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Case study 9: Building management system

Find out how a property company using on-bill financing to finance a new building management system determined that it would be better off by about $64,000 over 15 years.

Situation

A property company owns and operates a mixed use building that includes office space and retail space. This building is served by a central air-conditioning system that is controlled by an out-dated building management system (BMS). This system is over 10 years old, no longer supported by the vendor, and does not provide a sufficient level of control to manage and optimise control strategies. It seeks to upgrade it seeks to upgrade its BMS system.

How does the energy-efficient (EE) system compare to the standard system?

Equipment type	Standard	EE
Cost to install ($)	$100,000	$200,000
Operation and maintenance cost ($ p.a.)	$5,000	$5,000

Electricity use (kWh p.a.)	900,000	810,000
Equipment life (years)	10	15
Electricity cost reduction in first year from EE ($)		$18,000
Simple payback period for EE (years)		15.4
Simple payback period for EE, with marginal capital[1] (years)		7.7

Item	NPV
Standard system	-$1,317,043
EE system	-$1,252,692
Difference	$64,351

Finance option selected: On-bill financing

The company is a customer of Origin Energy and decides to seek on-bill financing to finance its new Building Management System, as this results in the highest expected NPV.

[1]This is the payback period for the energy-efficient (EE) option using the difference in capital outlay between the standard and EE equipment, rather than the full capital outlay for the EE equipment.

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Downloads

Download all the details and a cash flow model specifically from this case study

Case study (PDF 180KB)

Cash flow model (Microsoft Excel 673KB)

Checklist

Check if on-bill financing is the

right option for your business.

Download the checklist (PDF 2MB)

Contact us

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