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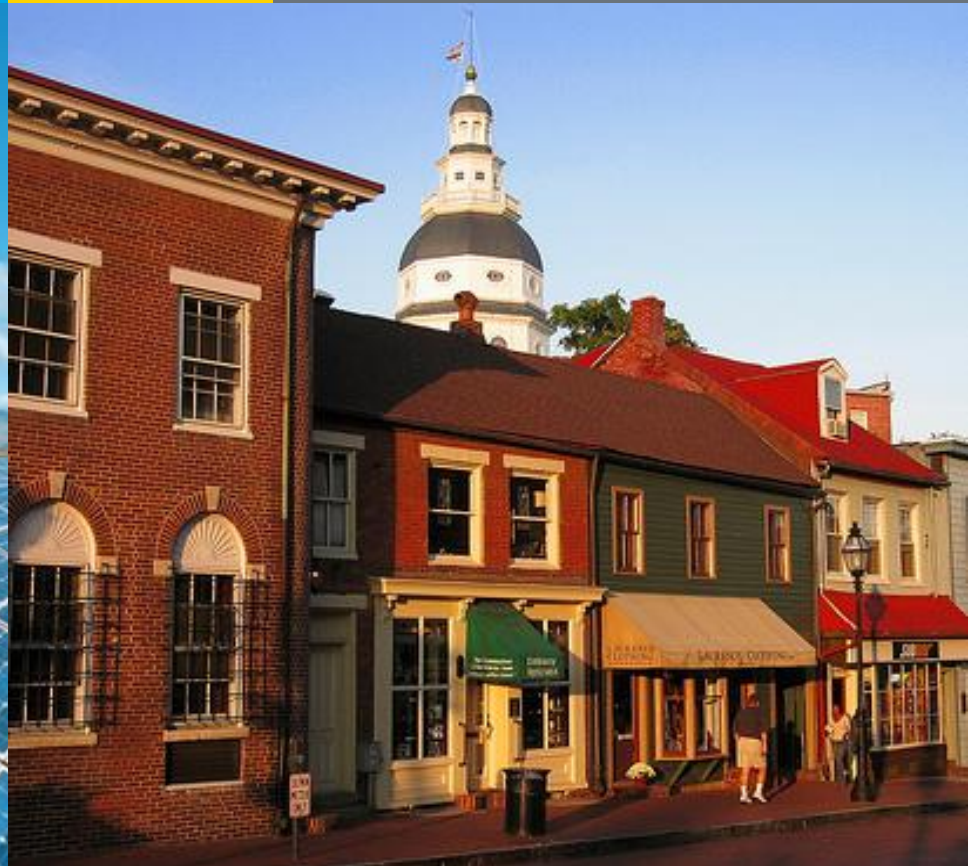
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## Energy Disclosure and Leasing Standards: Best Practices

November 21, 2011

Joel Blaine, DOE

This presentation is brought to you by DOE's Technical Assistance Program (TAP) in collaboration with the Environmental Protection Agency.

TAP supports the Energy Efficiency and Conservation Block Grant Program (EECBG) and the State Energy Program (SEP) by providing state, local, and tribal officials the tools and resources needed to implement successful and sustainable clean energy programs.



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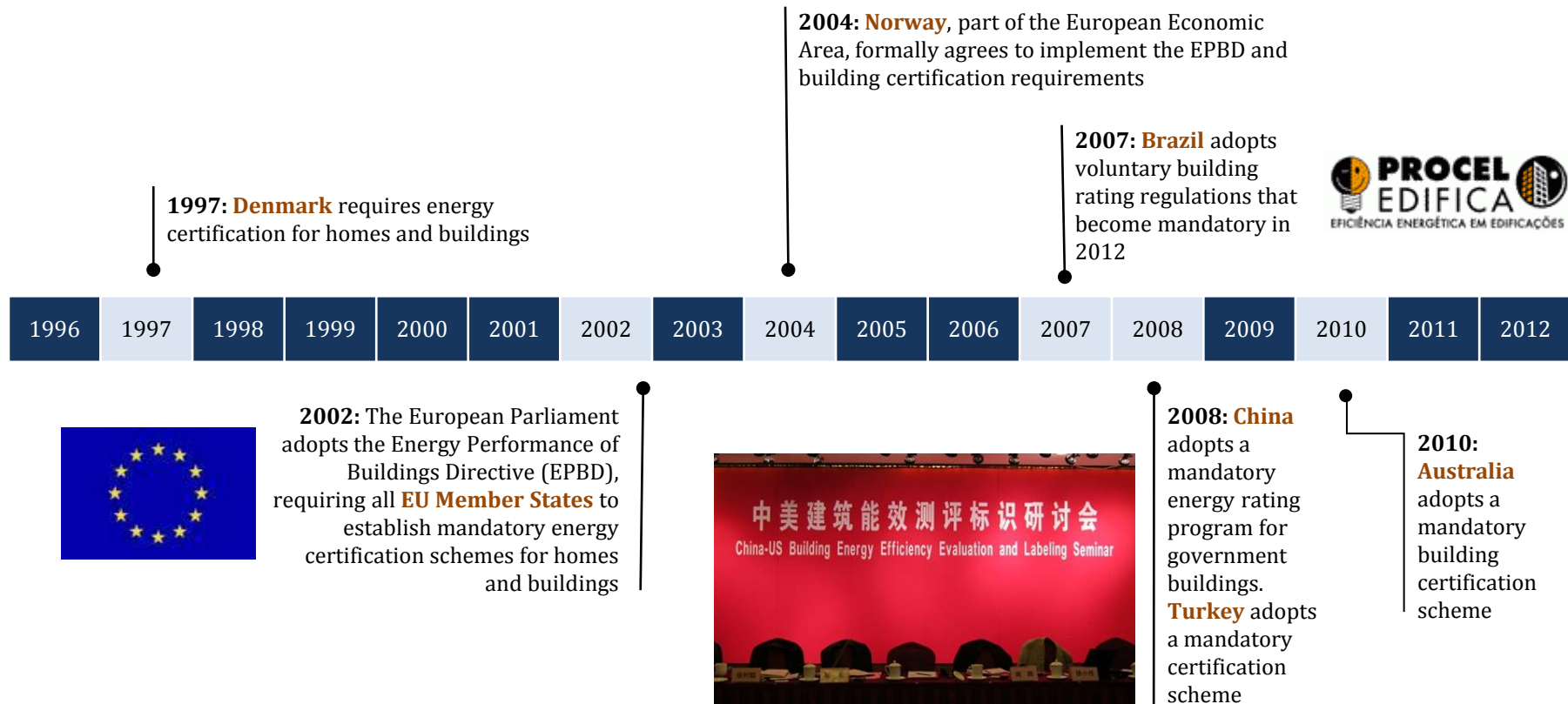
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[solutioncenter@ee.doe.gov](mailto:solutioncenter@ee.doe.gov)

