

## **FAQ: BENCHMARKING & DISCLOSURE**

Use this document to prepare talking points for public hearings and public FAQs. This document is NOT intended to be a public document.

### **General Questions/Arguments**

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#### **1. Benchmarking has been available to property owners as a voluntary measure for years, and many of the leading owners are already using it. Why does it need to be mandated?**

- A. Voluntary benchmarking captures only a fraction of the building stock -- typically the leading edge. But improvements at the low end, where buildings can use three to seven times the energy as the best performers, is where many of the most cost effective efficiency gains are going to be found; mandatory benchmarking will capture these buildings, too, thereby spurring widespread efficiency improvements. Also, mandatory benchmarking captures a complete data set, which is critical to improving our understanding of how our buildings use energy.

#### **2. What are the benefits of public disclosure of a building's energy efficiency metrics?**

- A. Public disclosure provides the transparency that allows the market to work. Cars have MPG ratings, appliances have tags comparing energy use to similar products, and food products have nutrition labels. Like these examples, public disclosure will provide energy efficiency information to the people who need it -- not just building owners and managers, but the utilities that provide funding for improvements, the ESCOs that offer energy services, current and prospective tenants and other consumers of real estate, cities working to effectively design and target efficiency programs, etc.

### **Economic Questions**

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#### **1. Won't introducing a new regulation hurt business in an industry that has suffered significantly during this recession?**

- A. Real estate is a highly regulated industry, answerable to a whole family of codes, including the building code, the electrical code, the plumbing code, and the energy code, along with local fire codes, zoning regulations, the Americans with Disabilities Act, etc. In this context, it is more pertinent to ask whether a proposed regulation is a reasonable one, and whether the benefits to the industry and society outweigh the costs. Mandatory benchmarking and disclosure for large buildings passes this test because the costs of benchmarking are minimal and the benefits to building owners are potentially large in terms of energy savings, as are the ancillary benefits to society in terms of jobs, reduced energy use, and improved air quality, which are potentially huge.

**2. Will poorly performing buildings be stigmatized if their energy efficiency data is disclosed?**

- A. Energy efficiency data will join other available data, such as tax evaluation and operating statements, as yet another indicator of potential performance. Also, buildings with poor efficiency metrics aren't stuck with them. They can typically improve their metrics quickly and inexpensively through better operations and very cost-effective upgrades. Since the efficiency metrics are based on a national dataset, markets that implement benchmarking and public disclosure really can become Lake Wobegon, where all the buildings are above average.

**3. What about historic buildings and other older buildings that were built with older systems using old methods and for which upgrades would not be financially feasible? Won't the benchmarking ordinance penalize these building owners?**

- A. The benchmarking data collected in New York City found that older buildings, on the whole, actually perform *better* than newer buildings on energy use intensity and benchmarking score. More analysis is necessary to determine exactly why this is, but some early hypotheses include a higher thermal mass with less window glazing, as windows are a significant source of heat loss. These findings imply that older buildings might even have an advantage under mandatory benchmarking and reporting ordinances.

**4. What about smaller building owners, the "little guys" and the "Mom and Pop" shops? They don't have the resources to comply with additional ordinances, much less do anything about the scores they receive.**

- A. The square footage threshold is set to exclude small building owners.

**5. Much of the energy use in large buildings is controlled not by the owner, but by the tenants. Won't public disclosure unfairly disadvantage an efficient building owner if his tenants are wasteful?**

- A. Tenants may be more likely to waste energy if they do not pay for what they use. The owner can ensure that tenants are incentivized to reduce their consumption by sub-metering them and billing them according to consumption. Since sub-metering an entire building can take time, a building owner or manager can work with tenants to help them reduce consumption in the interim by opening a dialog about overall building energy use goals, and sharing information about best practices. Additionally, building owners can ensure that they are able to benefit as well from upgrades to their base building systems by working with their tenants to include an Energy Aligned Clause in their new leases.

## Technical Questions

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**1. Many types of buildings will have to comply with the ordinance, but you can only get a Portfolio Manager score for some building types. Why would you propose to use a tool that doesn't allow all the buildings covered to get a rating?**

A. Any building can use the Portfolio Manager tool to benchmark energy use; while some building types cannot receive a 1-100 rating using the tool, every building can get an Energy Use Intensity (or EUI) benchmark that compares their energy use to other similar buildings. In addition, EPA Portfolio Manager has some key benefits that make it the ideal method of complying with a benchmarking ordinance. First, it is free and easy to use, and EPA is releasing a new version mid-year 2013, which will only make it even easier to use. Second, it is already used by many building owners, so it is recognized in the marketplace. [Talk about known building owners who already use it in city.] And third, Portfolio Manager has ongoing support from the EPA for upgrades and expansion. This includes expansion to include additional types of buildings. Support for Data Centers was recently added, and new building types are under development. With Portfolio Manager, even if a building can't receive a 1-100 score, it still serves as an excellent tool for managing reporting to the city.

**2. Many new commercial buildings house high-density occupancies, such as trading floors, which have extensive data systems. Aren't such buildings – many of which have built to LEED standards – going to look bad when they are compared to older, less densely occupied buildings?**

A. The EPA Portfolio Manager tool normalizes for hours of use and density of occupancy. Technical information is freely available that goes into detail on how Portfolio Manager calculates benchmarking scores. Also, a new version of the tool is expected to be released mid-year 2013, and support for more buildings types is constantly being developed.

**3. The dataset that Portfolio Manager is based on, CBECS, is old / out-of-date / not good. Why would you choose a tool that is based on data that is "bad"?**

A. While it is true that CBECS data is several years old, it remains the best and most complete dataset available of building energy use. Also, overall energy efficiency of the entire building stock in the country changes very slowly, which means this data set doesn't need to be updated constantly in order to remain reasonably accurate. EPA recognizes the importance of keeping the comparison data up to date and will be updating the CBECS dataset within the next few years. Portfolio Manager's benchmarking scores will then be based on this new dataset.