

ENERGY EFFICIENCY: Your building may soon be tested *(Tuesday, December 22, 2009)*

Saqib Rahim, E&E reporter

When 2010 arrives, building owners in Washington, D.C., will begin to keep their city's New Year's resolution: measuring and sharing how much energy they use.

On Jan. 1, Washington will put into effect its Clean and Affordable Energy Act, requiring commercial building owners to gauge their properties' energy performance and eventually publish it in an online database.

It's a leading effort among local governments that want to make their buildings more energy efficient, but not solely through mandates. With many cities and states taking a second look at building codes and other efficiency laws, there is also a growing impression that "benchmarking" buildings' energy use and publicizing it could be effective, as well.

"This is an effort to address some market failures -- that real estate markets don't know how energy-efficient buildings are," said Cliff Majersik, executive director of the Institute for Market Transformation, an advocacy group that lobbied the D.C. government to require benchmarking.

The issues are oft repeated by efficiency advocates. Energy may be a building's top cost, but managers often don't know how inefficient the structure is. Renters may seek a space that will save money and green the company reputation, but they lack a standard way to compare buildings.

The energy-conscious tenant may choose to reduce energy use, but if the tenant's suite doesn't have its own meter, the tenant has to share the utility savings with the rest of the building.

New York City Mayor Michael Bloomberg took one approach when he unveiled a plan requiring commercial building owners to get energy audits and make efficiency investments. But earlier this month, facing pressure from building owners who saw the costs as too burdensome in a recession, Bloomberg dropped the requirement.

Energy hogs face exposure by 2012

Even so, Majersik said, governments can get a long way in energy efficiency just by helping consumers tell which buildings are energy hogs and which are misers.

"Once you address those market failures, we believe the market will take over, and you'll see a much greater investment in energy efficiency because the returns are so high," he said.

He said Bloomberg still managed to pass an important policy -- requiring commercial buildings to get meters for their individual tenants.

Under the D.C. law, the largest commercial buildings will be the first to start "benchmarking" their energy performance in 2010. Each year after that, the requirement will expand to smaller and smaller buildings.

The benchmarking is done through a U.S. EPA online tool called the Portfolio Manager. It asks for information about the building and its energy use, rolling them into a rating on a 100-point scale. A building performing better than 60 percent of the stock would receive a 60.

While building owners will know their scores as early as 2010, they don't have to share the number publicly until 2012. In the meantime, they are free to make efficiency investments in advance of the disclosure date.

The Apartment and Office Building Association, the group representing commercial building owners in Washington, had input on the new city law. Marie Tibor, an AOBA spokeswoman, said Washingtonians are already tuned in to the benefits of energy efficiency -- a trait made clear by the District of Columbia's healthy market for LEED buildings (those fulfilling the requirements of the U.S. Green Building Council's Leadership in Energy and Environmental Design program) and wide use of EPA's benchmarking tool.

That allows them to reject the argument that "green" building is too costly, she said, but they remain uncertain of the new law's effect.

A test for government agencies, as well

"Will it hurt their business? No," she said. "Will it be beneficial? We're not sure."

Tibor pointed out that the Washington market has more government tenants than anywhere else in the country -- and thus, one of its main customers generates much of the demand for saving energy. She said in recent years, the chief concern of AOBA's membership has been rising utility costs.

"I think D.C. has a sophisticated real estate community who are on the cutting edge, in many ways, of many of the environmental initiatives under way throughout the industry," she said. "So I think our buildings are pretty much on board already."

There are other efforts to make energy use more public. Climate legislation on Capitol Hill includes language on energy labels, which could show in a simple illustration how much energy a building uses, compared to both its optimal performance and the larger building stock.

The White House is also developing a label as part of its campaign to do millions of retrofits in old buildings, which compose the vast majority of the stock.

Jeffrey Harris, vice president for programs at the Alliance to Save Energy, a leading pro-efficiency group, hoped that benchmarking would improve efficiency but said it's not necessarily a tried-and-true path.

"I do think that rating and disclosing the energy performance of a building can have a significant effect on market decisions by owners/sellers, buyers, lenders, tenants, etc.," he said in an e-mail. "But that's a hypothesis that -- other than a few interesting anecdotes -- remains to be tested."

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