# Commercial Energy Benchmarking and Disclosure Policy: State, Local and Federal Overview

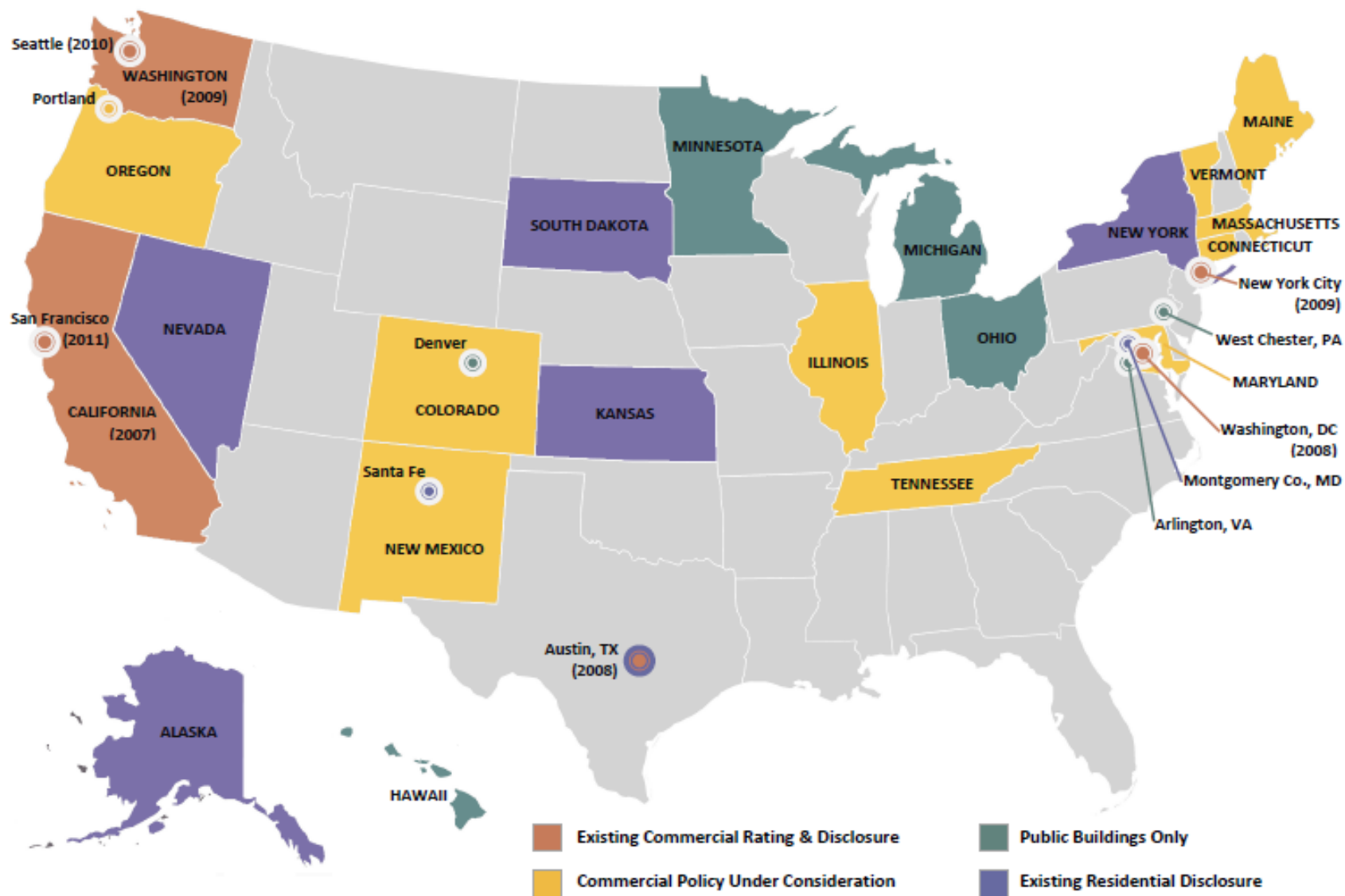
November 21, 2011

Caroline Keicher  
Program Manager, Building Energy Rating Program  
Institute for Market Transformation  
[caroline@imt.org](mailto:caroline@imt.org)

