



7

# Energy



**Commercial real estate plays a central role in achieving the country's energy and economic goals. The rapid growth of AI and data centers, along with demand for advanced manufacturing, electric vehicle adoption, and trends toward building electrification, have accelerated the need for a robust supply of affordable, reliable energy and greater energy efficiency.**

**Policies that encourage energy efficiency, cut energy costs, pursue an “all of the above” strategy for American energy abundance, strengthen the nation's electric grid, streamline permitting processes, and support market-based bulk power purchases are essential to meeting the energy needs of American families, consumers, and businesses.**

### **Preserving the ENERGY STAR Program**

ENERGY STAR is the gold standard for public-private partnerships. Under the program, consumer technologies, appliances, homes, and buildings that meet certain energy efficiency standards qualify for ENERGY STAR certification. The program also provides voluntary tools, like Portfolio Manager, to help quantify savings—in turn encouraging energy efficiency, reducing strain on the grid, promoting building innovation, and attracting capital from global investors. Additionally, these guidelines help U.S. real estate projects compete in the global marketplace for capital and push back against unrealistic “net zero” requirements from Europe and elsewhere.

ENERGY STAR has enjoyed a long legacy of bipartisan support since its creation in the 1990s. Congress conferred authority on the U.S. Environmental Protection Agency (EPA) and the U.S. Department of Energy (DOE) to administer the program jointly, and it has incorporated ENERGY STAR into dozens of other statutory provisions over the years. ENERGY STAR promotes President Trump's agenda to “unleash American energy dominance” as the key federal program to avoid energy waste and support optimal efficiency. However, the current EPA has indicated a possibility of cutting the program's resources or even privatizing it.

To build broad backing for ENERGY STAR to remain a thriving federal public-private partnership, RER has allied with our real estate organization partners and also forged a coalition of over two dozen manufacturing, appliance, and consumer tech groups—including the National Association of Manufacturers, American Chemistry Council, Air-Conditioning,

Heating and Refrigeration Institute, Consumer Technology Association, Association of Home Appliance Manufacturers, and National Electrical Manufacturers Association.

Together, we are sending a clear message to Congress and the administration on the compelling business case that this program brings to U.S. real estate and the economy at large. ENERGY STAR has delivered:

**\$40B**

**\$40 billion in annual savings per year** for families and businesses since its inception, providing compelling returns on taxpayers' investments and supporting profitability.

**300K**

Portfolio Manager software that was utilized by more than **300,000 commercial real estate buildings last year**, representing nearly 25 percent of U.S. commercial building floor space.

