

Energy

Over the past year, RER's energy-related advocacy has centered on four priorities: championing the preservation of the ENERGY STAR program; advancing policies to stabilize and expand the power grid; promoting fair, workable building performance standards; and guiding the commercial real estate industry through changes to clean energy tax incentives. Across each of these areas, RER has worked to ensure that federal policy supports a robust supply of affordable, reliable energy for commercial properties and the businesses and people they serve.

ENERGY STAR

ENERGY STAR is a critical voluntary, non-regulatory public-private partnership that helps the real estate industry quantify energy savings, attract capital, reduce strain on the grid, and promote innovation in U.S. buildings. More than 330,000 buildings—representing nearly 25 percent of U.S. commercial floor space—use its Portfolio Manager platform to benchmark energy performance, guide capital investments, and lower operating costs. Since its inception, the program has saved more than \$500 billion in energy costs.

In 2025, ENERGY STAR faced significant risk after the Trump administration proposed eliminating federal funding for the Environmental Protection Agency (EPA) office which has, to date, taken the lead to implement ENERGY STAR. In response, RER led a coordinated, multi-industry advocacy effort to preserve this longstanding, bipartisan program.



RER's Actions:

Rallied a broad coalition of manufacturing, consumer products, retail, and real estate allies in sustained advocacy throughout 2025, urging EPA, the Department of Energy (DOE), and congressional leaders to maintain federal funding for ENERGY STAR.

Continually emphasized the business case for ENERGY STAR and its status as a federal program required by law—meaning that it cannot be privatized or operated outside the U.S. government by executive decree.

Submitted a coalition letter to congressional appropriators in April 2026 requesting explicit funding for ENERGY STAR in the FY'27 spending bill, in line with FY'26 levels.



(L-R): RER Board member and SPAC Chair Anthony Malkin (Chairman & CEO, Empire State Realty Trust, Inc.) and Sen. Peter Welch (D-VT) (Committees: Agriculture, Judiciary, Finance, and Rules & Administration) joined members at RER's Annual Meeting to discuss ENERGY STAR and energy efficiency, AI, data centers, and the growing energy demands affecting property development and infrastructure.



RER's Impact:

Our advocacy has helped maintain critical ENERGY STAR functions through turbulent political times at EPA—including ongoing operations of the Portfolio Manager benchmarking tool and continual certifications of ENERGY STAR building labels.

In January 2026, President Trump signed the bipartisan FY'26 appropriations bill into law, securing approx. \$33 million in funding for ENERGY STAR through Sept. 30, 2026.

The agreement established a defined annual funding level for the first time and ensured the program remained a federal initiative, avoiding elimination.

In March 2026, DOE and EPA signed a Memorandum of Agreement (MOA) that stated DOE would assume lead responsibilities for ENERGY STAR.

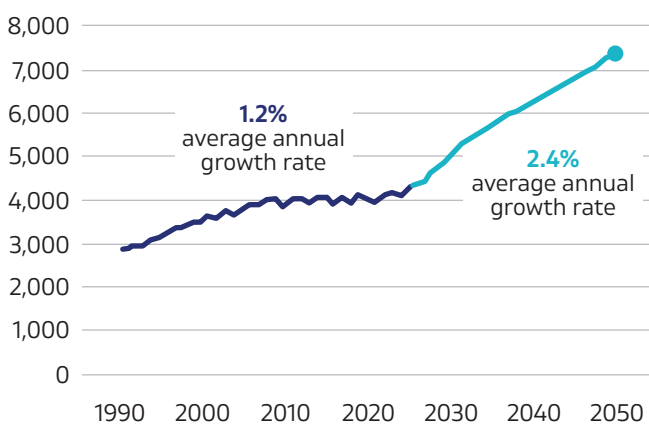
RER and coalition partners submitted a letter expressing support for DOE's new role as lead federal agency for the program and offered resources to facilitate a seamless transition.

In May 2026, the House Interior-Environment Appropriations Subcommittee approved a FY'27 spending bill that again included \$33 million for ENERGY STAR, matching the FY'26 enacted funding level.