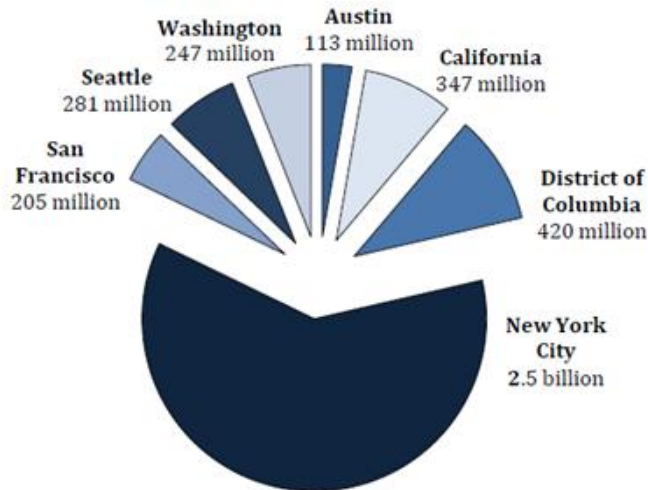
# International Labeling Policy



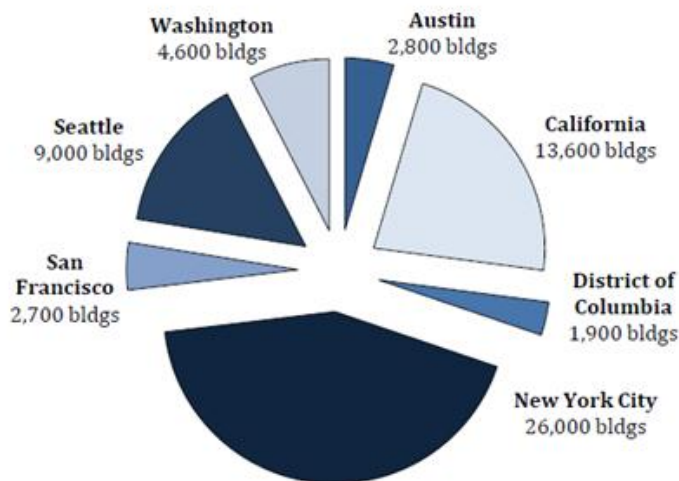
# U.S. Policy Map, State and Local







Policy Impact Projection on Building Area (in Square Feet) by Jurisdiction



Policy Impact Projection on Number of Buildings by Jurisdiction

- **U.S. policies leverage ENERGY STAR Portfolio Manager benchmarking**
  - Simplest, most cost-effective tool available
  - Real estate industry is using voluntarily
- **Seven U.S. jurisdictions have enacted policies**
  - Affect 60,000+ buildings, ~4 billion SF
  - All policies begin phasing in 2011- 2012
  - Policy standardization a mixed-bag
  - Learning curve: Utility data access, outreach, compliance, enforcement
- **Continued interest from states and cities**
  - Driven by interest in existing buildings
  - New incentives are difficult given budget cuts and ramping-down of ARRA funds
  - Market transparency attractive to both parties
  - Policymakers want the data

# Policy Requirements by Jurisdiction

Jurisdiction	Benchmarking (Building Type and Size)		Disclosure					
	Non-residential	Multi-family	On public web site	To local government	To tenants	To transactional counterparties		
						Sale	Lease	Financing
Austin	10k SF+	-	-	✓	-	✓	-	-
California*	1k SF+	-	-	✓	-	✓	✓	✓
District of Columbia	50k SF+	50k SF+	✓	✓	-	-	-	-
New York City	50k SF+	50k SF+	✓	✓	-	-	-	-
San Francisco	10k SF+	-	✓	✓	✓	-	-	-
Seattle	10k SF+	5+ units	-	✓	✓	✓	✓	✓
Washington	10k SF+	-	-	-	-	✓	✓	✓





**“I tell our green startup companies to focus on San Francisco or New York City. That’s where the action is going to be.” - Elton Sherwin, venture capitalist, senior managing director, Ridgewood Capital**

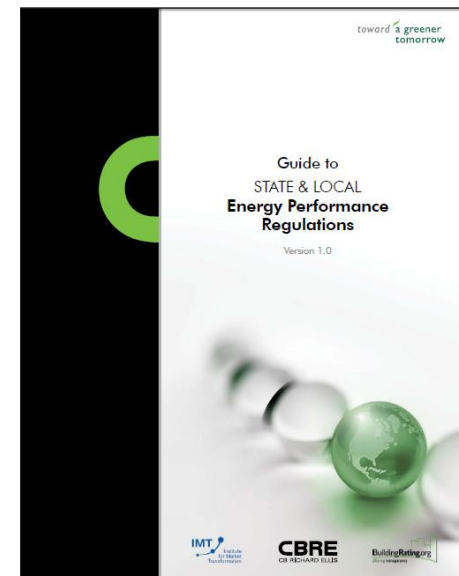
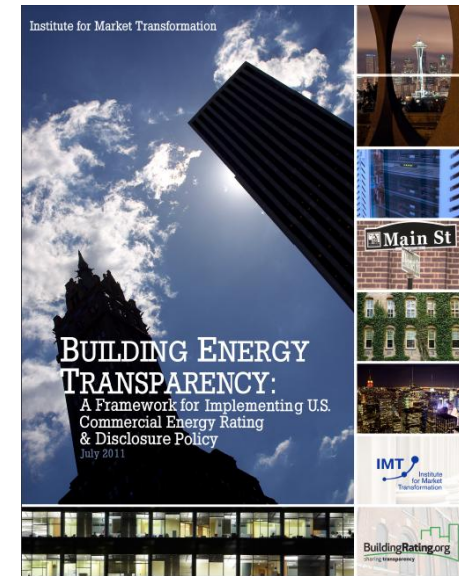


**“When clients get their benchmarking results, they start asking questions – ‘Why did my building get this score and what can I do to improve it?’” – Lindsay Napor McLean, Exec. VP and COO, Ecological**

**“... a great way for us to go to the folks who are already primed for what we’re doing.” – Jeffrey Perlman, founder & CEO, BrightPower, CEO, EnergyScoreCards Inc.**

- **Business up by 30%** at BuildingWise (San Francisco) and Sustainable Real Estate Solutions (Conn.)
- Ecological has **doubled staff and added 400 clients** in past 12 months
- **Benchmarking policies resulting in direct job growth** and expected to fuel and sustain the pipeline for audits, RCx, operational improvements and retrofits
- Unlocking organic demand, not manufacturing demand as incentives can do

- **Related Federal Initiatives**
  - **DOE** – National Building Rating Program, work with ARRA grantees
  - **EPA** – ENERGY STAR Portfolio Manager support
  - **Administration** – Better Buildings Initiative
  - **GSA** – Federal Green Leasing Requirements
- **National Landscape**
  - Policies need standardization and guidance
  - IMT convened states and cities in 2010 to discuss coordination and standardization
    - Published first national framework for implementing policies in Aug. 2011
    - Second event and follow-up report in 2012, will include industry participation
- **Resources**
  - CB Richard Ellis Guide to State & Local Energy Performance Regulations (Aug. 2011)
  - BuildingRating.org (IMT, NRDC)



# Thank you

Please feel free to contact me with any questions

Caroline Keicher

Program Manager, Building Energy Rating Program

Institute for Market Transformation

[caroline@imt.org](mailto:caroline@imt.org)