**35%**

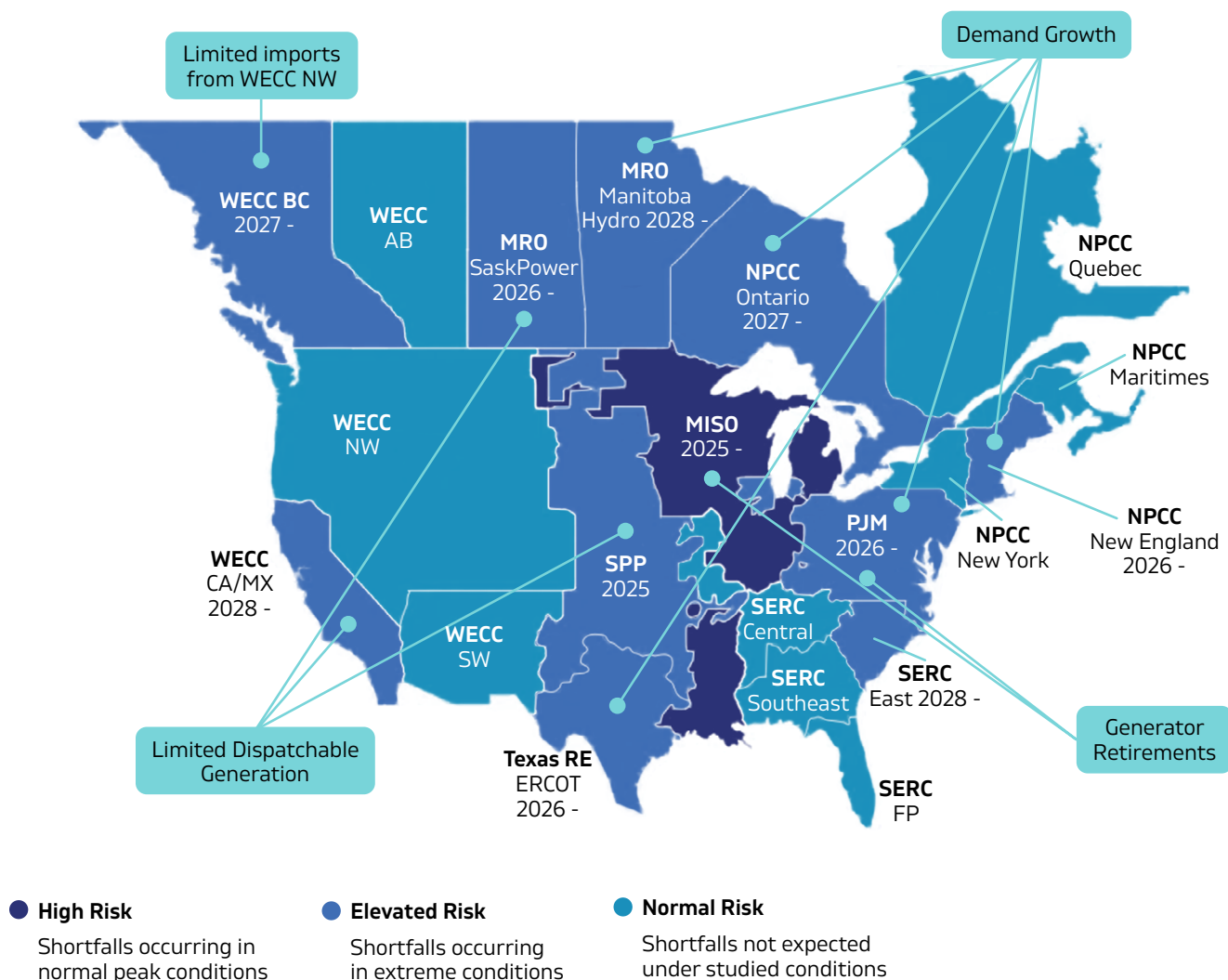
An average of **35 percent less energy usage** by ENERGY STAR-certified buildings, compared to similar non-certified buildings.

**5T**

**5 trillion kilowatt-hours of electricity saved**, strengthening grid reliability and freeing up energy capacity for growing demand in AI and other sectors.

RER and our coalition partners are educating policymakers on ENERGY STAR’s contributions to an “all of the above” national energy strategy. We need as much energy as possible, generated as quickly and as cost-effectively as possible, from as many sources as possible. Whatever we generate, we must not waste—and ENERGY STAR must continue as the primary federal program focused on energy efficiency and savings.

## Risk of Energy Shortfalls<sup>19</sup>



Risk determination using established resource adequacy criteria (1-day-in-10 years) and National Academy of Engineering Report Criteria for load-loss and unserved energy

Source: [North American Electric Reliability Corporation \(NERC\)](#)

