

ELIGIBLE COMMERCIAL BUILDINGS NEW ZEALAND CITIES

Low Carbon Buildings Criteria under the Climate Bonds Standard



What are the Low Carbon Buildings Criteria?

They are the requirements (or Criteria) that buildings (or a portfolio of buildings) must satisfy to be eligible for Climate Bond Certification. Any bond being Certified must also meet the reporting and transparency requirements of the overarching [Climate Bonds Standard](#)

This brochure outlines the Buildings Criteria for commercial buildings in New Zealand. For full details on the methodology and requirements, see the detailed [Criteria document](#).

When is a New Zealand commercial building eligible for Certification?

It is eligible for certification if:

- It meets the net-zero carbon emissions trajectory (a.k.a. emissions hurdle rate)

- It has or will undergo an upgrade or retrofit which reduces its emissions intensity by 30-50% (depending on the tenor of the bond).

What do these hurdle rates represent?

Hurdle rates are expressed as an emission intensity metric: kg CO₂e/m², based on landlord-related emissions. They represent rapid decarbonisation trajectories aligned with the goals of the Paris Agreement to limit global warming to no more than 2 degrees above pre-industrial levels, and ideally no more than 1.5 degrees.

How have they been established?

They have been established by taking the emissions intensity performance of the top 15% of buildings in that location and drawing a straight line down to hit net zero carbon by 2050. They are location specific as it is recognised that emissions intensity will be

affected by a number of factors which vary significantly by region. For example, the local climate (which affects heating and cooling demand) and the grid's generation mix (which affects the emissions factor of electrical supply).

Where can issuers go to find more information to check compliance?

Emissions hurdle rates have been established for buildings in Auckland and Wellington.

For other locations outside of these cities, New Zealand commercial buildings are eligible for certification if they are consistent with the requirements of an appropriate proxy. See [here](#) for further information on appropriate proxies.

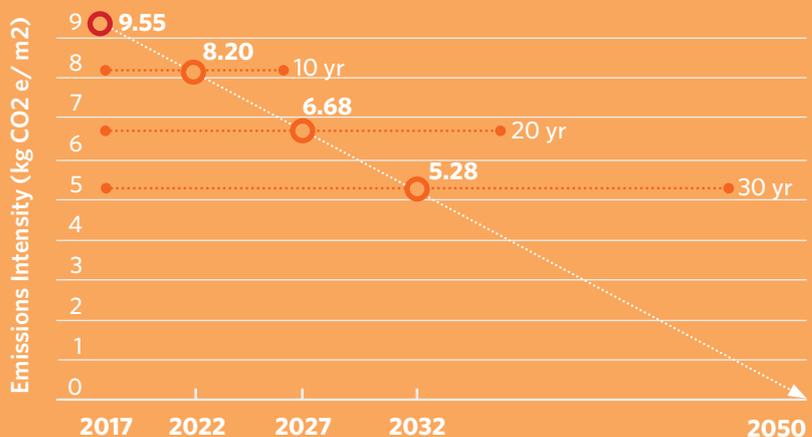
Wellington Trajectory

Commercial buildings are eligible for certification if their emissions intensity lies below the established hurdle rate

The trajectory chart (**Figure 1**) shows the established net zero carbon buildings trajectory for commercial buildings in Wellington. Any building is eligible if it meets the emissions intensity target for the mid-point of their bond.

For example, for a 10-year bond issued in 2017, the emissions intensity at the time of issuance must be at or below 9.55kg/CO₂e.

