



September 14, 2023

The Honorable Michael S. Regan
Administrator
U.S. Environmental Protection Agency
1200 Pennsylvania Ave., NW
Washington, DC 20460

**Re: U.S. Real Estate Industry Supports
EPA's ENERGY STAR "Portfolio Manager" Enhancements**

Dear Administrator Regan:

Our members own, develop, finance, manage, and service all types of income-producing real estate. They provide the homes where we live, offices where we work, medical buildings where we heal, laboratories where we invent, hotels where we relax with friends and family, facilities that store our personal and business items, and cell towers that enable us to connect with each other. Businesses lease space and employ their workers in our members' shopping centers, offices, data centers, and warehouses. Investors seek out our members' assets for their efficiency and sustainability features to support pensions and retirement funds. The commercial and multifamily real estate industry is integral to a productive, functioning economy and a key engine for job creation.

We support strongly the planned enhancements to "Portfolio Manager" through the Low Emissions Electricity Program created by the *Inflation Reduction Act (IRA)*, as announced by the ENERGY STAR Commercial Buildings Program in a [July 2023 policy brief](#). Portfolio Manager is the real estate industry's standard source to measure, manage, and improve buildings' performance related to energy efficiency, GHG emissions, water usage, and waste disposal. Nearly 25% of U.S. commercially owned real estate space actively benchmarks energy, water, and emissions using Portfolio Manager. It is a prime example of a successful public-private partnership to address the climate crisis and enhance our nation's energy independence.

State and local governments are escalating their enactment of Building Performance Standards ("BPS"). Such mandates can impose stringent energy efficiency and emissions restrictions on real estate. Non-governmental organizations also issue guidelines that purport to establish climate-related building standards. As a result, a complex patchwork of BPS laws and decarbonization frameworks has gained traction in U.S. and international real estate markets. The confusion and conflict among these myriad programs are getting worse. The ability for owners, developers, and financial institutions with national and global real estate portfolios to comply has become exceedingly difficult, impracticable, and in some cases, impossible.

The BPS regulatory regime has become a major issue for our organizations – especially as the U.S. Securities and Exchange Commission (SEC) is anticipated to release this fall new federal rules that may compel our registered members to make reliable and verifiable disclosures to investors on material climate-related financial risks. The new SEC requirements will not just add climate disclosure responsibilities on registered companies but for many of their business partners as well.

Portfolio Manager and related EPA resources are industry standards that our members need to achieve uniform and consistent emissions disclosures, meet GHG reduction targets, and comply with local BPS regulations. We strongly encourage local jurisdictions and NGOs to rely on ENERGY STAR’s tools, methods, and data as they consider the implementation and application of BPS legislation and decarbonization frameworks. The numerous jurisdictions in the Biden Administration’s [National BPS Coalition](#) should commit to EPA’s ecosystem of standardized offerings as *the* platform for real estate companies to reach local climate law compliance.

Efforts to enhance Portfolio Manager and make it a “one-stop shop” for real estate businesses to meet BPS and climate reporting challenges is a critical undertaking. We strongly appreciate and support EPA initiatives to:

- Drive jurisdictions to deploy the [Portfolio Manager Emissions Calculator](#) as a standard tool for buildings to measure and forecast emissions to meet short-term and long-term GHG targets – including functions for owners to input customized conversion factors that a BPS law may establish, as well as factors that support both location-based (*i.e.*, eGRID) and market-based emissions accounting;
- Adapt Portfolio Manager to reflect [EPA’s holistic embodied emissions strategy](#) under the *IRA*, and support more uniform measurement of emissions attributable to the manufacture of construction materials and goods that owners and developers purchase;
- Track and account for renewable energy certificates (RECs) to support BPS compliance, help define standards for “net zero buildings,” and meet proposed criteria for ENERGY STAR’s [“NextGen” label](#);
- Allow [customized Portfolio Manager reports](#) to include fields allowing building owners, lenders, and other business partners to easily ascertain what benchmarking, audit, retro-commissioning, electrification, and BPS laws apply to a given asset – with high-level summaries similar to those provided in [ENERGY STAR’s blog for building performance policies](#);
- Adapt EPA’s [interactive map](#) that currently allows owners, lenders, and other business partners to identify by zip code available utility “whole-building” energy data platforms – to further incorporate search functions for BPS and similar laws that apply in specific jurisdictions;
- Expand ENERGY STAR’s popular [training and webinar series](#) to provide mass education on how regulators and companies can use Portfolio Manager and related resources specifically to achieve BPS compliance;
- Develop recognition programs for electricity, natural gas, and water utilities that provide whole-building consumption data in software formats that allow owners, lenders, and other business partners to upload the data into Portfolio Manager;
- Allow stakeholders to explore information in EPA’s Portfolio Manager database to ascertain industry-wide trends for energy usage and emissions; and

- Supplement ENERGY STAR’s [Technical Reference for “U.S. Energy Use Intensity \[EUI\] by Property Type.”](#) currently based solely on [2018 CBECS data](#) from the U.S. Energy Information Administration, with an annual update of EUI metrics using the much larger and richer set of asset-level data in the Portfolio Manager database.
 - Similarly, EPA should seek further input from CRE owners and financial institutions on how its Technical Reference may be expanded to provide median statistics on EUI and other key metrics (such as emissions) based on property sizes, climate zones, grid regions, and other relevant variables.

Moreover, we urge EPA to develop clearly defined pathways – with public input – that can assist real estate companies to set targets for reducing GHG emissions in line with goals to limit global warming to a 1.5-degree temperature rise. Energy efficiency and emissions reduction “targets” for real estate only make sense if they reflect a particular building’s asset type, grid region, weather conditions, and other variables. ENERGY STAR has the deepest and best available sets of resources at its disposal, including Portfolio Manager, to develop such granular pathways with stakeholder involvement. Targets developed by EPA using the U.S. government’s data and methods would have a profound effect to bring much needed rationality and consistency to BPS regimes and similar NGO programs.

The practices and experiences of our members can help enhance Portfolio Manager and EPA’s commercial and multifamily building resources generally. Our organizations appreciate our longstanding collaboration with ENERGY STAR and look forward to further opportunities to help shape BPS-related tools and policies in the energy and climate arena.

American Hotel & Lodging Association

Building Owners and Managers Association (BOMA) International

Commercial Real Estate Finance Council

ICSC

Mortgage Bankers Association

NAIOP, Commercial Real Estate Development Association

Nareit®

The Real Estate Roundtable

cc:

The Hon. John Podesta,

Senior Advisor to the President for Clean Energy Innovation and Implementation

The Hon. Ali Zaidi,

Assistant to the President and National Climate Advisor

Mr. Joseph Goffman,

Principal Deputy Assistant Administrator, EPA Office of Air and Radiation (OAR)

Ms. Alejandra Nunez,

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