[www.imt.org](http://www.imt.org)

[www.buildingrating.org](http://www.buildingrating.org)



# Leveraging EPA's Portfolio Manager in Benchmarking and Disclosure Policy

Leslie Cook

US EPA

ENERGY STAR Commercial Buildings



Learn more at [energystar.gov](https://energystar.gov)

# State and Local Energy Benchmarking Policies on the Rise



- State and local energy benchmarking and disclosure policies on the rise.
- Purpose of these laws:
  - Increase transparency of building performance data for a better informed market (energy and water)
  - Incentivize improvements in public and private building
  - Grow clean energy job market
- All of the jurisdictions with benchmarking laws have specified the use of the U.S. Environmental Protection Agency's ENERGY STAR Portfolio Manager tool

# EPA's Portfolio Manager



- Energy and water management for all commercial and multi family buildings
- Receive an energy use intensity (EUI). Many buildings, including office buildings can receive energy performance scores on a 1-100 scale.
- Track changes in energy and water use over time in single buildings, groups of buildings, or entire portfolios.
- Track and report cost savings and CO<sub>2</sub> emissions.
- Measure water indoor/outdoor water consumption.
- Apply for the ENERGY STAR.

[www.energystar.gov/benchmark](http://www.energystar.gov/benchmark)

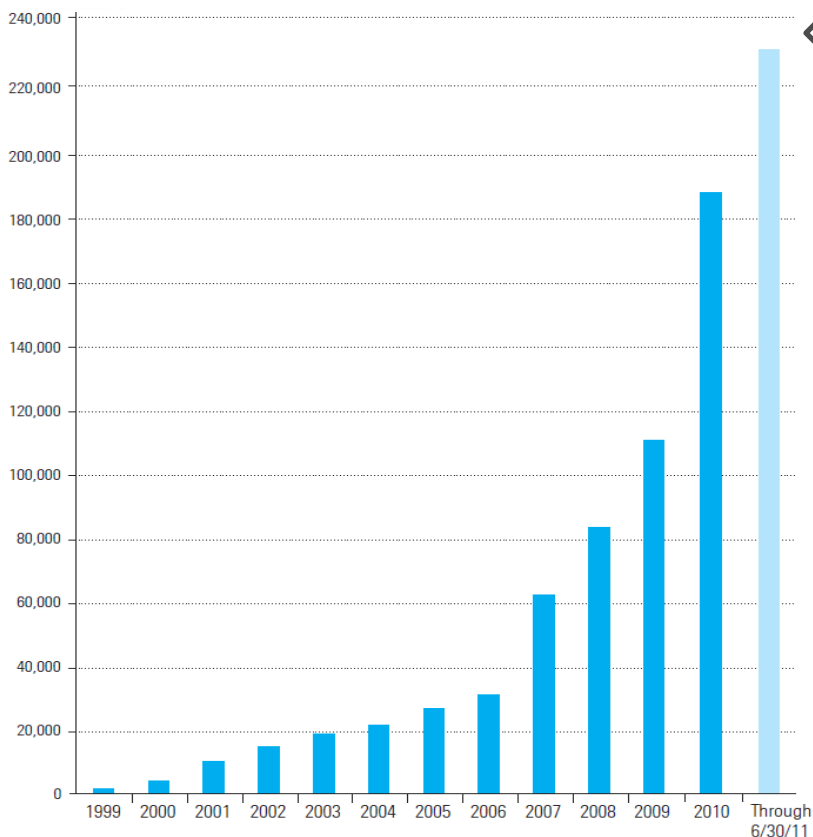




# Benchmarking Activity in EPA's Portfolio Manager Continues to Increase

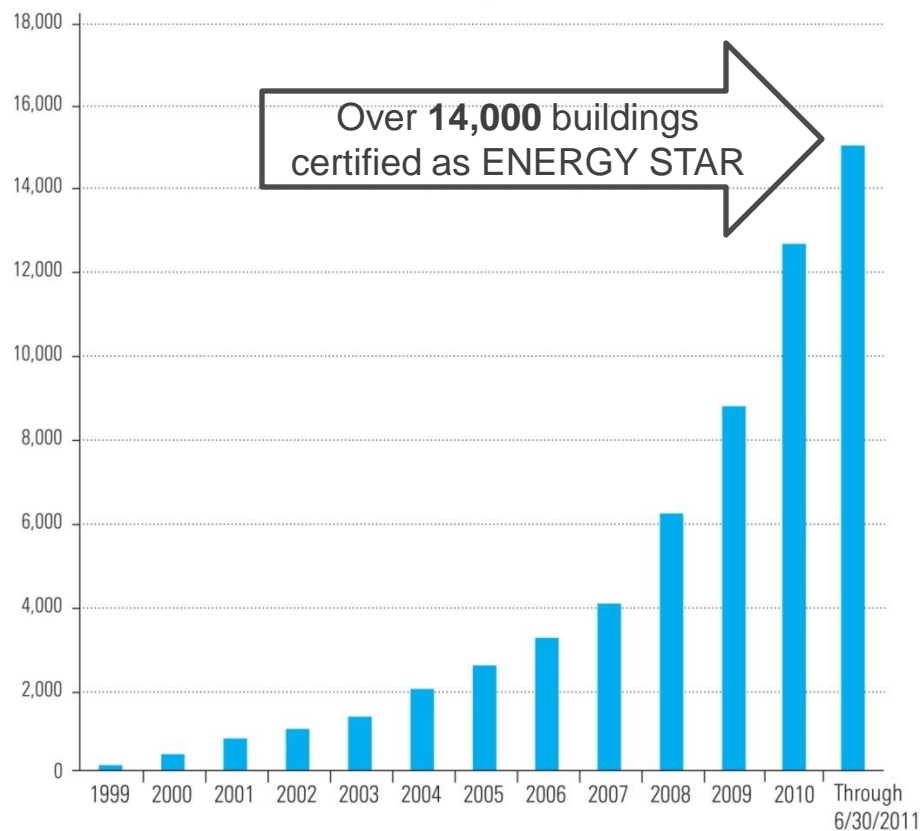


Commercial Buildings Benchmarked (cumulative)