Figure 1. Low carbon emissions trajectory for Wellington



Low-Carbon Trajectory

Example Tenors

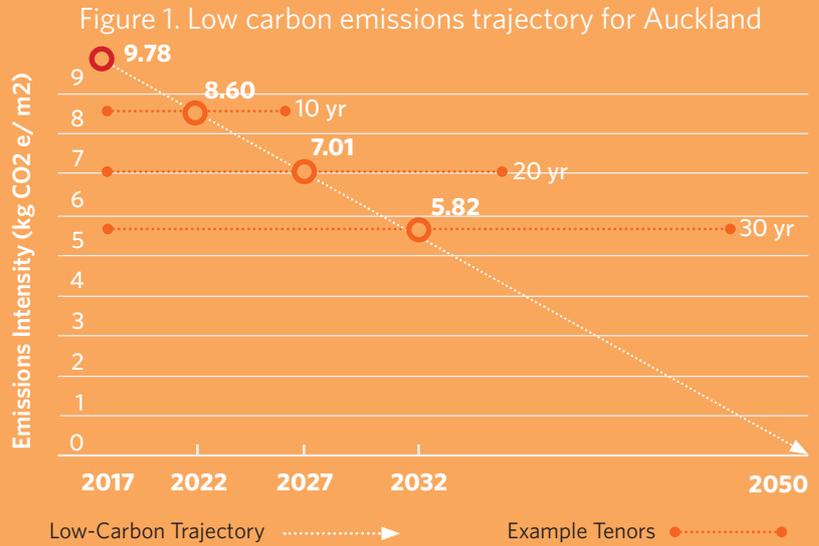
Note: Examples have been included for three different bond tenors, 10 yr, 20 yr, and 30 yr showing how the desired tenor of the issuer effects the emissions intensity target of the bond.

Auckland Trajectory

In addition to Wellington, commercial buildings in Auckland are eligible for certification using the city specific low carbon trajectories.

The trajectory chart (Figure 2) shows the established net zero carbon buildings trajectory for commercial buildings in Auckland. Any building is eligible if it meets the emissions intensity target for the mid-point of their bond.

Assets outside these established city specific trajectories may also be eligible for certification.



Note: Examples have been included for three different bond tenors, 10 yr, 20 yr, and 30 yr showing how the desired tenor of the issuer effects the emissions intensity target of the bond.

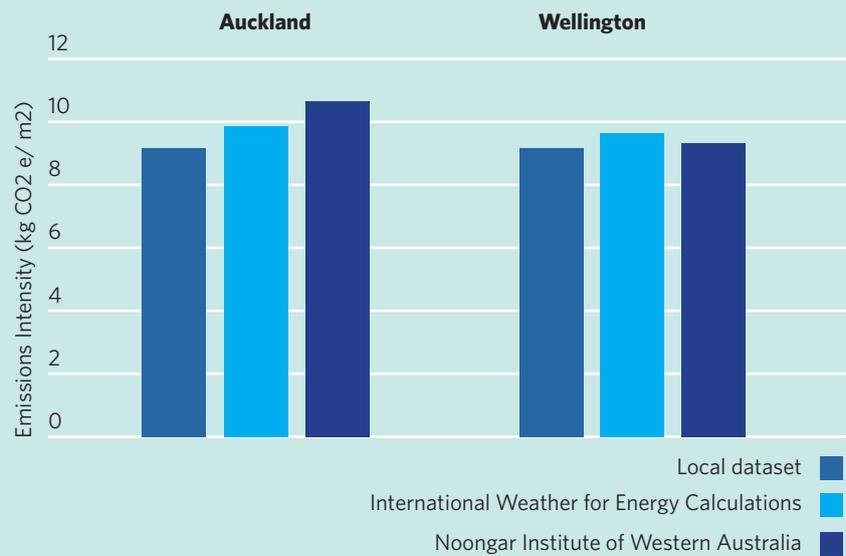
How have these Criteria been derived?

The Climate Bonds Initiative, in collaboration with a data provider who previously worked on calibrating data in the region, leveraged a representative dataset of Wellington and Auckland to determine the top 15% of buildings in terms of emissions intensity performance.

The extrapolation methodology relies on information from the International Weather and Energy Calculations and Noongar Institute of Western Australia.

More on the extrapolation methodology can be found [here](#).

Figure 3. Modeled vs. local dataset



Climate-KIC



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