Real Estate Roundtable
Sustainability Policy Advisory Committee (SPAC) Meeting
January 31, 2013

U.S. EPA ENERGY STAR Update on Tenant Engagement Initiative

EPA ENERGY STAR has benefited from working with the SPAC on an initiative to engage and recognize tenants, aimed at increasing energy efficiency and reducing carbon emissions from commercial buildings. As we outlined in an October SPAC call, productive discussions with the SPAC as a whole and individual members led EPA to formulate a three-pronged approach to engaging and recognizing tenants:

1) Launch a “Battle of the Tenants” competition
2) Publish an annual report-type document that profiles the leadership and contribution of individual owners and tenants to share implemented best practices
3) Create a tenant-focused section on the ENERGY STAR website

We look forward to continuing to work with the SPAC as we refine the plan for each of these components and begin implementation. Following is more detail and a timeline for each component.

1. Battle of the Tenants

The EPA ENERGY STAR National Building Competition (www.energystar.gov/buildingcontest), with more than 3,200 buildings participating in 2012, has been extremely successful in motivating engagement and improvement. To date, the focus of ENERGY STAR’s recognition has been at the whole-building level. For the 2013 competition, EPA proposes to recognize improvements at the leased-space level in a “Battle of the Tenants.”

We need your help to make this competition successful. Please let us know any comments on the proposed structure and timeline below, as well as your answers to the list of questions that follow.

- Potential structure and timeline
  - Competition to reduce energy use intensity (EUI), based on meter data entered in Portfolio Manager
  - Winners are tenants with greatest percentage reduction in EUI from 12/31/2012 to 12/31/2013
  - Tenant/landlord apply jointly (EPA to approve, with screening for errors only)
  - EPA to announce and publish application in late winter/early spring 2013
    - The competition technically begins in January 2013
    - However, the focus of competition occurs during the second half of the year, once EPA makes the announcement (the current Battle of the Buildings is also structured this way)
- EPA to offer marketing materials, social media platforms, and other support for engaging competitors and maintaining momentum
- Winner(s) announced in spring 2014

**Who can compete?**
- Any tenant who has access to meter data for entire tenant-occupied space; and
- Leases space in a commercial building other than
  - Individual units in residential-type spaces
  - Data centers (because energy metric is not EUI)

**Questions for SPAC members**
- What energy uses are tenant meters capturing?
  - Just plug load?
  - Plug load and electric HVAC?
  - Natural gas?
- EPA may not be able to group competitors according to what electricity end uses are captured by tenant meters. In other words, some competitors may be tracking just plug load while others are tracking plug load + HVAC (depending on the answer to the first question). Does this raise any concerns about fairness among competitors in terms of energy savings opportunities? Keep in mind that EPA will rank competitors based on percent changes, not absolute decreases.
- As currently proposed, the competition could include tenants who lease whole buildings. Does this raise any concerns about fairness among competitors in terms of energy savings opportunities?
- Can retail stores in strip malls compete for percentage reductions with retail stores in enclosed malls, or does one have an unfair advantage in terms of the metered load controlled by the store?
- Over the last few years, we have used the competition as a public platform and released the list of buildings working to reduce in the competition. We expect to do the same thing with Battle of the Tenants. Do you have any concerns about this approach?
- Ideally, competitors would enter final energy data very soon after December 31, 2013. What is the minimum lag time that tenants would need before having to enter data from the previous month?
- Would owners use the competition to engage and motivate their tenants? Would they create mini-competitions within their buildings and portfolios?
- What recognition structure would be most likely to motivate tenants, e.g., top energy savers overall; winners in different categories, such as size, type of building, etc.; other?
2. **Tenant-Focused Section of ENERGY STAR Website**

EPA is in the midst of overhauling the buildings section of the ENERGY STAR website, with a focus on updating the content. Once we have updated the existing content during the first half of 2013, we will focus on creating web content geared to tenants as well as owners who wish to engage their tenants in energy efficiency. EPA’s plan for this new content is to include links to the materials developed by many of the SPAC members as well as other owners and tenants, information on best practices, and an interactive way for owners and tenants to post their success stories (perhaps via a blog). The posting and sharing of success stories will provide a forum for tenants and owners to highlight the strategies they have employed to overcome obstacles to greater efficiency and to recognize contributing organizations and individuals. The content would address each stage of tenancy and be updated regularly so it remains fresh and compelling.

We will look to SPAC members for input and content as we move forward on this initiative.

3. **Report/Publication Profiling Owners and Tenants**

EPA ENERGY STAR has been successful at producing reports that make an impact by combining relevant information, real-world examples, and visual appeal. This report would include concise background information on the role of tenants in whole building energy performance and best practices for achieving superior efficiency in coordination with landlords. The report would provide an opportunity to showcase not only the strategies that are working for tenants and landlords at different stages of tenancy and with different lease structures, but also the individuals responsible for executing those strategies. The look and feel of the document would be similar to EPA’s well-regarded “Celebrating a Decade of ENERGY STAR Buildings” report ([http://www.energystar.gov/ia/business/downloads/Decade_of_Energy_Star.pdf?0a4e-55b9](http://www.energystar.gov/ia/business/downloads/Decade_of_Energy_Star.pdf?0a4e-55b9)).

On the following page is a draft outline for the report. We look forward to SPAC member input on the proposed outline as well as your help in identifying case studies. EPA hopes to compile case studies this winter, with a goal of publishing the final report this summer.
Proposed Outline for Report Profiling Owners and Tenants

I. Introduction

II. Case Studies

Note that some case studies may be relevant for only tenants or landlords. The plan is to include a way to identify which apply to tenants only, landlords only, or tenants and landlords. Each case study write-up will include a photograph of the building(s) and of the key people involved.

a. Overcoming the Split-Incentive Barrier
   i. Demonstrating how improvements in tenant spaces increase value of building
   ii. Executing tenant-landlord agreement to share costs and benefits
   iii. Other

b. Increasing Efficiency at Build-Out
   i. Bringing together design team, landlord, tenant around efficiency targets
   ii. Establishing commitment to performance target
   iii. Other

c. Educating Tenants and Occupants
   i. Training tenants/occupants
   ii. Holding events for tenants/occupants
   iii. Providing guidance
   iv. Other

d. Measuring, Metering, and Sharing Data
   i. Sub-metering
   ii. Displaying information (e.g., dashboards)
   iii. Other

e. Establishing Efficiency Policies and Programs
   i. Creating green team or champion
   ii. Establishing procurement and power management policies
   iii. Incentivizing energy reductions
   iv. Developing competitions
   v. Other