**Report on the 2012 Building Energy Disclosure Policy Roundtable**

**May 4, 2012**

*Prepared by:* Institute for Market Transformation *Prepared for:* Urban Sustainability Directors

San Francisco Dept. of the Environment Network

**ABOUT THE BUILDING ENERGY DISCLOSURE ROUNDTABLE**

The San Francisco Dept. of the Environment (SFDOE) received an Innovation Opportunity Fund grant from the Urban Sustainability Directors Network (USDN) to facilitate a peer-to-peer forum enabling the early adopters of commercial building energy disclosure policies to share best practices, discuss ongoing challenges, and initiate and expand inter-city collaborations. SFDOE, with the Institute for Market Transformation (IMT), convened the 2012 Building Energy Disclosure Policy Roundtable in Washington, DC, on Feb. 29, 2012. Attendees included government officials representing 18 cities and states, and federal agencies including the U.S. Environmental Protection Agency, U.S. Dept. of Energy, and the White House Council on Environmental Quality (CEQ).[[1]](#footnote-1) The Roundtable was convened in partnership with two other events:

* Urban Land Institute’s “Policy and Practice Forum” on building energy disclosure on March 1, 2012, which included significant participation from ULI member organizations; and
* A meeting with Nancy Sutley, chair of the White House CEQ, organized by IMT on March 2, 2012.

**ABOUT BUILDING ENERGY DISCLOSURE POLICY**

Local governments are leveraging transparency to improve demand and competition for energy-efficient buildings. Energy disclosure policies require building operators to comparatively measure the energy performance of their buildings (a process known as benchmarking) and disclose energy performance indicators to the marketplace. Policies are intended to motivate energy efficiency improvements in existing buildings that reduce greenhouse gas emissions and consumer energy costs, while creating local jobs. In the United States, five major cities and two states have adopted energy disclosure laws. These laws are projected to impact more than 4 billion square feet of commercial and multifamily floor space annually by 2014. Similar policies are being considered in more than 10 other states and local jurisdictions.[[2]](#footnote-2)

**FIGURE 1: Building Energy Disclosure Policy Summary, State and Local Governments2**

|  |  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- | --- |
| **Jurisdiction** | **Benchmarking** | | **Disclosure** | | | | | |
|  | Non-residential | Multi-  family | On public  web site | To local government | To tenants | To transactional counterparties | | |
| Sale | Lease | Financing |
| **Austin** | 10,000 SF+ | 5+ units | - | ✓ | - | ✓ | - | - |
| **California** | 5,000 SF+ | - | - | ✓ | - | ✓ | ✓ | ✓ |
| **District of Columbia** | 50,000 SF+ | 50,000 SF+ | ✓ | ✓ | - | - | - | - |
| **New York City** | 50,000 SF+ | 50,000 SF+ | ✓ | ✓ | - | - | - | - |
| **San Francisco** | 10,000 SF+ | - | ✓ | ✓ | ✓ | - | - | - |
| **Seattle** | 10,000 SF+ | 5+ units | - | ✓ | ✓ | ✓ | ✓ | ✓ |
| **Washington** | 10,000 SF+ | - | - | - | - | ✓ | ✓ | ✓ |

**RESULTS OF THE ROUNDTABLE**

Participants contributed perspective on best practices and challenges in policy design, stakeholder collaboration, implementation, and federal support. Eight key takeaways from the Roundtable are:

1. **Policy advancement shows the strongest potential at the city level**

Cities, rather than states, show the greatest near-term ability to advance building energy disclosure policy, particularly where mayoral leadership is strong. Urban real estate communities typically have a high level of sophistication related to energy efficiency and have signaled a willingness to support some policy, whereas political opposition tends to increase in rural and suburban areas.

1. **Effective implementation will require program staff and budget**

Large cities are utilizing staff of approximately 1 to 3 FTEs and approximately $300,000 to $500,000 in non-staff dollars to implement policies in year one. Budgetary and staff needs are greatest during the initial program rollout and should decrease somewhat thereafter. Needs for smaller cities will be less overall. To control costs, cities have leveraged partnerships with community colleges, nonprofits, industry trade groups and other organizations.

