

ENERGY & CLIMATE

Long-term economic growth depends on improved energy efficiency and reliable clean power. The Roundtable continues to support policies that promote cost-effective investments to optimize energy efficiency in U.S. buildings, increase the nation’s supply of renewables, and decarbonize the electric grid. In the last year, The Roundtable’s Sustainability Policy Advisory Committee (SPAC) engaged federal policymakers on Capitol Hill and in the Administration to educate them on our sector’s commitment to—and the importance of legislative and regulatory support for—responsible and sustainable energy and climate policies.

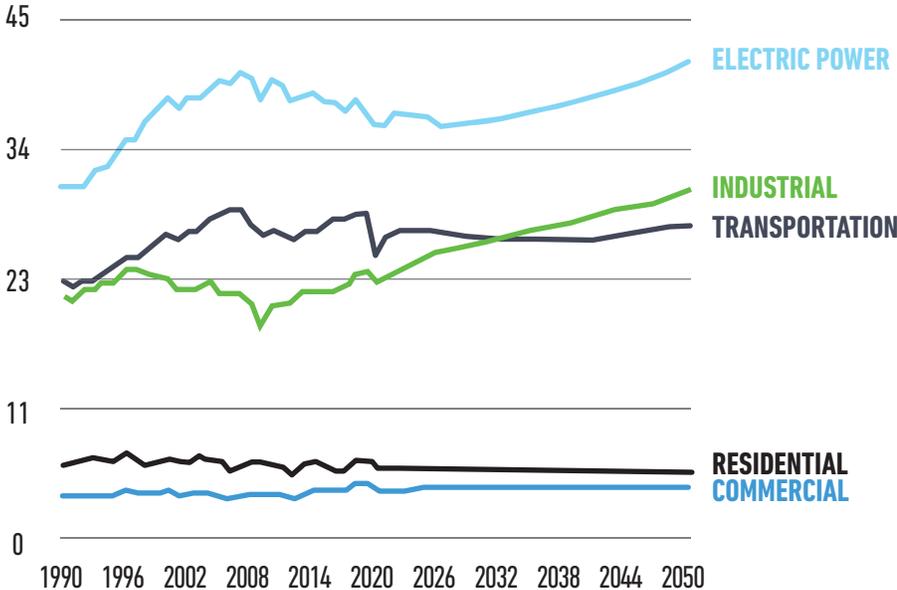
Financial Incentives for Building Retrofit Projects and Clean Power Infrastructure

The vast majority of commercial buildings in the U.S. are privately-owned assets built before the turn of the century and the advent of “modern” energy codes. The Roundtable has thus stressed the importance of including tax and other financial incentives, geared to modernize the nations’ existing building stock, in any infrastructure package that addresses climate change as a priority.

We have urged reforms to re-focus the 179D tax deduction to assist private sector retrofits and make it usable for REITs. We have also spearheaded a broad stakeholder coalition to

