The Real Estate Roundtable

Real Estate's Role in Unleashing America's Energy Dominance

Energy

Summary

President Trump's Executive Order on "Unleashing American Energy" calls for policies to: cut energy costs; strengthen the nation's electric grid by developing "base load" power resources (coal, gas, nuclear) over intermittent sources (solar, wind); streamline federal permitting of energy infrastructure projects; and ensure America wins the global race for AI leadership.

The U.S. commercial real estate industry has a central role to play in achieving the country's energy and economic goals. With energy demand surging, real estate is a critical partner to support energy investments, increase energy efficiency, and deliver energy savings across the economy.

Key Takeaways

- **No energy should be wasted, and efficiency should be prioritized.** Doing more with less energy consumption is the most cost-effective way for buildings to lower utility bills for owners and tenants and strengthen U.S. energy security. Building retrofits that use less energy save consumers money, support grid reliability, and free up power for AI, mining crypto, and re-shoring the U.S. industrial base.
- **Investments to modernize and expand the grid are essential to increase energy supply, address utility bill affordability, and meet spikes in demand from AI, manufacturing, and electrification trends.** It is crucial to expand grid capacity and invest in long-distance transmission. Federal permitting reform is critical to speed up energy infrastructure projects.
- **RER supports a national "all of the above" energy strategy** that invests in building efficiency, grid modernization, faster permitting, and innovation across all energy sources.

Recommendations

Strengthen Grid Reliability and Expansion: Electricity demand is surging. Lawmakers must encourage investments to support quick, cost-effective, and reliable power.

Prioritize Building Efficiency: Reducing energy use in buildings—"nega-watts"—is the lowest-cost pathway to achieving U.S. energy dominance.

Embrace "All of the Above" Energy Creation: America must lead across all energy technologies, regardless of fuel source, to achieve America's energy dominance.

Pass Permitting Reform (SPEED Act): RER has explained real estate's interest in energy permitting reform to spur housing and other economic development. (Letter, Dec. 8, 2025) Projects once approved should be allowed to finish—and later political administrations should be barred from revoking previously and legitimately issued permits.

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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.

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Data Centers

Energy

Summary

Congressional scrutiny of data centers and AI is likely to continue into the next Congress and the 2028 presidential campaign, driven by rising utility bills, job displacement concerns, and risks posed by autonomous AI agents.

Not every data center or AI policy affects commercial real estate, but some warrant RER's engagement. Proposals that single out data centers for disproportionate regulation or taxation could establish precedents that might eventually extend to other CRE asset classes and building types.

RER evaluates data center policies against the objectives below, to protect commercial real estate interests while recognizing legitimate energy, infrastructure, and community concerns.

Recommendations

- **Fair allocation of infrastructure and energy costs.** Data centers should bear a fair and reasonable share of energy and other costs attributable to their construction and operations. Cost allocations and impact fees should be proportionate and tied to demonstrable impacts.
    - The Ratepayer Protection Act (H.R. 9340) would direct state utility regulators to consider standards ensuring that large data centers pay incremental electricity infrastructure costs. RER supports the bill's underlying principles, provided any resulting costs are allocated proportionately to a data center's actual impacts on the grid, water supplies, and other infrastructure.
- **Ensure fair and equitable tax treatment.** RER opposes discriminatory tax policies that single out data centers for unfavorable treatment relative to other commercial real estate asset classes.
    - Senate Finance Committee Ranking Member Ron Wyden's (D-OR) Oct. 23 draft would impose an excise tax on operators; deny bonus depreciation, Opportunity Zone incentives, and R&D tax credits; and treat data center income received by private REITs as "bad income." RER is concerned that excluding data centers from otherwise available tax incentives is discriminatory and could discourage real estate investment and development.
- **Promote grid reliability and increase energy supply.** RER supports expanding electricity generation and transmission capacity and streamlining federal permitting.
    - RER endorses the American Affordability and Jobs Act (S. 5653), which would streamline reviews, facilitate transmission construction and require data centers to bear specified electricity infrastructure costs.
    - RER is examining the Grid Resiliency Tax Credit Act (S. 5453), providing a 30% investment tax credit for qualifying transmission projects and grid-enhancing technologies, and policies addressing the shortage of electricity transformers.
- **Regulations must follow ownership vs. operational control.** Regulatory compliance obligations must be assigned to the entities controlling the activities being regulated. Policymakers must avoid burdening owners/landlords with responsibilities properly borne by tenants/operators, and vice versa. RER's September comments to the North American Electric Reliability Corp. (NERC) call for clear compliance responsibilities for data center owners distinct from operators—including utility data sharing, interconnection requirements and "ride through" during temporary power fluctuations.
- **Transparency in energy and water use.** RER supports reasonable transparency and reporting requirements. Reporting obligations should rest with entities that control or have access to energy and water consumption data. Where owners must report facility-wide usage, policies should require tenants and operators to provide accurate, timely information necessary for compliance. Requirements should be standardized and use ENERGY STAR Portfolio Manager.