

Green, Social and Sustainability Lending Programme – Asset Assessment Summary

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New Zealand Local
Government Funding Agency
Te Pūtea Kāwanatanga ā-rohe

A commitment to assist councils and council-controlled organisations to finance projects that promote environmental and social wellbeing in New Zealand.

Through its Green, Social and Sustainability (GSS) Lending Programme, New Zealand Local Government Funding Agency Limited (LGFA) will lend funds to its member councils and council-controlled organisations (CCOs) (together, Borrowers) to enable them to undertake green, social and/or sustainability (GSS) projects that will help drive forward ambitious climate, environmental and social targets in the New Zealand local government sector (GSS Loans). The GSS Loans will be documented as debt securities under LGFA's Multi-issuer Deed, however, we refer to these debt securities as 'GSS Loans' in this Asset Assessment Summary.

LGFA's GSS Lending Programme – Criteria document (Criteria) sets out the basis on which LGFA may provide Borrowers with a GSS Loan, including criteria for such qualifying projects.

The Criteria is available at www.lgfa.co.nz

Projects may be financed in whole or in part by LGFA.

Projects may include projects delivered, or in the process of being delivered, or assets owned by Borrowers.

Project categories are summarised below.

What project categories qualify for an LGFA GSS Loan?

LGFA offers GSS Loans for a wide range of projects across 10 green project categories and six social project categories. The criteria any project must satisfy to qualify for a GSS Loan are set out in section 3 of the Criteria.

Summary List of Eligible Green and Social Categories:

Green Categories¹

Energy Efficiency – For more information, please see section 3.4.1 of the Criteria. This category includes, but is not restricted to:

- Energy-conservation measures such as fitting additional insulation, replacing windows, installing hot water heating, heat pumps, LED lighting and central operational control systems;
- Renovating buildings to improve their energy efficiency (e.g., LED lighting);
- Replacing oil and gas boilers; and
- Energy efficient appliances and products, as well as systems for energy management.

Energy Efficiency project impact metrics selected may include the following:

- Annual energy reduced/avoided in MWh or GWh (electricity) and GJ/TJ (other energy savings);
- Annual GHG emissions reduced/avoided, in tonnes of CO₂ equivalent (CO₂^e).

1 For more information, please see section 3.4 and Appendix I of the Criteria for Green Bond Principles (GBP) High Level Mapping to United Nations Sustainable Development Goals (UN SDGs).

Green Buildings – For more information, please see section 3.4.2 of the Criteria. This category includes, but is not restricted to:

- Individual energy efficiency measures;
- Major renovation projects;
- Adapting existing buildings to climate change;
- Renewable energy in buildings;
- Energy storage in buildings;
- New low-energy buildings;
- New buildings with climate-friendly materials;
- Eco-certified buildings; and
- Buildings with locally produced energy.

Green Buildings **project impact metrics** selected may include the following:

- Description of climate change adaptation characteristics of project;
- Estimate of the annual energy and/or GHG emissions reduced/avoided in comparison with an equivalent building that complies with the applicable MBIE Building Code compliance regulations on technical requirements for building works (Section H1 Energy Efficiency) in kWh/tonnes of CO₂^e Energy reduced annually (in kWh/year) compared to the pre-investment situation (for refurbishments);
- Annual energy production on-site (in kWh/year);
- Annual GHG emissions reduced/avoided (in tonnes of CO₂^e).

Clean Transportation – For more information, please see section 3.4.3 of the Criteria. This category includes, but is not restricted to:

- Facilitating walking, cycling and the procurement of bicycles and electric two wheelers;
- Zero-emission vehicles;
- Equipment for rail-based public transport;
- Zero-emission maritime transport;
- Zero-emission heavy machinery;
- Charging infrastructure for electric vehicles, ships & ferries, heavy machinery;
- Filling stations for green hydrogen and biogas public transport infrastructure and equipment; and
- Zero-emission port infrastructure.

Clean Transportation **project impact metrics** selected may include the following:

- Estimated annual GHG emissions reduced/avoided, from cars and other vehicles, in tonnes of CO₂^e;
- Number and type of clean vehicles financed;
- Number of people the project will affect each year.

Sustainable Water and Wastewater Management – For more information, please see section 3.4.4 of the Criteria. This category includes, but is not restricted to:

- Separating wastewater and surface runoff;
- Heat recovery from wastewater;
- Energy recovery from gravity distribution networks;
- Efficiency improvements at existing facilities;
- Phosphorous recovery;
- Sludge treatment facilities for biogas production;
- New energy-efficient treatment or processing facilities;
- Fossil-fuel-free or zero-emission excavation works/construction sites; and
- No-dig projects.

Sustainable Water and Wastewater Management **project impact metrics** selected may include the following:

- Annual water savings;
- Annual volume of wastewater treated or avoided;
- Description of climate change adaptation characteristics of project.

