

Green Rating Tools in Malaysia - Are we spoilt for choice?

By Ir. Chen Thiam Leong



The emergence of the modern day green rating tool can be traced back to 1990 with the birth of the Building Research Establishment Environmental Assessment Method (BREEAM¹). The Leadership in Energy & Environmental Design (LEED²) came along in 1998 and with typical Yankee marketing prowess, has since captured the lion's share of the global market. As the green movement spread, various national tools tailored to green criteria addressed and suited their respective local climatic needs and local priorities began to emerge. Meanwhile, the success of green awareness and its associated business opportunities led to the proliferation of rating tools, sometimes (unfortunately) in conjunction with serving other interests.

In Malaysia, it would appear that the public is spoilt for choice when it comes to green rating tools, often to the extent of being overwhelmed and confused by lobbyists. This article will try to provide some insight into the ongoing market development and hopefully the savvy users can distinguish between the serious green rating tools, greenwashing tools, KPI tools and the rest.

An interesting way to lead this discourse is with the following questions:

1. What is the latest count on the number of Green Rating tools in the market?
2. How many of these are developed for sustainability and how many otherwise?
3. What is the progress of Malaysia's own Green Building Index (GBI) since its launch in May 2009?

Number of Green Rating Tools

The following statistics will serve to provide a quick overview on Green Rating Tools worldwide:

- **How many countries are there in the world?**
196
- **How many countries have their own Green Build(GB³) tool?**
There are easily more than 50 tools in use within the World Green Building Council (WGBC's⁴) roll call of 77 member countries and 30 potential member countries.
- **Which country has developed the most number of their own GB/Green tools and how many?**
Though a late starter, Malaysians are certainly prolific green tool developers with the latest count standing at nine, namely:

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1. Green Building Index (GBI:2009 - Buildings & Townships)
2. Low Carbon Cities Framework & Assessment System (LCCF:2011 - Municipality/State level)
3. MOTAC's Green Hotel Assessment Tool (2011 - Hotel & Resorts)
4. Green Performance Assessment System (GreenPass:2012 - Buildings)
5. Penarafan Hijau (pH:2012 - Buildings)
6. Green Real Estate (GreenRE:2013 - Buildings & Townships)
7. Meterai Hijau Melaka (Melaka Green Seal:2014 - Buildings)
8. Malaysia Green Highway Index (MyGHI:2014 - Highways)
9. Malaysian Carbon Reduction and Environmental Sustainability Tool (MyCREST:2016 - Buildings)

- **Which country subscribes to the most number of GB tools and how many?**

Once again, Malaysia rules the roost with 12 (for now). Apart from the local nine, Malaysia also subscribes to the following three foreign rating tools:

1. LEED USA (Buildings)
2. Green Globe USA (Buildings - Resorts)
3. Green Mark Singapore (Buildings)

Meanwhile, in the pipeline is the Civil Engineering Environmental Quality Assessment and Award Scheme (CEEQUAL⁵) UK(Infrastructure).

Green Rating or Greenwashing or KPI⁶ Tools

The first local rating tool (GBI) was developed by professionals (architects, engineers and quantity surveyors) at the urging of the industry players⁷. In 2010, GBI assisted Indonesia to develop their own rating tool - Greenship, and since then, has extended assistance to Brunei, Myanmar, Pakistan, Vietnam, etc. In doing so, GBI has encouraged and helped each country to develop their own tool that serves to address their own climate and development strategies, instead of simply importing a foreign tool.

The success of GBI in addition to the support and recognition accorded by the Government inevitably led to the rise of 'alternative' rating tools. Of the currently known nine local tools, eight of them duplicate the building (and township) sector. Only one is for highway with none for other infrastructural developments or other unaddressed areas such as the pre-construction and demolition phases of the building life cycle. It is interesting to note that MyGHI (a non-duplicated tool for the highway sector) was developed with the participation of GBI.