Over **230,000** buildings benchmarked

ENERGY STAR Certified Buildings (cumulative)



Over **14,000** buildings certified as ENERGY STAR

# Why Policy Makers are Choosing EPA's Portfolio Manager



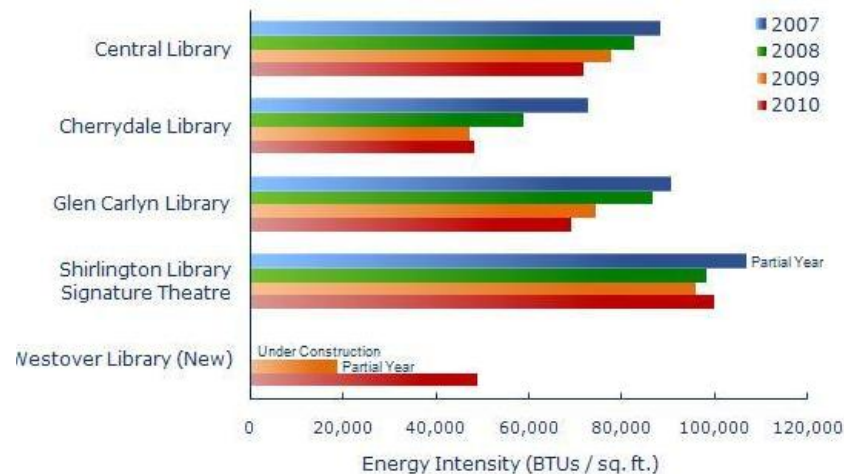
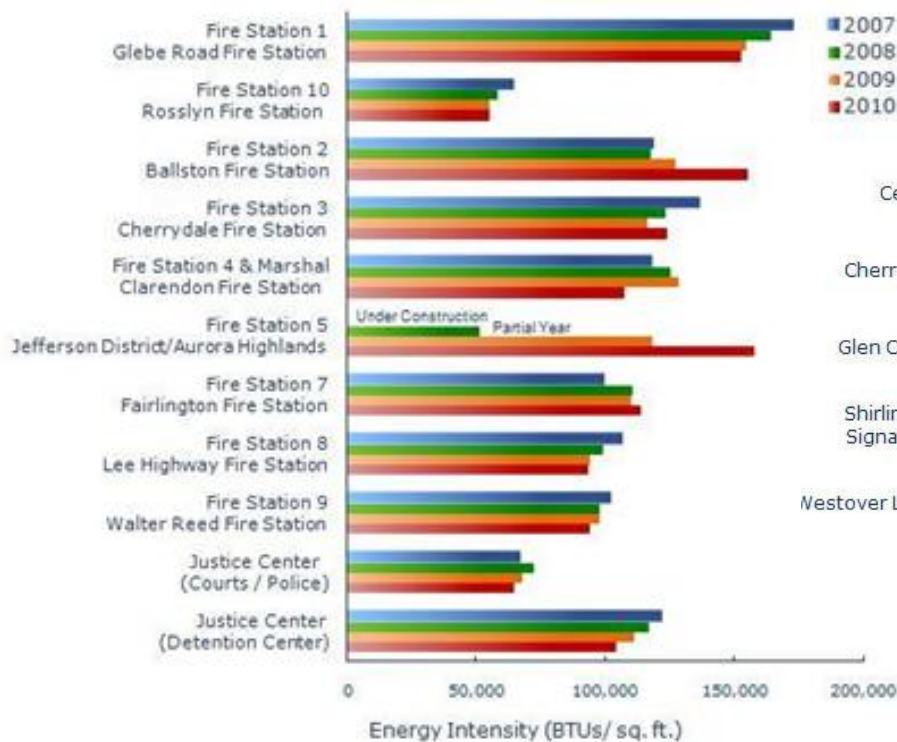
- Implement policy with one consistent tool that provides an accessible, consistent measurement platform
- Deliver key whole building energy performance based on utility data
- Build upon existing market adoption of EPA's Portfolio Manager
- Utilize the tools data sharing options available to facilitate disclosure of benchmarking results.

# Verify Improvements... and Communicate Them!



## Arlington County's Building Energy Report Cards

Site Energy Intensity by Building

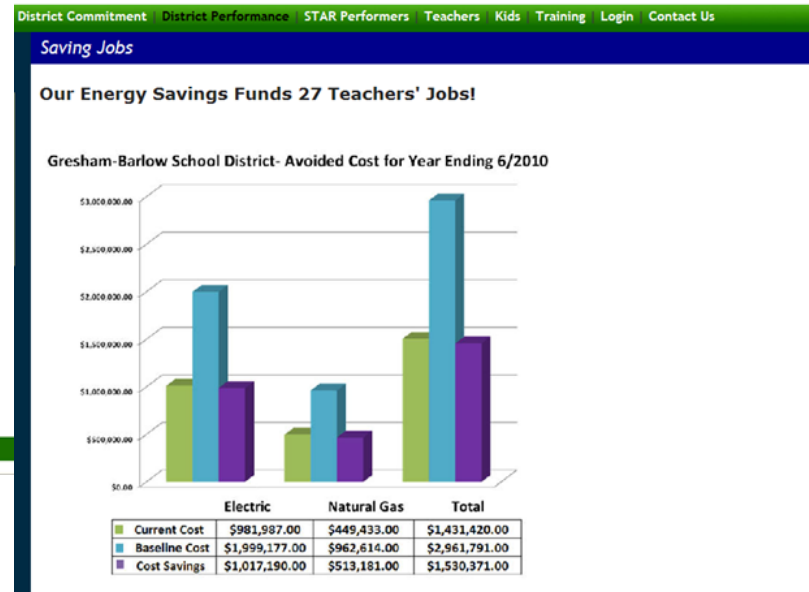


More about the Arlington County's Building Energy Report Cards:  
[www.arlingtonva.us/portals/topics/aire/page66219.aspx](http://www.arlingtonva.us/portals/topics/aire/page66219.aspx)

# Verify Improvements... and Communicate Them!



## Gresham-Barlow School District's "Energy Center"



More about Gresham-Barlow School District's "Energy Center":  
[www.gbsdenergycenter.com](http://www.gbsdenergycenter.com)



