



FREQUENTLY ASKED QUESTIONS

Sustainability Victoria Local Government Energy Saver Program

Unlocking savings in council facilities

What is the program?

The Local Government Energy Saver Program aims to work with a minimum of 22 resource constrained, regional councils across Victoria. The program will run until June 2020, and will help councils to understand, prioritise and implement energy efficiency and renewable energy upgrades on their buildings.

This will include:

- Establishing current baseline corporate emissions;
- Developing an energy use reduction plan;
- Undertaking facility audits on highest energy using sites; and
- Implementing projects that cut energy costs and reduce emissions.

These offerings will help eligible councils to reduce their operating costs, emissions and connect them to the TAKE2 Voluntary Pledge Program.

This program aims to assist councils understand and prioritise their opportunities across all their assets, and implement actions in alignment with their own planning and budget cycles. It aims to build on the success of council street lighting retrofits over recent years, which have delivered significant emission reductions and cost savings. Learnings from council street lighting approaches have been incorporated into the design of this program.

The program is designed to overcome a number of barriers reported by smaller local governments in regional Victoria. Due to internal resource constraints from a relatively low rate payer base, and high operational costs such as large road networks and aging infrastructure, many councils have reduced internal capacity to identify, advocate and ultimately fund energy savings projects. Projected increases in energy costs mean that capacity will be further squeezed while operational costs from energy will rise. Ultimately, these barriers result in missing out on opportunities for financial savings and other co-benefits that can be achieved through improving the energy productivity of public facilities.

How can energy efficiency help in council facilities?

An energy efficient facility is one that reduces energy and maintenance costs for owners and tenants, and provides a comfortable and healthy environment for its occupants.

Cost-effective energy efficiency improvements can reduce energy consumption by more than [50 percent in office buildings](http://www.sustainability.vic.gov.au/services-and-advice/business/resource-efficient-buildings/energy-efficient-office-buildings) (www.sustainability.vic.gov.au/services-and-advice/business/resource-efficient-buildings/energy-efficient-office-buildings).

For an average office space of 2,500m², energy efficiency measures can result in approximately \$10,000 in savings per annum, and potentially deliver the following:

- Lower maintenance bills;
- Happier, more comfortable building users;
- Reduced energy use and a reduction in costs for owner and tenants;
- Increased asset value;
- Deferred capital costs and lower maintenance costs (well-tuned equipment lasts longer and breaks down less often);
- Increased appeal to tenants and longer lease times;
- Future proofed building assets that reduce the impact of rising energy costs and regulations; and
- Reduced greenhouse gas emissions.

Sustainability Victoria's recent award-winning Energy Efficient Office Buildings Program demonstrated that efficiency gains and emission reductions of 30% are achievable through implementation of building systems and plant improvements to improve energy efficiency in commercial office buildings. Savings even higher than this are also likely to be found when combining energy efficiency and renewable energy measures in larger council facilities such as council corporate centres, arts and civic centres, community buildings (e.g. libraries and recreation/aquatic centres).

Which councils are eligible for this program?

Name of Local Government	Region
Loddon Shire	Loddon Mallee
Yarriambiack Shire	Grampians
Pyrenees Shire	Grampians
Buloke Shire	Loddon Mallee
Glenelg Shire	Barwon South West
Hindmarsh Shire	Grampians
Northern Grampians Shire	Grampians
Strathbogie Shire	Hume
Benalla Rural City	Hume
West Wimmera Shire	Grampians
Gannawarra Shire	Loddon Mallee
Swan Hill Rural City	Loddon Mallee
Ararat Rural City	Grampians
Central Goldfields Shire	Grampians
Corangamite Shire	Barwon South West
Colac-Otway Shire	Barwon South West
Southern Grampians Shire	Barwon South West
Bass Coast Shire	Gippsland
Mansfield Shire	Hume
Towong Shire	Hume
Murrindindi Shire	Hume
Horsham Rural City	Grampians

Why are only these councils included?

The aim of the Program is to target councils in communities that are likely to have the most limited ability to respond and adapt effectively to the challenges of climate change. Specifically, it targets regional councils with comparatively small populations, highest municipal expenses per head of population, and higher relative levels of social and economic disadvantage in the local community.

