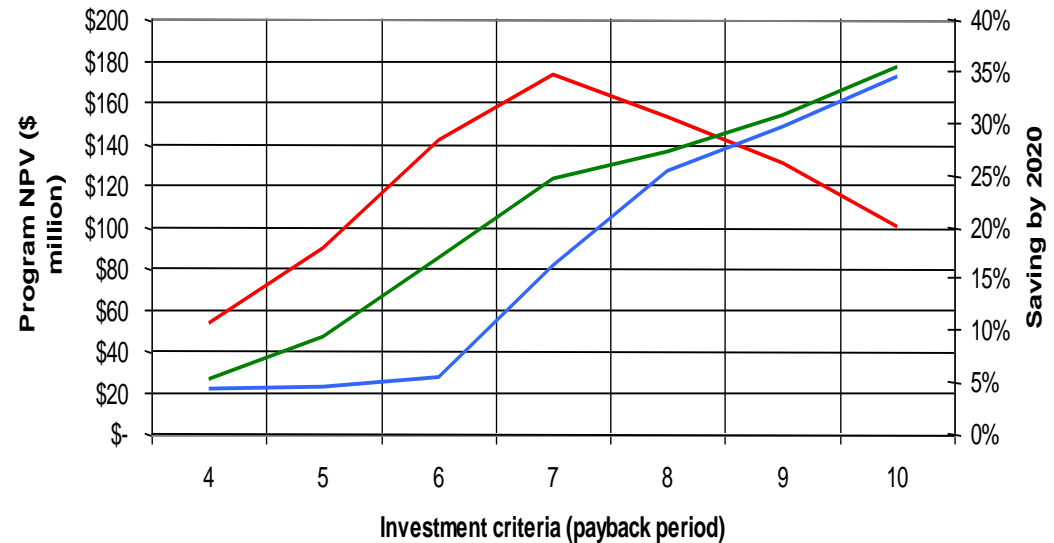


37% of fruit are
low-hanging

Investment criteria
(for low-hanging fruit only)
= 7 year simple
payback period



Bonus

30% of project costs
are asset
replacements



7 year simple payback

=

5.07 year real payback

(including avoided costs and interest charges)

Accounting treatment of energy efficiency investments

For projects funded with cash OR debt where the payback period is less than the investment life.

BALANCE SHEET

- Increased liabilities or less cash
- Improved asset value of buildings

zero, then +ve

OPERATING STATEMENT

- Depreciation expense (~1/15th of investment)
- Annual cost savings (~1/7th of investment)
- Savings more than double the expense

+ve

NET DEBT (liabilities – cash)

- Increased liabilities or less cash
- Increased net debt by value of investment in year 1
- Impact reduces to zero over term of the payback period
- Positive impact thereafter

- ve

for payback term, then

+ve

Current and completed projects

1.	16 office buildings (DTF)	Complete	27% GHG saving
2.	State-wide traffic lighting upgrade	Complete	70% GHG saving
3.	South West TAFE Institute	Complete	32% GHG saving
4.	Kangan TAFE Institute	Complete	15% GHG saving
5.	Melbourne Sports and Aquatic Centre	Final commissioning	31% GHG saving
6.	Federation Square	Final commissioning	55% GHG saving
7.	RMIT Bundoora & Brunswick	Implementation	52% GHG saving
8.	RMIT city & Carlton campus	Implementation	38% GHG saving
9.	Sunraysia TAFE	Implementation	23% GHG saving
10.	Parks Victoria	EPC negotiations	17% GHG saving
11.	GWM Water	Implementation	6% GHG saving
12.	City of Yarra	Implementation	45% GHG saving
13.	Supreme Court	EPC negotiations	34% GHG saving
14.	Holmesglen TAFE	Funding application	39% GHG saving
15.	Melbourne Cricket Ground	Funding application	22% GHG saving
16.	Ballarat University	Funding application	41% GHG saving
17.	Western Water	DFS	36% GHG saving
18.	Northern Melbourne Institute of TAFE	DFS	40% GHG saving
19.	East Gippsland Water	DFS	41% GHG saving
20.	Metropolitan Fire Brigade	DFS	18% GHG saving
21.	Chisholm TAFE	DFS	29% GHG saving
22.	Austin Health (HR & RTR)	DFS	64% GHG saving
23.	Museums Victoria	DFS	>50% GHG saving
24.	DHS public high-rise	DFS	>50% GHG saving
25.	West Gippsland Health	DFS	60% GHG saving
26.	DPI Laboratories & research centres	DFS negotiations	
27.	Northern Health	DFS negotiations	
28.	Monash Health	DFS negotiations	
29.	Health Tranche 2 (Latrobe, Peninsula, Western)	DFS negotiations	
30.	V/Line	DFS negotiations	
31.	Health Tranche 3 (Alfred, Barwon and St. Vincent's)	Tender evaluations	
32.	Gippsland Water	Tender evaluations	