# Tap Into EPA Resources

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- Technical guidance for policy makers on implementing programs that include Portfolio Manager
- Portfolio Manager training support for building owners in the commercial and multifamily markets
- Resources to help engage your area's Utility and Energy Efficiency Service Providers
- Tools to help building owners improve their energy performance with cost-effective best practices



# For More Information

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Visit [www.energystar.gov/government](http://www.energystar.gov/government)

E-mail [buildings@energystar.gov](mailto:buildings@energystar.gov)

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If you have any questions, please contact:

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# Green Leasing Overview

**Adam Sledd**

Program Manager

Green Leasing and Federal  
Buildings Program

**Institute for Market Transformation**

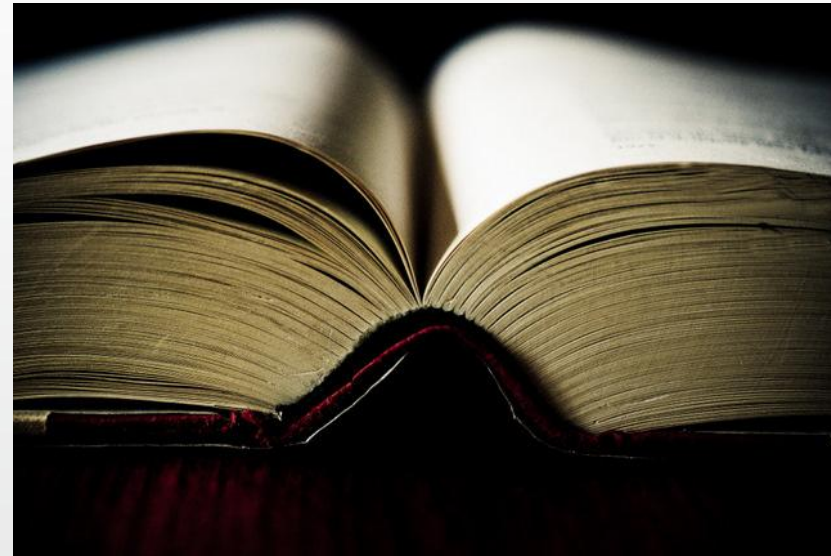
November 8, 2011

# What Is Green Leasing?

## Basic Definition:

A lease in which landlord and tenant agree to include sustainability concepts, and assign costs and benefits of sustainability improvements.

The goal is to align incentives to minimize “split incentive” problem.



*Courtesy of Flickr user: Bob AuBuchon*

# Types of Leases

## Full Service/Gross

- Landlord responsible for all taxes, maintenance, utilities, and insurance

## Modified Gross/Net

- Landlord and tenants share operating expenses, often through base year or expense stop provision.
- Tenant may pay for own utilities, or may only cover increased operating expenses.

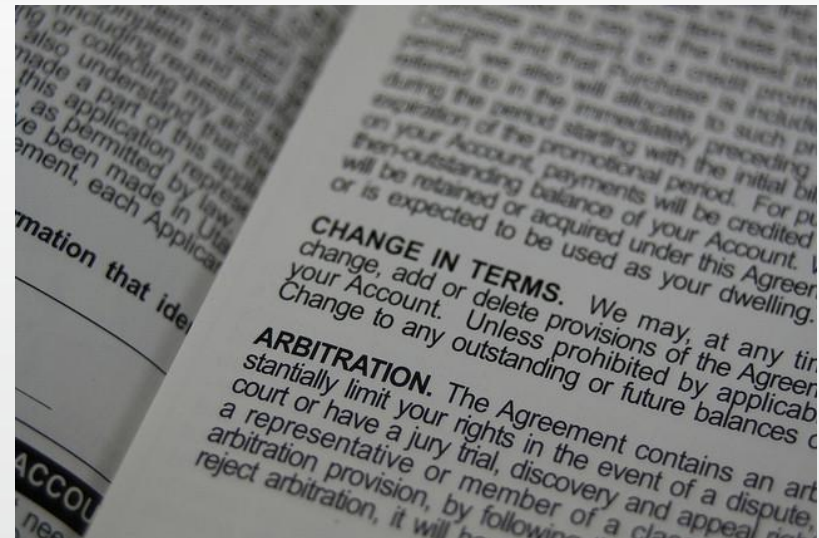


Photo courtesy of Flickr user: Michael Simmons

## Triple Net

- Landlord passes all operating expenses through to tenants, including common area maintenance

# Types of Green Clauses

## Operations & Improvements

- All maintenance and repairs made according to sustainability plan

## Assignment of Costs and Benefits

- Assign benefits of any carbon or tax credits related to building improvements

## Energy and Data Issues

- Benchmark using Portfolio Manager and share data with tenants

- 1.3 Landlord should perform a Retro-commissioning Study of Base Building systems that consume energy or water every \_\_\_\_ years. The Retro-commissioning study should identify improvements of three types:
- No cost improvements: improvements that require a change in practice or redeployment of existing resources such that neither Landlord nor Tenant incur additional out-of-pocket expenditure;
  - System recalibration: system adjustments that may require modest out-of-pocket expenditure by Landlord or Tenant rather than substantial new installations;
  - System upgrades: new installations that may have significant associated expenses.
- 1.5 All installations of resource-consuming equipment or systems in the Base Building and in Tenant space should meet \_\_\_\_ standard whether they are installed by Tenant or Landlord. This provision should apply to fit-out of new space as well as replacements in currently leased space.
- 3.6 Tenant should annually report to Landlord any electric, gas, steam or water usage in Tenant space that is directly metered by the distributor of the commodity, i.e. that does not flow through Landlord's meter.

# Why “Green” the Lease?

- Standard commercial leases contain no language regarding sustainability issues.
- Traditional leases often create a split incentive where one party pays for efficiency but a different party reaps some or all of the benefits.
- 3<sup>rd</sup> party certification systems (LEED, Energy Star) contain requirements such as energy data reporting that should be addressed in the lease.
- State and local regulations increasingly require sustainability/efficiency measures and energy consumption reporting.