The methodology for selecting eligible councils combined ranked data from the following sources:

- Councils with the lowest rankings on the ABS Socio-Economic Indexes for Areas (SEIFA) were identified as having vulnerable and disadvantaged communities; and
- Councils with the highest municipal expenses per head of population, as given in the 2014/15 and 2015/16 Victorian Local Government Performance Reporting Framework. These were identified as councils with the most limited capacity to invest in corporate energy efficiency and renewable energy.

What if my council is not on the eligible list?

- Unfortunately, a number of councils are not eligible for the program. The eligibility methodology prioritised regional and rural local government areas with a combination of:
 - Comparatively small populations.
 - The highest municipal expenses per head of population.
 - The highest relative indicators of social and economic disadvantage in the local community (SEIFA).

However:

- We are keen to find ways to share the learnings from participating councils with others in the region, and also understand the broader needs of the local government sector and those not selected for this program. Sustainability Victoria would welcome the chance to discuss projects and ideas that are being developed for energy and emissions reduction in other councils.
- Sustainability Victoria offers a free [Sustainability Finance Service](http://www.sustainability.vic.gov.au/services-and-advice/business/energy-and-materials-efficiency-for-business/sustainable-finance-service) (<http://www.sustainability.vic.gov.au/services-and-advice/business/energy-and-materials-efficiency-for-business/sustainable-finance-service>). This free finance facilitation service is available to all businesses, property owners, councils and community groups seeking to invest in energy efficiency and renewable energy.
- For those councils that are more advanced with energy saving/generating programs we know the eligible councils would find value in hearing about how you've been successful in developing these programs. It would be great if these more advanced councils could be involved in the program in a mentor type role so the eligible councils could learn from their knowledge, experience and success in this area.

What does the program offer?

The program will offer three streams of services to support councils along a pathway from considering their energy use as a whole, to developing business cases for upgrades, to implementing practical actions to save (and generate) energy use at priority sites. Any current initiatives and actions already underway in eligible councils will be recognised, and councils will be invited to access the appropriate stream for them. Initial engagement and consultations will commence in July 2017 to determine the most suitable entry point for eligible councils.

Stream 1: Establish Local Government Corporate Emissions Profile and Reduction Plan: This will map the full corporate inventory of emissions across Waste and Resource Recovery owned assets, Fleet, Buildings and Facilities, and Street Lighting, aligning to [the national standard and framework](http://www.cleanenergyregulator.gov.au/NGER/About-the-National-Greenhouse-and-Energy-Reporting-scheme/Greenhouse-gases-and-energy) (www.cleanenergyregulator.gov.au/NGER/About-the-National-Greenhouse-and-Energy-Reporting-scheme/Greenhouse-gases-and-energy) for managing greenhouse emissions reporting. It will also outline a reduction plan including potential financial savings and emission reduction opportunities by each sector.

Stream 2: Local Government Owned Facility Energy Audits: To understand how best to reduce emissions of a particular asset, participating councils will be required to select an energy consultant from a panel of approved service providers assembled by Sustainability Victoria. The consultant will undertake detailed facility audits of priority facilities (those with the highest energy use) identified in the Corporate Emissions Profile and Reduction Plan. These could include council-owned civic centres, recreation or aquatic centres, or libraries. The facility audits will be based on the equivalent of a Type 1 or Type 2 Energy Assessment (Australian Standard AS/NZS AS3598.1 (Commercial Buildings):2014 and AS/NZS AS3598.2 (Industrial and related activities):2014). Procurement for the approved service

providers is being led by the Sustainability Victoria Better Buildings Program.

Stream 3: Implementation of Retrofit Works: Councils will negotiate grant agreements with Sustainability Victoria to support the implementation of upgrade projects costed through the detailed Facility Energy Audits conducted in stream 2. The funding can be used for energy efficiency upgrades and renewable energy projects, with priority given to efficiency improvements. All grant applications will need to be supported by a detailed Facility Energy Audit, which will form the business case for the application. Existing, recent detailed facility audits will be considered as a basis for supporting grant applications. Participating councils will be encouraged to continue to work with those energy consultants utilised in the facility audits (Stream 2) to assist in project managing the retrofit works.

Do councils need to participate in all three streams?