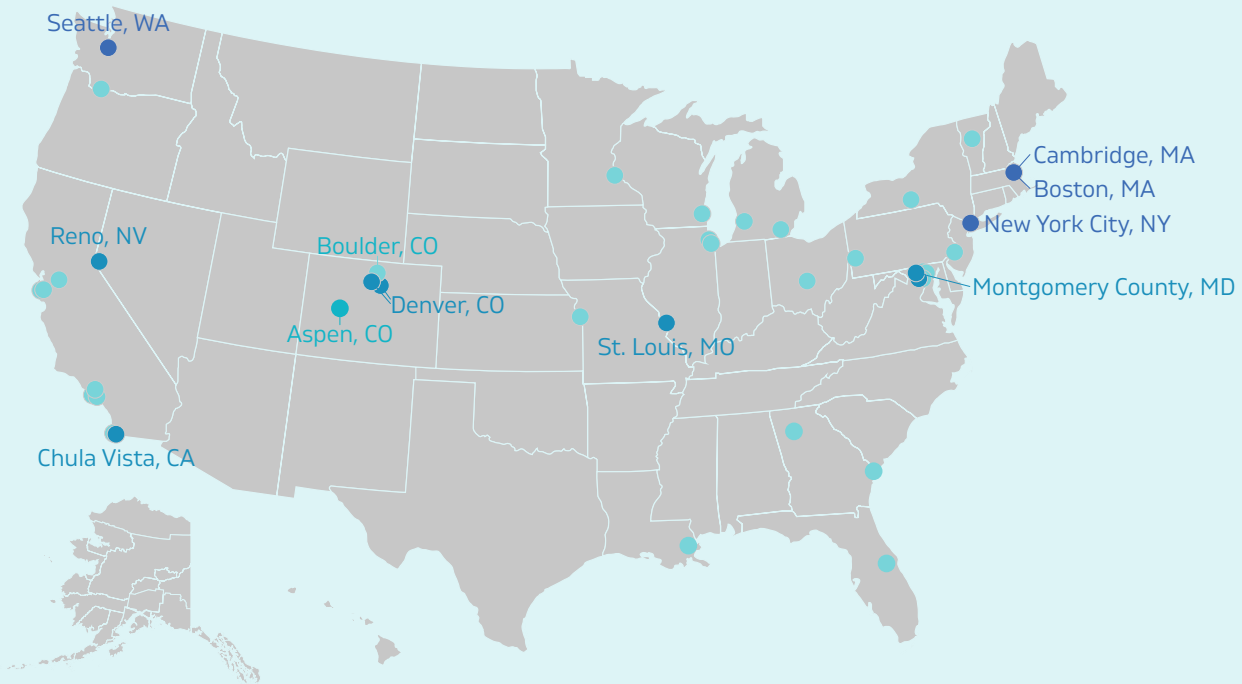
Over half of North America is at risk of energy shortfalls over the next 10 years. In order for the U.S. to lead the world in AI, support the burgeoning crypto asset industry, and bring more manufacturing plants back to our shores, we need a robust supply of affordable energy. Reducing energy use, or “negawatts”, is the lowest-cost route to achieving that objective while keeping Americans’ energy bills low.

Congress and the administration should continue to fully fund and support ENERGY STAR as a program crucial to America’s energy security.

## Building Performance Standards

A number of states and localities are adopting building performance standards (BPS), which aim to impose energy and climate performance requirements on real estate. These BPS mandates have created a patchwork of multilayered emissions and electrification rules that vary widely from jurisdiction to jurisdiction, making compliance exceedingly complex and expensive.

### State and Local Building Performance Standards<sup>20</sup>



#### 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](#)

This lack of uniformity hinders investments in building efficiency and undermines efforts to expand supplies of affordable housing. To help bring consistency to this issue, RER has developed a peer-reviewed [BPS policy guide](#) outlining 20 key considerations for any jurisdiction adopting a BPS law.

Congress and the administration can help ensure fair and reasonable BPS laws and prevent inconsistent and duplicative regulations that inhibit American energy dominance.

During the previous administration, DOE allocated \$240 million to spur state and local governments' adoption of onerous BPS mandates. Some of these mandates impose

costly electrification or "net zero" requirements that frequently penalize buildings already recognized as high-performance assets under federal programs, including the EPA's ENERGY STAR and DOE's Better Buildings Initiative.