With eight local GB tools, it is hardly surprising for end users to question the purpose of developing so many similar tools. However, any attempt to define these tools into the three aforementioned categories of green rating, greenwashing or KPI, without comprehensive analysis will not be fair or proper. Hence, it is best to leave it to the jury out there. However, criticism for this proliferation of tools, if any, should not be levied solely on the tool developers but also on those users who seek to subscribe to green building ratings primarily for commercial reasons a.k.a. greenwashing.

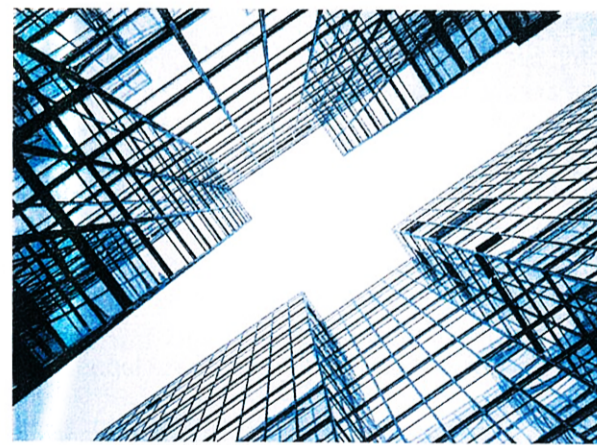
Green Incentives

The launch of GBI in 2009 was very timely as it coincided with Malaysia's commitment to COP15 to reduce carbon emissions and the Government promptly announced green tax incentives together with various other green initiatives.

The following excerpts from the Prime Minister's speech in Budget 2010⁸ read:

"In promoting the construction of Green Buildings to expand the use of green technology, the Government launched the Green Building Index (GBI) on 21 May 2009. GBI is a green rating index on environmentally friendly buildings. Green buildings save utility costs and preserve the quality of the environment. To promote green technology, the Government proposes that First: Building owners obtaining GBI Certificates from 24 October 2009 until 31 December 2014 be given income tax exemption equivalent to the additional capital expenditure in obtaining such Certificates; and

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Buyers purchasing buildings with GBI Certificates from developers be given stamp duty exemption on instruments of transfer of ownership. The exemption amount is equivalent to the additional cost incurred in obtaining the GBI Certificates. This exemption is given to buyers who execute sales and purchase agreements from 24 October 2009 until 31 December 2014".

The good news is that the Investment Tax Allowance for green buildings (non-residential only) is now extended to December 31, 2020. However, the stamp duty exemption has been discontinued. A new incentive on Income Tax Discontinuation December 31, 2020 is also in place, for green services companies providing facilitator and commissioning services to green buildings.

Public & Private Buildings

The Prime Minister has subsequently announced that "All public buildings costing RM50m and above need to subscribe to the MyCREST rating while private buildings should subscribe to the GBI rating".

Jabatan Kerja Raya (JKR) has declared recently that "All public buildings implemented by JKR and valued at RM50m and above shall subscribe to the MyCREST rating, while those costing below this threshold shall subscribe to the pH rating".

Progress of GBI since 2009

GBI was the first global tool to award a total credit score of 100 points for a 100% total for all their

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tools to avoid confusion over points awarded and percentage scores. Since then, even LEED has restructured to a total score of 100 points plus adjustment points. GBI was also the first tool to recognise and award credit for Maximum Demand Limiting, which LEED in their latest Version 4 has also included, albeit renamed as Demand Response.

To date, GBI has developed a plethora of bespoke tools suitable for all typologies of buildings in Malaysia. These comprise rating tools for both new and existing Residential, Office, Hotel, Resort, Hospital, Retail, Industrial, Data Centre, Office Interior and Township.

The progress of GBI has been most encouraging, courtesy of industry and Governmental support. ■

NOMENCLATURE

1. BREEAM stands for Building Research Establishment Environmental Assessment Method (Britain)
2. LEED stands for Leadership in Energy & Environmental Design (USA)
3. GB stands for Green Build
4. WGBC stands for World Green Building Council
5. CEEQUAL stands for Civil Engineering Environmental Quality Assessment and Award Scheme (UK)
6. KPI stands for Key Performance Index
7. For GBI history, refer to www.greenbuildingindex.org and www.mgbc.org.my