

# Environmental Upgrade Finance

An Environmental Upgrade Finance (EUF) is a financing structure whereby building owners can borrow for energy efficiency or renewable energy projects and make repayment through the local council charge.

EUF may be a good fit if your business:

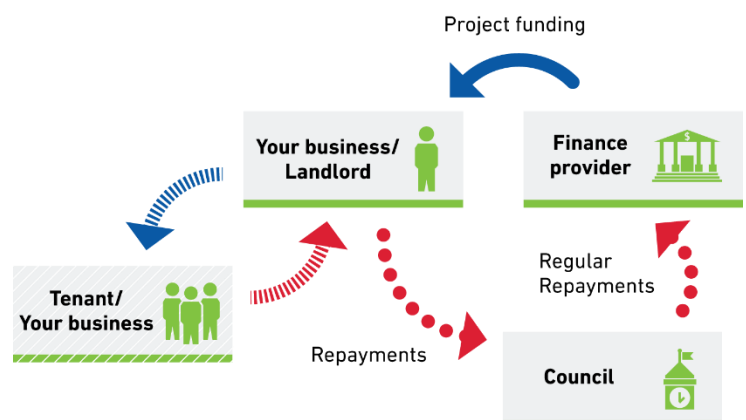
- Owns or occupies a building within a Victorian council offering EUF;
- Requires longer term financing with low monthly payments
- Has less or no upfront capital to invest

## How it works

An EUF agreement is entered into by the owner, the financier and the local council where the building is situated.

The:

- Lending Body lends finance to the owner for an energy upgrade.
- Property owner repays the loan to the financier through council rates.
- Council passes the payment to the financier.



## Advantages

- **Positive Cash flow:** Longer term allows you to maximise the cashflow from the project
- **No upfront capital:** Financing can cover 100% of the project cost.
- **No security:** EUF allows energy projects to be financed without the need of personal or an asset security.
- **Costs can be shared with tenants:** if the property is leased the cost of the upgrades can be shared by the tenant provided they consent.
- **Better terms:** the security provided by council increases credibility and lowers the risk for the financier; this results in better rates and longer repayment terms.
- **Transferrable:** the finance can be novated/transferred if the property is sold before the loan is repaid

A loan for an energy upgrade of a building which is repaid through a local council rate charge.

## Disadvantages

- **Limited to buildings:** Currently, EUF is only available to commercial and industrial buildings and not vacant land or residential properties
- **Limited to participating councils:** EUF is only available to businesses that are located in within participating Victorian councils;
- **Application process perceived to be complex:** the paperwork involved can be lengthy and may require negotiations if tenant consent is required.

## Frequently Asked Questions

### ***Which Victorian councils offers EUF?***

***The following webpage provides an up to date list of local councils offering EUF –***  
<https://www.sustainability.vic.gov.au/Business/Investment-facilitation/Sustainable-finance-for-energy-solutions/Environmental-Upgrade-Finance/Victorian-environmental-upgrade-finance-market-summary>  
***How are EUF payments collected?***

***An EUF is a loan provided by a lender, whereby a council acts as the collection agent using their statutory powers to collect the loan as a special charge (Environmental Upgrade Charge (EUC)).***

***What type of properties can EUFs be used for?***

***Property that is rateable under the Victorian Local Government Act 1989, which is used for predominantly commercial, agricultural and industrial buildings.***

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### ***What type of projects can be implemented by an EUF?***

***Typically, projects funded by EUF fall in the below three categories:***

- ***Generation of renewable energy;***
- ***Improvement of energy and/or water efficiency; and***
- ***Minimisation of waste.***

### ***How can tenants participate in the program?***

***If desired, tenants can consent to the charges being passed on by the building owner in writing, normally achieved through a commercial negotiation between parties. The council will require evidence of these consents prior to entering into any Environmental Upgrade Finance agreement.***

What happens to the loan if I sell or move to another building?

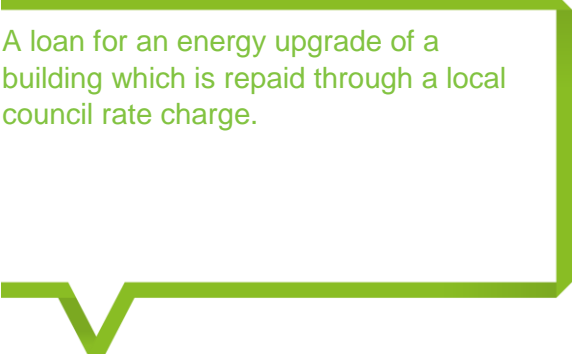
***The charge gets passed on to the next tenant/owner. In other words, you will not be required to pay out the loan when you move to another premises.***

How do I initiate an EUF?

***The first step is to contact your local council, who will either administer on your behalf or refer you to a third-party administrator Better Building Finance.***

***To learn more about the EUF market visit:***  
<https://www.sustainability.vic.gov.au/Business/Investment-facilitation/Sustainable-finance-for-energy-solutions/Environmental-Upgrade-Finance/Victorian-environmental-upgrade-finance-market-summary>

## More Information



A loan for an energy upgrade of a building which is repaid through a local council rate charge.

For further information on how businesses can save on energy costs go to *Victorian Energy Saver* website-  
<https://www.victorianenergysaver.vic.gov.au/energy-advice-for-business>