



Energy Disclosure of Buildings: AN EMERGING TREND

Revealing the energy consumption of buildings either publicly or to local authorities has been an established practice in European Union (E.U.) countries for buildings since 2006. Under the E.U.'s "Directive of the Energy Performance of Buildings", energy performance certificates must be publicly displayed to raise awareness among citizens about the issue of energy efficiency. By making energy consumption transparent, E.U. countries believe they are better able to measure emissions and encourage faster energy savings. Could this trend be making its way to American shores?

Energy disclosure arrived in the U.S. last year and is spreading across the country in the form of state and local mandates as well as enhancements to private sector commercial property listings.

Over the past several years, cities and states have joined together to discuss innovative ways to fight global warming and work collectively to reduce greenhouse gases. For example, 850 cities have signed on to The U.S. Conference of Mayors' Climate Protection Agreement, pledging to reduce carbon dioxide emissions by 7 percent below 1990 levels by 2012. States have formed their own regional alliances – the Western Climate Initiative, the Midwestern Greenhouse Gas Accord, and the Regional Greenhouse Gas Initiative – to tackle the issue as well. Of the thirty participating states, California is

the first to require disclosure of commercial buildings' energy use. Could other states be far behind?

California's Disclosure Mandate

The new California law, Assembly Bill 1103, requires all owners or operators of nonresidential buildings to disclose their buildings' benchmarking data from EPA's Portfolio Manager (and ENERGY STAR® rating) to prospective buyers and lessees of entire buildings, or to lenders during transactions involving the entire building. This provision takes effect on January 1, 2010, and is supported by another provision, effective January 1, 2009, that requires all electric and gas utilities to, upon request of the building owner or operator, upload that building's utility data into Portfolio Manager. Pacific Gas and Electric, a 2008 ENERGY STAR Partner of the Year Award winner, led the way in putting this legislation into action by helping to develop automated transfer of benchmarking data, and has launched an ENERGY STAR automated benchmarking page on its website (www.pge.com/mybusiness/energysavingsrebates/analyzer/benchmarking/).

Assembly Bill 1103 builds on the state's own efforts to use benchmarking as the key step toward improving the energy efficiency of state buildings. In December 2004, California Governor Arnold Schwarzenegger issued



Benchmarking

Executive Order S-20-04. This order called for a number of green building and energy efficiency measures, and required benchmarking of all state-owned buildings by 2007. State officials worked with utilities to facilitate electronic transfer of energy data into Portfolio Manager.

During this process, the state learned from the private sector's benchmarking success and engaged leaders from the Real Estate Industry Leadership Council, a group that includes several past ENERGY STAR Partner of the Year Award winners, such as Arden Realty, USAA Realty, and Hines.

California's action is a significant step forward because it brings buildings' energy performance directly into decisions about buying, leasing, and financing, and increases the market's awareness of buildings' energy performance. The legislation also makes it easier for building owners and operators to compare their buildings' performance to that of similar facilities, and manage their buildings' energy costs over time. EPA will continue to work with California utilities and other stakeholders to help ensure the successful implementation of the new bill.

Cities Considering Mandates Too

In July 2008, the Washington, DC City Council unanimously passed "The Clean and Affordable Energy Act of 2008." The landmark legislation, now awaiting signature by the mayor, will require annual benchmarking in Portfolio Manager and public disclosure of benchmarking results for most private and public nonresidential buildings. The Act specifies a 4-year phase-in period beginning in 2009, when all eligible buildings owned or operated by the District will benchmark and share their ENERGY STAR *Statement of Energy Performance* with the municipality. Statements of Energy Performance, automatically generated by Portfolio Manager, communicate information about a building's energy performance, including total energy used, energy intensity, and carbon emissions for a 12-month period. These statements will be made available to the public via an online database.

In 2010, the Act requires all private commercial buildings over 200,000 square feet of gross floor area to be benchmarked, with public disclosure of results. By 2011, the Act extends to all buildings over 150,000 square feet of gross floor area. By 2012, all buildings over 100,000 square feet of gross floor area are included, and by 2013, the Act covers all buildings over 50,000 square feet of gross floor area.

Other cities that are considering similar legislation include New York City and Portland, Oregon.

Commercial Listings Highlight Label

In 2007, Co-Star Group, the largest provider of information services to the commercial real estate industry, began highlighting ENERGY STAR labeled and LEED certified properties in its massive online database, which currently contains more than 2 million researched and verified commercial properties of all classes and types. President and CEO Andrew C. Florance says his company plans to disclose ENERGY STAR ratings to all eligible properties in the near future. In a company press release, he states, "I believe adding the ENERGY STAR rating to properties throughout our database, including those that have earned the ENERGY STAR label, will heighten awareness about the connection between asset values and energy efficiency within our industry."

Orbitz, a leading online travel company, sees value in recognizing hotels that are top energy performers as well. In April 2007, Orbitz launched its eco-travel microsite (www.eco.orbitz.com/) for customers who wanted to book stays in eco-friendly hotels, rent hybrid cars, or purchase carbon offsets. Now, their travelers can find hotels that have earned the ENERGY STAR, along with the other information to help them lessen their collective impact on the environment during a holiday. Steve Barnhart, CEO and president of Orbitz


Worldwide says, "By working with EPA's ENERGY STAR program, we are encouraging travelers to reduce their footprint when they travel by providing visibility to hotel partners who have earned this certification for their focus on being stewards of the environment."

Eligible Healthcare Space Types

Whether you are considering benchmarking your healthcare facility as a best practice or to comply with a local mandate, any type of commercial or institutional building can use Portfolio Manager to track energy use over time and compare your facility performance against a national average. Certain types of buildings can go a step further and receive a national energy performance rating (or ENERGY STAR rating), expressed on a scale of 1 to 100. Currently, acute care, children's hospitals over 20,000 square feet and medical offices can receive ENERGY STAR ratings in Portfolio Manager.

Facilities that achieve a rating of 75 or higher are eligible for the ENERGY STAR, an EPA designation of superior performance indicating that they are among the top 25% of facilities in the country for energy performance. Commercial buildings that have earned the ENERGY STAR use on average 40% less energy than similar buildings and generate 35% less carbon dioxide. Visit www.energystar.gov/healthcare to register for free monthly on-line training sessions.

Energy Consumption Becoming Public Knowledge

As societies begin to tie energy use in buildings to climate disruption, we are beginning to see governments rethink old assumptions. One of those is that energy consumption is a private matter. Governments worldwide are beginning to take exception because the impact on public welfare is too great. Energy management is fast becoming a public matter. Are you ready to disclose your facility's energy consumption? What would your community think of your hospital's demand for energy? 

Clark Reed is the Director of the Healthcare Facilities Division for ENERGY STAR at the U.S. EPA. Last year, ENERGY STAR helped Americans save enough energy to power 30 million homes, reducing greenhouse gas emissions equivalent to that of 27 million cars—all while saving consumers \$16 billion. More than 62,000 commercial buildings have benchmarked their energy performance as a basis for future progress. To join, visit ENERGY STAR's website or contact the author at the U.S. Environmental Protection Agency - MC 6202J, 1200 Pennsylvania Ave NW, Washington, D.C. 20460. Email: reed.clark@epa.gov Phone: 202-343-9146.



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