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YSP Podcast Transcript: Episode 083. Reduce energy usage and save money with
Wattblock

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Intro: Welcome to Your Strata Property. The podcast for property owners looking for reliable, accurate, and bite-sized information from an experienced and authoritative source. To access previous episodes and useful strata tips, go to www.yourstrataproperty.com.au.

Amanda Farmer: Hello and welcome. I'm Amanda Farmer and this is Your Strata Property. Brent Clark is the CEO of Wattblock, an energy-efficiency startup, focused on residential strata buildings. Wattblock, which Brent co-founded with data scientist Ross McIntyre, is backed by Telstra's muru-D accelerator and has assisted over 1,000 strata buildings across Australia in the past two years. Brent previously worked in technology innovation for Commonwealth Bank and three prior startup companies, one of which was sold for 73 million dollars.

He has launched products into 30 countries, has degrees in computer science, law and an MBA. Today I am absolutely delighted to welcome Brent Clark from Wattblock. Welcome, Brent.

Brent Clark: Thanks, Amanda, great to be here.

Amanda Farmer: And it's lovely to be in your esteemed company, finally. I've had a few guests on the show now drop your name and recommend you to me and recommend Wattblock and I will confess to my listeners that I did stalk you on LinkedIn for some time. And finally secured your attendance. So thank you very much for making the time.

Brent Clark: It's a pleasure.

Amanda Farmer: Now I wanna start by asking you Brent, why is energy usage such a critical issue for people living in strata?

Brent Clark: Well, you know we've had this energy crisis in Australia and energy prices have doubled first in the last seven years and then we had the gas debacle on top of the high electricity prices from the [Pall's 00:02:03] and [Wire 00:02:02] debacle, so we ended up getting if not the highest electricity price in the world, maybe the second highest in the OECD.

So if you look at a strata building, what are they spending money on? After building defects, utilities are pretty much up there as the biggest, ongoing expense.

Amanda Farmer: Yes, it's all about the money, isn't it? And I think where strata buildings can save some money and think about using that money to add value elsewhere, you can see big changes in communities and big improvements. So it's always a good idea to look at utilities, I think as a first step towards finding some room in the budget.

Brent Clark: Yes. And not only that. What I think people didn't realise is there's such a strong connection between utility cost of a strata building and the property valuations. So you know, green buildings, if they're marketed as such, you can get up to nine percent property valuation uplift on your individual apartment.

Amanda Farmer: Mm-hmm (affirmative), isn't that interesting?

Brent Clark: Yes. So I mean, part of it is communal green roofs, that solar panel array that you might have on the roof and in the future, the batteries, the electric vehicles recharging systems in the basement carpark. These are all gonna add value to strata properties.

Amanda Farmer: Well, I was just gonna ask you, what does a good energy policy or strategy look like for a strata building and I think you've just named a few things there that buildings can be doing. But anything else to add to that list that you'd recommend for strata buildings?



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Brent Clark: Yes, look, before you get into the exciting stuff, the solar and the batteries and the electric vehicles, something really basic is just to get your strata manager to put a line [item> 00:03:51] in your accounts for energy and sustainability. Then, people are actually conscious of it, they're seeing it in the financials of the building.

And you know, from there, other things you can do, you can get an algorithmic energy assessment done for your building, a remote one. You can call in an energy auditor for a full-scale energy order. And then it should be something that you're revisiting at each excitative committee or we should say strata committee then now throughout the year.

So what we think will be happening is while energy prices stay high, we'll have things like the video screens in the lift start to appear that has the real-time energy consumption of the building.

Amanda Farmer: Really interesting. You mentioned there assessments and audits, I think it was Cameron Knox from Allume when I had him on the show, he might have mentioned that that is part of what Wattblock does and he had recommended you guys for those kinds of assessments and audits. Can you share with our listeners what's involved in a practical sense in one of those assessments or audits?

Brent Clark: Yes. So most strata committees don't like to pay a lot of consultancy fees. And that means they don't end up getting the best advice. So using the skills of my co-founder Ross McIntyre as a data scientist, we try to go back to the drawing board. 'Cause a lot of these strata blocks are actually quite similar to each other. And you don't need to reinvent the wheel to get an energy assessment out in each block.

So we started looking at what are the key factors driving energy consumption in the blocks and it can come up with an algorithmic assessment, using Google Earth, so you can look at the roof of the strata building, see how much space there is for solar panels. And yes, we developed something that's like a seven-page energy assessment that can be delivered for 500 bucks to the building which is within the budget of most strata schemes.

