The Real Estate Roundtable

ENERGY STAR and Building Performance Standards

Energy

Summary

US-EPA's ENERGY STAR is a critical voluntary, non-regulatory public-private partnership focused on energy efficiency in buildings and products. Commercial, residential, and manufacturing stakeholders all rely heavily on ENERGY STAR certifications and other offerings.

RER has rallied a coalition of real estate, manufacturing, consumer tech groups, and energy efficiency advocates to preserve the ENERGY STAR program; support its transition from EPA to the U.S. Department of Energy as the agency with the lead implementation role; and assure the program's funding through ample, annual appropriations by Congress.

Meanwhile, a number of progressive cities and states (map) have enacted building performance standards (BPS). These mandates impose rules regarding building emissions, electrification, and compliance timelines. The regulatory specifics vary from jurisdiction to jurisdiction—making compliance exceedingly complex and expensive. To help bring consistency to the nationwide "patchwork" of BPS regulations, **RER has developed a peer-reviewed policy guide outlining 20 key considerations for any jurisdiction adopting a BPS law.**

In addition, non-governmental organizations (NGOs) have developed their own BPS-type standards and climate accounting frameworks. Chief among these are the World Resources Institute's Greenhouse Gas (GHG) Protocol and the Science Based Targets Initiative (SBTi). These NGO standards increasingly influence decisions of certain pension and sovereign wealth funds, pressuring CRE and other companies to "align" with "net-zero" targets as a condition to providing investment capital.

Recommendations

Support ENERGY STAR: Programs like EPA's ENERGY STAR and "NextGen" certified buildings and DOE's Better Buildings initiative signify "high performance" real estate and are critical to unleashing America's energy dominance.

- **ENERGY STAR helps "unleash American energy dominance," aligned with President Trump's priorities.** It is key to the "all of the above" national energy strategy because it is the main U.S. government program focused on avoiding energy waste. It provides the federal standard to use all energy resources efficiently regardless of fuel source.
- ENERGY STAR assists real estate companies in helping their **renter families and business tenants lower their utility bills.** It gives owners the tools to effectively quantify and communicate how much energy tenants use in the spaces they lease.
- ENERGY STAR **improves grid reliability**. It quantifies how buildings can free up capacity on the electric grid needed to grow AI, crypto markets, and U.S. manufacturing.
    - ENERGY STAR certified buildings—including data centers—use 35 percent less energy compared to similar buildings in their asset class.
    - In 2024, ENERGY STAR helped buildings and plants save kWh equal to about 92 percent of all electricity used in the state of Florida in a single year.
- The U.S. real estate industry needs ENERGY STAR to **attract investment capital**—especially from overseas. We use ENERGY STAR to push back against unrealistic "net zero" requirements from Europe and elsewhere.
- Real estate is **aligned with the manufacturing sector**. We support ENERGY STAR with the appliance-side of the program and are pursuing joint advocacy to Congress and the federal agencies.

Ensure Fair and Reasonable BPS Laws: States and localities should ensure their building performance mandates reflect the 20 points raised in RER's peer-reviewed policy guide, which provides extensive guidance and detailed stakeholder input.

- Chief among these points: US-EPA and US-DOE guidelines should offer compliance pathways with state/local BPS laws. Uniform federal criteria can bring rationality and consistency to the chaotic "patchwork" of BPS regulatory mandates across the country.
- No city or state BPS law should fine or penalize a "high performance" building recognized by US-EPA or US-DOE partnerships.
- Policymakers must also consider how BPS regulations impact key points such as:
    - Affordability and supply of housing for low-income and working-class families;
    - Availability of debt, equity, and incentives to pay for all of the retrofit projects induced by BPS laws;
    - Reliability of local grids to provide electricity, if power infrastructure is strained by all of the extra loads caused by building electrification;
    - Achievability of goals to reduce overall emissions, if the community's electric grid relies heavily on fossil fuels; and
    - Accessibility of market-based programs (e.g., RECs) to purchase clean power to help achieve an "all of the above" energy strategy.

GHG Protocol's Proposed Changes to Scope 2 Guidelines are Impractical—and Should Not be Adopted:

- GHG Protocol recommendations to change its "Scope 2 Guidelines" to account for emissions from purchased electricity, steam, heat, and cooling would not be workable or practicable for U.S. real estate assets.
- RER and other real estate industry groups do not support GHG Protocol's proposal to require so-called "24/7 matching" for bulk clean energy purchases.
- It is not feasible to require companies that contract for clean energy to match power consumption with emissions-free generation every hour of every day, co-located on-site and/or within the same local grid segment.
- GHG Protocol should continue to allow optional 24/7 matching—but not require it under its Guidelines.
- Mandating strict time and place restrictions for corporate procurements like Renewable Energy Certificates will make compliance burdens with the Scope 2 Guidelines too onerous—and disincentivize private sector investments in clean energy.