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COMMENTS BY SOUTH AFRICAN PROPERTY OWNERS ASSOCIATION (SAPOA) ON THE DRAFT REGULATIONS ON MANDATORY REQUIREMENTS FOR THE DISPLAY AND SUBMISSION OF ENERGY PERFORMANCE CERTIFICATES FOR BUILDINGS

SAPOA is a non-profit organisation that represents almost 90% of the commercial property owners in South Africa. SAPOA was established in 1966 and is a member driven organisation that aims to represent, protect and advance its members' commercial and industrial property interests within the property industry in terms of ownership, management and development.

SAPOA's members own and control approximately 90% of all commercial, retail, office and industrial properties in South Africa to the value of approximately R500 billion. Our members include some of the largest rate and taxpayers in South Africa.

SAPOA's members consist of 1,300 companies, including ABSA, Nedbank, Investec Property Group, Old Mutual Properties, Liberty Properties, Eskom, Transnet, East London IDZ, Growthpoint Properties, the V&A Waterfront Company, ACSA, Eris Property Group, Encha Properties, Zenprop, Redefine Properties, Hyprop and Resilient Properties.

SAPOA's members also include various smaller entities, black owned entities, property managers, property developers, property brokers and varied professionals in the commercial, retail and industrial property sector, including Adendorff Architects and Interiors CC, Mandela Bay Development Agency, North Point Commercial (Pty) Ltd and Sterling and Young Property Group.

SAPOA is supported by a network of prestigious affiliates such as the Women's Property Network (WPN), the South African Council of Shopping Centres (SACSC), the Green Building Council of South Africa (GBCSA), the South African Institute of Black Property Practitioners (SAIBPP), the South African Institute of Valuers (SAIV), the Property Charter Council (PSCC) and the African Real Estate Society (Afres).

SOUTH AFRICAN PROPERTY OWNERS ASSOCIATION – NPC – REG NO 1966/008959/08

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Our strategic focus is to ensure that SAPOA is the voice of the commercial property sector and we seek to achieve this through creating networking platforms for our members. SAPOA is also focused on strategic lobbying of various stakeholders in the property sector which includes government at national, provincial and local level. We at all times endeavour to consult with an intension to seek an amiable solution to issues that infringe on our or prejudice the mutual interest of our membership.

SAPOA has fostered key relationships and maintains a non-political bias. By setting quality standards and creating educational programmes, SAPOA is able to be a source of information useful not only to its members but also to the government at various levels and the industry as a whole.

SAPOA, on behalf of the commercial property industry, hereby submits formal comments for consideration as part of the public participation process.

SAPOA congratulates the Government for promoting and encouraging transparency on energy consumption data through the display of energy performance certificates. This has proven an affective mechanism in Europe, Australia and the USA to improve energy consumption of buildings, especially where minimum targets have been mandated by government. The proposed step of mandated display of energy consumption is a positive move for the country. One must consider the specific mechanisms used and the capacity required, and thus the following comments are made on the specific draft legislation:

1. The standard that is used for EPCs has room for improvement, and should allow for alternative equivalent performance standards to be used where relevant. For example, the GBCSA's Energy Water Performance certificate should be able to be used by those property owners who wish to use this for their office buildings (only available for office buildings). It includes additional factors that are normalized for, which are essential for technically correct benchmarking.
2. Unless a minimum level of performance is set, the EPC only has the effect of sharing energy consumption data publicly. It would be better to set a minimum level to be achieved by a certain year (possibly by 2020), to require existing buildings to at least perform at a minimum level of energy consumption. Carbon emissions are far too great to delay such action, and it would be irresponsible for the South African government not to set a minimum level of performance for existing buildings without delay. This could be comfortably done for office buildings (including government administration buildings), where the GBCSA's Energy Water Performance tool has established a minimum level that existing buildings should meet (level 5 of the tool), and the legislation requiring display of the EPC could require a minimum level to be achieved.
3. For other sectors (all non-office sectors), the SANS values for W/m²/annum are not based on a data base of actual buildings, which must first be collected to ensure the benchmarks

are appropriate. Once data for these sectors has been collected and statistically analyzed, and normalization formulas established, a benchmark methodology can be established for the non-office sectors. Following this only, can a minimum standard be established for existing non-office buildings. In the interim, display of the EPC could however be mandated to aid transparency and data collection.

4. Capacity, from a human resource and infrastructure perspective (adequate and appropriate metering systems), is limited, and will require extensive funding, training and experience, in the private sector and even more so in the public sector. We do not see enough of this to achieve the targeted 2-year date, especially for government, where traditionally it takes longer to implement something across so many properties.
5. Legislating the EPC will create work opportunities, and require the installation of meters where these are not already in place (unless municipal account data can be used, which is not recommended). A cost of R30,000 per EPC is expensive for a certificate that simply is a display of a buildings energy performance, and will be prohibitive for large property owners and especially for government. It is suggested that an EPC does not cost more than R5,000-R1,000 to make it a more reasonable cost. The GBCSA's Energy Water Performance Certificate costs between R12,500 to R15,000 and has seen very slow adoption rate partly because of the cost, and this is displaying energy and water, not just energy. The Energy Water Certificate however is also required for and included in the Green Star - Existing Building Performance tool, where it has seen somewhat significant adoption (94 buildings with a further 35 to be completed by end 2017). This costs about R45,000 but covers the full green building certification including the Energy Water Performance Certificate.
6. The Green Star - Existing Building Performance tool launched in 2014 already anticipates the use of EPCs and allows Projects to use their EPC (for non-office buildings) to achieve points for energy. Office buildings are required to use the GBCSA's Energy Water Performance tool, because the EPC standard does not normalize for certain critical factors and is not based on an extensive data base where the Energy Water Performance Certificate is.

General Comments

There is a need for clarification around the accredited bodies who may issue EPC's. It seems this may be an issue if there is a lack of Accredited Professionals.

It is indicated that each EPC will cost R30,000. That is a significant cost if you compare to the Green Building Council of South Africa (GBCSA) EWP rating which is R12 500 for both electricity and water.

Are EPC's for the private sector to be calculated on municipal readings or independent meter readers?

There needs to be some form of alignment between the two certificates (GBCSA and EPC) otherwise it will become expensive and cumbersome for building owners.

There was a general view that the public sector would do this first and work out all the issues before mandating to the private sector.

Clause 3 – Application Regulations

- S3.1 Clarification around what buildings are excluded? (non-residential isn't specific enough)
How will shared ownership buildings be addressed?
- S3.1 How will mixed use be addressed (those with residential)
- S3.1c Why is it that organs of state have a lower net floor area threshold for EPC's?
- S3.3 Clarification around re-submission process? It is stated that the EPC will be valid for 5 years. Does this require an annual submission like the GBCSA requires? On re-submission what period is to be used? (the most recent 12 months or 12 months rolling average)
- S3.4 Shall SANEDI make this register readily available to the public?

Clause 4 – Compulsory Registration for Submission of Information and Data

Why are organs of state excluded from compulsory registration and submission to SANED

Yours sincerely



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