Funded Vic Government projects

11 projects

3 x TAFE Institutes,
DTF office portfolio,
Fed square, MSAC,
RMIT, Parks Vic, GWM
Water, Vic traffic lights

Annual utility
expenditure
= \$27.6 m

37% savings
= \$10.2 m



Capital investment (year 1 debt impact) =

\$83 million

Annual operating statement impact =

\$1.34 million

Avoided capital (asset replacement) =

\$42 million


Typical Vic Government project

Project scope

TAFE Institute
30 buildings consisting
of classrooms, offices,
kitchens, workshops,
etc

Annual utility
expenditure
= \$2.28 m

39% savings
= \$891,000



Capital investment (year 1 debt impact) =

\$6.21 million

Annual operating statement impact =

\$228,600

Avoided capital (asset replacement) =

\$1.47 million


Local government application

Project scope

Civic centres
Aquatic centres
Libraries
Depots
Other facilities

Annual utility
expenditure
= \$800,000

37% savings
= \$288,000



Capital investment (year 1 debt impact) =

Annual operating statement impact =

Avoided capital (asset replacement) =

\$2 million

\$153,600

\$604,000



How to pick the fruit



this way

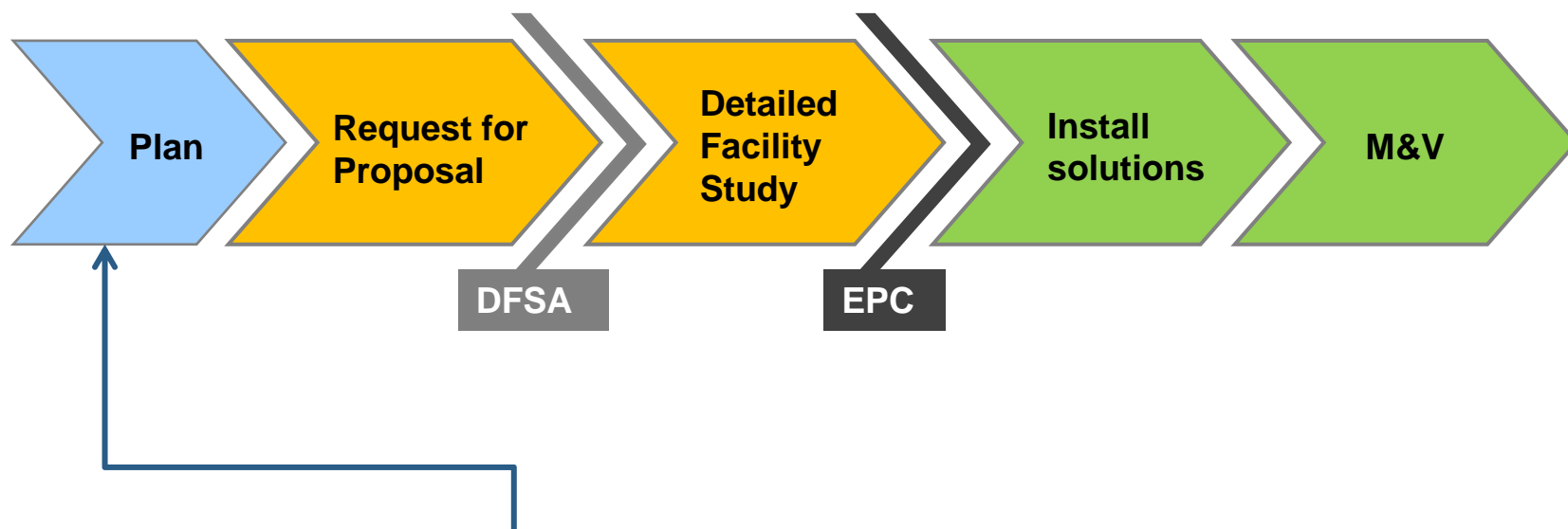
Energy Performance Contracting (EPC)