Renewable Energy – For more information, please see section 3.4.5 of the Criteria. This category includes, but is not restricted to:

- Renewable energy generation, e.g., biogas, solar power, geothermal power;
- Energy storage, e.g., battery systems connected to solar power plants; and
- Energy infrastructure, e.g., network capacity.

Note: infrastructure designed to serve the production, transport and storage of fossil fuels are excluded.

Renewable Energy **project impact metrics** selected may include the following:

- Capacity of energy generation installed in MW;
- Annual renewable energy generation in MWh or GWh (electricity) and GJ/TJ (other energy);
- Annual GHG emissions reduced/avoided, in tonnes of CO₂^e.

Pollution Prevention and Control – For more information, please see section 3.4.6 of the Criteria. This category includes, but is not restricted to:

- Measures that contribute to waste prevention or greater reuse, e.g., recycling stations;
- Collection measures that increase waste sorting at source;
- More efficient waste collection;
- New facilities for sorting or treating waste or upgrades to existing facilities;
- Reducing emissions or leakages at landfill sites; and
- Carbon capture and storage.

Pollution Prevention and Control **project impact metrics** selected may include the following:

- Total capacity and/or increase in capacity attributable to the investment;
- Material recovery rate before investment (in percent) and expected recovery rate following investment (in percent);
- Number of households delivering to the facility.

Environmentally Sustainable Management of Living Natural Resources and Land Use – For more information, please see section 3.4.7 of the Criteria. This category includes, but is not restricted to:

- Measures against pollution on land;
- Measures against water pollution (ports, seas, rivers, watercourses etc.);
- Sustainable area development; and
- Nature restoration.

Environmentally Sustainable Management of Living Natural Resources and Land Use **project impact metrics** selected may include the following:

- Area developed, converted, or revitalised (in square metres or kilometres);
- Description of climate change adaptation and/or mitigation characteristics of project.

Climate Change Adaptation – For more information, please see section 3.4.8 of the Criteria. This category includes, but is not restricted to:

- Surface runoff management;
- Protection against natural disasters;
- Infrastructure relocation; and
- Warning systems and emergency preparedness.

Climate Change Adaptation **project impact metrics** selected may include the following:

- The need for the measure;
- Description of climate change adaptation characteristics of project.

Terrestrial and Aquatic Biodiversity Conservation – For more information, please see section 3.4.9 of the Criteria. This category includes, but is not restricted to:

- Conservation investments, e.g., to prevent habitat loss and degradation;
- Protection of the life-supporting capacity of ecosystems, e.g., measures to avoid, remedy or mitigate the adverse effects of introduced species; and
- Measures to protect areas of indigenous vegetation and habitats of indigenous fauna.

Terrestrial and Aquatic Biodiversity Conservation project impact metrics selected may include the following:

- Qualitative indicators/targets in terms of environmental impact.

Eco-efficient and/or Circular Economy Adapted Products, Production Technologies and Processes – For more information, please see section 3.4.10 of the Criteria. This category includes, but is not restricted to:

- The development and introduction of more environmentally friendly products, with an eco-label or environmental certification; and
- Resource-efficient packaging and distribution.

Eco-efficient and/or Circular Economy Adapted Products, Production Technologies and Processes project impact metrics selected may include the following:

- New material use avoided (in metric tonnes);
- Amount of recycled plastics purchased (in tonnes).

Social Categories²

Affordable Basic Infrastructure (e.g., clean drinking water, sewers, sanitation, transport, energy);

Access to Essential Services (e.g., health, education and vocational training, healthcare, financing, and financial services);

Affordable Housing (e.g., public, or private partnerships to build social housing);

Employment Generation Including through the Potential Effect of SME Financing and Microfinance (e.g., youth employment programmes, vocational education, and training programmes);

Food Security (e.g., efforts to improve access to sufficient and nutritious food, such as breakfast clubs at under-privileged schools);

Socioeconomic Advancement and Empowerment (e.g., efforts to achieve equitable participation and integration into society, such as programmes to reduce homelessness, programmes increasing permanency for children).

LGFA Contact Details

LGFA will provide assistance in answering any questions on the Criteria or the process for applying for a GSS Loan. We also welcome queries to assist Borrowers in assessing which projects in its asset portfolio could potentially qualify for a GSS Loan. We can also look at the measures you could take in relation to future projects so that they may qualify for a GSS Loan.

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² For more information, please see section 3.5 and Appendix II of the Criteria for Social Bond Principles (SBP) High Level Mapping to the UN SDGs.



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About this Report

This LGFA Green, Social and Sustainability (GSS) Lending Programme – Asset Assessment Summary (Asset Assessment Summary) provides a short form overview of the project categories under the LGFA GSS lending programme.

This document is available at www.lgfa.co.nz