



# Energy & Climate

**R**esponsible economic growth depends on the efficient use of energy and other resources. The Roundtable remains committed to policies that promote optimal and cost-effective energy efficiency investments in buildings.

## **Guiding a Review of EPA’s ENERGY STAR Scoring Models**

ENERGY STAR is a proven platform for building owners and managers to label their assets as top energy efficiency performers. Investors and tenants seek buildings with ENERGY STAR ratings. The federal EPA estimates that 44 billion square feet—nearly 45% of U.S. commercial floor space—use “Portfolio Manager,” ENERGY STAR’s free online tool to measure and manage buildings’ energy, water, and waste consumption. A Roundtable priority over the past year has been to encourage EPA to improve its ENERGY STAR scoring equations. Following updates to ENERGY STAR scores last August, The Roundtable advised EPA of our strong

concerns that its rating models produced arbitrary results based on a building’s size and geography.

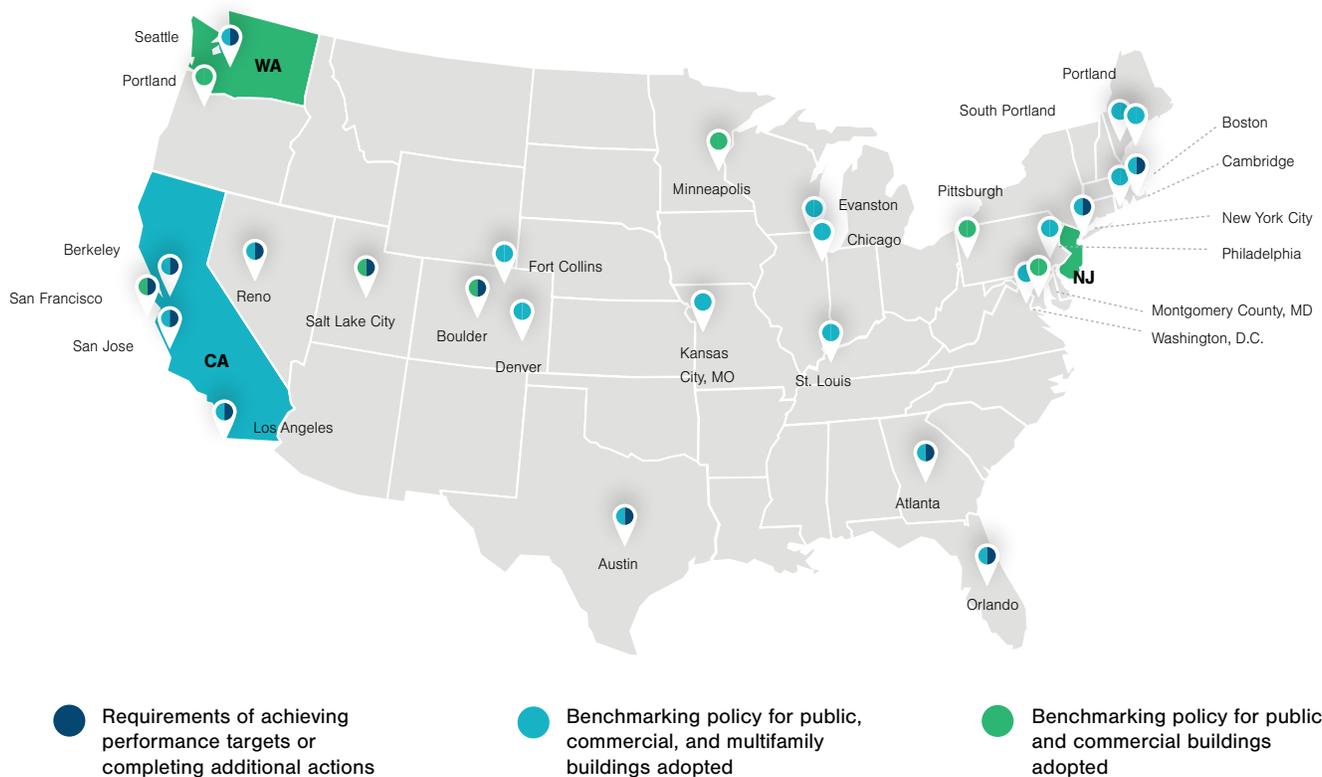
After months of dialogue with the agency, EPA announced this spring that it would revise its latest scoring models based on input provided by The Roundtable and other commercial real estate stakeholders. Notably, EPA committed to adjust its methods to include key factors (such as “heating degree days”) to level the ENERGY STAR playing field—an important policy change to enable fair ratings regardless of an asset’s size or location in colder or warmer climates.

