

What are your rights and obligations under an Environmental Upgrade Agreement?

Environmental Upgrade Finance (EUF) is a new and growing form of finance provided by major banks in Australia for commercial building upgrades that reduce operating costs and improve energy, waste or water efficiency or increase renewable energy. The key rights and obligations of building tenants under the EUF financing agreement, known as an Environmental Upgrade Agreement (EUA) are outlined below.

Am I a party to the EUA?	The tenant is not a party to the EUA.	
If my landlord wants to use EUF, do I have to contribute to the repayments?	<p><i>New South Wales</i></p> <p>The owner can pass the cost through to you if:</p> <ul style="list-style-type: none"> • you are obliged to pay council rates and charges under a clause in a pre-existing lease; or • you specifically agree through a new lease provision. <p>The EUA must set out the basis for calculating those contributions, using a methodology which complies with the EUA Guidelines.</p> <p>The contribution that is recovered must not exceed the expected cost savings attributable to the upgrade works for that period.</p>	<p><i>City of Melbourne</i></p> <p>In Victoria the owner can-not pass the cost through to you without your consent to the imposition of the environmental upgrade charge.</p> <p>You must be given a notice setting out:</p> <ul style="list-style-type: none"> • the total payments that you would be required to pay; • a repayment schedule; and • the opportunity to consent or object. <p>The council must see evidence of your consent before it enters the EUA.</p>
If I want to sign a new lease for a building with an EUA, what information does the owner have to give me?	<p><i>New South Wales</i></p> <p>New tenants must be given notice of the EUA, the charge and any liability for contributions prior to execution of the lease.</p> <p>The owner must provide a copy of the EUA at the request of the new tenant. To be fully informed you should request a copy of the EUA and review it.</p>	<p><i>City of Melbourne</i></p> <p>New tenants must be given notice of the charge and any liability for contributions prior to their occupation of the building.</p>
What do I need to know before I sign a new lease for a building with an EUA?	<p>You should find out:</p> <ul style="list-style-type: none"> • what environmental upgrade works were proposed and whether they have been completed; • whether you will be liable for costs of the upgrade works and required to contribute to those costs; and • how those costs were calculated and what methodology was used to calculate those costs (this should confirm that you are not being asked to contribute more than a reasonable estimate of the cost savings that you will receive as a result of the works). 	

<p>What if the energy cost savings are less than expected?</p>	<p><i>New South Wales</i></p> <p>The legislation requires that your contributions do not exceed a reasonable estimate of the cost savings attributed to the works during the relevant contribution period. Any unreasonable discrepancy would be in breach of the owner's legislative obligations and may also breach terms of your lease if they reflect this obligation.</p>	<p><i>City of Melbourne</i></p> <p>There is no legislative restriction regarding the reasonableness of your contributions.</p> <p>Any rights will depend on the terms of your lease and consent to the EUA.</p>
<p>What if I am about to vacate a building with an environmental upgrade charge?</p>	<p>Depending on the terms of your lease, you would only have obligations to contribute to the charge payments whilst you are a current tenant of the building. In general, once your lease is at an end you will have no obligation to make contributions to the charge. The owner will retain the liability for the charge payments.</p>	



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