Customer: determines investment criteria, which buildings to include

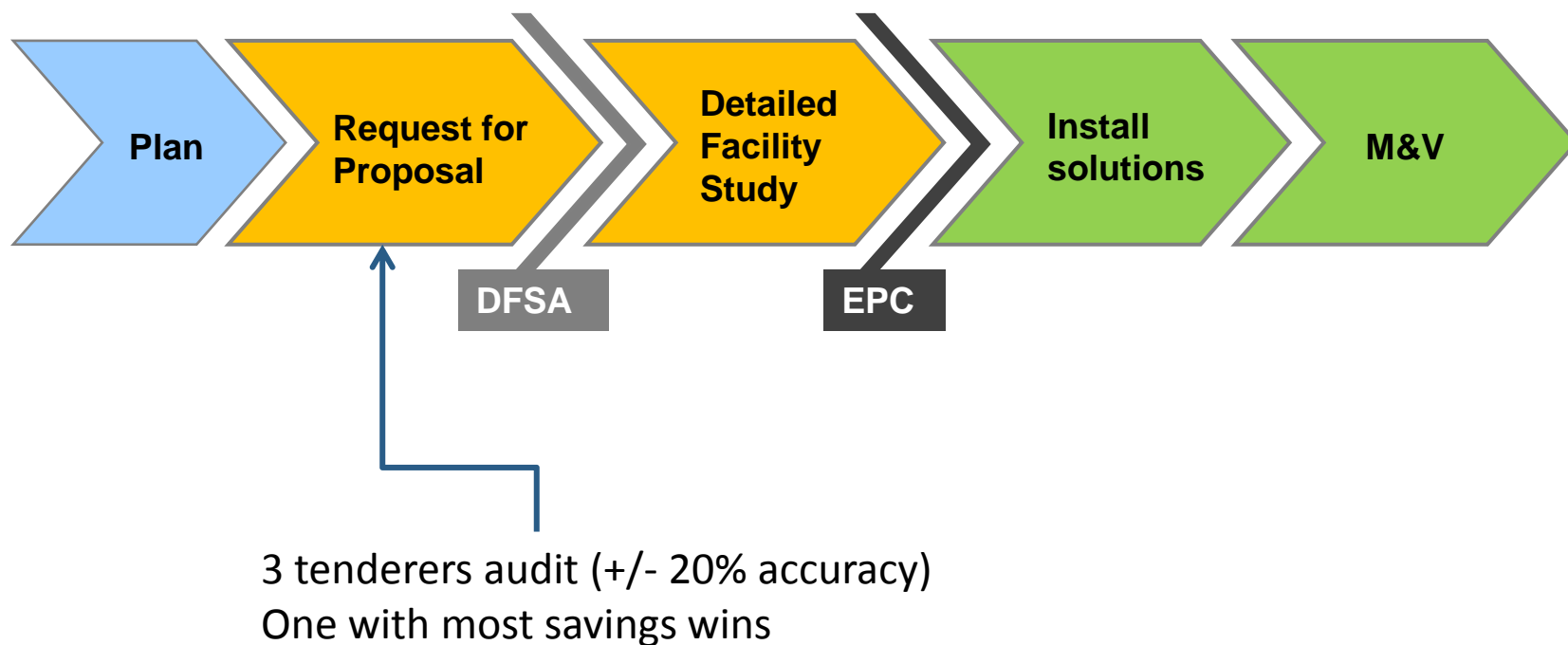
Provider: proposes solutions to meet objectives, delivers project, guarantees savings