1. **Owner access to energy consumption data is key**

Cities must work with utilities and regulators to enable building owners to access whole-building energy consumption data. When tenants purchase energy from utilities, building owners may have little or no legal right to access tenant energy use data. Several utilities have established programs that address tenant confidentiality while enabling owners to access the data necessary for benchmarking .[[3]](#footnote-3)

1. **Public disclosure allows greater leveraging of benchmarking data**

Publicly releasing benchmarking data – rather than requiring disclosure between real estate parties during a transaction –enables the integration of information into influential real estate data resources, such as CoStar Group,[[4]](#footnote-4) and allows private companies to leverage the data in apps, technology tools and other ways. However, public disclosure must be based on comprehensive and accurate information to be fair to market actors, and to be meaningful. A “warm up” period of at least one full year of mandatory benchmarking prior to public disclosure is a common approach to give opportunity for data validation.

1. **Policy should reflect real estate market segmentation**

The Class A commercial office sector has greater financial resources and more benchmarking experience than other market segments, such as small/mid-size commercial and multifamily housing. These other segments typically have limited experience with energy efficiency measures and limited capital, and require more intensive outreach and training resources to comply.

1. **Cities must create a detailed inventory of their building stock**

Cities must construct an inventory of local building stock to enable policy enforcement. This can be achieved using a mix of data from tax records, local permits, CoStar, trade groups, and feedback from affected building owners. Tax records alone are unlikely to be sufficient.

1. **Policy standardization is becoming more important**

Cities should continue engaging in peer-to-peer formats to harmonize key aspects of policy, and to streamline design and implementation. The real estate sector is emphasizing the need for policy harmonization across jurisdictions, to simplify compliance and enhance the comparability of data about properties in different jurisdictions.

1. **Leading cities are moving beyond energy disclosure**

Many cities have adopted or are considering policy packages that include energy benchmarking and disclosure, but that add other requirements, such as mandatory energy audits, retro commissioning, sub metering, or mandatory energy efficiency improvements. This integrated approach leverages each policy element with the intent of creating greater energy and greenhouse gas emissions reductions.

**NEW YORK CITY KEYS TO ACHIEVING HIGH COMPLIANCE**

New York City achieved approximately 75 percent compliance in year one of its energy disclosure policy (Local Law 84), the highest percentage reported to date. At the Roundtable, the New York City Mayor’s Office of Long-Term Planning and Sustainability (OLTPS) outlined five keys to their success:

1. **Strong enforcement.** OLTPS provided enforcement leniency in the first year, but made clear to stakeholders that fines would be issued for noncompliance. A warning letter was sent following the first deadline and fines were issued in early 2012.
2. **Relatively easy access to energy data.** Both local utilities are providing owners with whole-building energy consumption data, reducing the difficulty of benchmarking tenanted buildings.
3. **Stakeholder outreach and trainings.** OLTPS launched a comprehensive stakeholder education and training program that included: sector-specific benchmarking training sessions; policy education sessions; user-friendly compliance guide; staffed benchmarking call center; and numerous partnerships with nonprofits and industry trade groups to support outreach goals.
4. **Target “sophisticated” building owners.** LL84 only applies to buildings greater than 50,000 square feet in size, which tend to be professionally managed, easing compliance and outreach.
5. **Consultant participation.** Energy efficiency consultants and vendors submitted more than half of all benchmarking data received by OLTPS, greatly enhancing compliance.

**FEDERAL INITIATIVES**

Projects from federal and executive agencies that will aid local building energy disclosure policies include:

* **Dept. of Energy:** Developing the Standard Energy Efficiency Data (SEED) Platform, a database application and data taxonomy enabling cities to collect, manage, and export the specific data generated by energy benchmarking and audit policies. SEED is envisioned as a turnkey solution; it communicates with EPA benchmarking tools and establishes a *de facto* data standard which will enable consistency across jurisdictions.
* **EPA:** Major upgrades to ENERGY STAR Portfolio Manager will improve user-friendliness and functionality. Completion expected in mid-2013. Development of ENERGY STAR score for multifamily buildings ongoing, with completion expected in late 2013.
* **CEQ/Administration:** Launched “Green Button” program to improve customer access to utility data. Overseeing Better Buildings Challenge, which may present national recognition opportunities for cities related to building energy disclosure policy.

**APPENDIX A:** **RESOURCES**

The following state and local government websites provide information about local energy disclosure policies, including an overview of requirements, status of implementation, links to legislation and regulations, and in some cases, benchmarking information that has already been publicly released.