# Obstacles To Green Leasing In The Marketplace

- Energy efficiency concepts and benefits not well understood by all four stakeholder groups (Landlords, Tenants, Brokers, Lawyers).
- Even among landlords/tenants with sustainability goals, knowledge is not filtering down to those responsible for leasing efforts.
- When green clauses are inserted into lease, lawyers often negotiate out key points and slow down the process.



*Photo courtesy of Flickr user: Michael W. May*





## Energy Independence and Security Act of 2007

- **Passed:** Dec. 2007 Effective: Dec. 2010
- **Affected Property Type:** Federally leased commercial space greater than 10,000 SF.
- **Key Requirement:** Federal agencies must lease space only in buildings that have achieved the Energy Star label, signifying a rating of 75 or greater on the Energy Star benchmarking scale, or where the building owner implements cost-effective energy efficiency upgrades to the space.

[http://frwebgate.access.gpo.gov/cgi-bin/getdoc.cgi?dbname=110\\_cong\\_bills&docid=f:h6enr.txt.pdf](http://frwebgate.access.gpo.gov/cgi-bin/getdoc.cgi?dbname=110_cong_bills&docid=f:h6enr.txt.pdf)

## Executive Order 13423

Strengthening Federal Environmental, Energy, and Transportation Management



## Washington State Energy Performance Leasing Requirement

- **Passed:** April 2009 Effective: January 1, 2010
- **Affected Property Type:** State-leased commercial space greater than 10,000 SF where the state pays for energy expenses.
- **Key Requirement:** Washington state agencies must lease space only in buildings with an energy performance rating of 75 or greater on the Energy Star benchmarking scale, or where the building owner conducts an energy audit and implements cost-effective energy efficiency upgrades within the first two years of the lease.



## New York City: PlaNYC - A Model Energy Aligned Lease Provision

- **Adopted:** Began as a pilot program in 2009.
- **Author:** New York City Mayor's Office of Long-Term Planning and Sustainability, Natural Resources Defense Council and industry stakeholders.
- **Lease Language:** A capital expense pass-through clause allows landlords to recoup 80% of projected energy savings from a retrofit project each year from tenants. The remaining 20% of cost savings accrue to tenants immediately and also act as a buffer in case the retrofit underperforms. Accordingly, the landlord's cost recovery period is extended by 25%.
- **Status:** Incorporated into a 200,000-square-foot lease at 7 World Trade Center in New York City in April, 2011. The lease provision is supported by the Real Estate Board of New York.

# Additional Resources

Links to most publicly available green lease forms  
[www.imt.org/green-leasing](http://www.imt.org/green-leasing)

Most widely used forms include:

- BOMA model lease
- RealPAC office lease
- Model Green Lease (Alan Whitson)



# Thank you

Please feel free to contact me with any questions

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[www.imt.org/green-leasing](http://www.imt.org/green-leasing)