Amanda Farmer: Yes, I think that sounds like a really good first step for strata schemes and no doubt, there are recommendations that then come out of that report are gonna be saving you thousands, it's a big return on your 500 bucks.

Brent Clark: Yes. Look, we've done one of those assessments for a building that stands now 800,000 dollars on common area energy each year.

Amanda Farmer: Wow.

Brent Clark: Yes, you can see that virtually, every strata can afford something like this and it's just ... the visibility gets people moving in the right direction.

Amanda Farmer: Now, I said earlier, Brent that Wattblock is helping over 1,000 strata buildings across Australia and you achieved that amazing number just within two years. Have you got a story to share with us about a particular building or a group of buildings who have worked with Wattblock and the heights that they've been able to achieve?

Brent Clark: Look, we've worked with some spectacular properties across Australia, like truly spectacular ones. But you know, while I could talk about the solar panels we put on Sanctuary Cove, you know, the LED lighting upgrade in the largest strata in Australia, I like to take something nice and suburban and down in Manley, a place close to the beach in Sydney that I really like, there was a strata block just 16 apartments. And can you imagine the common area electricity and gas was 32 grams.

Amanda Farmer: Oh my God, oh that makes me wanna be sick. Something going on there.

Brent Clark: And so, if I just look at the journey that we walked on with that building down on this esplanade there, you know, they've halved their energy consumption and now that means that ... they've got more money in the sinking funds to start other

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Amanda Farmer: It kind of seems like a no-brainer and there are all incredibly enticing ideas but as we know, not every building is interested in putting in place some energy-efficiency measures. What is this reluctance, if you like, among some buildings, where does it come from? What are the problems that you think buildings are coming up against and how do we solve them so that we can get more buildings into this energy-efficiency mode?

Brent Clark: Well, it's really just a tragedy of the commons played out in every strata building across Australia. It's really a visibility and awareness problem. If I walk to a building and said, "You're currently getting 1.25% interest on your sinking funds, how would you like to get a 45% internal rate of return on your capital?" Anyone who-

Amanda Farmer: Where do I sign?

Brent Clark: Yes, exactly. It's really that simple. But energy-efficiency is something people ... it's not tangible, they can't see it. So because it's not tactile ... I've joked with a friend of mine, he was a Google innovator at one point. If you could use augmented reality, hold up a mobile phone in front of a building and see a smokestack in augmented reality, twirling off the top of the building that indicated the carbon emissions of that building, and you could then swivel the camera to the building next to it and compare it, you'd have something that would actually probably drive behavior. But until that happens, and hopefully, Wattblock will bring that to market-

Amanda Farmer: If anyone can, it's you, Brent.

Brent Clark: Yes. So until we get there, it requires a community to work together. It's a human problem and it's just a problem of committees, it's not just in strata, committees everywhere. I used to work at the Commonwealth Bank and I sat through plenty of committee meetings internally.

Amanda Farmer: I suppose it's like anything in strata, it comes back to education, good information, good guidance, knowing where to go to get that information. And I suppose being able to look at that line item in your expenditure statement that says, "We just spent 32,000 on electricity and we're a 16 lots [gain 00:10:44], that is not normal, not acceptable." So getting owners to engage in that process as a first step, to say, "Well, what are we spending and how does that compare to other buildings our size?" and realising what is and isn't normal, in my mind, that's a good entry level, perhaps, to start getting engaged with some of these ideas.

Brent Clark: Well, in about two or three months' time, December 2017, we will see the launch Nabers, a 6-star energy rating, let's call it environmental rating for apartment blocks and that's going to start the behaviour change. It's worked in commercial buildings, hospitals, data centres, shopping centres and now, Nabers is coming to strata. and you can imagine when you're buying a property on your favourite online property site, if you see, well this is a four and a half star rated sustainable building, that should start changing the property valuations at the time of purchase.

Amanda Farmer: Yes. Isn't that interesting? It reminds me of the rating system that probably came in, gosh, when I was a kid on home appliances. And you'd see the water usage and the energy rating and see those stars and feel a bit chuffed that you had four or five stars as opposed to grandma who had two and a half, how dare she?

Brent Clark: Yes, exactly. So what we grew up with on the fridge, is gonna move its way onto your realestate.com.au and your domain websites.

Amanda Farmer: I love that.

Brent Clark: At the time of purchase. So you know, if you had two identical buildings, built by the same property developer and one of them's gone and done renewable energy, energy-efficiency and the other's still in its original state, you should be able to benchmark and the value of the property should be different across the two side by side apartments, same floor, same locality.