**Austin Energy**, Energy Conservation and Audit Disclosure Ordinance

[www.austinenergy.com/about%20us/environmental%20initiatives/ordinance/index.htm](http://www.austinenergy.com/about%20us/environmental%20initiatives/ordinance/index.htm)

**District of Columbia Dept. of the Environment**, Energy Benchmarking Law

<http://ddoe.dc.gov/energybenchmarking>

**City of New York,** PlaNYC and Greener Greater Buildings Plan

[www.nyc.gov/html/gbee/html/home/home.shtml](http://www.nyc.gov/html/gbee/html/home/home.shtml)

**San Francisco Dept. of the Environment,** Existing Commercial Buildings Energy Performance Ordinance

[www.sfenvironment.org/ecb](http://www.sfenvironment.org/energy/energy-efficiency/commercial/existing-commercial-buildings-energy-performance-ordinance)

**Seattle Office of Sustainability and Environment**, Energy Benchmarking & Reporting

[www.seattle.gov/environment/benchmarking.htm](http://www.seattle.gov/environment/benchmarking.htm)

**California Energy Commission**, AB 1103

[www.energy.ca.gov/ab1103/](http://www.energy.ca.gov/ab1103/)

**Washington State Dept. of General Administration**, Energy Use Reports for State Facilities

<http://www.ga.wa.gov/energy/EnergyUse.htm>

Other resources, reports and guidance for policymakers on building energy disclosure policy:

**Energy Disclosure and the New Frontier for American Jobs**, IMT

<http://www.buildingrating.org/Building_Energy_Transparency_Implementation_Report>

**Analysis of Job Creation and Energy Cost Savings From Building Energy Rating and Disclosure Policy**, IMT

<http://www.buildingrating.org/Building_Energy_Transparency_Implementation_Report>

**Framework for Implementing U.S. Commercial Energy Rating and Disclosure Policy**, IMT

<http://www.buildingrating.org/Building_Energy_Transparency_Implementation_Report>

**Data Access and Transparency (DATA) Alliance**, IMT, BOMA, Real Estate Roundtable, USGBC, Enterprise, NRDC

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

**BuildingRating.org**, IMT and Natural Resources Defense Council

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

**2012 USGBC Advocacy Campaigns**, U.S. Green Building Council

[www.usgbc.org/campaigns](http://www.usgbc.org/campaigns)

**APPENDIX B:** **ATTENDEES**

**Billi Romain** Berkeley Office of Energy & Sustainable Development

**Jim Hunt,** Boston Office of the Mayor

**Elizabeth Vasatka,** Boulder Local Environmental Action Division

**John Bolduc,** Cambridge Community Development Dept.

**Matthew Gray,** Cleveland Mayor's Office of Sustainability

**Jenna Garmon,** City of Eugene

**Brendon Slotterback,** City of Minneapolis

**Laurie Kerr,** New York City Mayor's Office of Long-Term Planning & Sustainability

**Hilary Beber,** New York City Mayor's Office of Long-Term Planning & Sustainability

**Donna Hope,** New York City Mayor's Office of Long-Term Planning & Sustainability

**Katherine Gajewski,** Philadelphia Mayor's Office of Sustainability

**Alex Dews,** Philadelphia Mayor's Office of Sustainability

**Katherine Gilmore,** Philadelphia City Council

**Vinh Mason,** Portland Bureau of Planning and Sustainability

**Alisa Kane,** Portland Bureau of Planning and Sustainability

**Melanie Nutter,** San Francisco Dept. of the Environment

**Barry Hooper,** San Francisco Dept. of the Environment

**Mike Foster,** City of San Jose

**Jayson Antonoff,** Seattle Office of Sustainability & Environment

**Rebecca Baker,** Seattle Office of Sustainability & Environment

**Brendan Shane,** District Dept. of the Environment

**Marshall Duer-Balkind,** District Dept. of the Environment

**Justin Regnier,** California Energy Commission

**Tina Halfpenny,** Massachusetts Dept. of Energy Resources

**Eric Coffman,** Montgomery Co. Dept. of Environmental Protection

**Wes Sullens,** StopWaste.org/Alameda Co.

**Scott Jarman,** Austin Energy

**Leslie Cook,** US EPA

**Jean Lupinacci,** US EPA

**Tracy Narel,** US EPA

**Mike Zatz,** US EPA

**Sonal Kemkar,** US DOE

**Cody Taylor,** US DOE

**Monisha Shah,** White House CEQ

**Chris Weber,** IDA Science and Technology Policy Institute

**Laurie Actman,** Energy Efficient Buildings Hub

**David Hsu,** University of Pennsylvania

**Bill Prindle,** ICF

**Adam Hinge,** Sustainable Energy Partnerships

**Lane Burt,** U.S. Green Building Council

**Matt Pearce,** U.S. Green Building Council

**Tom McKone,** Civic Consulting Alliance

**Uwe Brandes,** Urban Land Institute

**Matthew Johnston,** Urban Land Institute

**Cliff Majersik,** IMT

**Andrew Burr,** IMT

**Caroline Keicher,** IMT

**Follow Up Comments about Small Cities/Cities with Small Commercial Building Portfolios**

**(From San Francisco))**

**Q. Is there anything that could be customized for small cities? What, if anything, can you do in disclosure that will have an effect without having to do everything? A step in the right direction that doesn’t require 1-3 FTEs etc.**