If councils have already undertaken recent work in emissions accounting or facility audits this will be recognised in their agreement and they will be invited to enter and participate at the most appropriate stream to complement their progress to date. In this instance, funds allocated for Stream 1 and 2 work will be reallocated to support upgrades undertaken through Stream 3. The rollover of funds will be subject to approval by Sustainability Victoria, and the most suitable entry stream for eligible councils will be assessed during the initial engagement and consultation phase in July-September 2017. All three streams are designed to assist council's with a pipeline of energy and cost savings opportunities with regard to their assets and greenhouse gas footprint beyond the program timeframes.

Why do councils need to have a corporate emissions profile?

Most rural and regional Victorian councils can find opportunities to reduce emissions and costs in the assets they manage, particularly if energy management is an area they haven't previously investigated. A corporate emissions profile helps councils to make a broad assessment of the business cases for energy efficiency upgrades to identify the highest value opportunities across all their assets and operations. In order to access the expertise and funding offered in Stream 2 and 3 of the Program, councils will be required to have a recently completed a corporate emissions profile. If councils have not undertaken this already, they will be required to enter the program in Stream 1 so that a profile can be developed.

Can other elements of the buildings footprint be covered in the audit and retrofit work, such as waste and water?

Waste and water upgrades are not eligible for funding through the Local Government Energy Saver Program. The objective of this project is to support councils to undertake energy efficiency and renewable energy upgrades in council owned facilities and buildings.

What type of Buildings can be upgraded through this program?

The program will support councils to audit and upgrade existing buildings that they own and manage, or that they own and are managed by a third party. Examples could include:

- Council civic centres that are council owned and operated;
- A town library where the council own the building and where a regional library corporation operates its community service; and
- A regional aquatics and recreation centre that the council own and subcontract management to a third party to operate.

The program will not support the undertaking work on new buildings in the design or construction phase, as there is an expectation that they include Environmentally Sustainable Design Principles in their makeup. See the [Infrastructure Design Manual \(IDM\)](http://www.designmanual.com.au/about-idm) (www.designmanual.com.au/about-idm).

Suitable sites for Detailed Facility Audits (Stream 2) will be identified in the Emissions Profile and Action Plan (Stream 1) documents. Sites will only be eligible for retrofit funding (Stream 3) if they have undertaken Detailed Facility Audits either through this program or through a separate, recent audit process.

What are councils required to contribute?

Co-contributions are required from councils in each of the program's streams, however cash contributions are only required in Stream 3 when retrofit works are implemented.

Stream 1 Establish Local Government Corporate Emissions Profile and Reduction Plan: Councils will be expected to contribute in-kind costs such as staff time, data and onsite support so that the program's consultants can measure emissions across council assets and identify emission reduction opportunities. Specialist consultants will be procured and paid for by Sustainability Victoria.

Stream 2 Local Government Owned Facility Energy Audits: Councils will be expected to contribute in-kind costs such as staff time, data and onsite support to enable detailed energy assessments to be undertaken on priority facilities. Specialist consultants will be procured and paid for by Sustainability Victoria.

Stream 3 Implementation of Retrofit Works: Councils will enter negotiated grant agreements with Sustainability Victoria to support the implementation of selected retrofits and upgrades on audited priority facilities. At a minimum, councils will be required to match Sustainability Victoria's funding with a cash contribution, and also provide the necessary in-kind support (staff time and on-site access) to enable the works to be undertaken. The negotiated grant agreement will also require biannual reporting on energy consumption and realised cost savings on the upgraded facilities.

Why should councils join the program?

The Program targets councils that have the highest municipal expenses per head of population, in communities that are likely to be vulnerable to energy price rises and the impacts of climate change. When carefully designed and implemented, energy efficiency and renewable energy upgrades can be highly cost effective, and provide significant savings for councils, businesses and households. Energy efficiency upgrades can also deliver a range of co-benefits to council and facility occupants including:

- Lower maintenance bills;
- More comfortable and productive facilities;
- Increased asset value;
- Deferred capital costs and lower maintenance costs (well-tuned equipment lasts longer and breaks down less often);
- Increased appeal to tenants and longer lease times;
- Future proofing building assets against rising energy costs and regulations;
- Increased resilience to climate change and temperature extremes; and
- Reduced greenhouse gas emissions.

