





Business

Financing your project

Compare options

Heating and cooling

Case study: Heating, ventilation and air-conditioning

Find out how ABC Limited saved \$73,000 over 15 years by using an Environmental Upgrade Agreement to finance an energy-efficienct heating, ventilation and air-conditioning system (HVAC).

Situation

Company ABC Limited owns a multi-tenanted office building in the Sydney CBD and wants to replace the building's existing HVAC system with a new one. They are considering two options with 47kW capacity: a standard rooftop packaged systemor a more expensive, more energy-efficient system.

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

Equipment type	Standard	EE
Cost to install (\$)	\$27,000	\$33,000
Operation and maintenance costs (\$ p.a.)	\$800	\$1,500

Trouting, Ventulation and air conditioning (1)	5 // Environment of Heritage	
Electricity use (kWh p.a.)	192,000	131,300
Equipment life (years)	15	15
Electricity cost reduction in first year from the system (\$)		\$12,140
Simple payback period for the system (years)		3.1
Simple payback period for the system, with marginal capital ¹ (years)		0.6

Item	NPV
Standard system	-\$277,686
EE system	-\$204,262
Difference	\$73,424

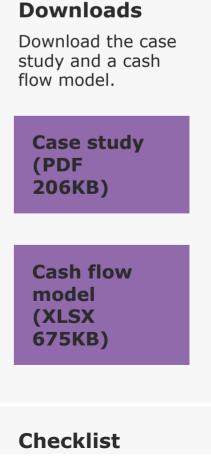
Financial option selected: Environmental Upgrade Agreement ABC Limited decides to seek an Environmental Upgrade Agreement for its HVAC system. This type of finance provides a mechanism for the

company to pass on some of the repayment costs to its tenants, and it results in the highest expected NPV. In addition, ABC Limited expects to sell its building in 5 to 10 years and is more comfortable with a form of finance that is tied to the building and will transfer to the new owner if the building is sold.

¹This 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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Check if an environmental upgrade agreement is the right option for your business.

Download the checklist (PDF 2MB)

Contact us

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