RER issued a [letter](#) to Congress encouraging policymakers to exercise oversight over DOE's BPS grants and ensure that taxpayer funds are not used to create costly regulations that levy fines on buildings that the federal government itself lauds as "best in class." This position aligns with President Trump's executive order on "Protecting American Energy from State Overreach" issued earlier this year.



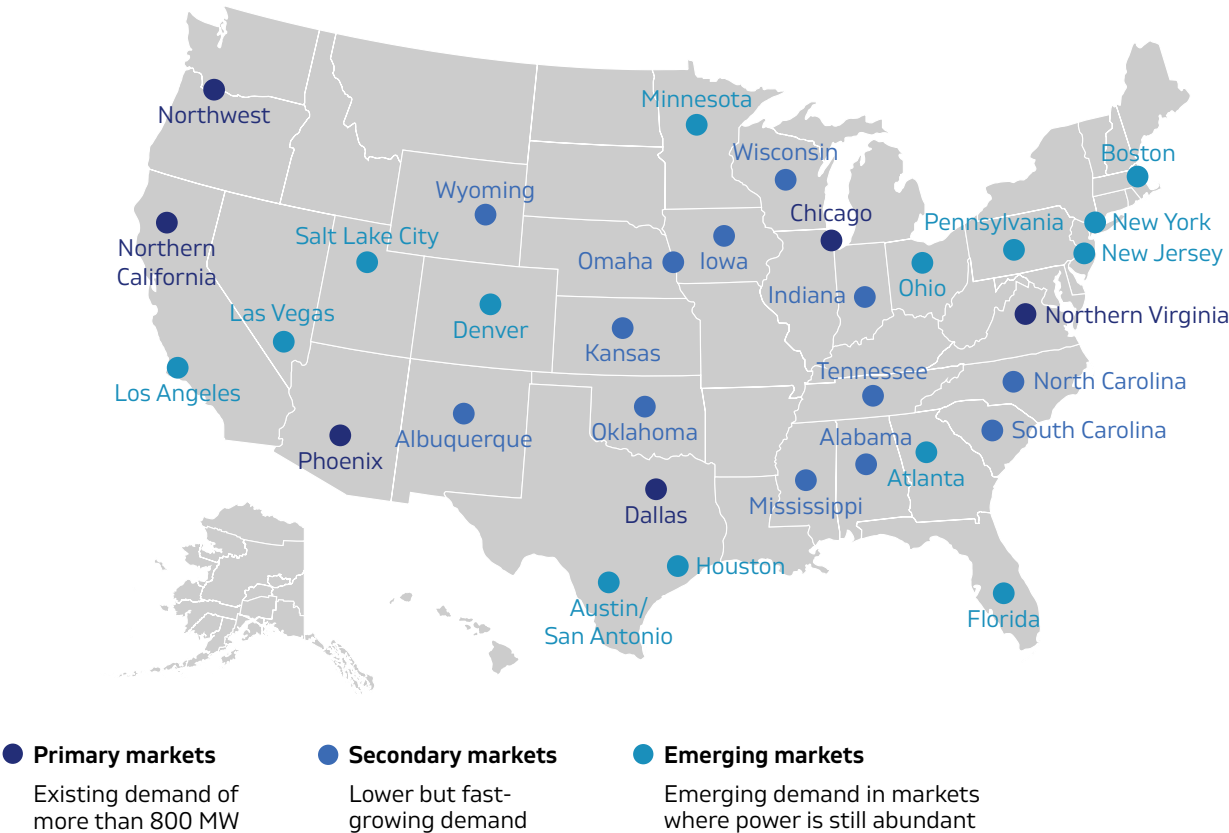
# Real Estate’s Role in Unleashing America’s Energy Dominance

The Trump administration has made “unleashing American energy” a top priority, issuing executive orders and statements from the EPA and DOE that seek to meet the country’s need for a robust supply of affordable and reliable energy.