Permitting Reform & Expanding Grid Capacity

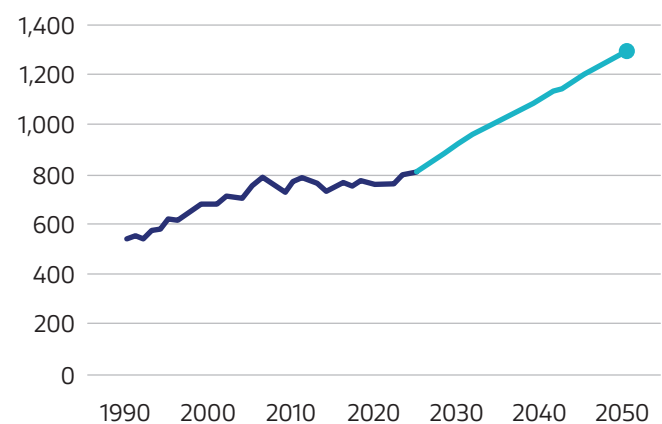
Electricity demand is rising at an unprecedented pace, due to a “perfect storm” of multiple, simultaneous forces including AI adoption, data center expansion, building electrification, and reshoring of U.S. manufacturing. With industry analysts predicting continued spikes in demand, it's clear that the U.S. needs as much electricity as possible, from as many sources as possible, delivered as quickly and cheaply as possible. Yet, aging infrastructure and lengthy, duplicative permitting processes are intensifying strain on the grid and hindering the quick delivery of low-cost, reliable electricity to the nation's homes and commercial buildings. Without reforms, these imbalances threaten energy affordability and reliability, economic growth, and the U.S.'s global competitiveness.

Electricity demand (TWh)¹²



- Historical electricity demand
- Projected electricity demand

Peak demand (GW)¹²



- Historical peak electricity demand
- Projected peak electricity demand

Source: ICF; based on data from ISO/RTO forecasts, NERC ES&D, Utility IRPs



RER's Actions:

Urged Congress to pass the bipartisan *SPEED Act*, which would streamline National Environmental Policy Act (NEPA) reviews, curb excessive litigation, and provide certainty for energy infrastructure projects requiring federal approval.

Joined a multi-industry coalition led by the U.S. Chamber of Commerce in supporting the *SPEED Act* and calling for faster deployment of generation and transmission infrastructure.

Explained that without modernized permitting, the U.S. cannot deliver the energy needed to increase the nation's housing supply, support economic growth, and advance the country's technological leadership.

Convened meetings of our key data center members with federal policymakers moving toward grid reliability regulations for "large loads," and NGOs developing global standards for "green" data centers.



RER's Impact:

The *SPEED Act* passed the House on a bipartisan basis in December 2025, forming a foundation for broader permitting reform discussions.

Policymakers increasingly aligned around key principles long backed by RER, such as predictability, efficiency, and project certainty.

Engagement with the North American Electric Reliability Corporation (NERC) led to discussions with RER's Sustainability Policy Advisory Committee (SPAC), seeking our input on anticipated, first-ever federal regulations for large electricity users.

Building Performance Standards (BPS) and NGO Guidelines

A number of states and cities around the country have enacted building performance standards (BPS)—mandates that vary significantly and frequently penalize buildings already recognized as high-performance assets under federal programs. Many BPS laws impose rigid mandates—such as all-electric requirements or accelerated emissions reductions—that are unrealistic, increase utility costs on families and businesses, risk limiting housing supply and investment, and do not result in demonstrable environmental or climate benefits.

In addition, non-governmental organizations (NGOs) like the World Resources Institute's Greenhouse Gas (GHG) Protocol have developed their own guidelines that increasingly influence the investment decisions of certain pension and sovereign wealth funds. In 2025, GHG Protocol proposed updates to its Scope 2 Guidance that would require companies to match clean energy procurements to their actual electricity consumption on an hour-by-hour basis—a practice known as "24/7 matching" that is not feasible for U.S. real estate assets and does not reflect U.S. grid conditions.



RER's Actions:

Continued to encourage use of RER's 20-Point Industry Policy Guide as a framework for workable, cost-effective building performance standards.

Worked with members of RER's Sustainability Policy Advisory Committee (SPAC) and Nareit to submit comments explaining why GHG Protocol's proposed Scope 2 Guidance changes are not practicable for real estate businesses.

Backed ENERGY STAR's NextGen program as a meaningful, attainable federal alternative to onerous state and local building performance regulations that impose long-term mandates for all-electric buildings and "net zero" emissions.

Urged limits on federal Energy Department grants to support state/local BPS laws that fail to adequately consider impacts on grid strain, housing affordability, and may result in fines on ENERGY STAR certified buildings.



