



Case study #3

Schwartz Family Company - The Mercure Hotel Sydney

Building history

Sitting in the heart of Sydney's Haymarket, The Mercure Hotel Sydney may have been one of the last hotels built for the 2000 Sydney Olympics but it was one of the first hotels to get a NABERS energy rating. That was back in 2013. Today, the Schwartz Family Company are determined to continue their trailblazing tradition in the Australian hotel energy efficiency space.

With 518 guest rooms, 6 levels of underground car parking, 5 conference rooms, a pool, retail, restaurant, and even a ballroom, Mercure Sydney is a bustling 24/7 hour facility. The energy needs of such an operation present massive opportunities for savings. Opportunities that the Schwartz Family are realising over a staggered course of improvements.

This began with the early recognition of the value of the NABERS process as a benchmarking tool. The Schwartz Family have seen steady upward trends in ratings across their assets and at Mercure Sydney the rating has gone from 3.5 stars to 5 stars between 2013 and 2022.

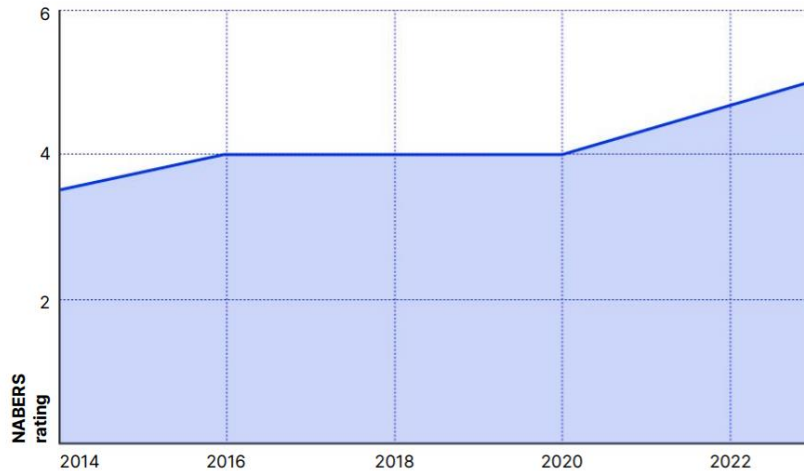
This strong commitment to improve the efficiency of their assets complements the Schwartz family's plan to use 100% renewable energy by 2027 - a target that Sustainability and Projects Coordinator Paul Briggs sees them possibly even beating.

Efficiency upgrades

On the efficiency side of the strategy, Paul explains that the small ownership and management team make decisions collaboratively, working closely and effectively towards outcomes that are optimal for their financial bottom line and for the environment.

This doesn't mean that there aren't any hurdles to overcome in the process of change. Working with hotel operators focused on everyday demands means that there is effort involved in keeping everyone on the same page and in making sure that the operator's perspective is heard when plans are being made.

NABERS rating over time



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If you're going to spend a half a million dollars, **you want to make sure that everything is working as intended** and that you're seeing those energy savings come through.

- Paul Briggs, Sustainability and projects coordinator

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Part of Paul's role is to act as the "pivot between the operator and the owner." A role key to ensuring that efficiency goals are met or exceeded while maintaining guest satisfaction.

It is, after all, the operator's priority to keep guests happy and coming back.

When it comes to improving energy efficiency, the Schwartz Family strategy is simple, clear and evidently effective:

- Start with a NABERS rating to know your baseline and create an action plan
- Address the low hanging fruit
- Capitalise on government incentive schemes and grants where available
- Make plant upgrade decisions with efficiency and electrification front of mind
- Utilise advancements in technology where it makes financial sense to do so.

Benefitting from incentives

At Mercure Sydney after that first NABERS rating the Schwartz Family Company engaged a sustainability consultant to produce an action plan. This action plan guided early progress. Lights were changed to LEDs and sensors installed 10 years ago - right at the start of Mercure Sydney's efficiency journey, taking advantage of the NSW state government Energy Saving Certificates (ESC) scheme. Later, again capitalising on NSW government incentives, this time their Small-scale Technology Certificate (STC) rebate scheme, 100kW of rooftop solar photo-voltaic (PV) panels were installed. At a cost of around \$100,000 five years ago, the payback period for the rooftop solar was achieved in three years.

In 2022, a chiller at the end of its life was replaced with an upgraded, more efficient model and in the same upgrade, two new cooling towers and pumps with variable speed drives were also installed. This was no small job. Access restrictions meant that a crane was needed to get the new chiller in, and all up the plant upgrade cost in the vicinity of \$400,000.

Fast Facts

ITEM	YEAR DONE	COST
Chiller	2022	\$127,000 (approx.)
Cooling towers including water pumps, fans and variable speed drives	2022	\$190,000 (approx.)
In-room energy management system	2019	\$300,000 (518 rooms, approx.)
Upgrade BMS	In-progress 2023	\$90,000 (approx.)
Rooftop solar 100kW	2018	\$100,000 (after NSW STC)

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So, the next step for Mercure Sydney is replacement of the old BMS (Building Management System) controls and software, benefitting from innovations in software along the way.

While Paul notes that mechanical plant efficiency is a big driver of a hotel's overall energy consumption, there's always opportunity to find savings in other HVAC components.

At Mercure Sydney they have opted for an in-room energy management system (EMS) which has adapted over time from a wired system connected to swipe card door locks to now being fully wireless. This system means that not only can guest preferences for temperature be catered to (within preset limits) but also that the air conditioning is not running when rooms are empty.

At a cost of \$300,000 for installation across the whole hotel including back of house areas, Paul estimates that the combined impact of the in-room EMS and plant upgrades is a reduction of energy use in the region of 35%.

Catering to a changing market

The Schwartz Family recognises that some of these changes have involved significant capital expenditure. But they also see the increasing value of investing in efficiency. Not only do these changes reduce energy consumption (and therefore running costs) but hotels are beginning to realise that having a favourable NABERS rating can be the decisive factor in securing bookings for large conference groups.

As government and other institutions increasingly have environmental impact baked into their own policies and procedures, the flow on effect for industries that cater to these groups is becoming evident. Ultimately, Paul says:

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For us it's return on investment. Getting your raw material, your infrastructure, your equipment in and functioning well benefits the property, the guests and the environment in the long run.