Our industry is a critical partner in these efforts. Residential and commercial buildings account for nearly 40 percent of U.S. energy consumption and over 70 percent of electricity use. Furthermore, the rapid growth in AI is forecasted to drive a 165 percent increase in data center power demand by 2030. Policymakers will need to ensure that our energy supply grows at the pace of demand to sustain economic growth and investment in advanced technology sectors like cloud computing, crypto assets, and domestic manufacturing.

## Data Center Presence in the U.S.<sup>21</sup>

Data centers are emerging in more remote locations, where power is still abundant and grids less strained.



Source: [McKinsey & Company](#)

To respond to these dynamics, RER supports an “all of the above” energy strategy that invests in building efficiency, grid modernization, faster permitting, and innovation across all energy sources.

To implement such a strategy, Congress and DOE should expand R&D and commercialization pathways for nuclear, geothermal, fuel cells, and other sources. Voluntary standards and public-private programs like ENERGY STAR should be preserved, helping buildings avoid energy waste. Additionally, streamlined permitting will support energy generation projects and initiatives to bring stability to the grid.

With the right mix of policies in place, real estate can help to propel our nation’s energy agenda forward.

## Corporate Sustainability Disclosures

The Trump administration has eliminated Biden-era SEC rules that would have required climate-related reporting for businesses. However, state governments and international regulators are advancing reporting regimes that could have major implications for U.S. real estate companies.

California laws will begin phasing-in in 2026 and require large companies doing business in the state to report emissions and climate-related financial risks. Similar bills have been introduced in other states, including Colorado, Illinois, New Jersey, New York, and Washington state. These proposed state laws warrant monitoring by U.S. real estate and could change corporate reporting and disclosure practices, regardless of the less stringent federal regulatory landscape.

International regulators have also sought to require climate-related disclosures. The European Commission announced an updated proposal under its Corporate Reporting Sustainability Directive (CRSD) that narrows the regulatory scope of the reporting requirements, but would still require disclosures of greenhouse gas emissions, energy consumption, water usage, and waste management practices, among other data. The European Union has delayed this directive until June 2026.



*Sen. Mark Kelly (D-AZ) discussed the need for grid reliability and innovation to support the nation's growing energy demands during RER's Spring Roundtable Meeting.*

These reporting regimes could have significant impacts on U.S. real estate companies, especially regulations that require reporting Scope 3 or "indirect emissions," such as emissions from suppliers, tenants, and the production of building materials. Building owners and developers generally do not have direct control over the operations and processes that generate these emissions, and often do not have access to reliable emissions data from their supply chains.

RER holds that the reporting and disclosure of Scope 3 emissions must not be mandatory. Policymakers can encourage voluntary Scope 3 reporting by developing policies and systems for utilities and manufacturers to provide building owners and developers with valid and reliable data. Any reporting cycles should be consistent across varying disclosure regimes, based on when companies collect and verify valid energy use and emissions data within a fiscal year.

## Energy Tax Incentives

The One Big Beautiful Bill Act, signed into law by President Trump on July 4, 2025, accelerates phase-outs for certain tax incentives enacted by the Biden-era Inflation Reduction Act (IRA). Credits and deductions for building solar and energy efficiency projects must begin construction quickly, and be "placed in service" under short timelines, to access any credits that remain available.

Even then, components manufactured overseas (particularly from China, South East Asia, and "foreign entities of concern") might place these legacy tax incentives out of reach in the abbreviated windows in which they remain available. Tariffs and countervailing duties on imports of solar cells, electric heat pumps, and other building materials also have a significant impact on the costs of building cap ex investments in clean energy.

However, key federal tax incentives remain available for energy storage, geothermal, and nuclear projects well into the 2030s. RER will continue to evaluate the One Big Beautiful Bill Act and educate our members and policy makers on the law's practical impacts on commercial and residential clean energy projects.