Energy Performance Contracting (EPC)

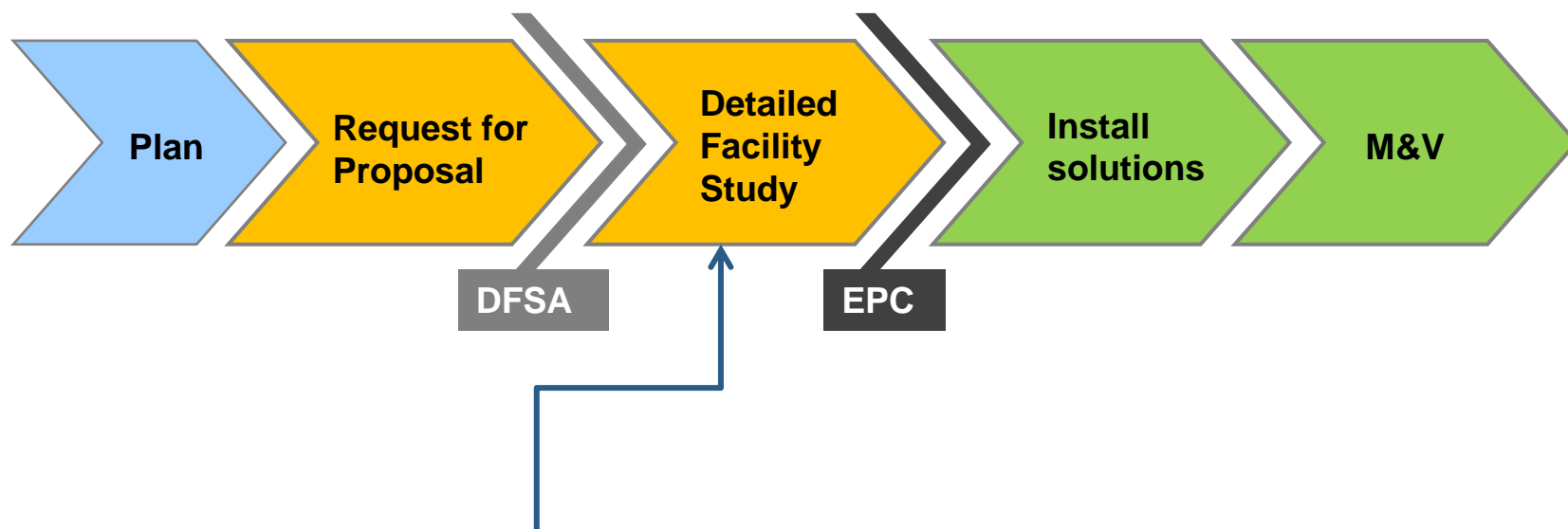


Investment criteria: 7 year payback
Scope: all buildings

Energy Performance Contracting (EPC)