## **Improving Critical National Data on Building Energy Efficiency**

The U.S. Energy Information Administration (EIA) provides crucial energy-related data to policymakers on Capitol Hill and in the Administration. EIA’s efforts are important to the real estate sector because the agency conducts

# U.S. City, County, and State Policies for Existing Buildings: Benchmarking, Transparency, and Beyond

Source: Institute for Market Transformation



the only random nationwide survey that estimates energy usage across the U.S. building stock. Known as CBECS, the Commercial Building Energy Consumption Survey provides critical data EPA uses to generate ENERGY STAR scores.

The Roundtable has been at the forefront of efforts to improve EIA's information collection efforts. In particular, the CBECS survey needs to gather data from a fuller cross-section of U.S. real estate to more accurately reflect our industry's myriad building types, sizes, and uses.

The Roundtable has promoted House and Senate oversight to encourage more formalized and consistent information sharing and coordination between EIA and EPA. We will continue to facilitate this inter-agency dialogue to improve the quality, utility, and integrity of

important energy information upon which the real estate sector depends.



Sen. Joe Manchin (D-WV) serves as Ranking Member of the Senate Energy and Natural Resources Committee.

# Policies that Incentivize Energy Savings Versus Energy Creation Are More Cost Effective

¢ per kWh



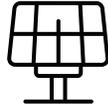
Energy Efficiency  
without tax incentive

2.8¢



Onshore and Offshore Wind  
with tax credit

4.8¢ – 11.7¢



Solar  
with tax credit

5¢



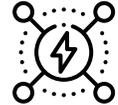
Geothermal  
with tax credit

4.2¢



Hydroelectric  
tax incentive N/A

6.2¢



Nuclear  
tax incentive N/A

9.3¢

Sources: Lawrence Berkley National Laboratory, "Trends in the Program Administrator Cost of Saving Electricity for Utility Customer-Funded Energy Efficiency Programs (January 2017) (LBNL-1007009).

Costs for all energy creation technologies: US-EIA, "Levelized Cost and Levelized Avoided Cost of New Generation Resources in the Annual Energy Outlook 2018," at p. 6 (March 2018).

## Incentivizing Energy Efficiency Investments

State and local laws addressing climate change are considering the built environment's role to lower greenhouse gas emissions. To assist with compliance, The Roundtable carefully considers federal-level policies that might allow owners to reach high levels of energy savings and help bear the costs of expensive retrofit projects.

To assist commercial and multifamily investments in high-performance building equipment, The Roundtable developed a proposal for a new federal tax code category of Energy Efficient Qualified Improvement Property—called "E-QUIP." The proposal recommends a beneficial 10-year cost recovery schedule for efficient HVAC, lights, roofs and other components that stretch beyond minimum building code requirements. Elective accelerated depreciation for E-QUIP expenditures would apply for taxable income, as well as for earnings and profits purposes.

The Roundtable also formed and led a coalition of real estate and environmental organizations to build broad support for the E-QUIP 10-year depreciation concept. The coalition will continue to press E-QUIP as a policy solution to stimulate productive capital investment on a national level that modernizes our nation's building infrastructure while helping to lower carbon emissions.

## Engaging with EPA's Smart Sectors Program

The Roundtable is pleased to continue its partnership with EPA through the "Smart Sectors" program, to achieve positive environmental outcomes that help grow the economy and create jobs.

Through Smart Sectors, The Roundtable advocates for balanced environmental regulations on matters such as renovation and repair of commercial buildings to address potential lead-based paint hazards, and the stormwater runoff and wetlands programs under the federal Clean Water Act that trigger land-use permitting requirements.

## Defending Property Rights

In March, the Roundtable joined other business groups in an amicus brief requesting that the U.S. Supreme Court accept the *Love Terminal Partners, LP vs. United States* case, to address whether income-producing property must turn a profit to support a constitutional takings claim.

Our brief maintains that courts should establish an important property rights case law principle – namely, that government regulators cannot evade a Fifth Amendment takings claim simply because private property does not generate positive cash flow at the start of a business venture.

The Supreme Court will decide whether to accept *Love Terminal* later in 2019. The Roundtable will continue to assess worthy opportunities for amicus participation to establish important judicial precedent for the commercial real estate sector.



*Sen. Cory Gardner (R-CO) plays a key role in national energy policy and infrastructure initiatives as a member of the Senate Energy Committee, the Commerce Committee, and the Foreign Relations Committee.*



**“I work with The Roundtable frequently and I find them to be very helpful. They’re honest. They’re real practitioners who know what they’re talking about. The data they bring sets them apart.”**

**National Journal’s annual study of influence in Washington**