·It’s key to differentiate between the size of the city and the size of the buildings. One way to dramatically reduce the level of effort is to focus benchmarking requirements on the 20% of local building stock with the largest square footage. Energy performance disclosure policies using ENERGY STAR Portfolio Manager are likely to work very well for larger buildings (perhaps 50,000 square feet and larger), and are a test for smaller buildings. While ENERGY STAR Portfolio Manager can track energy consumption for even the very smallest building, there is probably a building size below which the returns start to diminish.

**Q. At what scale is this really worth doing? E.g., what % of a cities’ residential/commercial market should be affected for this to make sense trying?**

This is a local judgment call. The intent of benchmarking and disclosure is to (1) give the building’s decisionmakers a perspective on how their own building is performing over time, (2) empower market actors to compare energy performance of similar buildings, and (3) unleash competition for improved energy performance. For the latter two ideas to be realized, the local market must contain a critical mass of participating buildings. Commercial real estate usually functions in MSA markets rather than strictly within cities, so a critical mass could be achieved if nearby smaller cities adopted identical requirements, and shared implementation resources.

**Q. It might be that there’s really not enough payoff for small cities, which may tend to be mostly smaller multi-family homes.**

I would not recommend ENERGY STAR Portfolio Manager on mandatory basis for small multifamily. The tool is most powerful for larger buildings (whether commercial or residential), which tend to have on-site professional property management.

**Easier ways to get started:**

· **Competitions:** A voluntary competition to benchmark buildings and demonstrate improvement requires fewer resources, and can target the biggest energy users. Louisville, Cincinnati, and numerous other cities have held benchmarking competitions to engage local BOMA chapters to save energy. Seattle and San Francisco both utilized such competitions as pilots to become familiar with Portfolio Manager. In San Francisco, the “24/7 Energy Challenge” provided a helpful test of what would later become our compliance reporting mechanism. Incentives such as direct recognition from the Mayor or celebrities can be powerful motivators. For support, contact:

Jerry Lawson, National Manager ENERGY STAR Small Business & Congregations Network U.S. Environmental Protection Agency 1200 Pennsylvania Avenue, NW Mail Code 6202J Washington, DC 20460 202.343.9314 [www.energystar.gov/smallbiz](http://www.energystar.gov/smallbiz) [www.energystar.gov/congregations](http://www.energystar.gov/congregations)

**Acquire information resources through IMT, and follow DOE’s SEE Action – State and Local Energy Efficiency Action Network.** SEE Action has developed a commercial policy design guide, sample policy language, and other strategic tools. <http://www1.eere.energy.gov/seeaction/existing_commercial.html> DOE is also beta testing the Standard Energy Efficiency Database (SEED), which will reduce the information technology cost of program implementation

·

**Bide your time:**

In each affected city, energy performance disclosure for commercial is in proof-of-concept mode. Watch for evidence about where to best set the threshold for effective requirements. While consistent application of ENERGY STAR Portfolio Manager strengthens the Tools that are emerging that may be better options for small commercial and small mixed-use buildings, such as the New Buildings’ Institute’s “First View,” which is currently in beta testing. ENERGY STAR Portfolio Manager is going through a major upgrade, with the intent of making it much easier to use, to be completed in mid-2013.

1. For a full list of participants, please see Appendix B [↑](#footnote-ref-1)
2. California and DC regulations not final as of May 2012. Austin multifamily disclosure based on audit results, not benchmarking [↑](#footnote-ref-2)
3. Utilities with data access programs for commercial/multifamily owners include Commonwealth Edison, Consolidated Edison, Puget Sound Energy, Avista, Seattle City Light and Austin Energy. For more information, see the Data Access Transparency (DATA) Alliance at [www.energydataalliance.org](http://www.energydataalliance.org) [↑](#footnote-ref-3)
4. CoStar is the largest U.S. listing service for commercial property. Data is available only to subscribers. [www.costar.com](http://www.costar.com) [↑](#footnote-ref-4)