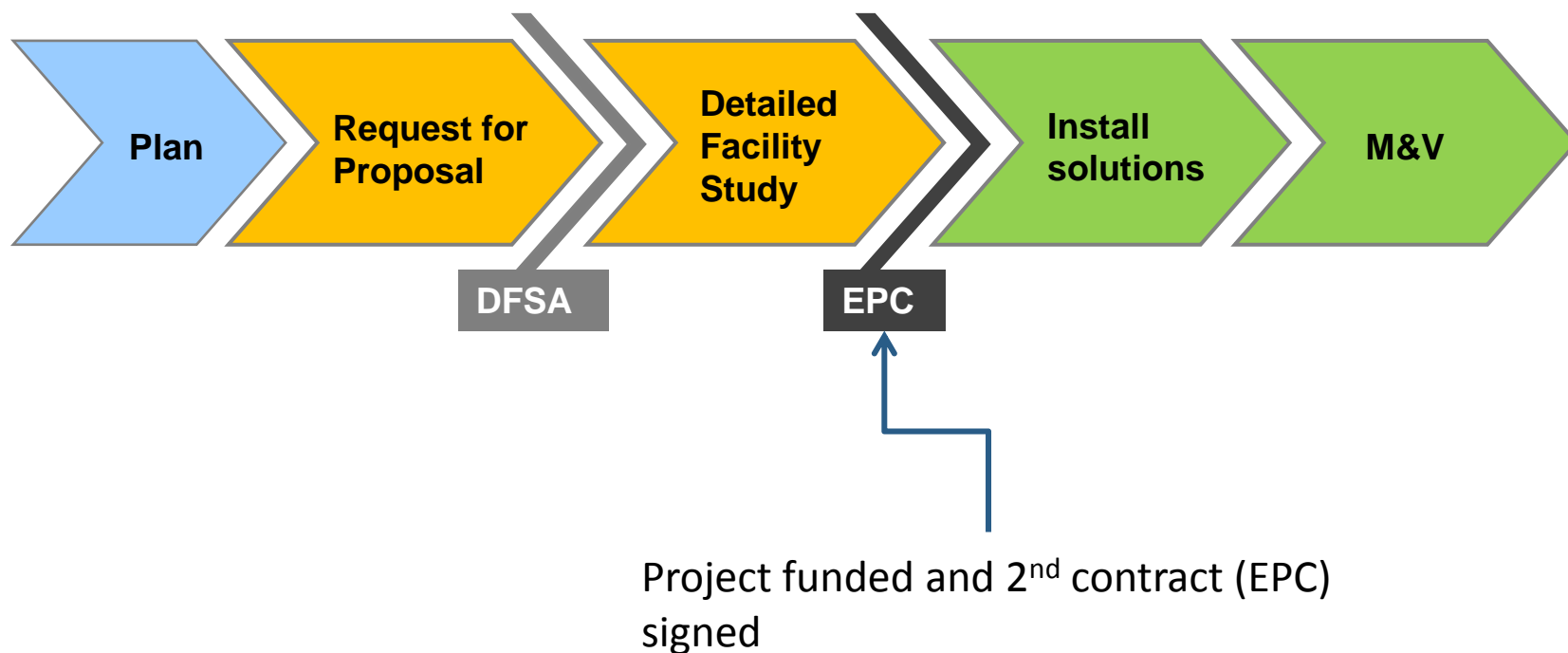


Energy Performance Contracting (EPC)