RER's Impact:

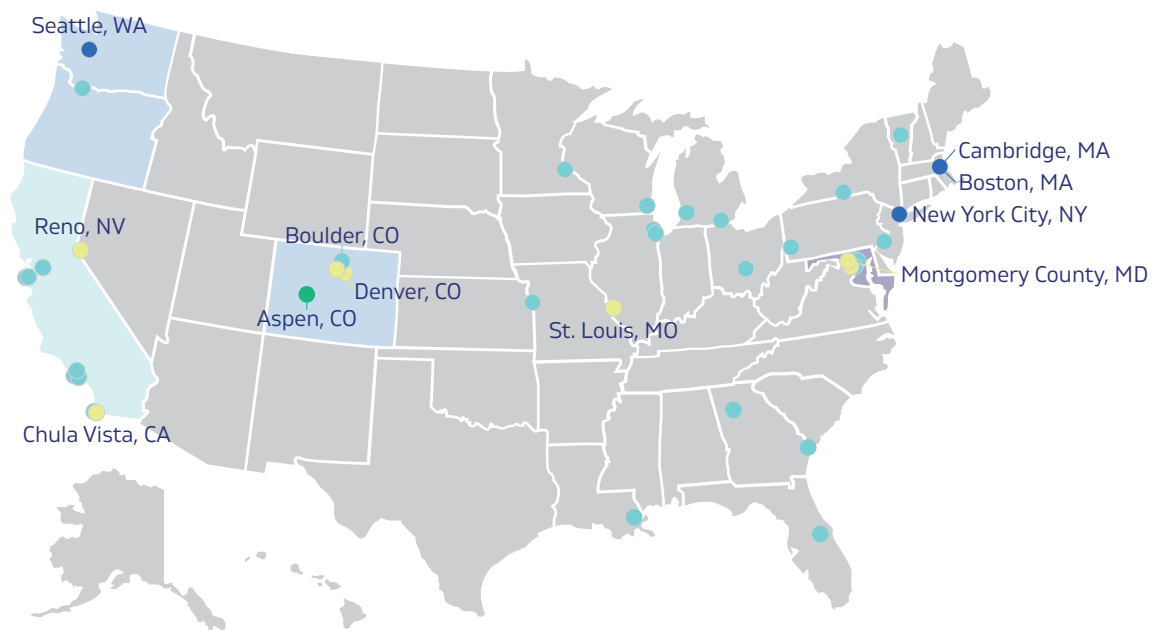
The *Energy Choice Act*, which would prevent state and local bans on natural gas connections, advanced through the House Energy & Commerce Committee in December 2025.

The *Energy Choice Act's* "ban on gas bans" aligns with RER's 20-Point Policy Guide by preserving flexibility in building energy systems.

ENERGY STAR certified 131 buildings nationwide under its NextGen program, available for highly energy efficient buildings that also opt to reduce emissions and use renewable energy.

Federal BPS grants were delayed pending further Energy Department consideration.

State and Local Building Performance Standards¹³



Policy Status, Metric

● Passed, Both ● Passed, Emissions ● Passed, Energy ● Passed, Under Development ● Under Consideration, NA

Source: U.S. Department of Energy Office of Energy Efficiency and Renewable Energy

Clean Energy Tax Incentives

The OB3 Act significantly reshaped federal clean energy tax incentives, accelerating phase-downs, shortening eligibility timelines, and introducing new requirements related to foreign content and ownership. For CRE, these changes generated a range of questions regarding the future of building-related solar, storage, and similar projects.



RER's Actions:

Provided detailed industry guidance—including a comprehensive fact sheet—on how OB3 Act provisions affect energy investments relevant to real estate.

Educated members on key incentives that will remain available for several years, including tax credits for rooftop solar and storage, as well as permanent options for full expensing that may accelerate tax write-offs of energy-related building investments.

Led industry partners Nareit, NAIOP, and ICSC in a letter advocating for continued use of the IRS's "5% Safe Harbor" test as a key determinant of when construction begins for rooftop solar projects, which impacts tax credit eligibility under the OB3 Act's accelerated phase-down of the Section 48E credit.



RER's Impact:

In August 2025, the IRS issued Notice 2025-42, preserving the Safe Harbor for rooftop solar projects of 1.5 MW or less, which includes most CRE rooftop solar projects and maintains their eligibility for Section 48E credits (for as long as they remain available).

This outcome provided critical certainty for projects facing compressed timelines under the OB3 Act and ensured continued viability of rooftop solar investment.

Sen. Michael Bennet (D-CO) (Committees: Finance; Select Committee on Intelligence; Rules; Agriculture, Nutrition and Forestry), Ranking Member of the Finance Subcommittee on Energy, Natural Resources, and Infrastructure, discussed ENERGY STAR and national energy policy at RER's Fall Roundtable Meeting.



Looking Ahead

In the near term, ensuring ENERGY STAR's smooth transition to DOE and pushing for policies that can help meet the need for more affordable, reliable power remain focal points of RER's energy agenda. More broadly, RER strongly believes that CRE has a central role to play in the Trump administration's aim to "unleash American energy dominance." With energy demand surging, real estate is an important partner to support energy investments, increase energy efficiency, and deliver energy savings across the economy, and RER looks forward to continuing to work with policymakers to advance these goals.