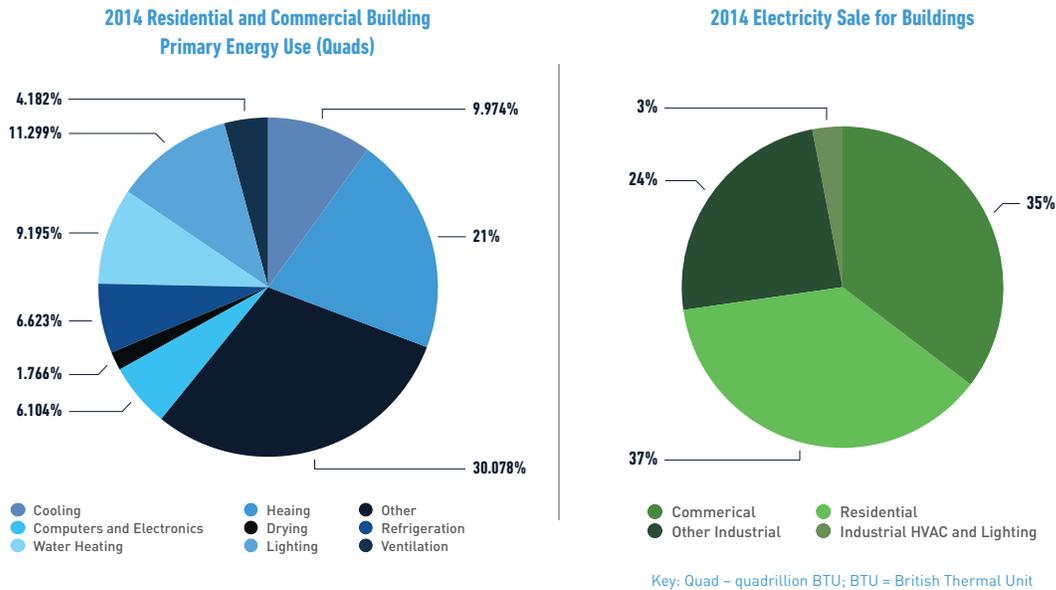
U.S. Energy Consumption by Sector

2020 HISTORY
PROJECTIONS



Source: U.S. Energy Information Administration

BUILDINGS USE MORE THAN 38% OF U.S. ENERGY AND 76% OF U.S. ELECTRICITY



Source: Department of Energy

support “accelerated depreciation” for high-performance HVAC, lights, windows, roofs, and other building components, through the bipartisan E-QUIP Act. To maximize the energy and climate benefits from tax policies and ensure their uptake by real estate owners and contractors, we have urged policymakers to keep these incentives simple, easy to deploy, and unencumbered by complex administrative programs (such as Davis-Bacon payroll requirements). The Roundtable has also supported efforts to create a “climate bank” that would attract private sector capital to support cleaner, more resilient electric grid and district energy infrastructure – such as through the “energy accelerator” proposed by the Biden Administration in the American Jobs Plan.

Comments on “Model” State/Local Building Performance Ordinance

States, cities, and counties are imposing or considering mandates on individual buildings to reduce energy consumption or lower GHG emissions. A SPAC task force convened in 2021 to direct The Roundtable’s comments on a “model

ordinance” to ensure that real estate has a voice as local jurisdictions might consider building performance standard (“BPS”) laws. Among other things, The Roundtable’s comments emphasized that: (1) federal-level standards and guidance are critically important to avoid a confusing “patchwork” of local laws that would make building owners’ compliance difficult if not impossible; and (2) no BPS law should require building owners to reduce emissions from the electric grid, district energy systems, or other off-site facilities beyond owners’ control. The U.S. Environmental Protection Agency convened a broad stakeholder meeting in June that raised many of the issues in The Roundtable’s comments, providing SPAC members a “seat at the table” to provide perspectives from the vantage point of building owners.

Providing Bipartisan Support that Spanned the Change in Administrations

The Roundtable’s commitment and advocacy to common sense energy and climate policies remained consistent over last year’s change in



Chairman of the Senate Energy and Natural Resources Committee Sen. Joe Manchin (D-WV) is one of the key centrist Senators who plays a significant role in forging bipartisan legislation in the 117th Congress.

presidential administrations. We supported former EPA Administrator Wheeler’s efforts as a “strong” ENERGY STAR proponent and encouraged the adoption last October of the “ENERGY STAR Tenant Space” platform as a permanent agency recognition program. At the height of the pandemic, SPAC also provided essential data that shaped EPA’s guidance (released last July) to guide building owners’ use of the “Portfolio Manager” benchmarking tool during a year of reduced building occupancy and changes in operations due to COVID-19. Following President Biden’s election, The Roundtable coordinated with new White House staff to rally real estate owners around “climate commitments” regarding EV charging station deployment and clean power purchases. This early coordination with the Biden Administration led to a robust discussion – that included SPAC members – with Energy Secretary Jennifer Granholm and National Climate Advisor Gina McCarthy at the Energy Department’s “Better Buildings Summit” in May.

Support for Legislation on Voluntary “Model Codes” and Federal Energy Data Integrity

The Roundtable continued to support longstanding bipartisan legislation – sponsored by Senators Jeanne Shaheen (D-NH) and Rob Portman (R-OH). Their Energy Savings and Industrial Competitiveness (ESIC) Act would improve the process to develop building energy codes for new construction by making the Energy Department’s

submittals open to public comment, and require considerations of cost effectiveness and impacts on small businesses. The ESIC Act also includes provisions to address SPAC priorities that would enhance the integrity of critical building energy consumption data collected by the federal government that is used as the basis for EPA’s ENERGY STAR building scores.

Weighing-In With Key Federal Commissions

The SPAC also directed The Roundtable’s comments last November to the Federal Energy Regulatory Commission (FERC) to encourage wholesale electricity markets to incorporate state-established carbon pricing rules. FERC has a “vital role to help facilitate a harmonious nationwide system of standards relating to carbon measurement and pricing,” The Roundtable wrote.

In addition, as the federal financial agencies have taken a heightened focus on corporate reporting of financial risks due to climate change, The Roundtable responded to a request for information from the Securities and Exchange Commission (SEC). The June letter emphasized that real estate companies within the SEC’s jurisdiction should have flexibility in reporting on climate risks considering the unique characteristics, locations, and tenant mixes of commercial buildings.