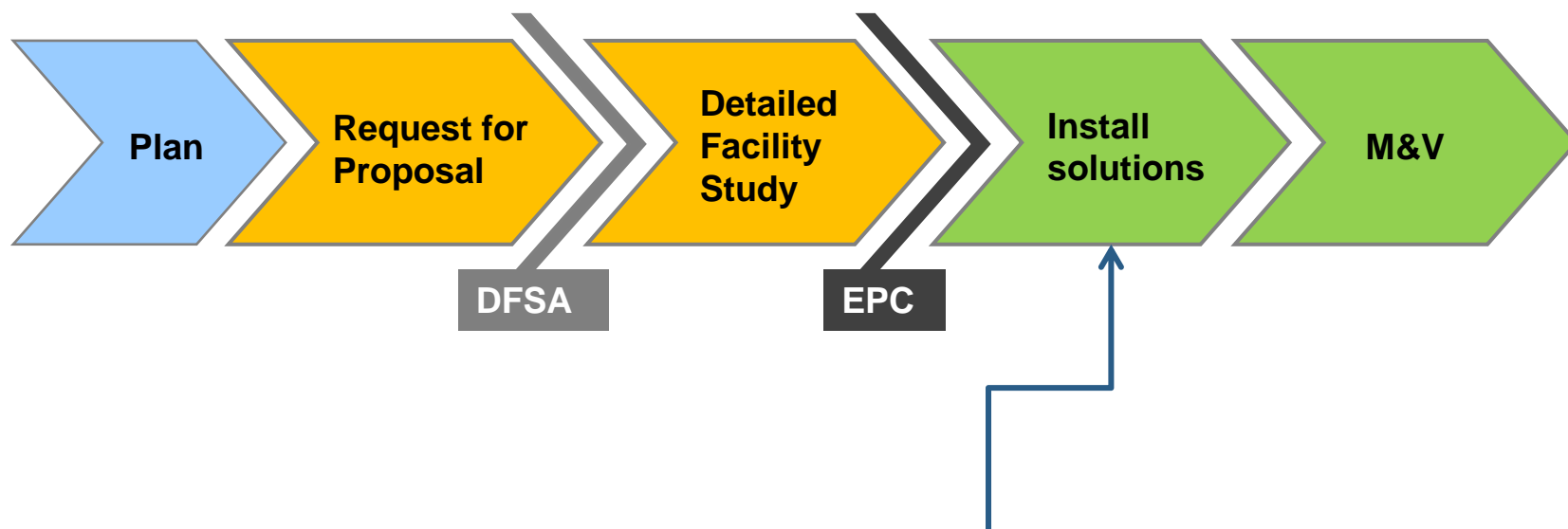


1 provider signs 1st contract (design stage)
DFS fee (~\$100K) payable only if works don't proceed

Energy Performance Contracting (EPC)

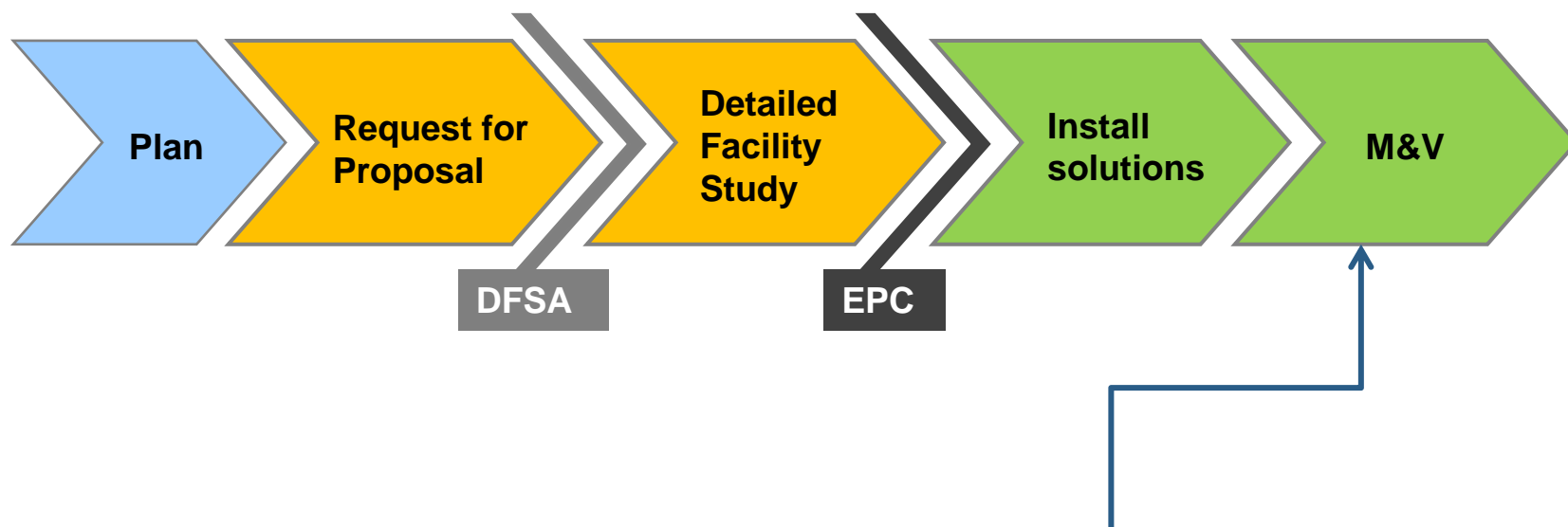


Energy Performance Contracting (EPC)



DFS fee invoiced
Supply and installation of works
Provider invoices as works installed

Energy Performance Contracting (EPC)



Ongoing guarantee of project savings
IPMVP verification
Shortfalls repaid to customer

Final word

1. You could do better than 37%
2. Consider financing large projects
3. Use EPC process
4. Contact DTF





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Photo: Liz O