UPDATE APRIL 2011

**A GREENER,  
GREATER  
NEW YORK**



The City of New York  
Mayor Michael R. Bloomberg

# NYC Benchmarking

Department of Energy  
Technical Assistance Program

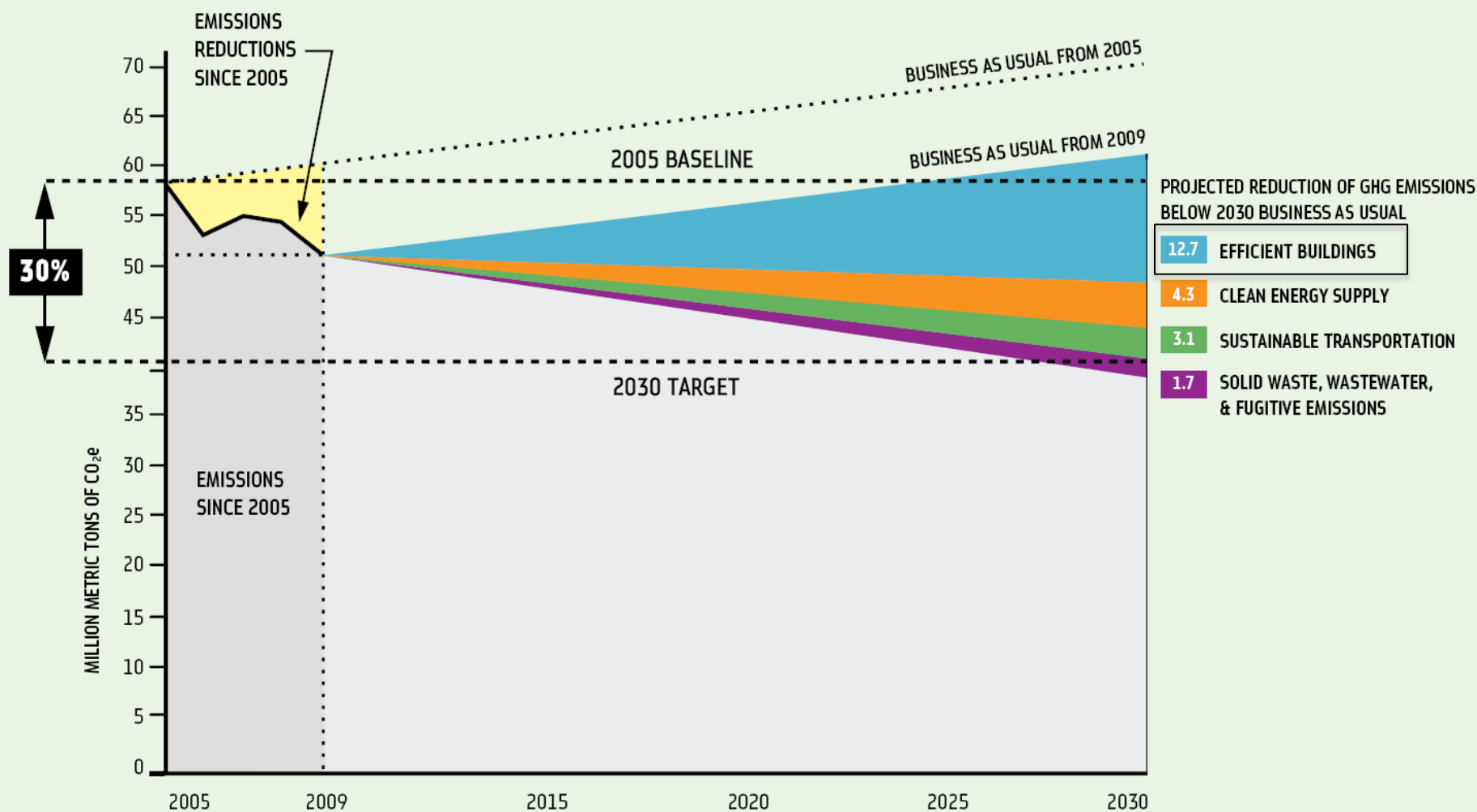
November 21, 2011

Hilary Beber, LEED AP  
Policy Advisor, NYC Mayor's Office



# 30% Reduction in Greenhouse Gases by 2030

## Projected Impacts of Our Greenhouse Gas Reduction Strategies



Source: NYC Mayor's Office and M.J. Beck Consulting, LLC

THE NEW YORK CITY

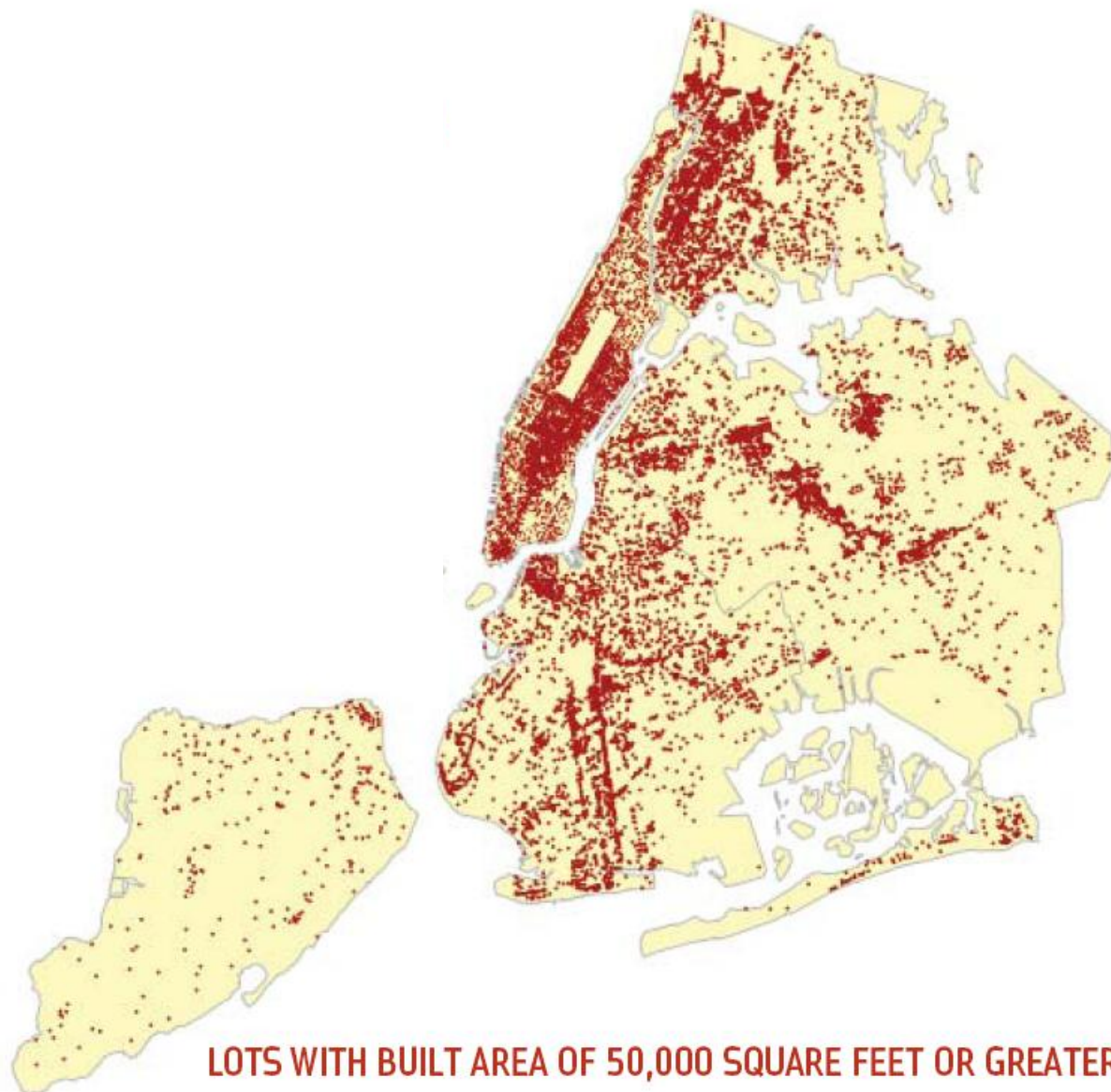
## GREENER, GREATER BUILDINGS PLAN

**1** New York City  
Energy Code

**2** Lighting Upgrades and  
Sub-Metering

**3** Benchmarking

**4** Audits and  
Retro-Commissioning



## Why Benchmark?

- Transparency
- Conservation
- Market Transformation

## Requirements

- All buildings over 50,000 square feet
- Annually submit energy and water consumption using EPA's Portfolio Manager

## Public Disclosure

- September 1, 2011 – City government buildings
- September 1, 2012 – Non-residential buildings
- September 1, 2013 – Residential buildings



# Contact Information

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NYC Mayor's Office of Long-Term

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- The SEE Action is developing a "model policy" and guidance based on what others have done. IMT, DOE, and EPA are all involved in this working group.
- DOE Building Technologies Program (BTP) is developing a tool that can be used to manage data that results from benchmarking & disclosure ordinances, collected in Portfolio Manager.

[http://www1.eere.energy.gov/seeaction/existing\\_commercial.html](http://www1.eere.energy.gov/seeaction/existing_commercial.html).

# Thanks you for participating!

We appreciate your feedback. Please take a moment to respond to the question below by typing your answer in the Q&A section of the GoToMeeting control panel on the right.

**What information from this or any previous benchmarking webinar would you like more detail?**