Through participation in the program, these resource-constrained councils will be able to undertake assessments and upgrades in their facilities, which will help to reduce their costs and emissions. The implementation of energy efficiency upgrades and new energy technologies can demonstrate the benefits of resource efficiency in the local community as a way to reduce costs and improve comfort in businesses and households.

Energy efficiency and renewable energy makes good economic sense, and this program will provide a pathway for resource-constrained councils to join the growing community of councils that are leading emission reductions in local government areas around Victoria.

What types of upgrades will be funded through the program?

The program will support energy efficiency and renewable energy upgrades in targeted council owned facilities, where the simple payback on upgrades is greater than two years. The projects will need to reduce electricity or gas consumption in high consumption facilities, and have a simple payback of greater than two years. Project scopes and business cases will be developed through the Stream 2 Detailed Facility Audit stage, and priority projects for funding will be agreed with Sustainability Victoria through a negotiated grant agreement between eligible councils and Sustainability Victoria. Funded energy efficiency and renewables projects may include, but are not limited to, the following:

- Upgrades to heating, cooling and ventilation plant and equipment;
- Upgrades to hot water heating systems;
- Building management system upgrades, including sensors and controls;
- Passive measures such as shading, insulation and double glazing;
- Lighting retrofits (indoor, outdoor, security); and
- Renewable energy installations.

What types of upgrades are ineligible for funding?

Stream 3 funding will not be provided for:

- Upgrades where a detailed facility audit has not been undertaken;
- Upgrades where the simple payback is less than two years;
- Street lighting upgrades;
- Fleet upgrades;
- Emission reduction activities in landfills or other solid or liquid waste-processing sites;
- Energy efficiency improvements in new construction projects;
- Upgrades on facilities that are not owned by the council; and
- Renewable energy installations on sites where cost-effective energy efficiency opportunities have not been completed.

Why is the Victorian Government funding this?

The Victorian Government recognises that Local Governments, particularly in rural and regional Victoria, own and manage a range of facilities that present opportunities for emissions reduction through improved energy efficiency and increased use of renewable energy. However they often lack the resources to properly assess and execute these opportunities.

Providing support for these local governments to do so will have economic (lower operating costs from energy efficient buildings), environmental (reduction in greenhouse gas emissions) and social (improved community facilities) benefits.

How do councils participate in the program?

Eligible councils will be directly invited to participate in the Local Government Energy Saver Program, and will sign a formal agreement with Sustainability Victoria to commence at the appropriate program stream. Sustainability Victoria will engage with eligible councils throughout July to September 2017 to determine the most appropriate program stream for respective councils, and this will depend on council's previous progress on assessment, planning and implementation of emission reduction activities.

The following agreements will be undertaken between eligible councils and Sustainability Victoria to enable participation in the program:

Stream 1 Establish Local Government Corporate Emissions Profile and Reduction Plan: Councils will sign a formal letter of agreement with Sustainability Victoria, which will outline the Stream 1 services provided and the in-kind contributions required from councils.

Stream 2 Local Government Owned Facility Energy Audits: Councils will sign a formal letter of agreement with Sustainability Victoria, which will outline the Stream 2 services provided and the in-kind contributions required of council.

Stream 3 Implementation of Retrofit Works: Councils will apply for funding through a Negotiated Grant Agreement. The grant application process will be facilitated by Sustainability Victoria's Regional Strategic Coordinators, and the applications will be technically assessed by an independent, expert panel to ensure that the project business case is feasible, and that it will deliver value for money. The Negotiated Grant Agreement will specify the project deliverables, funding contributions and reporting requirements that have been agreed between Sustainability Victoria and the council.

Further information on the Program's offerings, requirements and processes will be outlined in the Guidelines for the Local Government Energy Saver Program, which will be provided to eligible councils in September 2017.

Key dates

Initial consultation with eligible councils	July-September 2017
First round of Applications Open	1 September 2017
Applications Close	2 pm 1 November 2017
Assessment and Approval	November 2017
Successful Round One Applicants Notified	December 2017
Second Round Applications Open	First half of 2018
Third Round Applications Open	Second half of 2018
Completion of Projects	June 2020

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