

# Energy Efficiency- Commercial Property

## Eligibility Criteria and Guidelines

PROPOSED CRITERIA – NOVEMBER 2014

The following criteria applies to Part B – Low Carbon Criteria, under clauses 8 [Eligible projects and physical assets] and clause 9 [Technical criteria] of the Climate Bond Standard version 1.0.

For a bond to be certified as a Climate Bond, the funds raised under it must be used to finance or re-finance:

*For commercial buildings located in cities with an emissions baseline\* established at the city level, buildings qualify under the Climate Bond Standard if:*

- *Their emissions performance meets the Climate Bonds hurdle\*\* derived from the emissions baseline*

*And:*

- *They maintain that performance over the life of the bond.*

*Or:*

- *Their carbon performance is improved over the term of the bond, to achieve a level of carbon performance equivalent to maintaining the Climate Bonds hurdle for the life of the bond.*

- *Monitoring and verification is required annually for both pathways.*

\* The emissions baseline is established at the city level from actual operational data and represents the top 15% of city-level emissions performance.

\*\* The Climate Bonds hurdle is set at the midpoint of the bond term based on a linear trajectory from the emissions baseline to an aspirational target of zero carbon in 2050.

Guidelines on eligibility for Commercial Buildings under the Climate Bond Standard and Certification Scheme.

- The average of the portfolio needs to be in top %15 of the local market to qualify where financing is attached to the underlying performance of the portfolio
- Certification can be provided for a single project or for an aggregation (pooling) of projects where GHG improvements are averaged across the pool. An area weighted aggregation methodology will be used to enable aggregation of energy efficiency projects into larger scale opportunities
- The ambition set under the methodology is an ongoing improvement trajectory calibrated from local market performance, (e.g. top 15%) towards zero carbon by 2050
- A carbon intensity metric will be used with an area denominator (kgCO<sub>2</sub>/m<sup>2</sup>), rather than an occupancy denominator, as area can be more easily and robustly measured and audited
- The scheme will derive initial baselines from collection and analysis of actual operating building data for each asset type and geographical location where available, setting bespoke baselines for each group
- Mandatory disclosure of performance through annual self reporting required.