Amanda Farmer: Mm-hmm (affirmative). And then we do start seeing some tangible impacts don't we, on these policies which is really great.



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Excellent. Now if some of our listeners wanna get started, learning more about Wattblock or getting involved with energy-efficiency generally, what do you suggest their first step should be today, Brent?

Brent Clark: Well, we've got fantastic material at wattblock.com/publications.

Amanda Farmer: Okay. And I'm just gonna spell Wattblock for our listeners, it is W-A-T-T-B-L-O-C-K.

Brent Clark: Yes. Wattblock.com/publications. We've been working with four universities, UNSW which I'm broadcasting from today, Griffith in Queensland, EQ and Queensland University of Technology and we've had about 40 students from those universities, just looking and attacking the problem of energy waste in strata and we've got a lot of that material that's come out of that research up on that site.

Your local government is another great source of information. So you know, particularly in major capital cities, city of Sydney, city of Melbourne have done great work in this area. There are a whole bunch of not for profits out there like Moreland Energy Foundation et cetera who are helping in this space. And then just more generally, there is industry publications like Renew Economy that you can subscribe to that are following this on a daily basis. What's happening, when are the electric vehicles coming, when are the batteries coming, what's the next step in solar land? All that sort of thing.

Amanda Farmer: Yes, fabulous. Thank you very much for directing us to those resources. I think going into the Wattblock website and looking at what's been produced from the universities in the way of research is a really great place to start and I highly recommend that myself.

Personal question, Brent. What books have had the greatest impact on you and why?

Brent Clark: Okay. Well, a book that's really close to my heart is the Innovator's Dilemma by Clayton Christensen. Now, for those of you that don't know it, the Economist's called it one of the six business books of all time and it's ... the book re-coined the term disruptive innovation for the very first time. So these days, it's hard to go to a conference or a seminar without hearing about disrupted innovation. But you know what's interesting is to go back and look at the chapter on electric vehicles that was written in 1997.

Amanda Farmer: I was gonna ask you when the book was written, yes.

Brent Clark: 20 years later, a comment in there is, "Major automobile management teams should be worried about this disruptive effect of electric vehicles." And it only took 20 years and here we are. So it's a great book.

The other takeaway from it is, whenever you've got a new technology, it's actually gonna have a poor performance at the start than the thing it's replacing. And that's true with electric vehicles, the range anxiety when you gotta charge them up, there's not a gas station everywhere or ... you know, as strata start to put in the batteries and things like that. There'll be an earlier doctor pain period but after that, once every strata building has become its own power plant with solar panels and batteries and it's sharing back into the grid, then people will just accept it as being something normal.

Amanda Farmer: So, one step back to take two steps forward which is often the case with anything worthwhile.

Brent Clark: Yes, yes.

Amanda Farmer: Okay, now Brent, we are about to wrap up. But how do listeners find out more about you and is there anything else you wanna add?

Brent Clark: Well, as I said before, a really good place to start is wattblock.com. People can reach out to us on Twitter @Wattblock. We got a Facebook page and you can find us on a few other social media sites, we've got a few YouTube videos up



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on our YouTube channel. We've got a great monthly newsletter called Strata Energy News.

Amanda Farmer: Okay, good to know.

Brent Clark: Yes, so you can register for that off wattblock.com and for strata managers out there, we've got a portal dedicated to the strata managers to help them drive this through their portfolios. And to conclude, I'll just say, look, I was a chairperson of the strata scheme for three years, that's how I first got into this space and just looking at the opportunity, moving forward for strata schemes and strata communities to work together on renewable energy, energy efficiency, electric vehicles, it's actually something that'll help bring the communities together and people get a great kick out of it.

So happy for people to reach out and my email's brent.clark@wattblock.com.au.

Amanda Farmer: Wonderful. Thank you for sharing all of that with us, Brent. I know that you have a lot on your plate and you are achieving great things and kicking goals and I just really appreciate you taking the time to come and chat with us today and add all of that value. Do go and check out all of those resources that Brent has suggested. And I hope to catch you next time on the show. Maybe not in 20 years, maybe in a few more years and we might look back and think, "Oh gosh, what were we talking about then?"

Brent Clark: You know, just hearing, we're only a couple of months in from the announcement about the big Tesla battery storage project in South Australia, we've got an exciting energy future in Australia.

Amanda Farmer: Looking forward to chatting with you about it again soon.

Brent Clark: Okay, thanks a lot, Amanda.

Amanda Farmer: Thanks, Brent.

Brent Clark: Bye.

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